

INFORMATION DISCLOSURE – PT ADARO ENERGY TBK (“THE COMPANY”) REGARDING TRANSACTIONS WITH AFFILIATED PARTIES

This Information Disclosure to the Shareholders (hereinafter referred to as “**Information Disclosure**”) is made to fulfill the regulation of Capital Market and Financial Institution Supervisory Board (Bapepam-LK) number IX.E.1 on Transactions with Affiliated Parties and Conflicts of Interest on Certain Transactions as well as the Attachment to the Decision of the Chairman of Bapepam-LK number Kep-412/BL/2009 of 25 November 2009 (hereinafter referred to as “**Regulation number IX.E.1**”). Pursuant to this regulation, the Company’s Board of Directors and Board of Commissioners hereby acknowledge that the transactions disclosed herein fulfill the definition of “transaction with affiliated parties” to the Company. However, these transactions neither give rise to any conflicts of interest nor fulfill the definition of material transaction of Bapepam-LK’s regulation number IX.E.2 on Material Transactions and Changes in Core Business Operations No: Kep-614/BL/2011 of 28 November 2011 because the total value only constitutes 1.9% or less than 20% of the book value of the Company’s equity based on the Financial Statements for the year ending 31 December 2015 audited by Public Accountant Tanudiredja, Wibisana, Rintis & Rekan as stated in the audit report dated 29 February 2016.

The Company’s Board of Directors and Board of Commissioners of the Company, both individually and collectively, assume full responsibility on the validity of this Information Disclosure and the associated amendment(s) and/or addendum(da), if any. The boards confirm to have stated the information in its entirety as disclosed herein, and following a careful examination, confirm that the information herein is valid and no significant information deemed material and relevant has been undisclosed or omitted, in a way that may have caused such information being invalid and/or misleading.



PT Adaro Energy Tbk

Business operations:

PT Adaro Energy Tbk is engaged in trading, services, industry, coal hauling, workshop activities, mining and construction. Its subsidiaries are engaged in coal mining, coal trading, mining contractor services, infrastructure, coal logistics and power generation activities.

Head office:

Menara Karya, Lantai 22
Jl. H.R. Rasuna Said, Blok X-5, Kav. 1-2,
Jakarta 12950, Indonesia

This Information Disclosure Document is issued in Jakarta on 27 June 2016.

I. INTRODUCTION

This Information Disclosure is made by the Company with regard to a transaction with an affiliated party as defined in Bapepam-LK's Regulation IX.E.1. The transaction was made between PT Saptaindra Sejati (hereinafter referred to as "**SIS**") in its position as a controlled company to the Company and PT Rahman Abdi Jaya (hereinafter referred to as "**RA**") under an Asset Sale and Purchase Agreement (hereinafter referred to as "**SPA**").

In addition to executing SPA, SIS also executed three Lease Agreements with Option to Purchase (hereinafter referred to as "**LAOPs**") with 3 (three) leasing companies, i.e. PT Caterpillar Finance Indonesia, PT JA Mitsui Leasing Indonesia and PT Komatsu Astra Finance (hereinafter referred to as "Leasing Companies").

Under SPA, SIS purchased operational support vehicles, heavy equipment and other equipment including spare parts from RA for a total price of Rp485,326,244,549 (four hundred eighty-five billion three hundred twenty-six million two hundred forty-four thousand and five hundred forty-nine Rupiahs). The purchase has been financed by SIS's internal cash.

Under LAOPs, SIS obtained financing from the Leasing Companies for the purchase of heavy equipment owned by RA, with the total cost of Rp390,967,167,161 or three hundred ninety billion nine hundred sixty-seven million one hundred sixty-seven thousand and one hundred sixty one Rupiahs (the transactions made under SPA and LAOPs are hereinafter referred to as "**Transaction**").

Both SPA and LAOPs were executed on 23 June 2016. Pursuant to Regulation Number IX.E.1, the Company is required to submit an Information Disclosure on each Related-Party Transaction by the end of the 2nd (second) business day following the execution of such.

Therefore, this Information Disclosure is made by the Company in the fulfillment of the laws and regulations applicable in the capital market and the implementation of the principle of transparency of a publicly-owned company.

