

# PT Aneka Tambang (Persero) Tbk



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## Quarterly Report to Shareholders

For the three months ending 30<sup>th</sup> September 1999

ARBN - 087 423 998

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## GENERAL OVERVIEW

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### EXPLORATION

- Promising nickel exploration at Buli; detailed drilling to continue to raise reserves classification.
- The Mangkaluku prospect in the Latupa region provides encouraging gold exploration results.
- Further detailed drilling confirm the Tayan bauxite deposit's open pit mining method; although requiring review, the feasibility and environmental studies have been completed

### DEVELOPMENT

- FeNi III, Antam's nickel expansion project is progressing positively.
- PT Nusa Halmahera Minerals (Antam 17.5% and Newcrest 82.5%) begins producing gold.
- PT Galuh Cempaka (Antam 20% and Ashton 80%) completes full assembly of Dredge 1, part of the Cempaka Alluvial Diamond Project.

### PRODUCTION

- High-grade nickel ore production increases, while low-grade nickel ore production endures a weather-related decrease.
- Following the relining and modernization of FeNi I, Antam's ferronickel production increases by 23% over 3Q98.
- Antam's gold and silver production increases over 2Q99 by 33% and 72%.

### FINANCIAL

- Unaudited Financial Statements for the nine months ending 30<sup>th</sup> September 1999 will be released by mid-November 1999, pursuant to the regulations of the Jakarta Stock Exchange.
- Cash and production costs for gold decrease by 16% and 17%

Dohar Siregar  
Corporate Secretary  
29<sup>th</sup> October 1999

## **EXPLORATION**

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PT Aneka Tambang has an extensive exploration program dispersed throughout the Indonesian archipelago. This report will update the exploration activities during 3Q99 of those tenements in which Antam has a majority interest. Antam has a minority interest in several exploration joint ventures, the most promising of which are reported in the development section of this report. Antam's exploration program is focussed primarily on nickel and gold, the Company's core products. All exploration is carried out by Antam's Geological Unit, which draws on the success of its nearly 20 years of related experience.

Antam has 72 KP's or mining licenses, comprising a total area of some 4.56million ha. to conduct its (singular and joint) mineral explorations. Many of these areas are still relatively unexplored and the following reports on those areas in which Antam is concentrating its exploration.

Gold exploration is underway on the island of Sulawesi at Latupa, Ampak and South Lore. On Halmahera Island gold exploration is being conducted at Mt. Tungku and on Sumatra Island at Sondi. Antam is also exploring for nickel at Buli on Halmahera Island and for bauxite at Tayan in West Kalimantan.

Antam owns 82% of International Antam Resources Limited (IAL) which owns 100% of PT Antam Resourcindo. There are no exploration activities conducted by IAL on their 7 KP's to report on for 3Q99.

Assay results for this report were calculated using the weighted average grade of the mineralized zone.

The expenditures for all of Antam's exploration activities for 3Q99 came to a total of Rp. 3,265,495,091.

## **NICKEL**

### **BULI**

The Buli prospect, located on Halmahera Island, covers an area of 97,520 ha. It is comprised of three areas, namely, Pakal Island, Tanjung Buli and Buli Inland. Although Antam is in the preliminary stages of nickel exploration in tenements of other regions such as SE Sulawesi and Halmahera, the results at the Buli prospect are the most promising and are the focus of Antam's current nickel exploration program.

The following table outlines the exploration results at Buli as at 3Q99, the estimations of which are based on semi-detailed drilling (100m x 100m). Antam is pleased with the results of exploration at this prospect and mine designing has begun for certain areas. Where indicated the results have been independently reviewed by either IMC Mackay & Schnellmann (IMC) or PT Aartago (AARTAGO).

Ore Type	Ore Reserves Class	Deposit	000'S (WMT)	Cut off grade Ni%	Mean Ni%	Mean Co%	Mean Fe%	Mean Basicity	Reviewed By
High Grade Saprolite	Probable	Pakal Island	8,600	> 2.0	2.40	0.05	16.5	0.55	IMC
		Tj.Buli	4,300	> 2.0	2.40	0.04	14.5	0.65	IMC
		Block A	6,567	> 2.0	2.56	0.03	11.7	0.63	AARTAGO
		Block P1	2,048	> 2.0	2.46	0.03	12.3	0.54	AARTAGO
		Block P4	1,601	> 2.0	2.46	0.04	11.6	0.73	AARTAGO
		Block P5	2,538	> 2.0	2.46	0.03	11.4	0.67	AARTAGO
		Block P8	800	> 2.0	2.45	0.04	13.2	0.52	AARTAGO
<b>TOTAL</b>			<b>26,454</b>		<b>2.46</b>	<b>0.04</b>	<b>13.7</b>	<b>0.61</b>	

