

For further information please contact:

- Mr. Cameron Tough, Head of Investor Relations
- Mr. Devindra Ratzarwin, Corporate Secretary

Tel: (6221) 521 1265

Fax: (6221) 5794 4685

Email: cameron.tough@ptadaro.com

www.adaro.com



1Q11 - Quarterly Activities Report

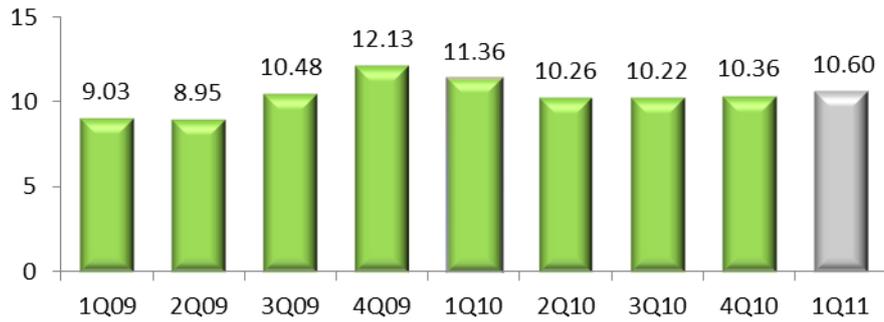
For the Three Months Ending March 31st, 2011

Jakarta, April 29th, 2011

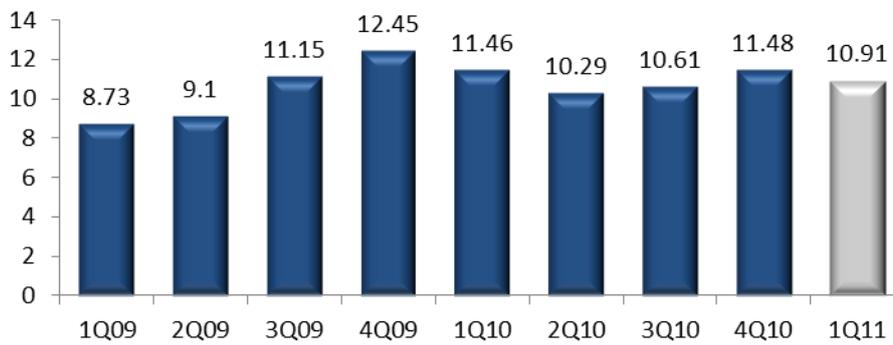
Summary of 1Q11:

- We are on track to achieve our production guidance with 10.6 million tonnes production recorded in 1Q11 after the record-setting high volume of rainfall in 2010. Overburden extraction and handling climbed 34% to a record 65.38 Mbcm (*page 3*)
- The average demurrage rate per vessel decreased back to the normal level. Due to cycle time improvement on barging and ship loading, we recorded despatch (the opposite of demurrage) in March 2011. (*page 5*)
- On March 25th 2011, we signed an overburden crushing and conveying system contracts with FLSmidth and PT Wijaya Karya in excess of US\$175 million. (*page 9*)
- On April 29th 2011, we disclosed an increase in our coal resources and reserves to 4.4 billion tonnes and 938 million tonnes respectively, based on the *Independent Statement on Coal Reserves and Resources* by Terence Willstead & Associates (TWA). (*page 10*)

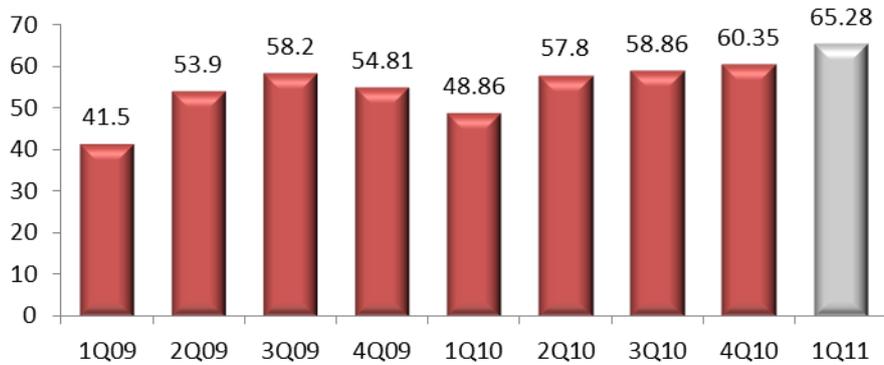
Production volume (Mt)