II. DETAILS OF TRANSACTION

a. Reason and Background

SIS is a controlled company wholly owned by the Company. SIS's business involves providing mining services as well as infrastructure development and logistics. In conducting its business, SIS anticipates its customers' demand for additional capacity of coal hauling and overburden removal in both the short and long terms, which adjusts to the customers' five-year plans. SIS also regularly renews its heavy equipment fleet by replacing the equipment that has reached the end of its economic life. The Transaction with RA will provide several benefits for SIS, as described in details in part V).

b. Objects of Transaction

The Objects of Transaction are the operational support vehicles, heavy equipment and other equipment including spare parts (under SPA) as well as the heavy equipment purchased from RA under the financial lease (under LAOPs).

c. Value of Transaction

The transaction amount under SPA and LAOPs was made, respectively, in the amount of Rp485,326,244,549 (four hundred eighty-five billion three hundred twenty-six million two hundred forty-four thousand and five hundred forty-nine Rupiahs) and Rp390,967,167,161 (three hundred ninety billion nine hundred sixty-seven million one hundred sixty-seven thousand and one hundred sixty-one Rupiahs), or for a total value of Rp876,293,411,710 (eight hundred seventy-six billion two hundred ninety-three million four hundred eleven thousand seven hundred and ten Rupiahs).

III. INFORMATION REGARDING THE PARTIES OF TRANSACTION AND THE AFFILIATION TO THE COMPANY

a. Description about the Company

i. Brief Company Profile

PT Adaro Energy Tbk

PT Adaro Energy Tbk (the Company) was established based on the Deed of Sukawaty Sumadi, S.H., a Notary of Jakarta, Number 25, dated 28 July 2004. The Company's Deed of Establishment has been announced in the State Gazette of the Republic of Indonesia Number 59, dated 25 July 2006 and the Supplement to the State Gazette Number 8036, and has been approved by the Minister of Law and Human Rights of the Republic of Indonesia ("Menkumham") with the Decree Number C-21493 HT.01.01.TH.2004 dated 26 August 2004.

In July 2008, the Company conducted an initial public offering for 11,139,331,000 shares (34.8% of 31,985,962,000 of the subscribed and paid up share capital). The public offering was listed on Indonesia Stock Exchange on 16 July 2008.

Based on Article 3 of its Article of Association, the Company is engaged in the businesses of trading, services, industry, coal hauling, workshop, mining and construction. Its subsidiaries are engaged in the businesses of coal mining, coal trading, mining contracting services, infrastructure, coal logistics and power plant.

ii. Capital Structure and Share Ownership

According to its Article of Association, the Company's capital is denominated in Rupiah currency.

Based on the Deed of Meeting Resolution Number 110 dated 15 July 2008, the composition of the Company's capital is:

Authorized capital: Rp8,000,000,000,000; consisting of 80,000,000,000 shares at par value of Rp100 per share

Issued and fully paid capital: Rp3,198,596,200,000; consisting of 31,985,962,000 shares at par value of Rp100 per share

The composition of the Company's shareholders as of 31 May 2016 based on the record of PT Kustodian Sentral Efek Indonesia (Indonesia Central Securities Depository - "KSEI") and Ficomindo as the bureau of securities administration was as follows:

No.	Shareholders	Amount (in thousands of USD)	Number of Shares	%
1.	PT Adaro Strategic Investments	150,589	14,045,425,500	43.91
2.	Garibaldi Thohir (President Director)	21,193	1,976,632,654	6.18
3.	Edwin Soeryadjaya (President Commissioner)	11,276	1,051,738,544	3.29
4.	Theodore Permadi Rachmat (Vice President Commissioner)	7,767	724,420,430	2.26
5.	Ir. Subianto (Commissioner)	4,664	435,000,120	1.36
6.	Julius Aslan (Director)	182	17,000,000	0.05
7.	Chia Ah Hoo (Director)	168	15,693,500	0.05
8.	Siswanto Prawiroatmodjo (Director)	8	750,000	0.01
9.	Other shareholders	147,093	13,719,301,252	42.89
	Total	342,940	31,985,962,000	100.00

iii. Management and Supervisory

Based on the Deed of Minutes of Meeting of the Extraordinary General Meeting of Shareholders number 11 of 3 June 2015, the Company's Board of Directors and Board of Commissioners consist of the following:

Board of Directors

President Director:	Garibaldi Thohir
Vice President Director:	Christian Ariano Rachmat
Director:	David Tendian
Director:	Chia Ah Hoo
Director:	M. Syah Indra Aman
Director:	Julius Aslan
Director:	Siswanto Prawiroatmodjo

Board of Commissioners

President Commissioner:	Edwin Soeryadjaya
Vice President Commissioner:	Theodore Permadi Rachmat
Independent Commissioner:	Ir. Subianto
Independent Commissioner:	Ir. Palgunadi Tatit Setyawan
Independent Commissioner:	Dr. Ir. Raden Pardede

iv. Purposes, Objectives, and Business Activities

The Company is engaged in the main business activities of trading, services, industry, coal hauling, workshop, mining and construction. Its subsidiaries are engaged in the businesses of coal mining, coal trading, mining contracting services, infrastructure, coal logistics, and power plant.

The Company operates as a vertically integrated group of companies. In addition to running its main mining subsidiary PT Adaro Indonesia, the Company also operates other subsidiaries along a coal supply chain from mining pits to ports to power plants, covering business activities from mining, barging, ship-loading, dredging, port services, marketing to power generating.

The Company's main operational location is in South Kalimantan, where its subsidiary PT Adaro Indonesia operates under the first generation of CCoW (Coal Contract of Work) valid until 2022. The Company pursues its vision to be a leading Indonesian mining and energy group and implements strategies to focus on producing coal that grows organically, improving efficiency and cost control, developing mining services and logistics businesses, and developing and extending power integration.

b. Information about SIS

i. Brief Profile

PT Saptindra Sejati ("SIS")

SIS as a control company to the Company is a limited liability company established under the law of the Republic of Indonesia based on Deed No. 2 of 14 June 1999, made before Hasanal Yani Ali Amin, a Notary of Jakarta. SIS's article of association has been ratified by the Minister of Law and Human Rights with Decree number C-18253.HT.01.01.TH.99 of 28 October 1999 and announced in the State Gazette of the Republic of Indonesia number 43 of 30 May 2000 Supplement number 2746.

SIS's article of association is adjusted to Law No. 40 of 2007 on Limited Liability Company ("**UUPT**"), based on Deed number 43 of 31 March 2008 made before Humberg Lie, SH, SE, Mkn, a Notary of Tangerang, as approved by the Minister of Law and Human Rights with Decree number AHU-16046.AH.01.02.Tahun 2008 of 1 April 2008.

ii. The Composition of SIS's Capital and Share Ownership

According to its article of association, SIS's capital is denominated in Rupiah currency. Based on the Deed of Meeting Resolution number 5 of 3 February 2009, its composition of capital structure is as follows:

Authorized capital: Rp1,200,000,000,000 consisting of 1,200,000 shares at par value of Rp1,000,000 per share

Issued and fully paid capital: Rp767,272,000,000 consisting of 767,272 shares at par value of Rp1,000,000 per share

The composition of SIS's shareholders based on Deed number 12 of 12 May 2016 is:

No.	Shareholder	Amount (Rp)	Number of Shares	%
1.	PT Adaro Energy Tbk	767,271,000,000	767,271	99.9999
2.	PT Alam Tri Abadi	1,000,000	1	0.0001
	Total	767,272,000,000	767,272	100.0000

iii. Management and Supervisory

At the issuance of this information, the composition of SIS's board is based on Deed number 34 of 07 March 2014 and Deed number 102 of 16 June 2015, both of which were made before Humbert Lie, SH, SE, Mkn, a Notary of Jakarta, as received by the Minister of Law and Human Rights through the Notification Receipt of the Amendment of Corporate Data number AHU-02357.40.22.2014 of 14 April 2014 and number AHU-AH.01.03-0943999 of 19 June. The boards consist of:

Board of Directors

President Director: Anis Sulistiadi
 Vice President Director: A. Kurnia
 Director: Bimantoro Adisanyoto
 Director: Christina
 Director: Asep Kusmana

Board of Commissioners

President Commissioner: Christian Ariano Rachmat
 Vice President Commissioner: R. Tjahyono Imawan
 Commissioner: David Tendian
 Commissioner: Mohammad Syah Indra Aman
 Commissioner: Julius Aslan
 Commissioner: Siswanto Prawiroatmodjo

iv. Purposes, Objectives, and Business Activities

SIS is a mining contractor that provides mining services, infrastructure development and logistics.