Ore Type	Ore Reserves Class	Deposit	000'S (WMT)	Cut off grade Ni%	Mean Ni%	Mean Co%	Mean Fe%	Mean Basicity	Remarks
Low Grade Limonite	Probable	Pakal Island	22,832	> 1.2	1.67	0.12	38.8	-	AARTAGO
		Tj.Buli	10,719	> 1.2	1.61	0.12	35.6	-	AARTAGO
		Block A	9,115	> 1.2	1.52	0.14	39.4	-	AARTAGO
		Block P1	5,655	> 1.2	1.56	0.15	37.9	-	AARTAGO
		Block P4	745	> 1.2	1.52	0.13	39.7	-	AARTAGO
		Block P5	1,717	> 1.2	1.59	0.13	40.1	-	AARTAGO
		Block P8	740	> 1.2	1.55	0.12	37.9	-	AARTAGO
<b>TOTAL</b>			<b>51,523</b>		<b>1.16</b>	<b>0.13</b>	<b>38.17</b>		

For 3Q99, the exploration program focussed on the continued detailed drilling of the prospect area, using a spacing of 25m x 25m for the Pakal Island and Tanjung Buli areas. Ridge and spur geological mapping was conducted at Buli Inland. In total for 3Q99, topographical surveying was conducted on 129.3 hectares and 5,873.5 meters of drilling was performed. As well, there were 11,006 laboratory-assayed samples and 7,919 samples prepared. Geophysical surveying covered an area of 40.46 km

The primary goal of the activities at the Buli prospect is to build on the promising results by further evaluating detailed drilling and assay results so as to increase the reserves classification from probable to proven. Meanwhile exploration for other promising areas within the Buli prospect will continue.

## **GOLD**

### **LATUPA REGION**

The exploration area in the Latupa Region of South Sulawesi, covers an area of approximately 14,750 ha, and is located  $\pm$  1,500 km northeast of Jakarta and  $\pm$  50 km Southwest of the Palu-Koro Fault System. The exploration performed comprises geological mapping, trenching, geophysical surveying and drilling.

Tara, Babak and the Mangkaluku prospects are the most promising areas. Of these three, Antam has seen the most encouraging results from the Mangkaluku prospect, and is thus the Company's first priority at Latupa. Further intensified exploration is intended for the Mangkaluku prospect.

Results from trench exploration at Mangkaluku indicate that the main gold bearing stockwork mineralization zone has a size of at least 500m x 200m. Trenching results received during 3Q99 include:

- 1.5 m @ 30.96 g/t gold
- 2.0 m @ 29.0 g/t gold
- 1.2 m @ 15.7 g/t gold
- 1.5 m @ 11.76 g/t gold
- 3.0 m @ 16.56 g/t gold
- 12.0 m @ 0.72 g/t gold
- 14.5 m @ 5.66 g/t gold
- 7.5 m @ 12.7 g/t gold

The quartz vein zone is distributed to the Northwest - Southeast. Deep core drilling has already commenced at Mangkaluku. The aim of the drilling program is to test the depth potential of the mineralization. Three core holes have been completed. A summary of significant intercepts is shown below:

## Significant Intercepts at Mangkaluku

Hole No.	Bearing (Az)	Dip	Length (m)	From	To	Width	Grade Au (g/t)
MK.I	270°	55°	258.25	21.00	24.00	3.0	0.24
				58.00	59.00	1.0	1.31
				63.00	64.00	1.0	1.43
				107.00	108.00	1.0	5.11
				186.00	190.00	4.0	0.707
				192.00	197.00	5.0	1.004
				208.00	211.00	3.0	0.46
				248.75	257.15	8.4	7.466
MK.II	270°	55°	156.50	0.00	10.00	10.0	1.10
				34.00	36.00	2.0	0.35
				50.00	55.00	5.0	0.42
				63.00	64.00	1.0	2.06
				86.00	87.00	1.0	1.27
				112.00	113.00	1.0	11.88
				127.00	128.00	1.0	1.52
				135.45	136.400	0.95	1.55
MK.III	270°	45°	368.000	0.00	2.00	2.0	11.15
				9.00	11.00	2.0	7.95
				71.00	72.00	1.0	3.82

Evaluation from the weighted average grade of the trenching results on the surface (8.71 g/t gold bearing stockwork mineralization; zone of at least 500m x 200m) and the test drilling results (2.90 g/t quartz vein type of mineralization) reveals that the gold mineralization on the surface is of a higher grade (sufergene enrichment) than that underground.

