



# CHALLENGES AND OPPORTUNITIES IN INDONESIA MINING AND MINERAL INDUSTRIES IN THE FUTURE

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PwC Asia School of Mines 2012 |

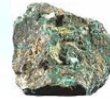
Bali, November 30 2012



# Outlines

Introduction:

**ANTAM JOURNEY**



ANTAM in the future:



**GLOBAL MINING BASED CORPORATION,  
WITH HEALTHY GROWTH AND WORLD-  
CLASS STANDARDS**

Indonesia Mining Industry:

**OPPORTUNITIES AND CHALLENGES**



Downstream Mining Industry:

**TOWARDS INDONESIA ECONOMIC  
DEVELOPMENT ACCELERATION AND  
EXPANSION**





Introduction:  
**ANTAM SUCCESS STORIES**





# Our history

**PERUSAHAAN NEGARA (PN) TAMBANG EMAS TJIKOTOK**, was established based on Peraturan Pemerintah No. 91 Year 1961

**BADAN PIMPINAN UMUM PERUSAHAAN- PERUSAHAAN TAMBANG UMUM NEGARA (BPU PERTAMBUN)** was established

**PN ANEKA TAMBANG** was established by merging several state-owned single commodity companies

Listed in **INDONESIA STOCK EXCHANGE (IDX)**



Antam's status in **ASX** was upgraded to full listing

ANTAM change its corporate logo



1960

1961

1962

1968

1974

1997

1999

2001

2003

2006

2011

**PERUSAHAAN TERBATAS (PT) NIKKEL INDONESIA** was established based on Akte Notaris Mr. R.E. Abdulkarnen in Makassar dated 16 Juli 1960 No. 32

**PERUSAHAAN NEGARA (PN) TAMBANG BAUKSIT INDONESIA**, was established based on Peraturan Pemerintah No. 89 Year 1961

**PERUSAHAAN NEGARA (PN) NEGARA LOGAM MULIA**, was established based on Peraturan Pemerintah No. 218 Year 1961 jo Peraturan Pemerintah No. 29 Year 1962

Status Amandment from PN Aneka Tambang to **PT ANEKA TAMBANG (PERSERO)**



Listed in **AUSTRALIAN SECURITIES EXCHANGE (ASX)** as Foreign Exempt



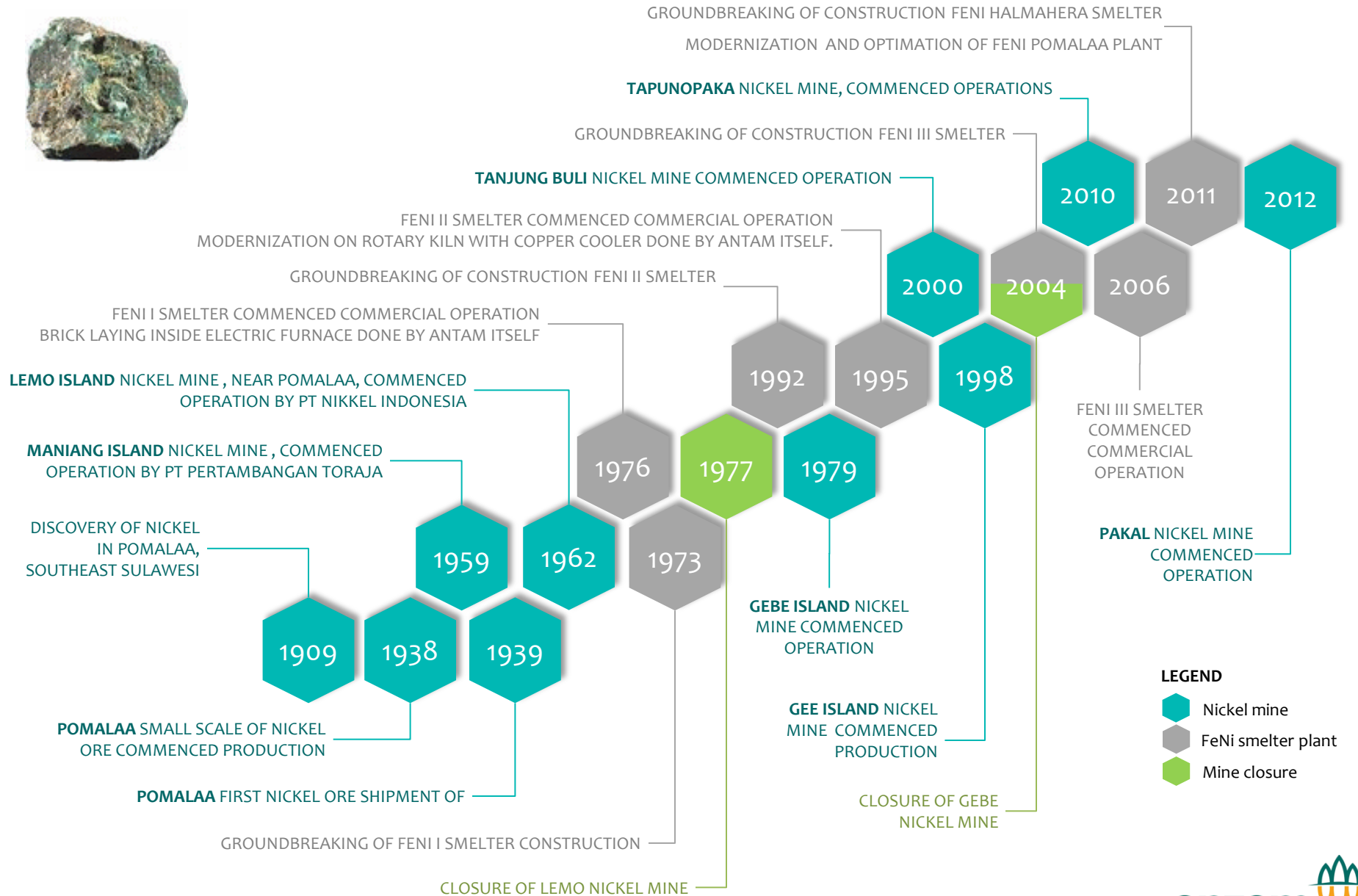
Issued US\$200 million bonds for funding the FeNi III smelter construction