With its operations supported by a set of modern fleet, SIS has gained recognition as one of the largest mining contractors in Indonesia. It strives to maintain competitiveness by continuously improving productivity, utilization and efficiency.

SIS's mission is to deliver sustainable excellence in the mining service sector by ensuring reliability and high standard of health, safety and environment with the support of competent human resources and proper technology. SIS provides integrated mining services, from extracting and transporting coal to removing overburden.

c. Information about RA

i. Brief Profile

PT Rahman Abdijaya ("RA")

RA is a limited liability company established under the law of the Republic of Indonesia based on Deed No. 56 of 19 March 1993, made before Nanang Ferwandy Tjoegito, a Notary of Banjarmasin. The company's article of association has been validated by the Minister of Law and Human Rights in Decree No. C-9247.HT.01.01.TH 2001 of 20 September 2001 and announced in the State Gazette of the Republic of Indonesia No. 3552 of 13 April 2007 Supplement No. 30.

RA's article of association is adjusted to Law No. 40 of 2007 on Limited Liability Company ("**UUPT**"), based on Deed No. 122 of 16 July 2008 made before Sutjipto, a Notary in Jakarta, as approved by the Minister of Law and Human Rights with Deed No. AHU.52263.AH.01.02.Tahun 2008 of 19 August 2008.

ii. Capital Structure and Ownership of RA

Based on the Deed of Meeting Resolution No. 122 of 16 July 2008, RA's capital composition consists of:

Authorized capital: Rp40,000,000,000 comprising 400,000 shares at par value of Rp100,000 per share

Issued and fully paid capital: Rp39,000,000,000 comprising 390,000 shares at par value of Rp100,000 per share

The composition of RA's shareholders based on Deed No. 122 of 16 July 2008 is:

No.	Shareholders	Amount (Rp)	Number of Shares	%
1.	PT Tanjung Anugerah	31,200,000,000	312,000	80.00

2.	Simon Kangga Lee	7,644,000,000	76,440	19.60
3.	Rehmalem Perangin Angin	156,000,000	1,560	0.40
	Total	39,000,000,000	390,000	100.00

iii. Management and Supervisory

At the issuance of this information, the composition of RA's board is based on Deed No. 82 of 12 September 2013 made before Humberg Lie, SH, SE, Mkn, a Notary of Jakarta, as received by the Minister of Law and Human Rights through the Notification Receipt of the Amendment of Corporate Data No. AHU-AH.01.10-41837 of 10 October 2013 and Deed No. 71 of 20 March 2014 made before Darmawan Tjoa, a Notary of Jakarta, as received by the Minister of Law and Human Rights through the Notification Receipt of the Amendment of Corporate Data No. AHU.AH.01.10-14629 of 4 April 2014. The composition is as follows:

Board of Directors

President Director: Ari Hariadi
Vice President Director: Simon Kangga Lee
Director: Rommel L Cruz

Board of Commissioners

President Commissioner: Adi Resanata Somadi Halim
Commissioner: Handianto Ganis
Commissioner: Syamsul Hoiri
Commissioner: Anis Sulistiadi

iv. Purposes, Objectives, and Business Activities

RA provides technical businesses, leases of machineries and equipment, leases of mining construction equipment, general consultancy and paperwork for licenses / permits (except legal and tax services), as well as other general mining businesses permitted by the government. It has run operations since September 2001.

d. Transaction as a transaction with affiliated party

The Transaction, made between SIS and RA, is qualified as a transaction with an affiliated party as defined by Regulation number IX.E.1. However, it qualifies neither as a transaction that may give rise to conflicts of interest as defined by the same regulation nor as a material transaction because it accounts for less than 20% of the book value of the Company's equity.