Further drilling is planned to evaluate the most promising zone of mineralization and to test the remainder of the anomaly.

### AMPAK REGION

The Ampak Region prospect is located to the north of the Latupa Prospect on Sulawesi Island. It covers an area of 10,450 ha. To date regional geological exploration has been conducted in Ampak. For 3Q99, exploration of a quartz vein width of 1 - 25cm, within a silisification zone developed in volcanic rock, resulted in 1.05 g/t gold. The occurrence is supported by stream sediment anomalous data. At the nearby Makawa area a silica-sealing zone of 5m in width was analyzed with a resultant 0.23 g/t gold. The next phase of the exploration program at Ampak will consist of detailed geological mapping and trenching, which the Company hopes to commence in the next quarter.

## **SOUTH LORE REGION**

The tenement in the South Lore region is situated to the east of the Palu–Koro Fault System on Sulawesi Island and covers an area of approximately 19,050 ha. To the end of 3Q99, geophysical mapping of the lithologies and alterations in the outcrops and trenches has been carried out on Trench 1, 2, 3 and 4 (total volume 48 m<sup>3</sup>). All trenches were channel-sampled at the base of the wall.

The gold mineralization of the South Lore region is characterized by clay-silica-pyrite schist and altered and interlayered conglomerate rock with andesitic sandstone. All samples taken from trench exploration resulted in 0.02 g/t gold. The samples were analyzed using the atomic absorption method for basemetals and fire assaying for gold and silver.

Further evaluation of detailed geological mapping and assay result indicates that the gold mineralization identified in schistose sand stone sediment is very limited in extent and grade. No further work is proposed at this stage.

## **MT. TUNGKU**

Mt. Tungku prospect is situated in Central Halmahera, and covers an area of ± 10,450 ha. Antam's initial exploration activities discovered stream sediment gold anomalies (> 59ppb Au) distributed throughout the tenement. The occurrence of 1 – 5m wide quartz veinlet stockwork mineralization zones enclosed by prophylic alterations, resulted in 0.94 g/t gold.

The results from detailed geological mapping and sampling on the exploration trenches indicates that the main discovery, a gold bearing quartz vein intersected in TR.2, TR.4, TN.1, TN.2, TN.3, TN.4 (total length 375 m), has a strike length of at least 250m. Channel samples in 3Q99 returned a value of:

TN.1	24.1 m @ 6.3 g/t gold
TN.2	3 m @ 2.5 g/t gold
TR.2	22 m @ 1.9 g/t gold
TN.3	2 m @ 36.24 g/t gold
TN.4	2 m @ 25.2 g/t gold
TR.3	3.6 m @ 0.2 g/t gold

Evaluation of the weighted average grade of the trenching results on the surface indicate 5.27 g/t gold bearing vein type mineralization. Antam's Geological Unit determines the Mt. Tungku prospect to be a significant target for initial drilling. Meanwhile, further geological mapping, trenching and geophysical investigation will continue at Mt. Tungku.

## **SONDI REGION**

Antam's Sondi prospect is located on the island of Sumatra. The size of the exploration area is 10,790 ha. and Antam has thus far conducted investigative exploration. For 3Q99, Antam conducted detailed geological mapping of 50 ha., a geophysical survey using the IP method for 120 points (6 km lines) and a geophysical survey using the geomagnetic method for 2,189 points (11 km lines).

Scarn was cropped out along 70 meters with a grade average of Au 0.56 ppm and Cu 0.965%. Strongly anomalous PFE, interpreted as pyrite holes, were observed in the area, which had a grade of

Cu 0.21% on the outcrop. Based on the outcrop spreading and geomagnetic anomalous, the lateral dimension of the scarn is predicted as 700m x 250m.

Evaluation of the results indicates the occurrences of scarn porphyry Cu-Au mineralization and vein types in this tenement. Accordingly, exploration will continue with detailed geological mapping and geophysical surveying.