Issuance of Rp 3 Trillions bonds for investment and business developments



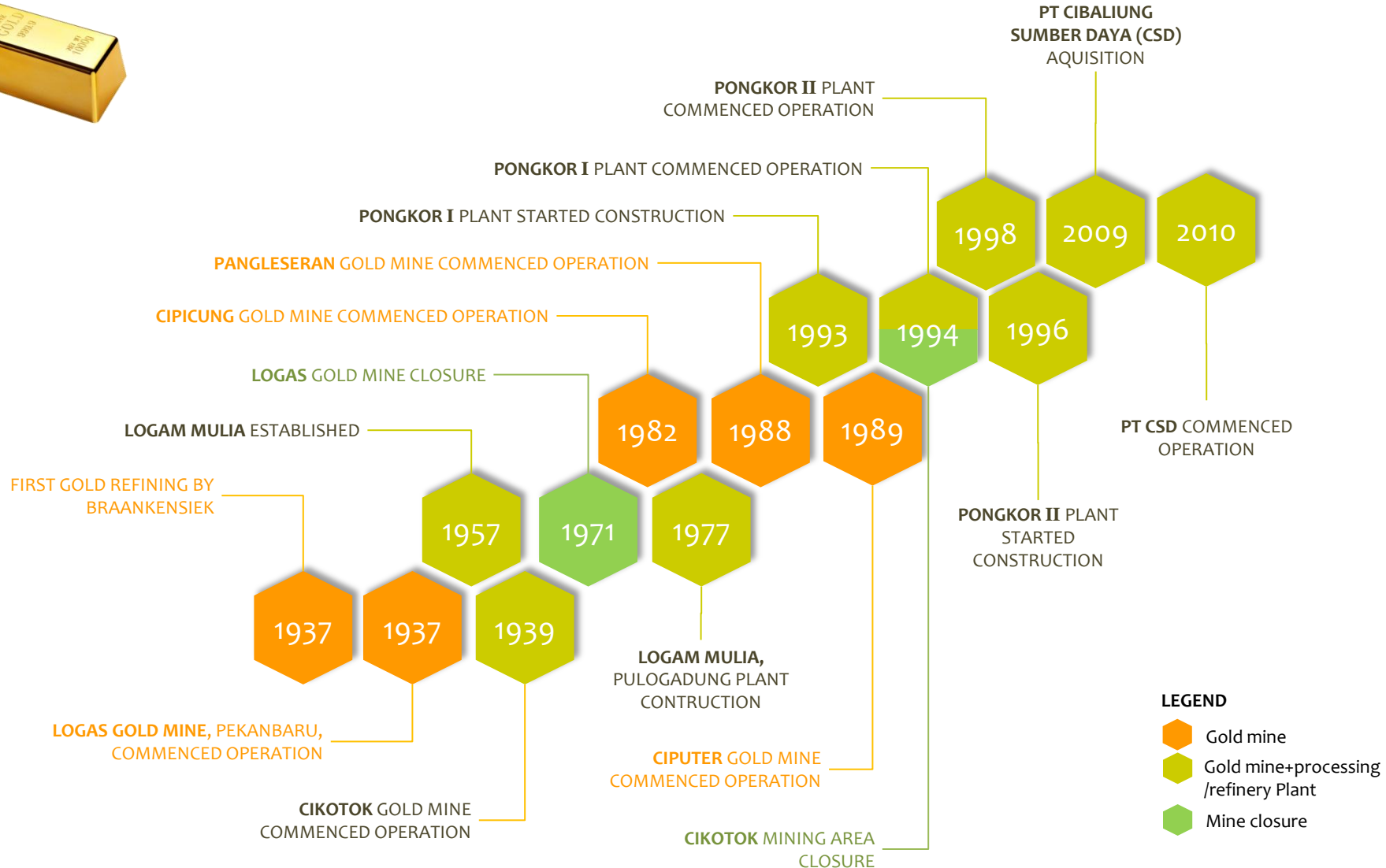


# Long journey in nickel



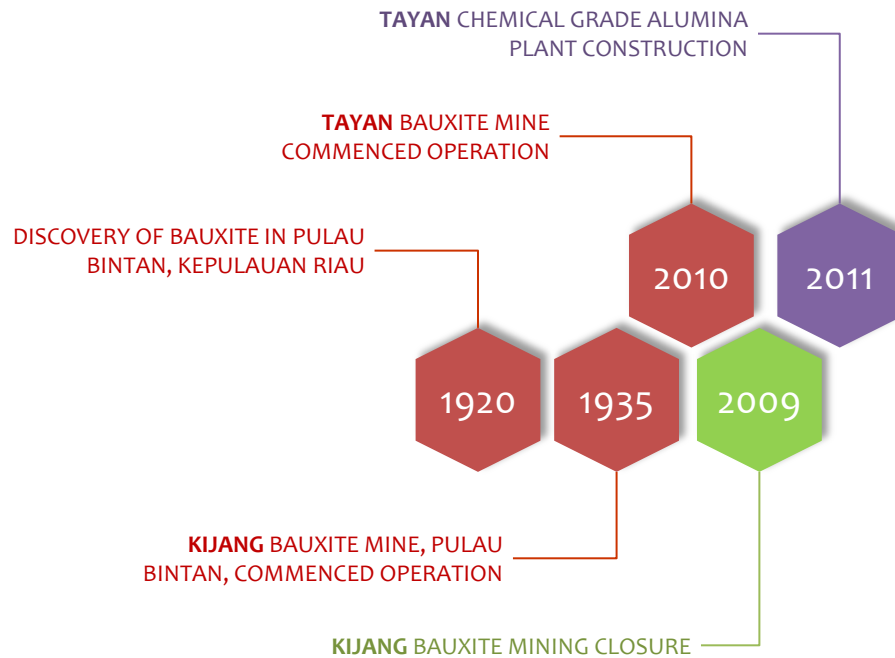


# Long journey in gold








# Long journey in bauxite

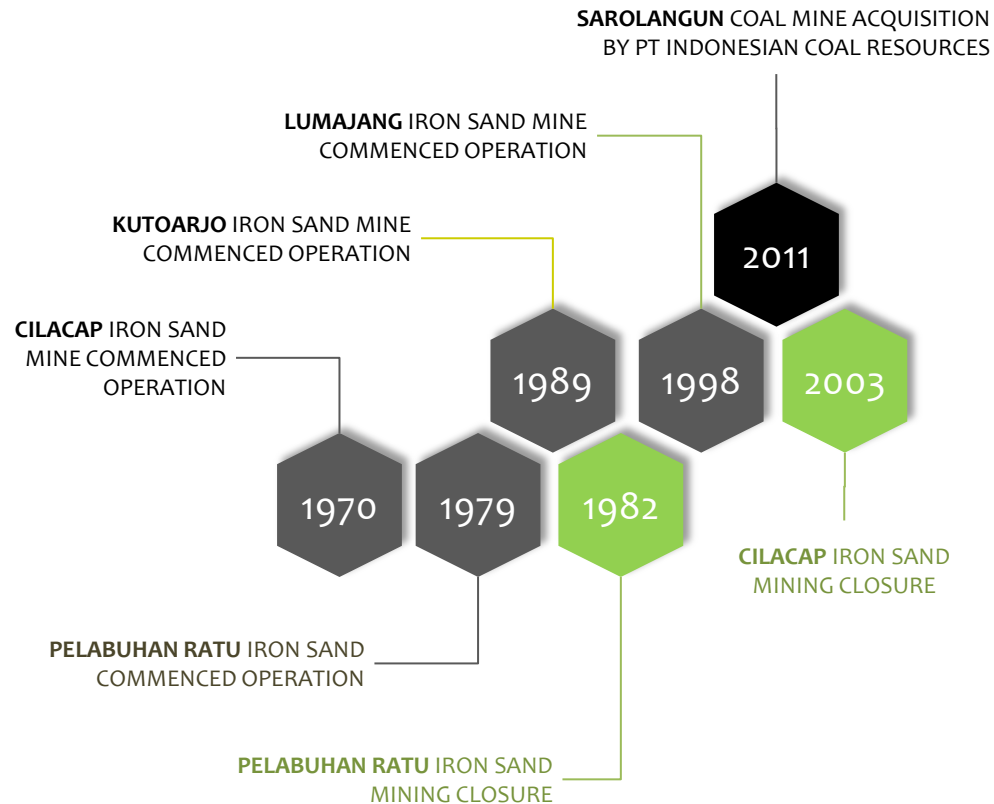


## LEGEND

-  Bauxite mine
-  Alumina processing plant
-  Mine closure



# Long journey in iron sand and coal



## LEGEND

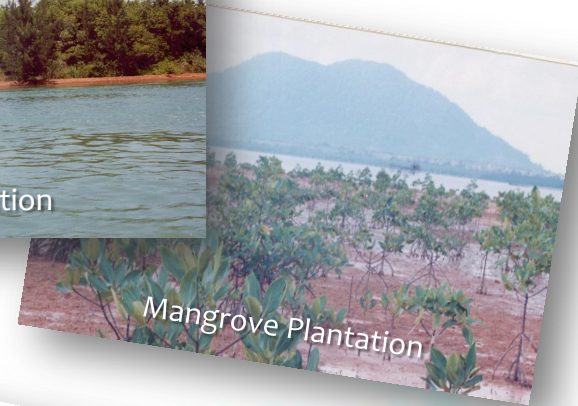
- Iron sand mine
- Coal mine
- Mine closure





# ANTAM mining closure

## BAUXITE MINING CLOSURE IN KIJANG

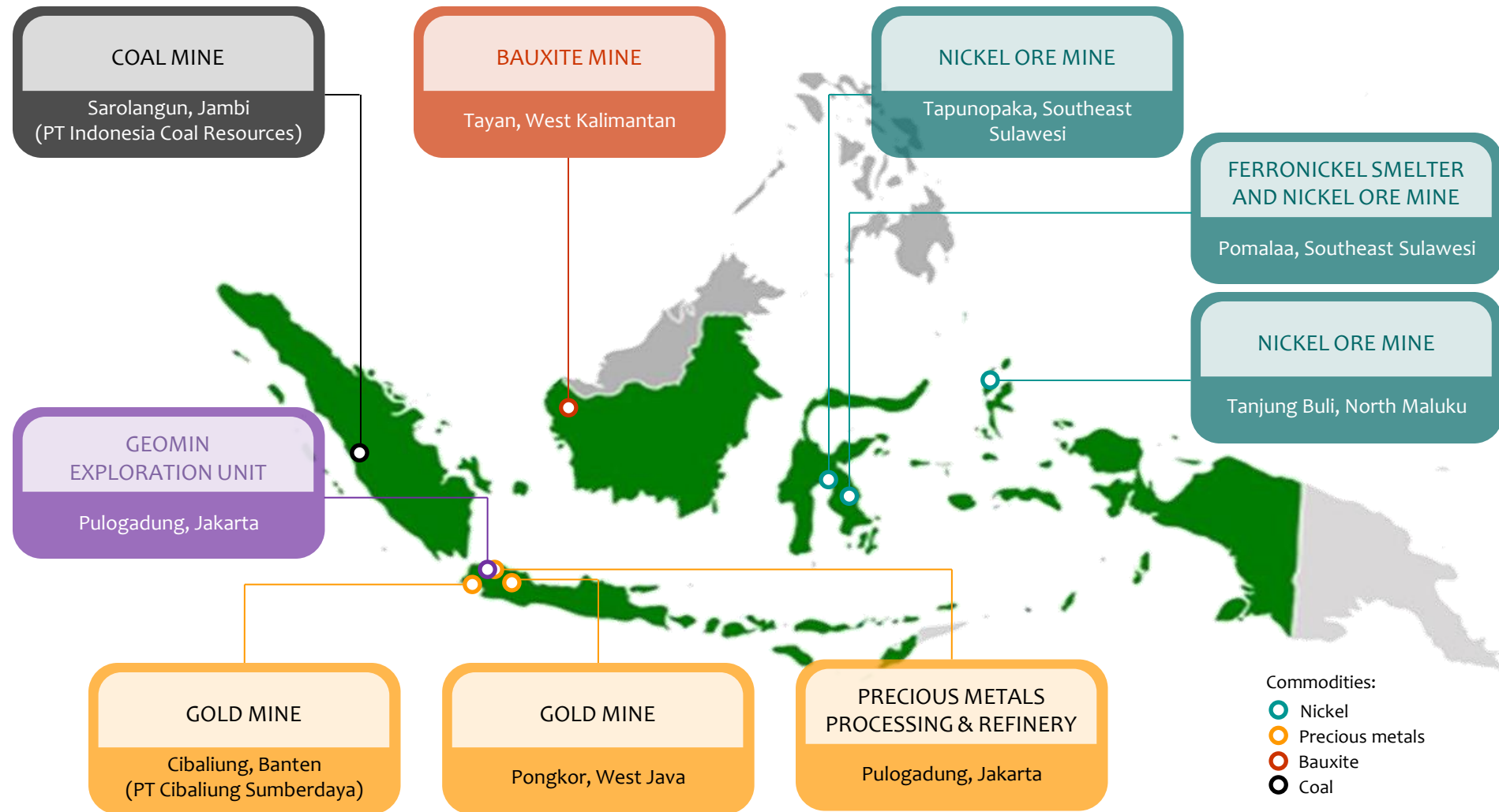


## IRON SAND MINING CLOSURE IN CILACAP





# Current operations





# Exploration area

## COAL

Location: Sungai Keruh, Jambi; Sintang, West Kalimantan and South Barito Selatan, Central Kalimantan  
Activities: drilling

## BAUXITE

Location: Tayan, Munggu Pasir and Mempawah, West Kalimantan  
Activities: grid measurement, test-pitting, and sampling

## GOLD

Location: Mao, Batuisi and Karosa, West Sulawesi  
Activities: drilling and mapping

## GOLD

Location: Oksibil, Bintang Mountains, Papua  
Activities: early exploration and mapping

## GOLD

Location: Batang Asai, Sarolangun, Jambi  
Activities: geological mapping, sampling

## GOLD

Location: Pongkor and Papandayan, West Java and Cibaliung, Banten  
Activities: geological mapping, sampling

