



NEWS RELEASE FROM ADARO ENERGY

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ADARO SIGNS BARGING CONTRACTS TO IMPROVE EFFICIENCY AND LOWER COSTS

Jakarta, November 18th, 2010, Adaro Energy is pleased to announce its wholly-owned subsidiary PT Adaro Indonesia has signed three new innovative long term coal barging contracts today, which will strengthen the barging segment of the coal supply chain and lower freight rates by an estimated 15%. The deals were done to support growth, improve efficiency and reliability and lengthen the maturity of contracted barging volumes.

Following a thorough tender process and negotiations, Adaro simultaneously signed contracts using the same terms and conditions, with three of its six existing contractors, PT Pulau Seroja Jaya ("PSJ"), a subsidiary of SGX-listed Seroja Investments Pte Ltd, PT Mitra Bahtera Segara Sejati ("MBSS"), and PT Mandiri Abadi Maritim ("MAM").

President Director Boy Thohir said, "**We have created an innovative approach to awarding new barging tonnages and will enjoy lower freight costs on the associated tonnage. This is part of our ongoing efforts to maintain our unbroken track record of 19 years of annual organic growth, while improving the coal supply chain, to keep our loyal customers happy and create sustainable shareholder value.**"

PSJ is partly owned by two of Adaro Energy's group of five key shareholders, Edwin Soeryadjaya and Sandiaga Uno, which both own a minority interest in Adaro Energy. Both MAM and MBSS are not related parties.

The arrangement shall optimize the utilization of the existing and future barge fleet. Rather than select a solitary winner to fulfill Adaro's anticipated additional barging tonnage, Adaro split the volumes amongst the three winning bidders, and structured a competitive environment, where additional future tonnages will only be awarded to the best performing contractor.



To get additional future tonnages the contractors must demonstrate progressive reduction in annual fuel consumption and cycle times, and improved availability, while simultaneously maintaining high and sustainable safety standards. Due to the competitive terms of the new barging contracts, Adaro expects the freight rate of those coal tonnages will decrease up to 15%.

Today's deals follow the acquisition in 2009 of Adaro's barging and ship loading contractor, Orchard Maritime Logistics Pte Ltd ("OML"), which completed Adaro's long planned goal to vertically integrate the coal supply chain from 'pit to port'. Acquiring OML, a 15 year contractor of Adaro, helped lower freight and handling costs by 6% in 2009. The majority of the assets of OML had been restructured to PT Maritim Barito Perkasa ("MBP"), a national shipping carrier bearing domestic license, to comply with cabotage law. The deal was also done in order to enable Adaro to better understand the barging business to improve reliability, to lower risk and to negotiate better deals, such as those signed today.