IV. THE AFFILIATION OF THE PARTIES TO TRANSACTION

SIS operates as a controlled company to the Company. On the other side, the Company is affiliated to RA by the following:

1. The Company's President Director Garibaldi Thohir, who is also a major shareholder of the Company, is an indirect shareholder of RA with 20% ownership.
2. The Company's Vice President Commissioner Theodore P. Rachmat, is an indirect shareholder of RA with 20% ownership.

3. Anis Sulistiadi holds the positions as President Director of SIS and Commissioner of RA.

Due to the above, pursuant to Regulation IX.E.1, this Transaction shall qualify as a transaction with an affiliated party because it is between SIS as a controlled company to the Company and RA as a company that has affiliation with the members of the Board of Directors, Board of Commissioners and major shareholders of the Company.

V. DESCRIPTION AND REASON FOR CONDUCTING A TRANSACTION WITH AN AFFILIATED PARTY – IN COMPARISON TO A SIMILAR TRANSACTION WITH A NON RELATED PARTY

SIS strives to anticipate the customers' demand for increased capacity of coal hauling and overburden removal in both short and long terms according to the customers' five-year plans. SIS also renews its heavy equipment fleet by replacing the units that have reached the end of economic life.

Therefore, besides expanding its heavy equipment fleet, SIS also adds its fleet of production-supporting equipment.

Based on the examination conducted by SIS and the Company, this transaction offers the following advantages:

- RA's operational vehicles, heavy equipment and other equipment (the Object of Transaction) have the same specifications as those used by SIS. In other words, SIS has acquired the skills necessary for operating and maintaining the vehicles and equipment.
- The operational vehicles, heavy equipment and other equipment including the spare parts (the Object of Transactions) are ready-to-use and located in the mining areas of SIS's customers, thus making relocation unnecessary, which means time and cost efficiency.
- For SIS, purchasing the Objects of Transaction, which are still in good condition, offers better value and faster procurement process than conducting the whole procurement process for purchasing operational support vehicles, heavy equipment and other equipment including spare parts from a third party.

VI. IMPACT OF TRANSACTION ON THE COMPANY'S FINANCES

The Transactions will allow SIS to accommodate its customers' production target in the short term by offering competitive investment value compare to purchasing new operational support vehicles, heavy equipment and other equipment including spare parts. Furthermore, this will also allow the Company to reduce capital expenditure, which is better for the Company's free cash flows going forward.

VII. INDEPENDENT PARTIES

A. Independent parties appointed for transaction plans

The independent parties involved in the transaction plans are:

Appraiser: Kantor Jasa Penilai Publik Felix Sutandar & Rekan

Main roles and responsibilities: to provide the assessment on the fairness of the transactions

Appraiser: Kantor Jasa Penilai Publik Teguh Hermawan Yusuf & Rekan

Main roles and responsibilities: to provide the appraisal on the fair value of the assets

Public accountant: Kantor Akuntan Publik Tanudiredja, Wibisana, Rintis & Rekan
(member of global PwC di Indonesia)

Main roles and responsibilities: to conduct audit and/or limited review according to the auditing standard as stipulated by Indonesian Institute of Accountants, which requires public accountants to plan and conduct audit in order to ensure sufficient confidence that financial statements are free from material misrepresentation

B. Summary Report of the Independent Appraiser on Asset Valuation

The Summary Report of Asset Appraisal on inventory in the form of spare parts and fixed assets in the forms of operational support vehicles, heavy equipment and other equipment with report no. 137/THY.C/AE/VI/2016 of 20 June 2016 as prepared by KJPP Teguh Hermawan Yusuf & Rekan is as follows:

Purpose of Appraisal

This appraisal was conducted with the purpose to present an opinion on Market Value of the assets as of 31 December 2015. The report of such appraisal is to be used for sale and purchase purposes.

Identification of Objects of Appraisal

The objects of appraisal are of private property in the forms of operational vehicles, heavy equipment and other equipment and spare parts under the ownership of PT Rahman Abdijaya, located at the mining site of PT Adaro Indonesia in Tanjung Regency, South Kalimantan Province.

Basis of Value

Based on the Object of Appraisal and the purposes and objectives of Appraisal, the Basis of Value used herein is Market Value.