## **BAUXITE**

### **TAYAN PROSPECT**

Antam's Tayan bauxite prospect covers an area of 36,410 ha. and is located in West Kalimantan. The exploration programs for 3Q99 built on the exploration conducted thus far. They consisted of detailed test pitting with 25m x 25m pit spacing in order to increase the bauxite resources classification from indicated to measured resources.

From July until September 1999, 599 locations of test pitting were conducted with a total depth of 3,530m; 859 samples were collected.

#### **Total Bauxite Resources as at 30 September 1999**

<b>Resources</b>	<b>Spacing</b>	<b>Area</b>	<b>Washed Ore</b>	<b><u>R-SiO2</u></b>	<b>T-Al2O3</b>	<b>Fe2O3</b>	<b>TiO2</b>
Indicated resources	100x100	43,156,995	107,390,802	4.15	46.35	14.60	1.08
Measured resources	25x25	2,715,602	8,117,846	4.10	47.09	9.83	0.77

The resources were estimated using the area of influence method. Each pit is allocated a rectangular area of influence.

This prospect is promising for open-pit bauxite mining. Antam has already completed the feasibility and environmental study. Engineering surveys will be conducted to support the design of the red mud pond and to measure the deepwater Kapuas River to help determine an optimal jetty location.

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## **DEVELOPMENT**

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### **FeNi III**

Antam's nickel expansion project, which involves the construction of a third ferronickel smelter line-FeNi III, to bring Antam's total production capacity to 24,000 tons of Ni in FeNi/year, is making steady progress.

An important aspect of the FeNi III project is the construction of a power plant to supply the necessary power, which is to be developed as a captive Independent Power Producer (IPP). As of 3Q99, the process of gaining a Preliminary Permit License (SPP) from the Directorate General of Electricity and Energy Development and obtaining a Foreign Investment Program License (PMA) from the Investment Coordinating Board (BKPM) for the investment scheme was under way.

Aneka Tambang is pleased with the current progress being made as the Preferred Bidder has confirmed its willingness to include German companies within its consortium. This has therefore caused German banks to seek the opportunity of financing this project, which does not require a guarantee from the Indonesian Government or for the Indonesian Government to act as the borrower.

### **Tayan**

The Tayan bauxite deposit (Sanggau Regency – West Kalimantan) consists of the areas of Tayan (96PPO349) and Munggupasir (96PPO354). Antam plans to build on the success of its exploration and construct a facility to mine 800,000 t/y washed bauxite to be integrated with an alumina plant.

As of 3Q99, the feasibility study of the project has been completed, subject to further review. The technical survey for the project is underway and consists of evaluating the construction and operation plans for the mine. The survey's analysis includes determining the location for the alumina plant and the port facility (at Pontianak harbor).

A completed environmental study will be updated with recent data analysis and review. A pre-study for the replanting of the mine site once the operation is finished, will be commenced in October 1999. The study will determine the best vegetation to replant on the topsoil of the exhausted mine. Another environmental study will be conducted during October 1999 to investigate the impact of the power plant and the most appropriate fuel for the alumina plant.

### **Pongkor II**

The development of Pongkor Gold Mine for 3Q99 continued with the expansion of the Kubang Cicau, Ciurug, and Ciguha veins. Technical glitches with the backfill operation and ventilation system were corrected during 1H99. As part of the development of the Kubang Cicau vein, Antam hired 24 miners formerly employed with PT Freeport and Lusang Mining, who possess the necessary skills to properly mine the stopes, which has unique characteristics. As of August 1999, mine development activity expanded the mine by 1386.95 metres.



## JV Development

The Company views strategic alliances with select foreign partners as an important part of corporate strategy. Below is a list of the Joint Ventures that Antam is currently involved in:

No.	Name	Partner	AnTam's Interest	Mineral
1.	PT Sorikmas Mining	Aberfoyle	FC : 25% Op : 15%	Gold
2.	PT Sumbawa Timur Mining	Aberfoyle	FC : 20%	Gold
3.	PT Flores Barat Mining	Aberfoyle	FC : 20%	Gold
4.	PT Nusratim Mining	Aberfoyle	FC : 20%	Gold
5.	PT Galuh Cempaka	Ashton MMC	FC : 20% Op : 10%	Diamond
6.	PT Gag Nickel	BHP	FC : 15% LC : 10% Op : 20%	Nickel
7.	PT Gorontalo Minerals	BHP	FC : 20% Op : up to 51%	Gold
8.	PT Dairi Prima Minerals	Herald Resources	FC : 20% LC : 10% Op : 10%	Gold Gold
9.	PT Ingold Maluku Satu	Ingold Canada	FC : 15%	Base Metal
10.	PT Nusa Halmahera Minerals	Newcrest	LC : 17.5%	Gold
11.	PT Uncak Kapuas Mining	Pacific Amber	FC : 20%	Gold
12.	PT Bima Wildcat Minahasa	Pacific Wildcat	FC : 15% Op : 10%	Gold
13.	PT Pelsart Tambang Kencana	Pelsart International	FC : 15% Op : up to 51%	Gold
14.	PT Weda Bay Nickel	Strand Minerals	FC : 10% Op : 15%	Nickel