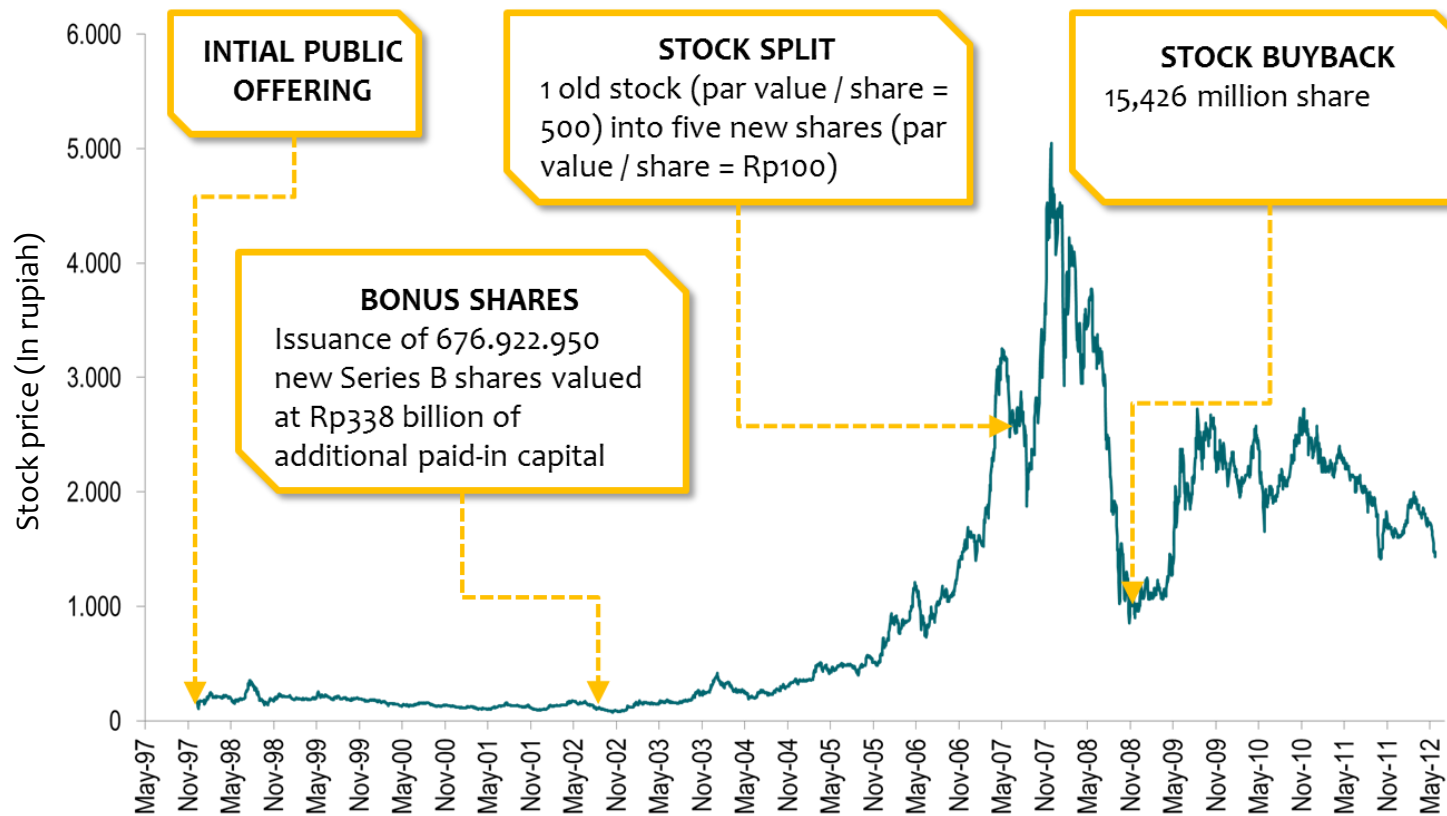
## NICKEL

Location: Lalindu, Mandiodo and Lasolo, Tapunopaka, Southeast Sulawesi; Buli, North Maluku and Gag, West Papua  
Activities: drilling, mapping

In 1H12, ANTAM spent Rp114.5 billion on exploration and mine development activities



# Stock information



Since the IPO, the value per share increased 692% to Rp1.430 on May 22, 2012

Current price (in rupiah)

Date	Open	High	Low	Close	Avg Vol	Adj Close*
Nov 1, 2012	1.290	1.310	1.220	1.250	4.963.400	1.250
Oct 1, 2012	1.340	1.380	1.260	1.280	8.405.500	1.280
Sep 3, 2012	1.250	1.430	1.220	1.350	16.130.100	1.350

\* Close price adjusted for dividends and splits.

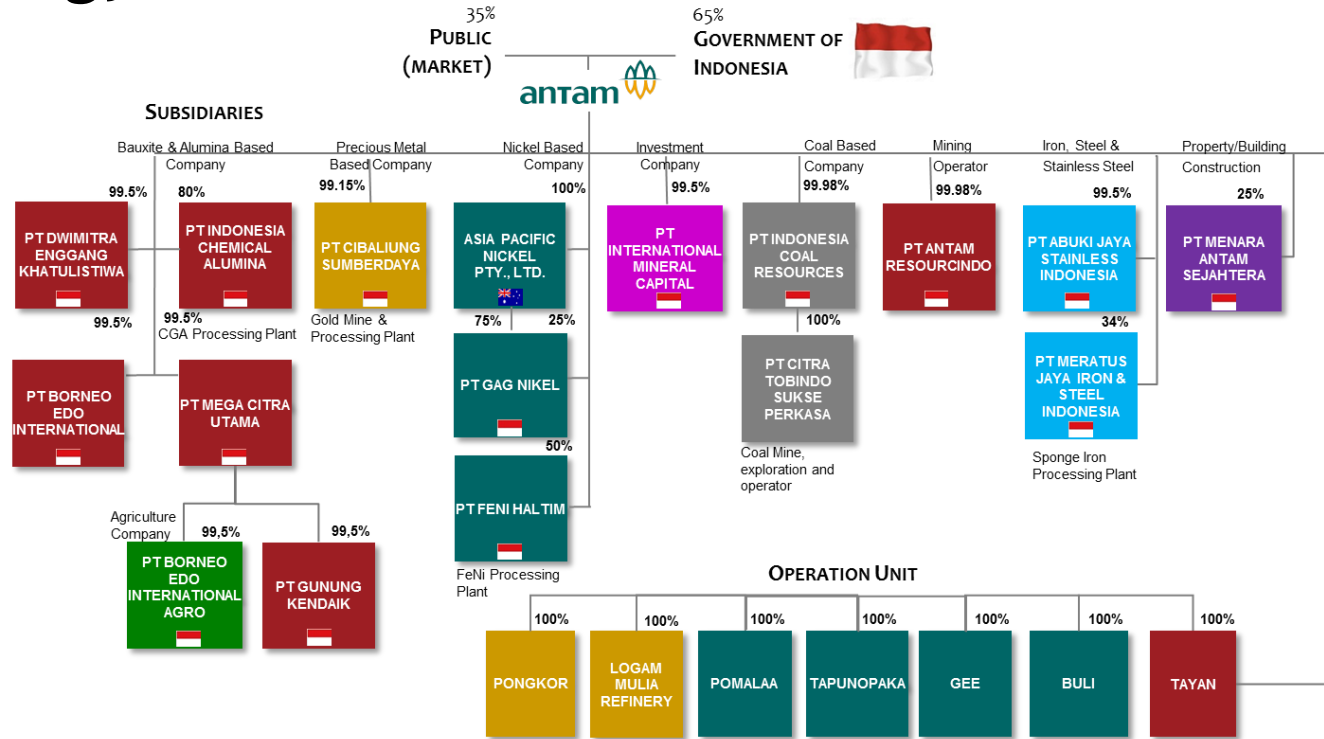




# Business strategy

- Antam is a vertically integrated, export-oriented, diversified mining and metals company
  - We undertake all activities from exploration, excavation, processing through to marketing
  - Operations spread throughout the mineral-rich Indonesian archipelago
  - Many licensed exploration areas and joint venture projects
  - Diversified product/commodities.
- Our current business portfolio:

- **NICKEL** based commodity
- **GOLD** based commodity
- **BAUXITE** based commodity
- **COAL** based commodity
- **IRON AND STEEL** based commodity
- **CPO/PLANTATION** based commodity
- **INVESTMENT** based company
- **PROPERTY** based company



**Focus On Core Business**

**Creating Sustainable Growth**

**Maintaining Financial Strength**

- Focus on segments that it knows best: Nickel, Gold and Bauxite

- Adding value by moving away from selling raw materials & increasing processing activities
- Expanding capacity to increase cash generation and lower unit costs
- Continuously striving to obtain cost efficiencies and being environmentally and socially sustainable
- Maintaining diversified customer base
- Developing strategic alliances

- Focus on long-term and sustainable profitability, and flexible dividend policy at 30 – 40% of profits
- Maintain solid balance sheet and healthy debt leverage (Debt/Equity of 2.0x)
- Maintain healthy liquidity—ensuring debt maturity well spread out over the next 5 years & focusing on long term financing with matching maturity profile against cash flow generation
- Development of growth projects without burdening balance sheet

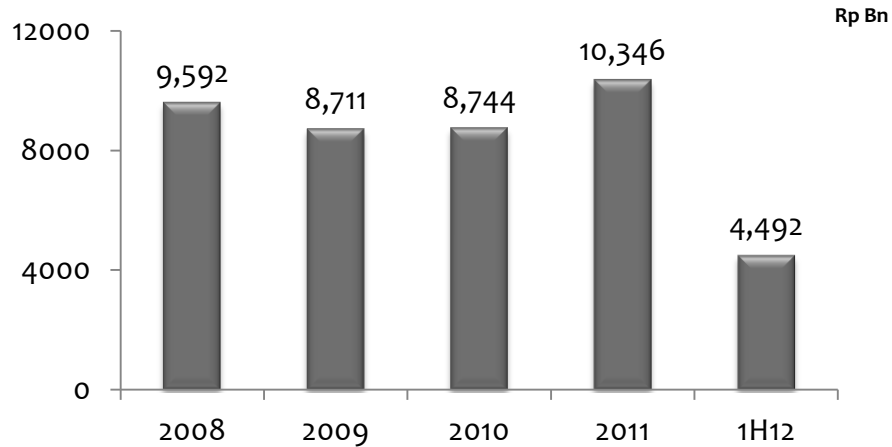
ANTAM also maintains good and strong relationships with the Government and has a leverage on strong Government support