Date of Appraisal

A physical inspection on the property was conducted on 7 - 13 April 2016. The cut-off date of this appraisal was 31 December 2015.

Given the possibility of changes in the market and asset condition, this report only represents the opinion on the Value at the appraisal date and we assume the asset condition on the appraisal date remained the same as that on the date of site inspection.

Assumptions and Limiting Conditions

1. We hold the assumption that the assets we have been assigned to appraise are not subject to any legal dispute and the ownership right over the assets is valid and free from any dispute and unsettled mortgage.
2. We did not conduct any investigation on the validity of the associated documents; therefore, the appraiser makes no guarantee regarding the validity of the documents. Our assessment was only on the matters associated with the values of the assets.
3. We did not conduct any measurement against the dimensions of the assets under our valuation; we obtained the information from the documents we assume to be valid and credible. Therefore, any pictures of the assets, if any, are for illustration / visualization purposes only.
4. We obtained the information, estimates, and opinions that were expressed in the appraisal report from sources that we consider to be reliable, thus did not perform further confirmation on such. We do not assume responsibility in the case that in the future some information therein is proven to be invalid.
5. The total amount of the assets stated in this report forms one integrated amount; therefore, any means to separate one or more asset values for certain purposes shall make this appraisal report invalid, except in the case that such separation has been previously accounted for and explained in the appraisal report.
6. We omitted a number of items deemed to be immaterial in value and categorized them as operating expenses.
7. This appraisal took into account the asset condition as observed during the field inspection, but we had no obligation to inspect building structures or unexposed or unreachable parts of the assets and we make no guarantee regarding the existence of unnoticeable damage.
8. This appraisal report shall only be used to serve the purposes as explained in the report and is only limited to the intended client.
Given the possibility of changes in the market and asset condition, this report only represents the opinion on the Market Value at the appraisal date and we assume the asset condition on the appraisal date remained the same as that on the date of site inspection.
9. The asset value is reported in Rupiah currency.
10. This report, whether in parts or in entirety shall not be published in any media before a prior written approval is granted by us as the appraiser and preparer of this report.
11. KJPP Teguh Hermawan Yusuf & Rekan, in the context of this appraisal, has no obligation to provide any testimony or present in court or other governing institutions regarding the assets being appraised unless an appointment has been made and granted.
12. This report is deemed invalid if it is not printed on the paper attached with the logo and stamp of KJPP Teguh Hermawan Yusuf & Rekan and signed by its partner.

Assumptions and Special Assumptions

Heavy equipment and other equipment were appraised in-situ as one integrated unit, with the assumption that the business was ceased.

Appraisal Guidelines

The appraisal is based on Code of Conduct of Indonesian Appraisers Edition VI-2015 and Indonesian Standard of Appraisal Edition VI-2015 and Bapepam Regulation No. VIII.C.4 on Appraisal Guidelines and Presentation of Property Appraisal Reports in the Capital Market.

Approach and Appraisal Method

The approaches selected for this appraisal were strongly subject to the type of objects to be appraised and the availability of field data. According to the purposes and objectives, basis of value, type and characteristics of the object of appraisal and the availability of market data, both market approach and cost approach were used in the appraisal.

Conclusion of Value

Based on the normal appraisal practice, calculation, analysis and other factors associated with the appraisal, and by taking into account the limiting conditions applied for this report, we are of the opinion that the market value of the assets as of 31 December 2015 was:

Rp940,421,000,000,-
(nine hundred forty billion four hundred twenty one million rupiahs)

or equivalent to:

US\$68,171,000,-
(sixty eight million one hundred seventy one thousand United States dollars)

Bank Indonesia's middle rate as of 31 December 2015 was 1 US\$ = Rp13,795,-

C. Summary Report of Independent Appraisal on the Fairness of Transaction

The Summary Report for the Fairness Opinion on the Transaction to Purchase operational support vehicles, heavy equipment and other equipment including spare parts (hereinafter referred to as "Planned Transaction") of PT Adaro Energy Tbk through its subsidiary PT Saptaindra Sejati, No. FSR/FO-FS/060549/2016 dated 22 June 2016, as prepared by KJPP Felix Sutandar & Rekan is as follows:

Purposes and Objectives

This report is prepared to present the Fairness Opinion on Planned Transaction. According to the assignment given to us, the opinion will be used as one of the elements of information disclosure as stipulated by the regulation of Bapepam & LK (now Financial Services Authority) Number IX.E.1 on Transactions with Affiliated Parties and Conflicts of Interest on Certain Transactions.

