



NEWS RELEASE FROM ADARO ENERGY

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PIT TO PORT INTEGRATION

Further Integration of Coal Supply Chain to Create Efficiencies and Allow Growth

Jakarta, March 11th, 2009 – PT Adaro Energy Tbk (IDX – ADRO) (“Company”), the second largest coal producer in Indonesia announces the following status updates on its projects and targets as the Company continues to further integrate and improve its coal supply chain, despite the difficult market conditions, to create long term and sustainable value.

President Director Garibaldi Thohir said, **“our response to the current difficult market conditions is to go back to basics. Mining is a long term, capital intensive, slow yielding sector. We must continue to implement our long stated business model of further integration and improve our existing operations. We have a number of initiatives we are taking which will help create a bigger and better Adaro Energy.”**

Operations Director Ah Hoo Chia says, **“it is absolutely essential that we completely integrate from pit to port. Without controlling a portion of our coal mining and land transportation we could not have achieved the volume of production we achieved last year. With asset prices falling, now is the time to invest and achieve greater control of our coal supply chain.”**

Overland Conveyor

As announced when the economic downturn began in earnest in Asia at the end of 2008, Adaro Energy continues to review and revise its plans to build a 68km overland conveyor, alongside the existing haul road, from the excavation area, near Tanjung, South Kalimantan, to the final processing facility, the Kelanis River Terminal, located on the Barito River.

The medium term production target of 80 million tonnes by the end of 2013 has not changed, as the main goal of the overland conveyor was not about production growth, but about cost reduction.



However, to improve efficiency, an important part of the Company's strategy, Adaro Energy requires an overland conveyor. Different scenarios are being studied. Once the plans have been finalized, Adaro Energy will inform the market accordingly.

Mine Mouth Power Plant

To power the overland conveyor, Adaro Energy has decided to proceed with the construction of a 2*30 megawatt (MW) mine mouth power plant. The power plant has other sources of income and uses, such as providing power to the local surrounding communities and providing power to other potential improvements at Adaro's mining site.

The power plant is to be built by Engineering, Procurement and Construction (EPC) contractor Punj Lloyd and will use Siemens equipment. The total cost is expected to be around US\$140 million, including interest during construction (IDC), EPC, transmission, insurance for contingency, water supply and other associated costs. To fund the project, last year, Adaro Energy achieved financial closure, but has yet to draw down, on US\$122 million by the International Finance Corp of the World Bank.

2009 Capital Expenditures

Adaro Energy has planned capital expenditures in 2009 of US\$120 million down from the US\$240 million spent in 2008. All of the capital expenditures are expected to be funded out of existing cash holdings, operating cash and existing debt facilities.

The breakdown of capital expenditure is as follows: US\$60 million (equipment purchases by Adaro Energy's mining contractor, SIS), US\$20 million (land acquisition), US\$20 million (road maintenance), US\$10 million (Kelanis river port), US\$10 million (Barito Channel maintenance).

SIS will normally target around US\$30-40 million on equipment purchases. Adaro Energy's other three mining contractors have their own capital expenditure plans.

As well, Adaro Energy may begin to make capital expenditures on the overland conveyor and mine mouth power plant.

Potential Barging and Ship Loading Acquisition to Strengthen the Coal Supply Chain

Additional capital expenditure is likely to be made as the company intends to acquire a coal barging and transshipment company. Negotiations are currently underway and it is expected a deal will be announced in the coming weeks.

President Director Garibaldi Thohir said, "with this potential acquisition, we can deliver on our stated strategy to create value and to improve our business by further integration and to strengthen our coal supply chain. With this potential acquisition we will have better control of the supply chain and less counter party risk."



Operations Director Ah Hoo Chia says of the potential transaction, “as our coal mine is located quite far inland it is imperative we acquire direct control of the inland waterway transportation and ship loading. We already control a portion of the mining and overland transportation and own a port facility; now we can be completely linked from pit to port.”

As part of the Company’s efforts to implement its long stated business plan of further integration, over the past several weeks the Company has been evaluating different ways to invest in and further strengthen the coal supply chain. Recently the Company decided to focus its efforts, including potential acquisitions, on improving barging and ship loading, the two areas of the coal supply chain that the Company does not currently control.

The benefits of acquiring control of a well run barging and ship loading contractor include cost savings in the form of reduced demurrage and other efficiencies. This is especially true when future barging volumes come up for tender in the future. Better control allows Adaro Energy to improve reliability and on time delivery. Upon analysis of comparable deals and current market conditions it is better for the Company to acquire an existing and operating company, rather than start a new barging and ship loading company.

As well as creating value from further integration and better efficiency, in making a decision to invest, management considers various factors including cash flows, and expected return on investment.