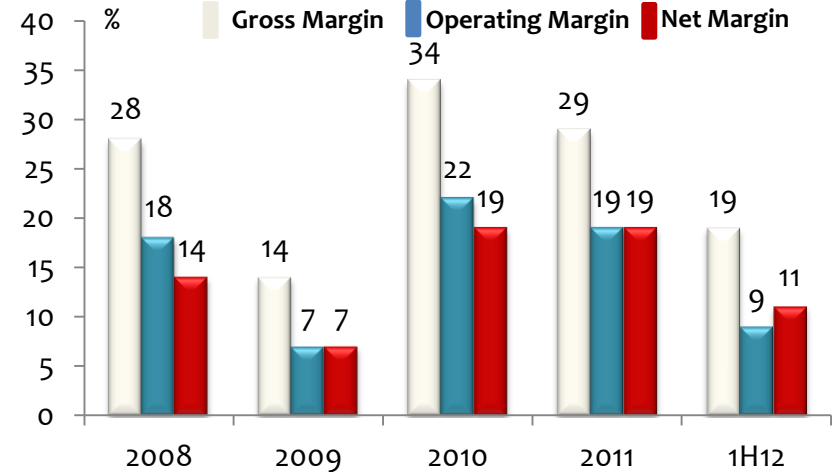
# Financial performance

## Solid Revenue



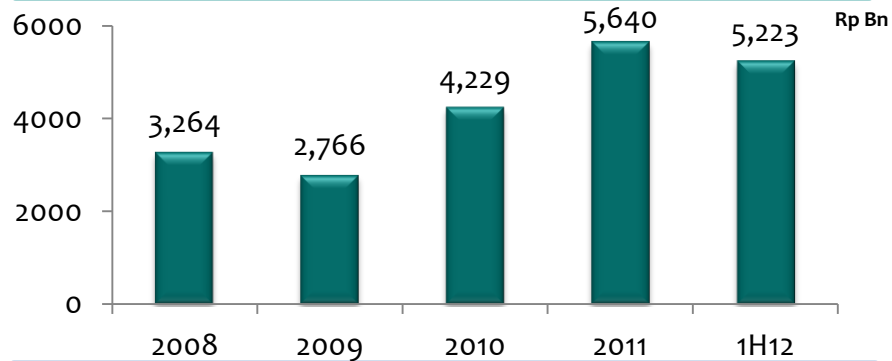
Strong Revenues Supported with Solid Operational Performance

## Healthy Margins



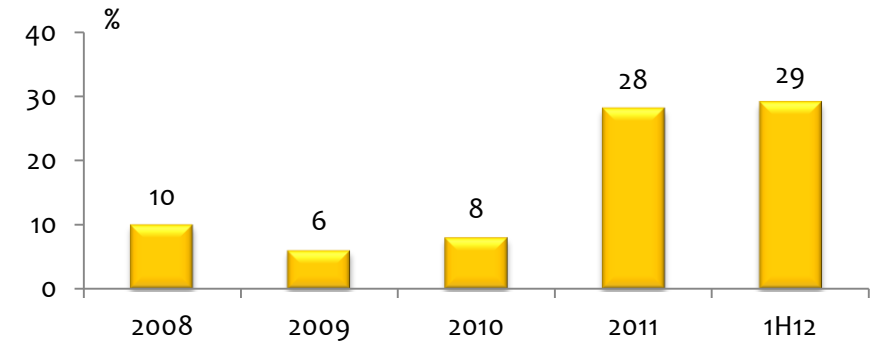
Consistent Healthy Margins

## Solid Cash Position



Solid Cash Position to Support Growth

## Leveraged for Growth

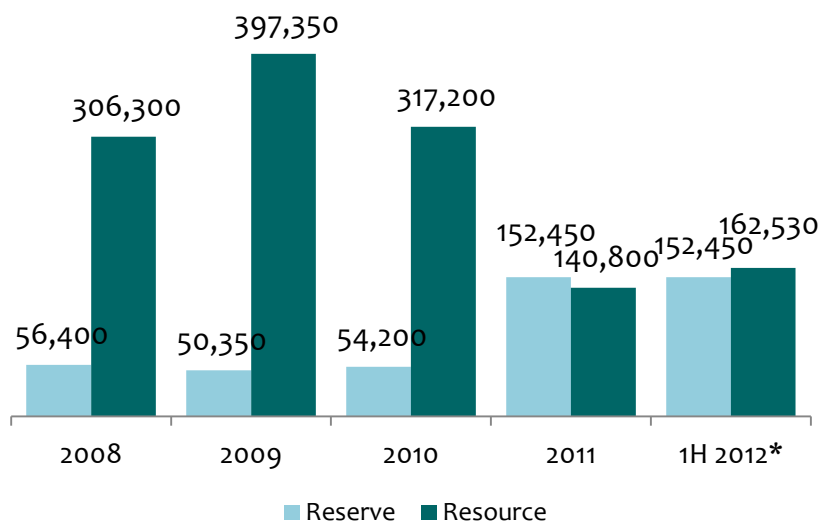


Higher Leverage for Growth

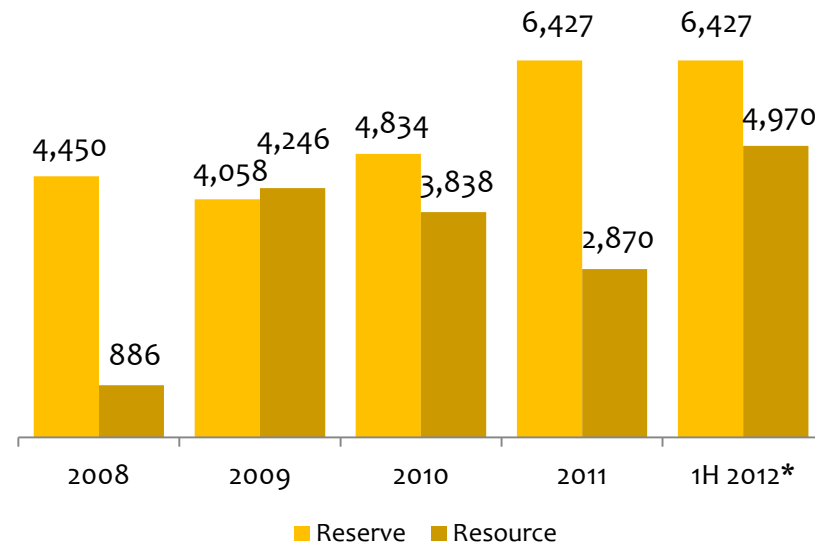


# Reserves and resources

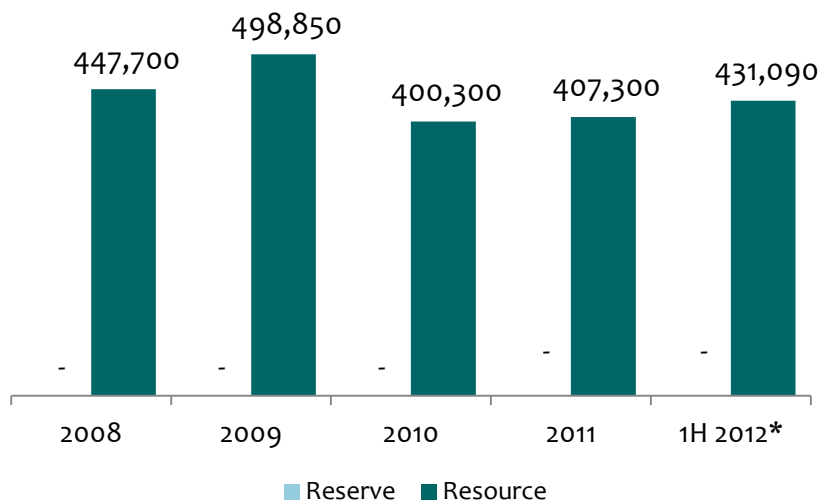
## Saprolite Nickel ('000wmt)



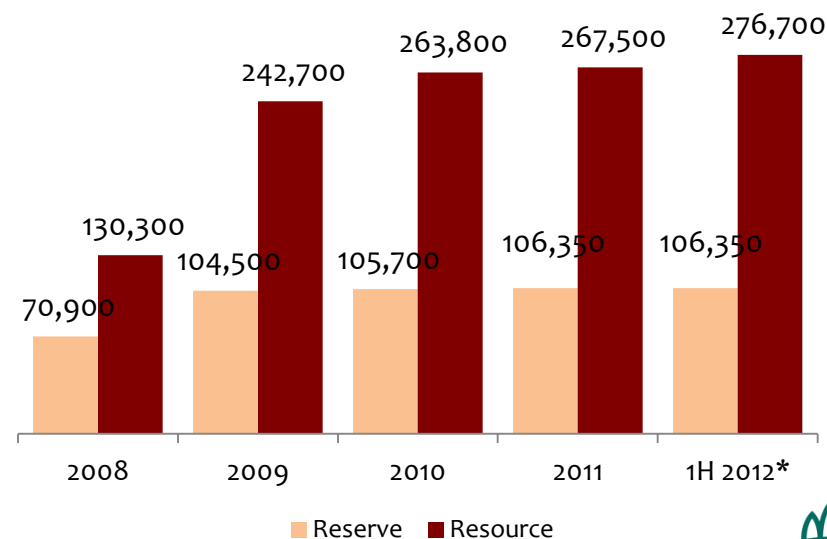
## Gold Ore ('000 dmt)