Identity of the Parties

1. PT Adaro Energy Tbk. ("ADARO" or "the Company") is a publicly-listed company in Jakarta, having its address at Menara Karya 23rd floor, Jl. HR. Rasuna Said, Blok X-5 Kav. 1-2, Jakarta, which in Planned Transaction hold the position as the holder of 99.99% share ownership of SIS.
2. PT Saptaindra Sejati ("SIS") is a limited-liability company in Jakarta, having its address at Graha Saptaindra, Jl. TB. Simatupang Kav. 18 Cilandak Barat, Jakarta, which in Planned Transaction hold the position as the Buyer.
3. PT Rahman Abdijaya ("RA"), is a limited-liability company in Murung Pudak, Tabalong Regency, South Kalimantan, having its address at Hauling Road KM 68, Padang Panjang Village, Tanta

District, Tabalong Regency, South Kalimantan, which in Planned Transaction hold the position as the Seller.

Objects of Fairness Opinion

The Objects of this Fairness Opinion is the transaction for purchasing operational support vehicles, heavy equipment and other equipment including spare parts from RA (based on Sale and Purchase Agreement) and the transaction for purchasing heavy equipment from RA under the financing provided by the Leasing Companies (based on Lease Agreements).

Date of Fairness Opinion

The cut-off date of this Fairness Opinion was 31 December 2015. The cut-off date was decided by considering the availability of data necessary for analyzing the fairness of the said Planned Transaction.

Approach and Appraisal Procedure

For analyzing the fairness of Planned Transaction, the following procedure was exercised:

1. Analyzing the parties to Planned Transaction
2. Analyzing the conditions of Planned Transaction
3. Analyzing the Company's historical financial statements in order to obtain the information on the Company's financial condition before and after Planned Transaction was executed
4. Analyzing the impacts of Planned Transaction on the Company's balance sheet and profit and loss
5. Comparing the price associated with Planned Transaction with the Appraisal Result produced by the Independent Appraiser
6. Analyzing the Company's financial performance in the next five years
7. Analyzing the risks and benefits of the shareholders as the result of the execution of Planned Transaction

Statement of Assumptions and Limiting Conditions applied by the Appraiser:

Without compromising our responsibility as Appraiser, this Opinion of Fairness is limited by the following assumptions and limiting conditions:

1. The Appraisal Report is a non-disclaimer opinion.
2. We obtained the data and information about the parties to the Transaction from the documents provided by the client.
3. We obtained the Company's historical data from the financial statements audited by an independent public accountant registered in the Financial Services Authority; therefore, we neither confirmed nor verified the data presented in the financial statements.
4. This Fairness Opinion is formulated based on the condition of the market and economy, the general condition of business and finance, and government regulations applicable at the date of this Fairness Opinion.

5. We obtained the financial projections and the associated assumptions and calculation from the client, which have been adjusted to fit the Appraisal process, as explained thoroughly in this report of Fairness Opinion.
6. We neither conducted investigation nor visited the locations of the assets included as the Objects of Transaction. We obtained the data and information regarding such matter from the client and the report of Asset Valuation prepared by the Independent Appraisers.
7. The outcome of appraisal report shall be open to the public except in the case where the report contains confidential information that may affect the Company's operations.
8. The Appraiser's activities associated with Planned Transaction are not and shall not be interpreted as a review or an audit or an execution of certain procedures on financial information in order to disclose weaknesses in internal control, mistakes, financial statement irregularities or legal violation.