15.	PT Solok Mas Minerals (in process of termination)	Western Mining	FC : 20% Op : 10%	Gold
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Note: LC=Loan Carried; FC=Free Carried; Op=Option to increase interest

During 3Q99, various degrees of development took place with Antam's partnerships. Three of the most prospective JV projects are discussed below:

**PT Nusa Halmahera Minerals - Aneka Tambang (FC-10%, LC-7.5%) and Newcrest Singapore Holdings (82.5%)**

PT Nusa Halmahera Minerals' Gosowong Gold Mine is located on Halmahera Island. The Contract of Work (COW) for the project was signed in 1997. Start up of the mine commenced on 1<sup>st</sup> April 1999. Dry commissioning of the plant operation took place at the end of June 1999 and first feed for the plant began 4<sup>th</sup> July 1999. The life of the mine is expected to be 5 years with an average production of 164,900 oz/year.

The ore that is mined from Gosowong is located at the +185m and +197.5m level and is about 15,350 tonnes with 23.00 g/t Au. Antam's Logam Mulia Precious Metal Refinery handles the refinement of the bullion. To date the operation has been running well, with a minor local disturbance having management briefly close the mine, without a noticeable impact. PT Nusa Halmahera Minerals is committed to close relations with the local community and takes a responsible minimal-impact approach to the surrounding environment.

In 3Q99, exploration activity was underway around the contract area of Gosowong Mine at Langsat, Gosowong Region and Teluk Bilik (Bacan Island). Some of the non-prospective tenements were reverted to the Department of Mine (about 4,493 square kilometres or 27% of the contract area).

**Galuh Cempaka - Aneka Tambang (FC-20% with 10% option) and Ashton MMC (80%)**

PT Galuh Cempaka's Alluvial Diamond Project is located in Banjar Regency (South Kalimantan). The COW for the project was signed in February 1998. The project is the development of a diamond mine with a slated throughput capacity of about 5,5239,000 m<sup>3</sup>/y. As of 3Q99, the progress of the mine development is favourable. Extraction of the mineral is by dredging and at the end of August 1999, the construction of Dredge 1 was fully completed. The anticipated production capacity is 75,000 cts/year. There are plans to construct in 2001 a second dredge, with a capacity of 5 million m<sup>3</sup>/year.

**Gag Nickel- Antam (FC-15%, LC-10% with 10% option) and BHP (75%)**

PT Gag Nickel was created with the signing of a COW in February 1998. The project is located off the shore of the Sorong Regency (Irian Jaya). As of 3Q99, the project is undergoing an environmental feasibility study. The project looks promising, as there is a prospective nickel and cobalt deposit. The deposit has an Inferred resource of approximately 176 million tonnes of lateritic nickel ore with Ni 1.5% and Co 0.1%. The objectives of the current drilling program are to transfer to Indicated category a further 15-20 million tonnes of limonite resource and 5+ million tonnes of saprolite resource. This resource together with the approximate 30 million tonnes of limonitic and 9 million tonnes of saprolitic Indicated resource delineated by the 1997, 100 meter spaced core drilling

program will provide a sufficient resource to support 15-20 years of production at the 60 000 tonnes per annum nickel rate.