## Limonite Nickel ('000wmt)



## Bauxite ('000wmt)



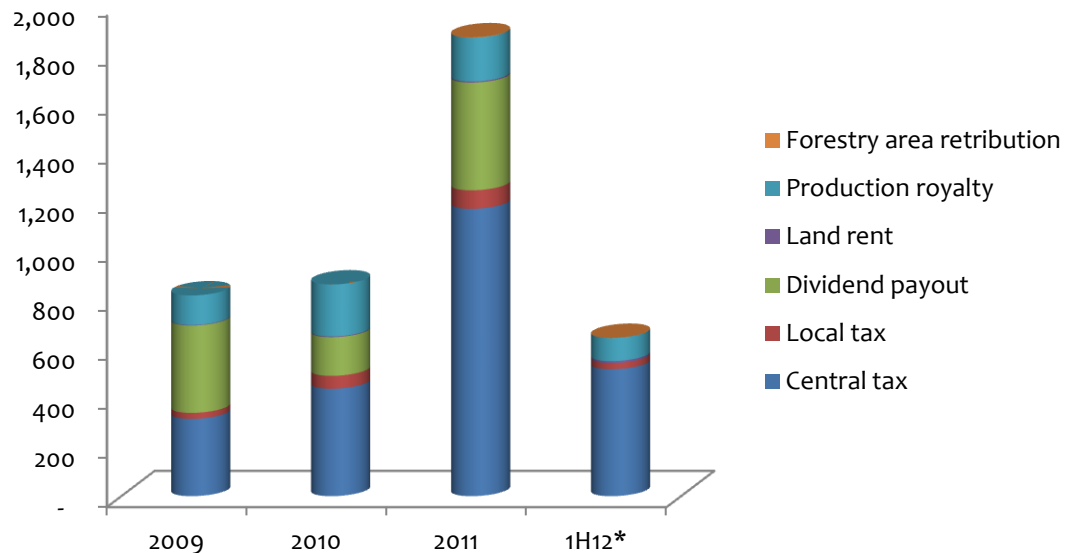


# ANTAM contributions to nation and community

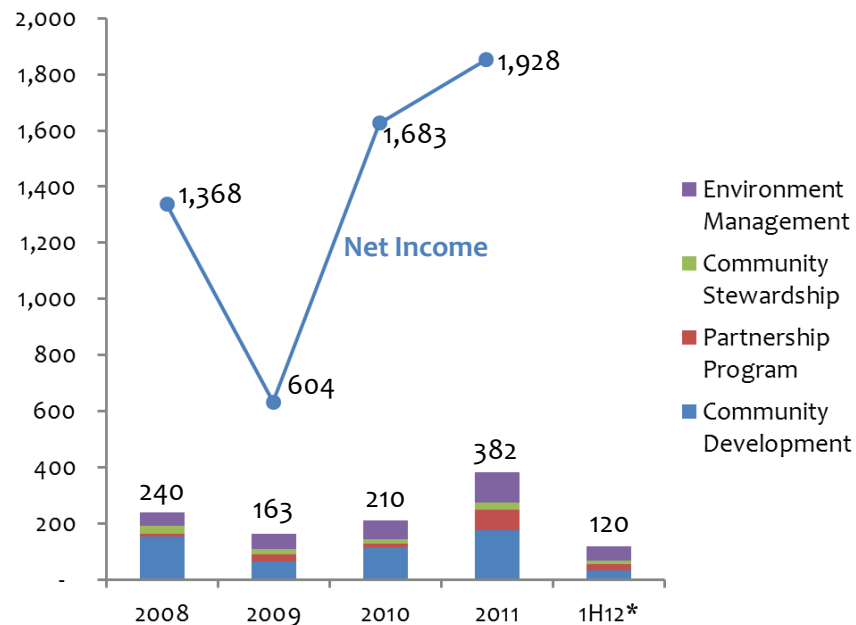
## Tax and Non Tax (in billions rupiah)

CONTRIBUTION	2009	2010	2011	1H12*
Central tax	315	438	1,170	517
Local tax	24	52	75	25
Dividend payout	356	157	438	-
Land rent	2	3	5	8
Production royalty	120	211	178	94
Forestry area retribution	-	-	1	0
<b>TOTAL</b>	<b>817</b>	<b>862</b>	<b>1,868</b>	<b>645</b>

\*unaudited

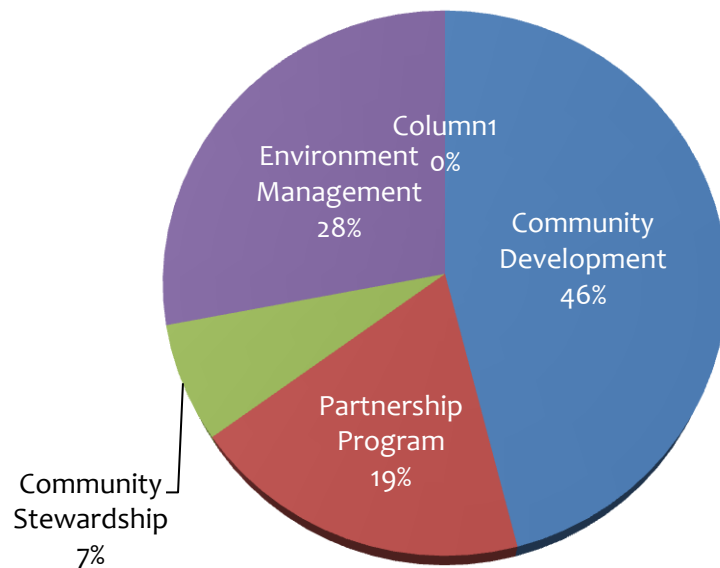


## Corporate Social Responsibilities Expenses (in billions rupiah)



\*unaudited

## Corporate Social Responsibilities Breakdown 2011





# HR and HSE

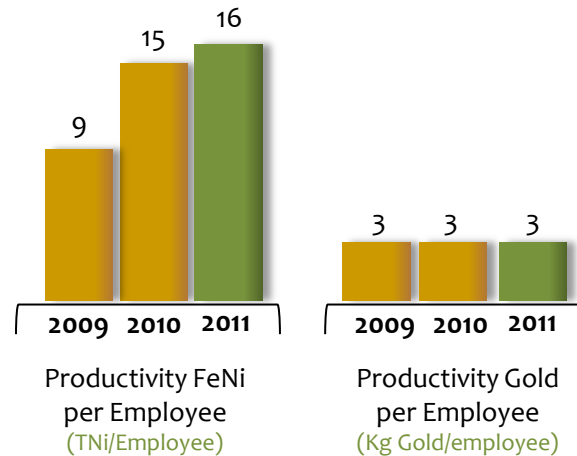
## Total employee based on status

Status Kepegawaian Status	Periode Pelaporan   Reporting Period		
	2009	2010	2011
Pegawai Tetap   Permanent Employee	2,517	2,251	2,392
Pegawai Tidak Tetap   Non-permanent Employee	166	284	298
Jumlah   Total	2,683	2,535	2,690

## Our value



## HR Productivity



Employees are one of ANTAM's main assets.

ANTAM puts occupational health and safety for the employees as top priority

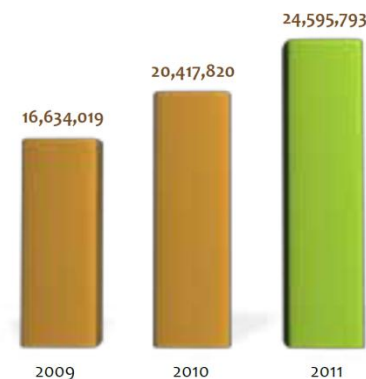
## Safety record

Jumlah Kecelakaan Kerja | Total Working Accident [LA7]

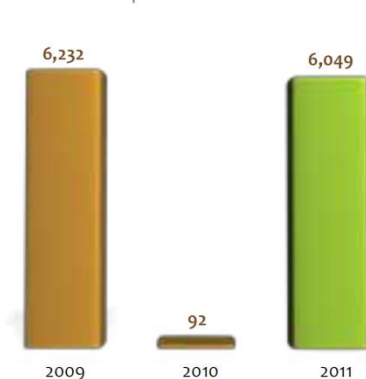
Unit Bisnis   Business Unit	Periode Pelaporan   Reporting Period								
	2009			2010			2011		
	R/Mi	B/Ma	F	R/Mi	B/Ma	F	R/Mi	B/Ma	F
UBPE Pongkor   UBPE Pongkor	1	1	1	5	0	0	3	0	1
UBPN Sultra   UBPN Southeast Sulawesi	5	1	0	3	1	0	1	1	0
UBPP LM   UBPP LM	3	0	0	0	2	0	1	0	0
UBPN Maluku   UBPN North Maluku	1	0	0	0	0	0	1	1	0
Unit Geomin   Geomin Unit	0	0	0	1	0	0	0	0	0
Proyek Bauksit Tayan   Tayan Bauxite Project	0	0	0	0	0	0	1	0	0
Proyek Tapunopaka   Tapunopaka Project	0	0	0	0	0	0	1	0	0
Jumlah   Total	10	2	1	9	3	0	8	1	1

Keterangan | Notes: Ri/M (Ringan/Minor), B/Ma (Berat/Major), F (Fatal)

Total Jam Kerja  
Total Work Hour



Hari Kerja Hilang karena Kecelakaan Kerja  
Day Loss due to Occupational Accident





# External accolades and recognition

## CORPORATE IMAGE AND LEADERSHIP

- |                                                                                      |                                                     |
|--------------------------------------------------------------------------------------|-----------------------------------------------------|
| • <b>GOOD PERFORMANCE &amp; BRONZE ACHIEVEMENT</b>                                   | Indonesia Quality Award   Nov 2012                  |
| • <b>BEST IN BUILDING &amp; MANAGING CORPORATE IMAGE 2011 &amp; 2012</b>             | Corporate Image Award (IMAC)   June 2012            |
| • <b>GREEN CEO</b>                                                                   | Warta Ekonomi   July 2012                           |
| • <b>VERY BEST FOR NON-BANK SOE</b>                                                  | Infobank Award   Oct 2012                           |
| • <b>BEST FOR HC INITIATIVE IN PEOPLE DEVELOPMENT</b>                                | Indonesian Human Capital Study Award   Oct 2012     |
| • <b>BEST CEO COMMITMENT</b>                                                         | Alpha Southeast Asia Magazine   Sept 2011           |
| • <b>MOST ORGANIZED INVESTOR RELATIONS</b>                                           |                                                     |
| • <b>STRONGEST ADHERENCE TO CORPORATE GOVERNANCE</b>                                 |                                                     |
| • <b>BEST SUSTAINABILITY REPORTING ON WEBSITE 2011</b>                               |                                                     |
| • <b>RUNNER UP-2 BEST SUSTAINABILITY REPORTING 2010 CATEGORY "NATURAL RESOURCES"</b> | Indonesia Sustainability Reporting Award   Dec 2011 |



## GOOD CORPORATE GOVERNANCE

- |                                           |                                             |
|-------------------------------------------|---------------------------------------------|
| • <b>BEST OVERALL</b>                     | IICD, Corporate Governance Award   Dec 2011 |
| • <b>THE BEST GCG IMPLEMENTATION 2011</b> | Business Review Award   Dec 2011            |
| • <b>MOST TRUSTED COMPANY</b>             | CGPI Award   Dec 2011                       |

## HEALTHY AND SAFETY ENVIRONMENT

- |                               |                                    |
|-------------------------------|------------------------------------|
| • <b>MOST ADMIRER COMPANY</b> | SRI KEHATI Award   June 2012       |
| • <b>UPAKARTI UTAMA</b>       |                                    |
| ✓ UBPN Southeast Sulawesi     | ✓ UBPP Logam Mulia                 |
| • <b>UPAKARTI PRATAMA</b>     |                                    |
| ✓ UBPE Pongkor                | ✓ UBPN North Maluku                |
| • <b>PROPER HIJAU</b>         |                                    |
| ✓ UBPE Pongkor                |                                    |
| • <b>PROPER BIRU</b>          | Ministry of Environment   Nov 2011 |
| ✓ UBPN North Maluku           | ✓ UBPP Logam Mulia                 |
| ✓ UBPN Southeast Sulawesi     | ✓ PT CSD                           |



## CORPORATE SOSIAL RESPONSIBILITIES

- |                                                                                      |                                     |
|--------------------------------------------------------------------------------------|-------------------------------------|
| • <b>INDONESIA GREEN AWARDS 2011</b>                                                 | Business & CSR Magazine   Sept 2011 |
| • <b>PLATINUM</b>                                                                    |                                     |
| ✓ Development Program of Biodiversity Center of Halimun-Salak Mountain National Park |                                     |
| ✓ Revitalisation Program and Dev't Program of Community Areas of Bajo Tribe          |                                     |
| • <b>GOLD</b>                                                                        |                                     |
| ✓ Community Empowerment Program in Former Iron Ore Mining Areas)                     |                                     |