Analysis of Benefits and Risks of Planned Transaction

Based on the above explanation, it can be concluded that Planned Transaction offers the following benefits:

1. It will support SIS in fulfilling its customers' production targets in the short term with a more competitive investment value.
2. It will enable SIS to have more efficient capital expenditure, which will generate favorable impacts on its free cash flows in the future.
3. It will reduce the Company's cost of revenue as indicated by 0.21% increase in gross profit margin between 2016 and 2010, or before and after the execution of Planned Transaction.
4. It will increase the Company's net income by 0.09% in 2016 and by 0.08% in 2020 or before and after the execution of Planned Transaction.

On the other side, Planned Transaction also presents the following risks:

1. The Company will incur higher interest expense if it fails to pay the installments of the principal and interests regularly.
2. The Company may lose the operational vehicles, heavy equipment and other equipment including spare parts if the payments are not made according to the agreed amounts and schedules.

Fairness of Planned Transaction

1. As it has been described earlier, the term Planned Transaction refers to SIS's plan to purchase operational support vehicles, heavy equipment and other equipment including spare parts owned by RA (in this context SIS is a party affiliated with ADARO through 99.99% share ownership, while RA is a party affiliated with ADARO because two of ADARO's management members are indirect shareholders of RA).
2. Such purchase will be conducted by SIS to anticipate its customers' demand for higher hauling capacity for coal and overburden in both short and long terms according to the customers' five-year plans.
3. Based on the appraisal conducted by Property Appraiser KJPP Teguh Hermawan, Yusuf & Rekan, the Market Value of the operational support vehicles, heavy equipment and other equipment including spare parts under Planned Transaction is Rp940,421,000,000. Meanwhile, the

Transaction Value is Rp876,293,411,710 or 6.8% lower than the Market Value, indicating that the amount is within a reasonable range.

4. Because the Transaction will allow the Company to have more efficient capital structure, it will generate favorable impacts on the Company's performance since the operational support vehicles, heavy equipment and other equipment including spare parts purchased will also be used to support SIS's operational activities.
5. Based on the analysis on the financial projections prepared by SIS's management, it can be concluded that SIS is sufficiently capable for paying the principal and interests, which means there is only little possibility of default. This is indicated by the 1.8% decrease in its ratio of long-term debt to equity in 2020, or before and after the execution of Planned Transaction. Therefore, Planned Transaction may not generate adverse impacts on the Company's financial performance going forward.
6. Based on the analysis on the financial projections prepared by SIS's management, it can be concluded that SIS's profit will increase, mainly attributable to the reduction in direct costs. Therefore, Planned Transaction may generate favorable impacts on the Company's financial performance going forward.

Conclusion

Based on the analysis on the fairness of Transaction Plan as described in this report, we are of the opinion that the Transaction Plan for the purchase of operational support vehicles, heavy equipment and other equipment including spare parts by PT Adaro Energy Tbk through its subsidiary PT Saptaindra Sejati is **fair**.

VIII. STATEMENT OF BOARD OF DIRECTORS AND BOARD OF COMMISSIONERS

The Board of Directors and the Board of Commissioners of the Company, both individually and collectively, hold the full responsibility over the validity of this Information Disclosure and its amendment(s) and/or addendum(da), if any. The Board of Directors and the Board of Commissioners hereby confirm the completeness of information as disclosed herein, and based on the performance of a careful examination, the boards confirm that the information herein is valid and no significant, material and relevant facts are undisclosed or omitted in a way that will make the information herein invalid and/or misleading.

The boards also confirm that the Transaction subject to this Information Disclosure qualifies as Related-Party Transaction to the Company, but they do not in any manner raise any Conflict of Interest. However, the Transaction does not qualify as material transaction since the total value is less than 20% of the Company's equity.

IX. ADDITIONAL INFORMATION

Shareholders wishing to obtain more detailed explanation on the information herein or additional information shall contact the Company's Corporate Secretary during office hours at the following address and contact details:

**PT Adaro Energy Tbk
Menara Karya, Lantai 22**

Jl. H.R. Rasuna Said, Blok X-5, Kav. 1-2,
Jakarta 12950, Indonesia
Telephone: (021) 2553 3000 Facsimile: (021) 5794 4709
www.adaro.com
Attn. Corporate Secretary

Yours sincerely,
PT Adaro Energy Tbk

Christian Ariano Rachmat
Vice President Director

Siswanto Prawiroatmodjo
Director