## PRODUCTION

### NICKEL

Production Volume				1998	1999				
				3Q	1Q	2Q	1H	3Q	
<b>Ferronickel</b> (Ton Ni)				2,200	993	2,656	3,649	2,712	
<b>Nickel ore</b> (wmt)	<b>High grade</b>	Pomalaa	122,444	139,427	170,630	310,057	211,346		
		Gebe	219,539	152,766	210,709	363,475	189,717		
		Gee	66,878	87,780	80,772	168,552	148,632		
		<b>Sub-total</b>	<b>408,861</b>	<b>379,973</b>	<b>462,111</b>	<b>842,084</b>	<b>549,695</b>		
	<b>Low grade</b>	Gebe	324,613	250,424	286,543	536,967	209,161		
		Gee	47,062	46,582	20,880	67,462	16,248		
		<b>Sub-total</b>	<b>371,675</b>	<b>297,006</b>	<b>307,423</b>	<b>604,429</b>	<b>225,409</b>		
	<b>TOTAL</b>				<b>780,536</b>	<b>676,979</b>	<b>769,534</b>	<b>1,446,513</b>	<b>775,104</b>

The production volume of high-grade nickel ore from Pomalaa, Gebe and Gee increased 19.0% higher in comparison with 2Q99 and was 34.4% higher than third quarter last year. This is in contrast to a 26.7% decrease in low-grade nickel ore production from Gebe and Gee compared with 2Q99 and a nearly 40% drop over the same period of last year. The decrease in low-grade nickel ore production was not sufficient to decrease overall nickel ore production, which rose very slightly over 2Q99.

The production decrease can be attributed to the negative impact of particularly heavy rainfall at Gebe and Gee. The total production of high-grade nickel ore was not impacted, as increased production at Pomalaa was able to offset decreases at Gebe and Gee. Gebe was particularly hard hit by the heavy rain and Antam has leased two Volvo A35C Articulated Dump Trucks to help normalize the facility's production during 4Q99, should heavy rain continue.

Ferronickel production increased in 3Q99 by 2.1% compared with the previous quarter and by 23% over 3Q98. The explanation for the increase is the completion of the scheduled relining and modernization of Antam's first nickel smelter plant, FeNi I. The upgrade began in August 1998, with start up occurring in mid-February 1999, and commercial operation commencing in mid-April 1999.

<b>Sales Volume</b>				1998	1999				
				3Q	1Q	2Q	1H	3Q	
<b>Ferronickel</b>	(Ton Ni)	<b>TOTAL</b>		2,871	827	2,756	3,583	2,064	
<b>Nickel ore</b>	(wmt)	<b>High grade</b>	Pomalaa	56,469	47,663	89,556	137,219	80,575	
			Gebe	166,283	109,066	211,620	320,686	242,697	
			Gee	-	-	-	-	-	
			<b>Sub-total</b>	222,752	156,729	301,176	457,905	323,272	
		<b>Low grade</b>	Gebe	261,215	310,489	245,151	555,640	165,960	
			Gee	47,062	46,582	-	46,582	-	
			<b>Sub-total</b>	308,277	357,071	245,151	602,222	165,960	
		<b>TOTAL</b>			531,029	513,800	546,327	1,060,127	489,232

Antam's sales of high-grade nickel ore from Pomalaa, and Gebe increased by 7.3% over 2Q99 and by 45% over third quarter last year. As with production, the sales volume of low-grade nickel ore decreased by 32.3% compared with 2Q99 and was 46.2% lower than the same period last year. This resulted in the total sales volume of nickel ore to drop 10.5% compared to 2Q99 and 7.8% compared to third quarter last year.

The reason for the decrease in sales of low-grade nickel ore from Gebe was due to rearrangements with the shipping schedule. A September 1999 shipment to Australia (QNI) was moved forward one month. The unusually poor weather played the largest role in changing the shipping schedule as the ships' loading rate is reduced with the heavy rains. The simultaneous reduction in low-grade nickel ore production at Gebe did not cause the decrease in sales volume as the Company's policy at Gebe to have at least 3 months of inventory on hand.

Ferronickel sales declined by 25.1% in 3Q99 compared to the previous quarter and were 28.1% lower than the same quarter of the previous year. This decline is attributed to shipping difficulties caused by the marked reduction in the export of Indonesian plywood. Ferronickel is often loaded together with plywood for shipment. With less plywood being exported there were less ships and the amount of cargo space available was reduced. This caused the postponement of a shipment to Europe (Newco) from September 1999 to October 1999.

