



NEWS RELEASE FROM ADARO ENERGY

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Adaro Energy Completes JORC Report for Mustika Indah Permai Coal Reserves Estimated at 272.6 Million Tonnes South Sumatra Investments Will Soon Commence Operations and Generate Cash

Jakarta, March 22nd, 2012 – PT Adaro Energy Tbk (IDX - ADRO) is pleased to announce the Australasian Joint Ore Reserves Committee (“JORC”) Compliant Coal Resources and Reserves estimates for its subsidiary PT Mustika Indah Permai (“MIP”) property located in the Kabupaten of Lahat, South Sumatra. Adaro Energy announced it had acquired a 75% equity interest in MIP on August 23rd, 2011. As of December 15th, 2011, the total JORC Compliant Coal Resources for MIP were estimated at 286.4 million tonnes (Mt) of which 272.6 Mt are the estimated JORC Compliant Coal Reserves. The current Coal Reserves are sufficient to sustain a mine operating at a production level of 10 Mt per annum for 26 years after allowing for a 3 year production ramp up and 1 year ramp down. The JORC Coal Resource and Reserve Report was prepared by Marston, a Golder Associates company and international mining consultant located in Saint Louis, Missouri, USA.

Summaries of the Coal Resources and Reserves stated within the MIP JORC Report are presented below:

PT Mustika Indah Permai JORC Compliant Coal Resources (In Situ Millions of Tonnes)										
Total MMT	Measured MMT	Indicated MMT	Inferred MMT	Total Moisture %	Inherent Moisture % (ADB)	Ash % (GAR)	Volatile Matter % (GAR)	Fixed Carbon % (GAR)	Total Sulfur % (GAR)	Calorific Value (kcal/kg) (GAR)
286.4	249.7	36.3	0.4	33.9	22.2	5.5	31.1	29.5	0.4	4,345

PT Mustika Indah Permai JORC Compliant Coal Reserves Mineable by Open Pit Methods (Millions of ROM Tonnes)									
Total MMT	Proven MMT	Probable MMT	Total Moisture %	Inherent Moisture % (ADB)	Ash % (GAR)	Volatile Matter % (GAR)	Fixed Carbon % (GAR)	Total Sulfur % (GAR)	Calorific Value (kcal/kg) (GAR)
272.6	237.9	34.7	34.1	22.2	6.0	31.1	28.8	0.4	4,281

Notes to Tables:
ADB = Air Dried Moisture Basis
GAR = Gross As Received Moisture Basis
ROM = Run of Mine
MMT = Millions of Metric Tons



The MIP concession area contains three main coal seams and two minor seams which range from 1.6m to 17m in thickness. The structure, thickness and continuity of the seams appear consistent throughout the property and no faulting is evident.

The JORC study identified elevated sodium in ash content in some seams usually increasing with depth. Marston believes the presence of multiple thick seams with varying levels of sodium in ash contents, the ability to blend product coal from different seams and the overall average level of sodium in ash for the Coal Reserves at 3% will result in a marketable coal product.

The Coal Reserves at MIP are suitable for extraction by open pit mining methods.

The above statements of MIP Coal Reserves and Coal Resources may not be summed, as the Proved and Probable Coal Reserves are estimated from within the Measured and Indicated Coal Resources.

The information in the JORC report upon which this announcement is based that relates to Exploration Results, Coal Resources and Coal Reserves is based on information compiled by Mr. John W. Devon, who is a Marston employee and a registered founding member of the Society for Mining, Metallurgy and Exploration which is a Recognized Overseas Professional Organization (“ROPO”) as defined by the Australian Stock Exchange (“ASX”).

Mr. Devon has sufficient experience 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 2004 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’. Mr. Devon consents to the inclusion in this statement of the matters based on his information in the form and context in which it appears.

Adaro Energy’s President Director, Mr. Garibaldi Thohir said:

“We are delighted the JORC report for MIP is now complete so we can properly inform our public investors and other stakeholders about what we acquired in South Sumatra. We now move one step closer to beginning commercial operations and creating shareholder value from our investments in South Sumatra. We aim to have coal production within the second half of 2012. Together with our other South Sumatra investments, SMS and BEE, we are building long term, low cost assets to achieve our vision to become a leading Indonesian mining and energy group.”

On August 19th, 2011, Adaro Energy’s subsidiary PT Alam Tri Abadi (“ATA”), a wholly owned subsidiary of PT Adaro Energy Tbk, signed a share purchase agreement to acquire a 75% stake of MIP from Elite Rich Investment Limited for US\$222.5 million.



In Indonesia an Izin Usaha Pertambangan (“IUP”) is one of the basic tenure documents which grant title to a business entity for specific minerals contained within a defined area for a defined period of time. MIP’s Production IUP was granted in April 2010 for a period of twenty years, after which time the term of the IUP may be extended up to two times.

Prior to acquiring MIP, Adaro Energy conducted legal due diligence of MIP’s tenure and found MIP’s IUP was obtained through a lawful process. Since the time of the MIP acquisition, the Supreme Court of the Republic of Indonesia has completed Judicial Reviews of the claim filed by the plaintiff which contested the legality of the MIP IUP through state administrative and civil court proceedings. The Judicial Reviews of the Supreme Court were granted on October 10, 2011 and November 10, 2011 respectively and found against the plaintiff. The Judicial Reviews are final and binding, thereby confirming that MIP’s IUP was obtained through a lawful process.

Roadmap to Cash flow in South Sumatra

The completion of the JORC report for MIP is another milestone in developing Adaro Energy’s South Sumatra assets into efficient, productive sources of sustainable cash flows. MIP’s mine is now under development.