Indonesian CSR Award 2011 | Dec 2011



ANTAM in the future:










# GLOBAL MINING BASED CORPORATION, WITH HEALTHY GROWTH AND WORLD-CLASS STANDARDS





GLOBAL MINING BASED CORPORATION, WITH HEALTHY GROWTH AND WORLD-CLASS STANDARDS

# ANTAM vs competitors

COMPANY	FORTUNE 500 RANK	REVENUE (USD BILLIONS)	EBITDA (USD BILLIONS)	ASSETS (USD BILLIONS)	NPM	ROA	ROE	DEBT TO EQUITY
	-	1,0	0,3	1,3	19%	14%	18%	28%
	140	56,6	26,0	112,4	25%	13%	25%	93%
	159	52,8	38,1	88,9	24%	14%	26%	83%
	186	45,3	35,5	129,1	38%	13%	25%	87%
	315	30,5	18,5	69,7	15%	7%	12%	73%
	331	28,9	0,0	56,8	0%	0%	-1%	1380%
	465	21,0	3,6	39,3	1%	1%	2%	189%
	-	12,8	6,8	23,9	24%	13%	17%	33%
	-	19,0	12,2	29,3	23%	1%	35%	134%
	-	9,5	5,3	25,6	24%	1%	17%	92%



Source: annual reports 2010, fortune global 500



# Strategic vision 2020

## Build capacity for downstream diversification (2012-2016)

Current 2011 (Projection)

**Asset : ~USD 1,15 Bio**

**Revenue: ~USD 1,25 Bio**

## Increase scale & complexity of operation (2017-2020)

World class standard

**Asset : ~USD 6,8 Bio**

**Rev : ~USD 4,7 Bio**

### Exploration

- Strengthening Geomin's core competencies to boost reserves and discover world-class resources
- Expansion in scale of resources and project capacity

### Mining

- Development of in-house mining's core operation and strengthening competencies
- Increase in competitiveness of production and cash costs to meet global standards

### Processing

- Expansion of current capacity and improvement of process efficiency
- Development of long-term strategic growth projects

### Marketing & Distribution

- Strengthening downstream marketing and distribution channels to accommodate the growing capacity and additional downstream products
- Market expansion and customer focus through effective use of business intelligence

### Supporting Key Platform

**Strengthen existing functions :** 1) manpower competencies, 2) integration of CSR management within value chain, and 3) strong R&D function backed-up by universities

**Improving organization, GCG, and corporate management :** 1) Holding structure, 2) Investment arm, 3) Marketing distribution and Business Intelligence

**Adequate financing** which supports strategic growth projects



# Diversification, reserves and production capacity growth focuses

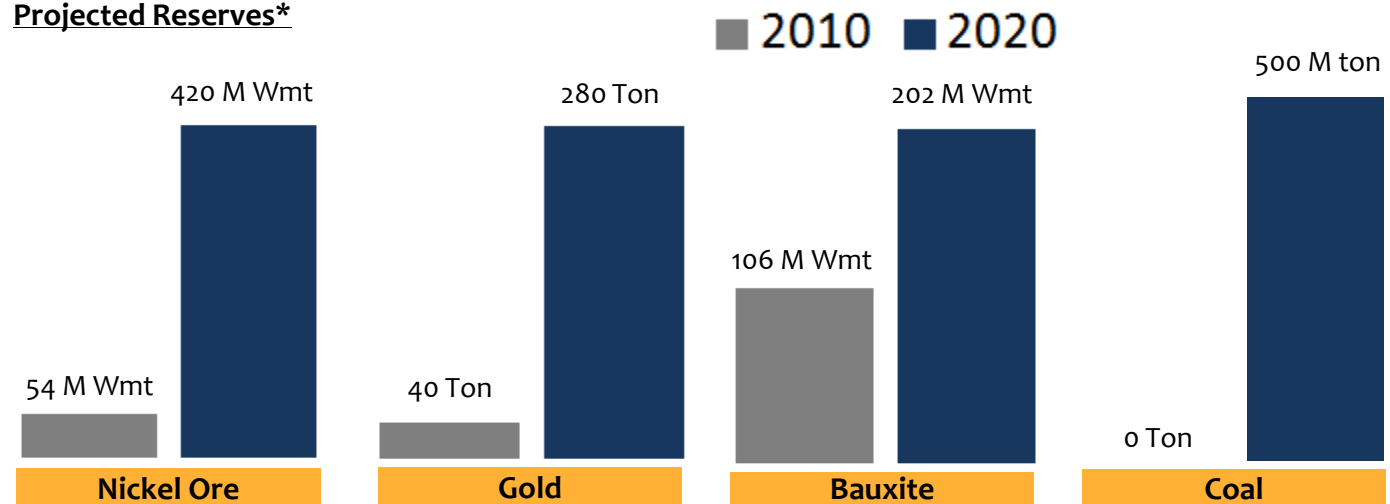
## Organic growth initiatives:

1. Strategic projects: FHT, SGA, CGA
2. Capacity enhancement and optimization project: MOP-PP
3. Targeted replacement rate of reserves from existing resources

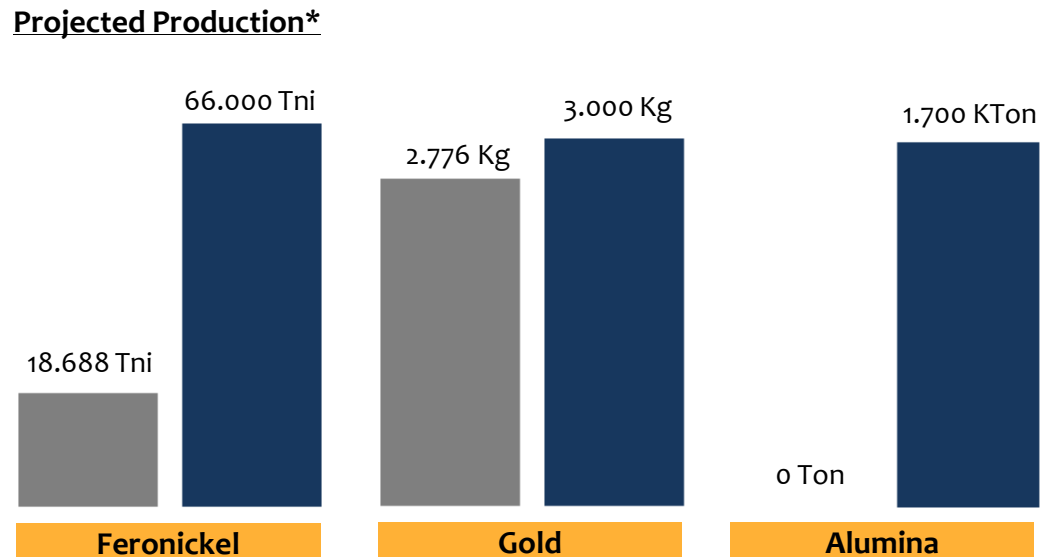
## Inorganic growth initiatives:

1. Joint venture and partnerships
2. Acquisition of government shares
3. Acquisition of new IUPs, mining assets or processing facilities

### Projected Reserves\*



### Projected Production\*





# Current development projects

## PROYEK PENGEMBANGAN ANTAM MENUJU HILIRISASI PERTAMBANGAN





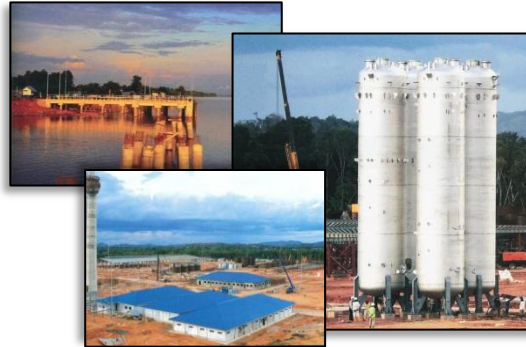


# Development projects updates

East Halmahera FeNi Project



Tayan CGA Project



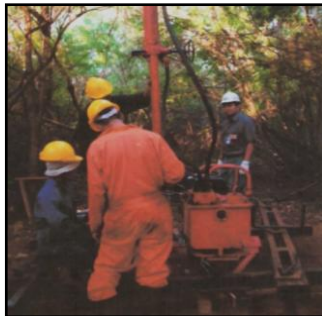
MOP-PP Project



South Kalimantan Sponge Iron Project



Mandido NPI Project



Mempawah SGA Project





# Financing plan for our development project

**antam**



**Top Priority  
Development  
Project**

**Sponge Iron**

- **Indonesia Financing Institution and Equity Injection**

Total project cost US\$70 million funded by US\$49 million loan and equity injection US\$21 million, ANTAM's share 34%

**CGA Tayan**

- **ECA Financing and Equity Injection**

Total project cost US\$450 million funded by ECA Financing US\$292 million and equity injection US\$157 million, ANTAM's share 80%

**East Halmahera  
FeNi**

- **Total project cost US\$ +/-1,332.3 million will be funded by 65% debt and 35% Equity**

- ECA Financing and/or investment loan +/- US\$854.3 million
- Equity injection and/or strategic partnership +/-US\$460.14 million

**MOP PP**

- **ECA Financing, Investment Loan and Bond**

- Total project cost US\$ +/- 500 million funded by combination of ECA Financing, Investment Loan and Bond.
- ANTAM will issue up to Rp 4 T Bond where Rp 3 T (or equivalent with +/- US\$ 323 million) of the Bond will be used to finance MOP PP Project, while the rest of project cost or +/- US\$ 177 million will be funded by ECA Financing and or Investment Loan