## GOLD

### Pongkor Gold Mine

<b>Production Volume</b>		1998	1999			
		3Q	1Q	2Q	1H	3Q
<b>Ore Throughput</b>	<b>Underground (wmt)</b>	40.933	34,571	37,039	71,610	35,504
	<b>Out-crop (wmt)</b>	1.014	3,991	35,848	39,839	53,719
<b>TOTAL</b>		41.947	38,562	72,887	111,449	89,223
<b>Gold content</b>	(g/t)	11.46	9.04	11.41	10.59	12.12
<b>Silver content</b>	(g/t)	171.65	121.22	120.57	120.79	166.99
<b>Gold</b>	(kg.)	349.00	294.66	664.41	959.07	883.39
	(oz.)	11,220	9,474	21,361	30,835	28,401
<b>Silver</b>	(kg.)	2,792.00	2,083.59	3,735.60	5,819.19	6,427.49
	(oz.)	89,765	66,989	120,102	187,091	206,648

Antam's gold production increased by 33% in 3Q99 compared with 2Q99 and by a substantial 153.1% when compared with the same period from 1998. This is mirrored by silver production, which increased by 72.1% in 3Q99 compared with 2Q99 and by 130.2% over 3Q98. The reason for the increased gold and silver production is due to increased ore throughput.

Ore throughput for the feeding mill increased by 22.4% for 3Q99 and was 112.7% higher than 3Q98. The increase is attributed to the additional production from the Ciurug outcrop, which is made possible by the correction of technical problems, such as the backfill operation. The illegal miner problem has been minimized with the replacement, on 1<sup>st</sup> September 1999, of the army security force with one derived from the regional police. As well, the grade of throughput has been comparatively higher for 3Q99

## Cikotok Gold Mine (International Antam Resources Limited – 82% held by Antam)

<b>Production Volume</b>		<b>1998</b>	<b>1999</b>			
		<b>3Q</b>	<b>1Q</b>	<b>2Q</b>	<b>1H</b>	<b>3Q</b>
<b>Dore Throughput</b>	<b>Underground (wmt)</b>	13,501	8,058	8,377	16,435	10,781
	<b>Out-crop (wmt)</b>	-	-	-	-	-
<b>TOTAL</b>		13,501	8,058	8,377	16,435	10,781
<b>Gold content</b>	(g/t)	6.65	8.22	9.31	8.78	10.04
<b>Silver content</b>	(g/t)	33.94	51.18	67.70	59.60	71.14
<b>Gold</b>	(kg.)	66	56	61	57	85
	(oz)	2,122	1,800	1,961	1,833	2,733
<b>Silver</b>	(kg.)	247	257	304	292	417
	(oz)	7,941	8,263	9,774	9,388	13,407

<b>Sales Volume</b>		<b>1998</b>	<b>1999</b>			
		<b>3Q</b>	<b>1Q</b>	<b>2Q</b>	<b>1H</b>	<b>3Q</b>
<b>Gold</b>	(kg.)	605	317	632	949	917
	(oz)	19,451	10,192	20,319	30,511	29,482
<b>Silver</b>	(kg.)	5,941	1,184	1,178	2362	6,791
	(oz)	191,007	38,066	37,874	75,940	218,336

The sales of gold and silver increased up to 45% and 476% successively, from 632 kg and 1,178 kg in 2Q99 to 917 kg and 6,791 kg in the quarter being reported on. The increase is due to the increase in production at Pongkor. The majority of Antam's silver production was exported, amounting to 4,000kg (128,603 oz.) during 3Q99, which is a new initiative for Antam. The silver was sold to AGR Joint Venture of Australia and the delivery was then sent to AGR's sister company in Thailand.

## BAUXITE AND IRON SAND

Production Volume			1998	1999			
			3Q	1Q	2Q	1H	3Q
<b>Bauxite</b>	(wmt)	<b>TOTAL</b>	271,758	321,383	280,392	601,775	284,580
<b>Iron sand</b>	(wmt)	Cilacap	79,438	75,555	60,486	136,041	78,871
		Kutoarjo	28,301	37,889	38,437	76,326	50,017
		Lumajang	19,214	20,587	33,267	53,854	9,586
		<b>TOTAL</b>	126,953	134,031	132,190	266,221	138,474

The production volume of washed bauxite slightly increased 1.5% over 2Q99 and was 4.7% higher than the third quarter of last year. The production volume of iron sand concentrate increased by 4.8% compared with 2Q99 and was 9.1% higher than 3Q98.