Production Ramp Up, Capital Expenditures and Transportation Route

MIP has completed a detailed 30 year mine plan and set up offices in Lahat in 2011. Adaro Energy plans to produce coal at MIP, using an open pit mining method, by the end of 2012. Coal production will be ramped up to three to four million tonnes per year by 2014. Adaro Energy plans to boost MIP’s production up to ten million tonnes per annum five years from the time operations commence. MIP will utilize Adaro Energy’s mining and hauling contractor, PT Saptaindra Sejati (“SIS”) to mine and transport the coal.

Capital expenditures at MIP, excluding heavy equipment, are estimated at approximately US\$50 million split almost evenly over 2012 and 2013, and shall be funded by the cash holdings of Adaro Energy.

MIP’s property is located in the Kabupaten of Lahat, South Sumatra and is within close proximity to critical infrastructure such as the state highway and railway. SIS will truck the coal from near the mine site to PT Servo Meda Sejahtera’s (“SMS”) barge loader on the Musi River via a dedicated private coal haul road operated by SMS. The coal will be barged down the Musi River for transshipment on to offshore vessels or barged direct to customers in the region. Adaro Energy has already acquired a 35% interest in SMS.

Development work, including pre-stripping and mine development, continues at the site and along the transportation corridor, as well as social and environmental studies.

Costs and Economic Benefits

MIP has an attractive cost structure and a low strip ratio of 2.8 bank cubic meters per tonne (“bcm/t”). The largest cost item will be for transportation due to the inland location of the mine,



approximately 141 kilometers to the Musi River port and from there, 220 kilometers down the Musi River to an open anchorage near Palembang.

MIP coal has a higher heat value than Adaro Indonesia's Wara product, so despite the longer transportation distance, and considering the low development expenditures, Adaro Energy expects similar operating margins and returns as those generated by Wara.

Marketing

In 2010, Adaro Energy's main cash producing subsidiary, Adaro Indonesia, began selling a lower heat value coal product called E4000, from its Wara mine. E4000 has been well received by power stations in the Asian region. "Ultima" is the brand name of MIP's 4,200 Kcal/kg (gar) product coal. Ultima is a relatively low sulfur and low ash coal. At 4,200 kcal/kg (gar) Ultima targets a different audience than E4000. Adaro believes Ultima, which will be produced with the same high standards of reliability and quality that Adaro has become known for, will also be well received by end users in Asian coal markets.

MIP is continuing to build orders for Ultima for 2012 and beyond. MIP is in discussions to sell Ultima to end users in Indonesia, China, India, Taiwan, Thailand, The Philippines and Vietnam.

Other Benefits

The MIP project and Adaro Energy's other South Sumatra investments are expected to create significant employment, both direct and indirect, for the province of South Sumatra, boost export income, increase the provincial GDP and increase provincial and national tax revenues.

Adaro Energy's South Sumatra Strategy

Adaro Energy views South Sumatra as a highly strategic growth area owing to the province's proximity to the large power market of Java and its large coal resources and reserves. Adaro Energy's plan in South Sumatra is to replicate the successful business model it has used in South Kalimantan, by owning high quality coal assets and developing a vertically integrated coal supply chain.

Adaro Energy's Vice President Director, Mr. Ario Rachmat said:

"Our investments in South Sumatra are part of the drive to diversify and increase our reserves so as to create sustainable value from Indonesian coal. By diversifying locations, coal products and license maturities, we reduce risk, improve reliability and improve sustainability. We shall grow our business organically but also through acquisitions. Our aim is to create long term value from Indonesian coal, by building a bigger and better Adaro Energy."

MIP was the first of three investments Adaro Energy successfully completed during the second half of 2011, which together form the backbone of Adaro's strategy to create long term value in South Sumatra and itself is part of the broader strategy of diversification into multiple locations and product ranges.



On October 10th, 2011, Adaro Energy acquired a 35% interest in SMS for Rp200 billion. SMS owns a dedicated hauling road and a dedicated coal port to provide integrated coal logistic services to coal mining companies in South Sumatra, including MIP.

On October 14th, 2011, Adaro Energy acquired an additional 46% interest in PT Bukit Enim Energi (“BEE”) for US\$46 million, which increased its interest to 61.04%. BEE is a coal mining company developing a greenfield project in the Muara Enim regency, South Sumatra. BEE holds an IUP granted in March 2011 for a period of twenty years that covers an area of approximately 11,130 hectares.

The key advantages of the investments in South Sumatra are they provide Adaro Energy entry into the South Sumatra coal industry, the coal qualities are relatively good and the projects are in close proximity to good land transportation, in particular the SMS dedicated hauling road.

MIP, BEE and SMS are investments that, together with organic growth, will help Adaro Energy achieve 80 million tonnes of coal production per year in the medium term.

The MIP, BEE and SMS transactions are not affiliated nor related party transactions. The transactions were funded using Adaro Energy’s cash holdings and loan facilities.

NOTES:

The Australasian Joint Ore Reserves Committee (JORC), has established the Code for Reporting of Mineral Resources and Ore Reserves (the JORC Code), which is widely accepted as a standard for professional reporting purposes. For more information or a copy of the JORC report, please visit www.jorc.com.

Marston (www.marston.com) is an international mining consulting and geological consulting organization based out of St. Louis, Missouri, USA, with extensive consulting experience in open pit and underground coal, metals, oil sands, and industrial minerals mines. Marston is a Golder Associates company.