Indonesia Mining Industry:  
**OPPORTUNITIES AND CHALLENGES**

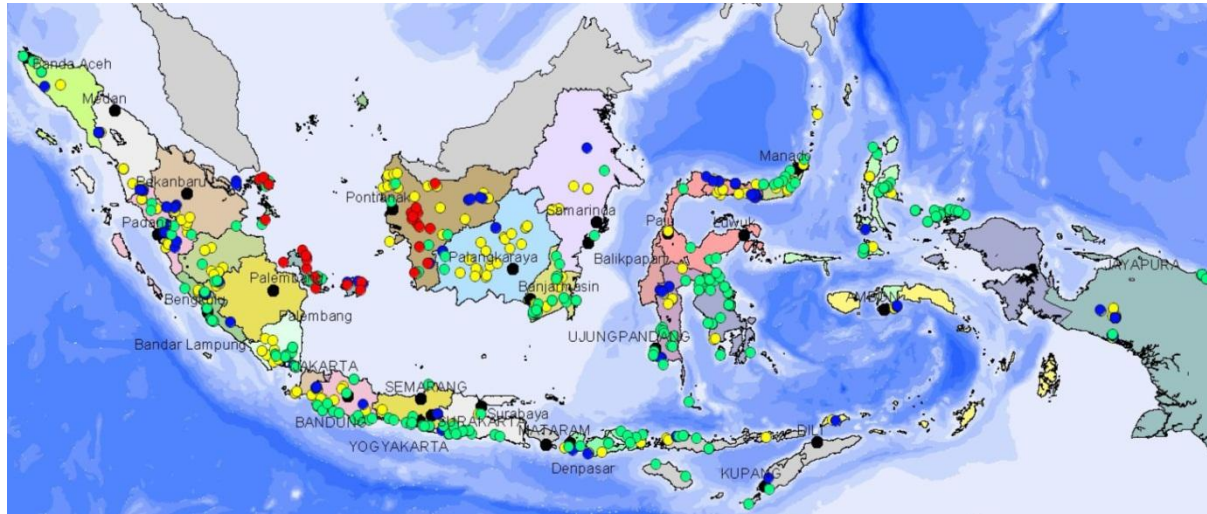






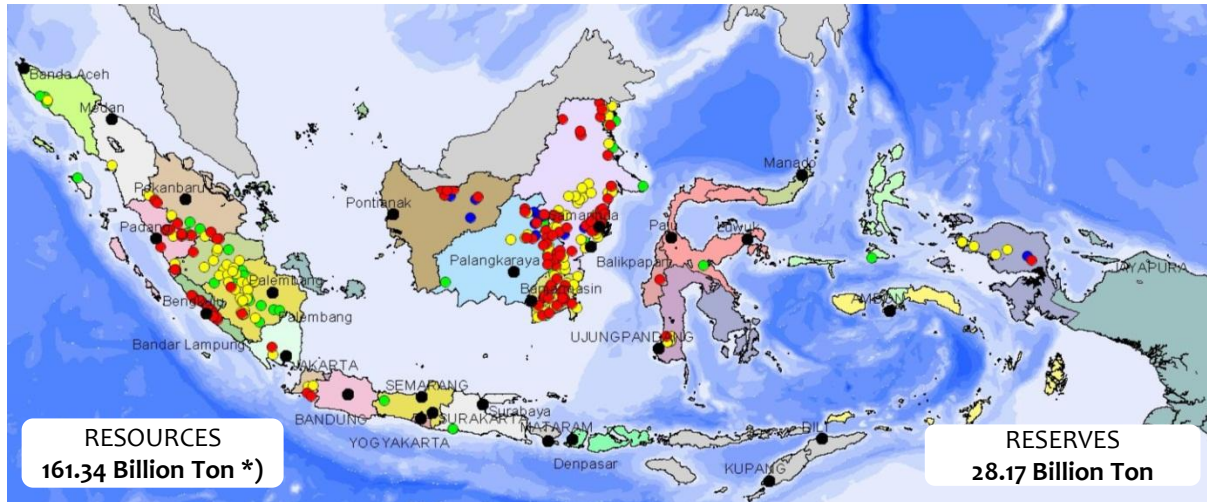
# Mineral dan coal potency

## MINERAL POTENCY



- Ferro and Associates , a.l. : Nickel, Iron, Nickel, Cobalt, Mangan, Chromit
- Precious Metal, a.l. : Gold, Silver and Platina
- Base Metal , a.l. : Zinc, Copper, Tin, reciprocal
- Rare metal, a.l. : Bauxite, Monazite

## COAL POTENCY



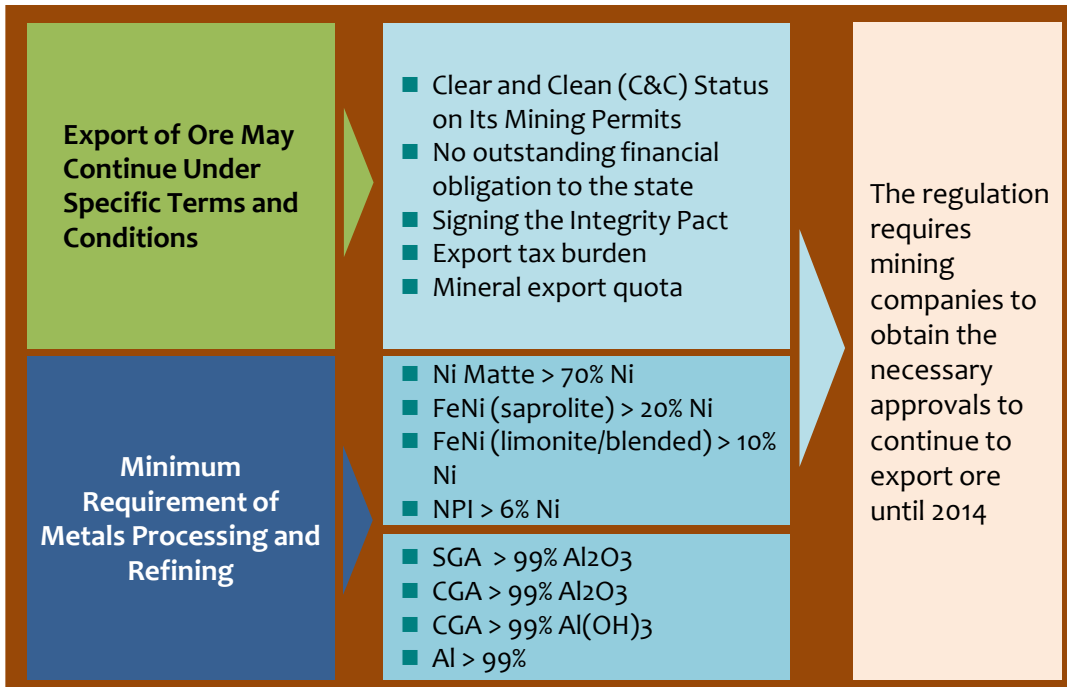
- Very High (anthrasit) ( > 7.100 cal/gr )
- High (Bituminus) ( 6.100 - 7.100 cal/gr )
- Medium (Sub Bituminus)( 5100 - 6100 cal/gr )
- Low (Lignite) ( < 5.100 cal/gr )

\*) Including 41 billion tons U/G

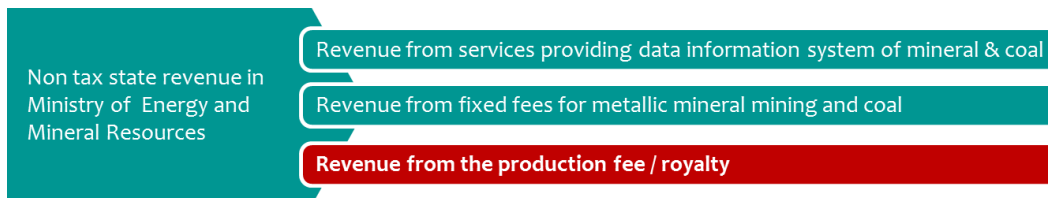


# Challenge & opportunity to regulation

## 1 To build domestic metals processing and refining due to Law of the Republic of Indonesia No. 4 Year 2009



## 3 • PERATURAN PEMERINTAH (PP)/GOVERNMENT REGULATION No. 9/2012 sets royalty (non-tax charge) on processed products such as aluminum, alumina & FeNi



## 2 Considering the competitiveness of national industries and strategic value of certain pioneer industries, the Ministry of Finance (MOF) Government of Indonesia (GoI) may grant a tax holiday facilities

- This income tax exemption or reduction for pioneer investment regulation No. 130/PMK.011/2011 dated 15 August 2011 gives opportunity to ore processing industry to get exemption from corporate income tax for a period start from 5 years

## 4 UU No. 32/2009 REGARDING ENVIRONMENTAL PROTECTION AND MANAGEMENT

RPP OF WASTE THAT WILL REVISE PERATURAN PEMERINTAH No. 74/2001 REGARDING HAZARDOUS AND TOXIC MATERIAL (B3) MANAGEMENT and PP No. 18 JO 85/1999 REGARDING B3 WASTE MANAGEMENT

- Enclose Amdal and UKL/UPL
- Certified Amdal and Licensed Amdal Committee
- Environmental Risk Analysis
- Periodic Environmental Audit
- Criminal offence and fine for violation
- Tighter B3 Waste Category





# Supreme Court Decision on Permen No. 7/2012

Supreme Court (MA) decision on judicial review filed by the Association of Nickel Indonesia (ANI) on 12 April 2012, MA granted in part the petition article ANI. The decision revoked

- ARTICLE 8 SECTION (3),
  - ✗ **“Cooperation plan for processing and/or refining/smeltering as referred to in Article 8 section (2) may only be implemented after obtaining approval from the Director General on behalf of the Minister”**

Article 8 section (2) : “The cooperation for processing and/or refining/smeltering as referred to in section (1) can be: a. sale and purchase of ore or concentrate; b. services for processing and/or refining/smeltering; or c. joint development of facilities for processing and/or refining/smeltering”

Article 8 section (1) : “In the event that the holders of IUP Production Operation and IUPK Production Operation as intended by Article 7, due to economical reason, may not conduct their own processing and refining/smeltering of mineral, they may conduct the cooperation for processing and/or refining/smeltering with other parties who hold: a. IUP Production Operation; b. IUPK Production Operation; or c. IUP Production Operation specifically for processing and refining/smeltering.”
- ARTICLE 9 SECTION (3)
  - ✗ **“The partnership as referred to in Article 9 section (1) may only be implemented after obtaining approval from the Director General on behalf of the Minister”**

Article 9 section (1) : “The holders of IUP Production Operation and IUPK Production as intended by Article 7 may conduct a partnership with other entities to build the facilities for processing and/or refining/smeltering”
- ARTICLE 10 SECTION (1).
  - ✗ **“Based on the feasibility studies, the holders of IUP Exploration and IUPK Exploration who cannot do their own processing and refining/smeltering due to economical reason and/or cannot conduct the cooperation or partnerships as referred to in Article 8 and Article 9, shall consult with the Director General to implement this Minister Regulation”**
- ARTICLE 21
  - ✗ **“Upon effectiveness of this regulation, the holders of IUP Production Operation and IPR issued before the operation of this Regulation of the Minister are prohibited from selling ore (raw material or ore) abroad within 3 (three) months of the operation of this Regulation of the Minister”**

DITJEN MINERBA ARE NO LONGER AUTHORIZED TO REGULATE THE EXPORT QUOTA ?

