

NEWS RELEASE

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ADARO POWER SUBSIDIARY SIGNS POWER PURCHASE AGREEMENT WITH PLN FOR 2x100MW COAL FIRED IPP IN SOUTH KALIMANTAN **Adaro Energy on Track to Move into Power**

Jakarta, October 17, 2014 – PT Adaro Energy Tbk (IDX: ADRO) (“the Company”) is pleased to announce that on October 15th, 2014, PT Tanjung Power Indonesia ("TPI"), signed a Power Purchase Agreement ("PPA") with PT PLN (Persero) ("PLN"), in relation to the supply of electricity from a coal-fired Independent Power Producer (IPP) with a total capacity of 2x100 megawatts (MW) in Tabalong, South Kalimantan. The agreement was signed in Jakarta by the President Director and one of the Directors of TPI, Mr. Ernest Kee and Mr. Bang Tae Min, and the President Director of PLN, Mr. Nur Pamudji.

PT Tanjung Power Indonesia ("TPI"), is a subsidiary indirectly owned by the Company’s wholly owned subsidiary PT Adaro Power ("AP"), which owns 65% of TPI and PT EWP Indonesia ("Indonesian EWP"), a subsidiary directly owned by Korea East-West Power Co. Ltd., which owns 35% of TPI.

The Company’s President Director, Garibaldi Thohir, said “Adaro is contributing to the generation of high quality and affordable electricity for South Kalimantan, Central Kalimantan, and East Kalimantan. Together with Korea East-West Power, we will build and operate a 2 X 100 MW high technology power station to create maximum value from Indonesian coal. We are on track to develop our power division. The project is part of our vision to be a leading Indonesian mining and energy group, as well as continuing our contribution to national development.”

This selection of TPI was made through a competitive public tender process, where TPI will supply electricity to PLN for 25 years. The investment is estimated at approximately US\$450 - US\$550 million, which will be project financed using non-recourse debt. This project is included in the Fast Track Program Project phase 2 (FTP-2), with the BOOT (Build, Own, Operate & Transfer) scheme, which received a government guarantee in the form of a Business Viability Guarantee Letter (SJKU). Financial Closure is expected to be achieved within 12 months after the signing of the PPA. The construction of the power plant, which will use technology from Japan and Germany, will commence immediately after Financial Closure, and is expected to take 33 months before commercial operations begin.

Based on a written statement from PLN, this power plant will increase the supply of electrical energy to the electrical system of South and Central Kalimantan by 1,800 GWh per year through Substation of 150 kilovolts (kV), as well as increasing the ratio of the energy mix through the development of a new non-fuel power generation.

This power plant will use circulating fluidized bed (CFB) technology, which removes sulphur dioxide from flue gas by limestone injection and reduces nitrous oxide emissions due to its low-combustion temperature. Adaro is responsible for supplying the coal and the logistics. The plant will require approximately one million tonnes of coal per year.



From left to right: Mr. Bang Tae Min, Director, TPI, Mr. Ernest Kee, President Director, TPI and Mr. Nur Pamudji, President Director, PLN at the signing of the PPA between TPI and PLN, Jakarta, October 15, 2014.