Sales Volume			1998	1999			
			3Q	1Q	2Q	1H	3Q
<b>Bauxite</b>	(wmt)	<b>TOTAL</b>	235,065	214,082	293,599	507,681	220,792
<b>Iron sand</b>	(wmt)	Cilacap	108,324	59,454	73,986	133,440	53,508
		Kutoarjo	-	46,135	61,129	107,264	63,301
		Lumajang	19,214	18,820	11,967	30,787	17,118
		<b>TOTAL</b>	127,538	124,409	147,082	271,491	133,927

The sales volume of washed bauxite decreased by 24.8% and 6.1% compared with 2Q99 and the same period of last year. Iron sand sales volumes decreased by 8.9% over the second quarter but had a 5% improvement over 3Q98. The export of bauxite was affected in 3Q99 due to the shipping schedule. The shipment of the contract-sold bauxite does not occur in equal intervals during each financial quarter and thus fluctuates. The sales volume of bauxite is expected to rise in 4Q99 to meet the conditions of the bauxite sales contracts. The decrease in the sales volume of iron sand is attributed to a decrease in demand. During 3Q, the company conducted a trial substitution with copper slag as an iron sand alternative.



## FINANCIAL

### Sales Revenue

1999's Third Quarter sales revenue increased by 5% compared to the previous period, from Rp227.7 billion to Rp 238.2 billion. The sales revenue from gold increased to Rp 16 billion, attributed to the sales volume increase, despite the selling price of gold, meanwhile, decreasing by 5%. Although the selling price of nickel increased from US\$2.42/lb to US\$2.67/lb sales revenue from ferronickel suffered a Rp. 11 billion decrease due to a sales volume decline.

### Hedge Book

As of end of September 1999, the following contracts were outstanding:

Description	t.oz	Rate/t.oz	Amount
Gold/Rp flat forward	23,250	Rp 3,250,000	Rp 75,562.5 mn
Gold/US\$ flat forward	16,600	US\$ 320.00	US\$ 5,312,000.00
Spot Deferred delivery	17,125	US\$ 315.00	US\$ 5,394,375.00
Total Gold	56,975		
Silver/Rp flat forward	965,000	Rp 55,500	Rp 53,557.5 mn

Description	Tons	Ave. Rate/ton	Ave. Rate/lbs	Amount
Nickel/USD Forward	1,404	US\$ 5,936	US\$ 2.69	US\$ 8,334,438

### Hedging revenue for three months ended September 30, 1999

The following profits were realized during 3Q99:

Description	t.oz	Sale Price/t.oz	Purchase Price/t.oz	Profit (loss)
Gold/Rp flat forward	4,350	Rp 3,250,000	Rp 2,599,540	Rp 2,829.5 mn
Silver/Rp flat forward	195,000	Rp 55,500	Rp 48,140	Rp 1,435.2 mn

## Financial Table

<b><u>DESCRIPTION</u></b>		<b>1999</b>	
		<b>2nd Quarter</b>	<b>3rd Quarter</b>
<b>SALES PRICE</b>			
Ferronickel	US\$/Lb.	2.42	2.67
Nickel Ore			
High grade			
- Pomalaa	US\$/wmt	13.30	15.18
- Gebe	US\$/wmt	10.69	13.27
Low grade			
- Gebe	US\$/wmt	4.45	5.37
Gold	US\$/t.oz	272.52	259.21
Silver	US\$/t.oz	6.03	5.29
Bauxite	US\$/wmt	11.04	13.52
Iron Sand	Rp/wmt	49,031	52,417
Exchange rate (for sales revenue)	Rp/US\$	7,542	7,733
<b>SALES REVENUE (Rp. million)</b>			
<b>EXPORT SALES :</b>			
Ferronickel		109,551	98,572
Nickel Ore			
High grade			
- Pomalaa		9,071	9,518
- Gebe		18,042	24,622
Low grade			
- Gebe		8,184	6,570
- Gee		235	0
Gold		38,971	53,629
Bauxite		25,674	19,589
Silver		0	5,554
Hedging Revenue		4,816	4,265
Total Export Revenue		214,543	222,320
<b>DOMESTIC SALES</b>			
Gold		2,519	4,341
Silver		1,805	3,765
Iron sand		7,212	7,020
Logam Mulia Services		1,419	675
Other		167	31
Total Domestic Revenue		13,122	15,832

Total Revenue	227,665	238,152

## COMPETENT PERSON

Where in the above report there are statements that relate to Antam's Mineral Resources or Ore Reserves, they are based on and accurately reflect information that has been compiled by Mr. Trenggono Sutioso. Mr. Sutioso is a member of the Australasian Institute of Mining and Metallurgy and has the appropriate experience to be considered a Competent Person as defined in the Australasian Code for Reporting on Identified Mineral Resources and Ore Reserves.

## FURTHER INFORMATION:

Should you require any further information, please contact:

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