With regards to this acquisition plan the Company has appointed independent parties to assist the Company in providing reports and opinions on the acquisition as required by the capital market and stock exchange authorities. The Company’s management expects the acquisition value to not exceed US\$100 million. The acquisition will be funded out of the Company’s existing cash and operating cash flows.

Kelanis River Terminal

The annual capacity of the Kelanis River Terminal has increased from 45 million tonnes to 55 million tonnes after the completion of US\$20 million capital spending program, half of which was undertaken in 2008. In combination with the dredging of the Barito channel, completed at the end of last year, Adaro Energy’s growth is not expected to be limited by infrastructure for this year and next year. The Company can ramp up by acquiring additional mining and hauling equipment.

Access to Capital and Debt

Adaro Energy’s access to capital remains good with most of its bankers continuing to support the Company and its long term growth plans. Recently Adaro Energy was able to secure US\$120 million of short to medium term loans from a syndicate of international banks, to refinance an existing US\$80 million revolving facility and for trade credit and other working capital requirements.



Current debt levels are moderate and manageable. Adaro Energy will only gear up if necessary and in full consideration of the associated risks.

Cash Costs

While Adaro Energy's fuel prices are decreasing, due to increased hauling road distances and a higher strip ratio (although still relatively low at 4.5-4.75), Adaro Energy expects its cash costs to remain flat compared to 2008. This continues to be a relatively low cost position in the industry. The Company will continue to make every effort to reduce costs and improve efficiencies.

2009 Production Volume and Prices

Adaro Energy continues to target 42-45 million tonnes of production in 2009, although as previously disclosed, the actual number may end up in the lower part of that range. So far production is continuing as planned, despite the wet weather conditions.

Adaro continues to remain optimistic it can achieve its 2009 price targets. At the moment Adaro's volumes are sold out for 2009 and 75% of the volumes have been priced, with substantially all on a negotiated basis.

Dividend

Given the current uncertainty Adaro Energy is closely monitoring its existing and expected cash flows and cash requirements, together with debt levels and capital expenditures. In consideration of these points, Adaro Energy will seek to maximize the dividend to return value to shareholders, but not in excess of what is allowed by the group's lenders, and so as to maintain a strong capital structure.

2008 Financial Statements and Notes

Adaro Energy will soon release and distribute its audited 2008 financial statements and notes, together with an accompanying press release, and no later than the end of March 2009.

Note to Editor:

More Than Clean Energy

PT Adaro Energy Tbk was established in 2004, under the name of PT Padang Karunia, has been known as the second largest coal producer in Indonesia with main activities in coal mining and trading, coal mining services and coal infrastructures and logistics. Based on Terence Willsted & Associates dated 29th February 2008, Adaro Energy has mineable coal reserves of 928 million tons, with the total resources estimated at 2.8 billion tons as of 31st December 2007. Adaro Energy strives to be the market leader in the industry with its solid strategic expansion.

Adaro Energy's vision is to be a leading Indonesian mining and energy group. As of December 2007, Adaro Energy had total assets of Rp4.96 trillion, total liabilities of



Rp2.55 trillion and total equity of Rp2.28 trillion. Adaro Energy is owned by PT Saratoga Investama Sedaya (23.15%), PT Triputra Investindo Arya (20.70%), PT Persada Capital Investama (16.53%), PT Trinugraha Thohir (12.11%), Garibaldi Thohir (12.11%), Edwin Soeryadjaya (6.67%), Theodore Permadi Rachmat (3.51%), Sandiaga Salahuddin Uno (3.20%) and Ir. Subianto (2.02%).

On 16th July 2008, Adaro Energy conducted its IPO and listed its shares on the Indonesia Stock Exchange by issuing new shares amounting to 11.14 billion or 34.83% of its issued and fully paid capital. Adaro Energy obtained its Statement of Effectiveness from Bapepam-LK on 4th July 2008 based on its letter No. S-4299/BL/2008 on Statement of Registration for Public Offering submitted on 8 May 2008. With the IPO price of Rp1,100 per share (nominal share value of Rp100/share), Adaro Energy raised Rp12.25 trillion from the public. The IPO was considered the largest IPO in the history of the Indonesia Capital Market.

After the IPO, the shareholder structure became: PT Saratoga Investama Sedaya (14.93%), PT Triputra Investindo Arya (13.34%), PT Persada Capital Investama (11.01%), PT Trinugraha Thohir (7.80%), Garibaldi Thohir (7.80%), Edwin Soeryadjaya (4.30%), Theodore Permadi Rachmat (2.27%), Sandiaga Salahuddin Uno (2.07%), Ir. Subianto (1.30%), PT Saratoga Sentra Business (0.35%) and public shareholders (34.83%).

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