CREATES AN OPPORTUNITY FOR MINING COMPANIES TO SUE DITJEN MINERBA FOR THEIR LOSSES

GOVERNMENT ENSURES SUPPORT TO CONTINUE DOWNSTREAM MINING PROGRAM ?



# Opportunities & challenges & to develop new business

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- Lack of infrastructures, particularly in regions other than Java island.
- Scarcity of human resources, especially in the professional and expert level.
- De-centralization of authority due to sovereignty (autonomous) of regional Governments.
- Based on current publications (July 2011-Jan 2012), issues raised up regarding to the Indonesian Mining Industries can be categorized into 8 segment, such as Production (21%), License Overallap (20%), Environmental (18%), Contract Renegotiation (15%), State Income (10%), labour (8%), Divestment (4%) and Mining Licenses (4%).

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## ONE CONCEPT OF MINING BUSINESS LICENSE SYSTEM

- An integrated approach involving central and local governments as well as local parliament in issuing license
- Avoid overlapping mining license
- Specific penalties, both financial and criminal, for any authorities that do not follow the law

- Higher degree of certainty for ANTAM's mining licenses

## SPECIAL MINING AREAS

- The government will set a special State Reserves Area (SRA)
- State owned enterprise (SOE) and local government owned enterprises are given priorities to develop the SRA

- Additional output and product diversification given ANTAM's status as SOE
- Potential increasing exploration properties for ANTAM

## OBLIGATION FOR DOMESTIC ORE PROCESSING

- Mining licenses holders have to process and refine the minerals domestically

- Enhanced performance profile as ANTAM can take advantage in processing minerals from other mining license holders as well as reserves conservation
- Potential risk in revenue loss from ore sales



# Permit

## INSTRUKSI PRESIDEN No. 41 YEAR 2004 REGARDING LICENSE OR AGREEMENT OF MINING AREA INSIDE THE FOREST

- Assign 13 (thirteen) permits or agreements in mining that has existed prior to the enactment of Law No. 41 Year 1999 on Forestry as stated in Appendix decree, to continue its activities in the forest until the end of the license.



## INSTRUKSI PRESIDEN (INPRES) NO. 10 TAHUN 2011 REGARDING NEW LICENSE GRANT POSTPONEMENT AND IMPROVEMENT OF NATURAL FOREST GOVERNANCE OF PRIMARY AND LAND PEAT

- Delay granting new permits in primary natural forest and peatland inside conservation forest, protected forest, production forest and other used areas that are set out in Peta Indikatif Penundaan Izin Baru

ANTAM in KEPPRES No.41/2004 granted permission to continue mining activities in the area of protected forest, but in INPRES No. 10/2011, ANTAM mining permits were included in Peta Indikatif Penundaan Izin Baru

Showstopper in ANTAM mining activities and operations

## ■ The obligation to Clear and Clean (CnC) based on UU No. 4/2009 dan PP No. 23/2010

For companies that have announced CnC, the CERTIFICATE CnC can be obtained by fulfil following condition:

- 1) Administrative Aspects
- 2) Technical Aspects
- 3) Financial Aspects

Within 30 days after the CnC announcement, it shall:

### Stages of Exploration:

- Submit proof of deposit of dues remained until last year

### Stages of Production Operations:

- Convey the approval of UKL, UPL / EIA
- Submit a report complete exploration and feasibility study
- Submit proof of deposit of fixed fees and production fees (royalties) until last year.

Documentation related to the licensing and administration of documents should be more integrated

## ■ Other issues

- Bureaucracy
- Overlapping with palm oil and or overlapping permit itself
- Building permit (Izin Mendirikan Bangunan-IMB)



# Foreign loan

- KEPUTUSAN PRESIDEN REPUBLIK INDONESIA (KEPPRES)/PRESIDENTIAL DECREE NO. 59 / 1972 REGARDING FOREIGN LOAN
  - (Article 3 dan 4(1) KEPPRES No. 59 / 1972 revoked in KEPPRES No. 24 / 1998)
- KEPPRES NO. 39 / 1991 REGARDING COMERCIAL FOREIGN LOAN MANAGEMENT COORDINATION
- PP NOMOR 10 / 2011 REGARDING PROCEDURES FOR FOREIGN LOANS AND GRANTS

Coordination for all commercial foreign loans which is

- Not include in the responsible framework of Intergovernmental Group on Indonesia (IGGI) / Consultative Group on Indonesia (CGI) and other official loans required by the Government,
  - State Owned Enterprises (including State Bank and Pertamina); and
  - Private Owned Enterprises (including banks and non-bank financial institutions )
- is conducted by “Tim PKLN”

Tim PKLN is headed by the Coordinating Minister for Economic Affairs involving other Ministry and Bank Indonesia

Foreign loan

“Will be misleading if the government handling private law, such as arrange SOE foreign loans which is should have a permit from Tim PKLN headed by Coordinating Minister of Economy. Though commercial loan is the business of the corporation, ”

“Obviously that legal product was inappropriate. Many laws are involving government into private law. It is also improper, but has become the law”

- Herman Hidayat • Law Bureau Head in Ministry of SOE Bulletin Edition 58/ Year VI Date 29 Februari 2012-



# Lack of domestic technology innovation

- The role of technology is essential in the production of the world's mining operations. In addition to lower production costs, the technology can increase the value of the Company's mineral reserves.
- Enormous budgets for mining technology research and the slow technology to be obstacles to innovation in mining

## PERUSAHAAN

## R&D HIGHLIGHTS



- R & D is focused on the Alcoa Technical Center in Pittsburgh, Pennsylvania, USA which is the largest light metals research center in the world
- Alcoa developed the Global Innovation Network which is an R & D collaboration with leading universities (Moscow State University, St. Petersburg State Mining Institute), research institutes (India's Council of Scientific and Industrial Research-CSIR), etc.



- Single global model for R & D activities in which the function of mineral exploration and development cycle of integrated technology to accelerate the discovery of new mineral. Technology development activity centered in Mineral Development Center (CDM), Minas Gerais, Brazil while exploration activities focused in five regional locations
- Focus in Ni, Vale has integrated R & D center, Vale Technological Center (VTC, ex-Inco) in Ontario, Canada
- Vale also has the Vale Technological Institute (ITV) in Brazil, a non-profit research and graduate education aimed at supporting R & D companies, especially in the field of mining and sustainable development.
- Activities in the CDM, ITV, and VTC done in conjunction with international research institutions and universities to enhance their access to the latest technological developments



- Antam has a unit that serves to conduct research and technology development.
- This unit is under the Directorate of Development.
- Some of the research conducted to support the development of the mining business into downstream



Downstream Mining Industry:

# TOWARDS INDONESIA ECONOMIC DEVELOPMENT ACCELERATION AND EXPANSION

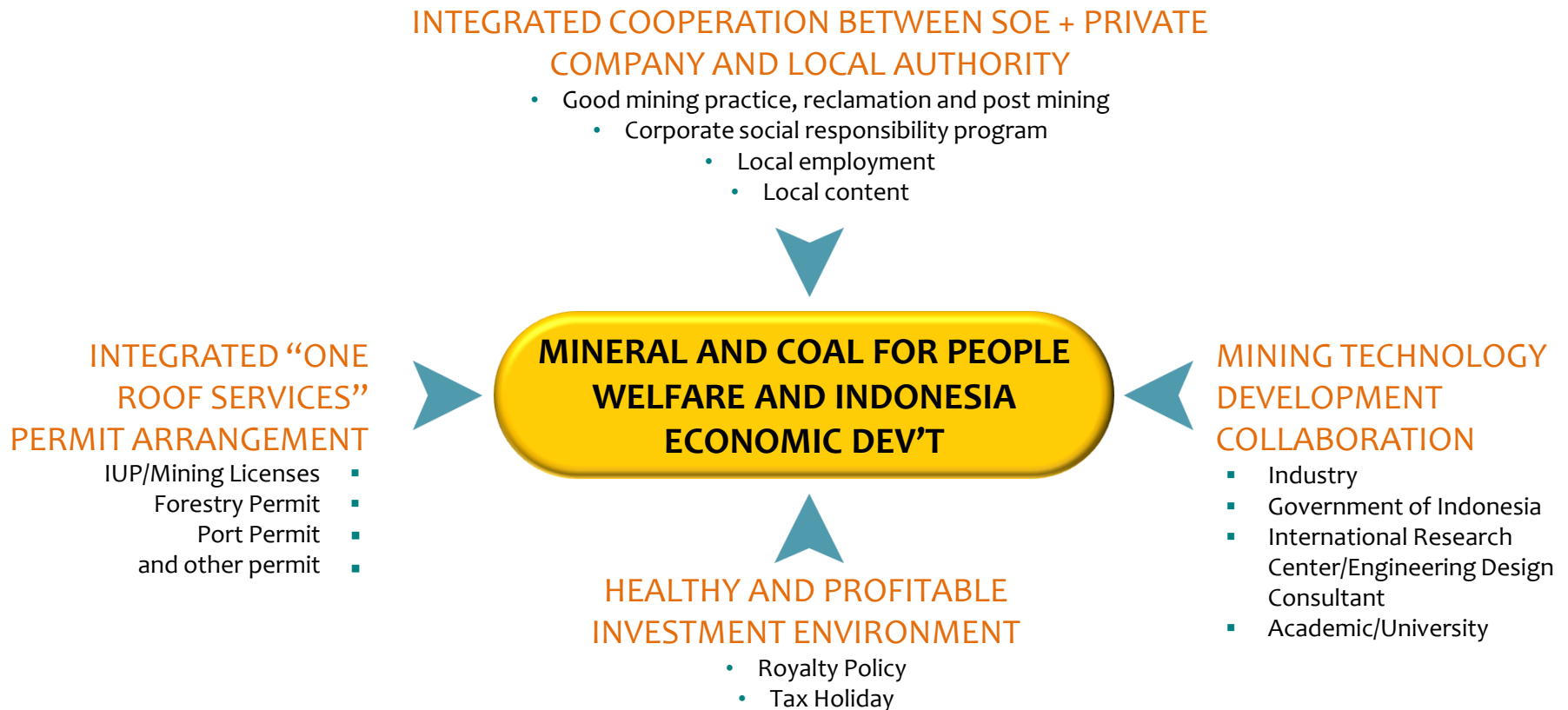




# Mutual beneficial relationship

Wishes for the success of state-owned enterprises (SOE) and private company with the government to promote the establishment of high economic growth, balanced, equitable and sustainable so that the positive effects of economic development of Indonesia can be felt by the entire community around the archipelago,

**Downstream mining industry** toward economic development across Indonesia that create a solid economic independence and economic competitiveness should be supported from many aspects:





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## THANK YOU

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