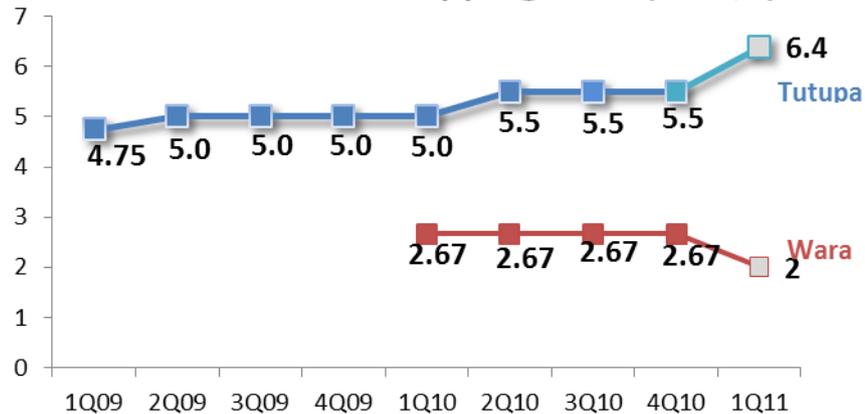
Sales volume (Mt)



Overburden Removal (Mbcm)



Planned Stripping Ratio (Bcm/t)



OPERATIONS

PT Adaro Energy (“AE”) is on track to achieve its production guidance of 46-48 million tonnes for 2011, following the worst weather conditions on record last year, after producing 10.6 million tonnes in 1Q11. The year 2011 started with normal rainfall conditions, a continuation of the rainy season from last year. The production during the first quarter is typically below 25% of the full year target. The operational performance of AE’s subsidiary, PT Adaro Indonesia (“AI”), exceeded the plan as they delivered 109%, 103% and 101% of the plan for overburden removal, coal mining and coal hauling, respectively.

AI’s new coal product, E 4000 (Wara), continued to receive strong demand. AI is on track to achieve the annual production targets of 4-5 million tonnes after producing and selling 1.2 million tonnes of E 4000 (Wara) in 1Q11.

PT ADARO INDONESIA IS ON TRACK TO ACHIEVE PRODUCTION GUIDANCE

1Q11	Actual	Plan	%
Overburden Stripping (Mbcm)	64.13	58.82	109%
Coal Mining (Mt)	10.82	10.53	103%
Coal Hauling (Mt)	10.60	10.53	101%

PT Adaro Energy Tbk.

	Units	1Q10	1Q11	% Change
Production	Mt	11.36	10.60*	-7%
Sales	Mt	11.46	10.91**	-5%

**) Includes coal production of E 4000 (Wara) of 1.2 Mt and Paringin of 0.2Mt*

****) Includes the third party coal sales sold by Coaltrade of 0.73Mt and E 4000 (Wara) of 1.2 Mt*

	Units	4Q10	1Q11	% Change
Production	Mt	10.36	10.60	2%
Sales	Mt	11.48	10.91	-5%

Mining and Hauling

In 1Q11, PT Pamapersada Nusantara (“PAMA”) was responsible for 41% of AI’s coal production. PT Bukit Makmur Mandiri Utama (“BUMA”) and PT Rahman Abdijaya (“RAJ”) were responsible for 13% and 16% respectively. AE’s subsidiary PT Saptaindra Sejati (“SIS”) produced 28%, while AI itself mined 2% of the coal production. PT Rante Mutiara Insani (“RMI”), a contractor that initiated the development of the E 4000 (Wara) pit, is now focusing on removing overburden at this same pit.

Overburden Removal

In 1Q11 PAMA performed 42% of AI’s overburden removal, while BUMA, RAJ, RMI and AI produced 17%, 9%, 1% and 2% respectively. Meanwhile, SIS performed 29% of the overburden removal.

Despite the wet conditions, overburden removal increased 34% to 65.28 million bank cubic metres (Mbcm) compared to 1Q10 as AI escalates the planned stripping ratio at the Tutupan pit to 6.4x from the average of 5.5x in 2010 due to the robust pricing conditions in the market. Meanwhile, AI decided to lower the stripping ratio at Wara pit to 2.0x this year as the company had done sufficient pre stripping work when the production of E 4000 (Wara)

started last year. The average overburden removal per day was 636 Kbcm, 715 Kbcm and 800 Kbcm in January, February and March respectively. AI achieved 109% of its overburden removal plan as at the end of 1Q11.

Coal Mining

In 1Q11, total production decreased 7% compared to 1Q10, but was up 2% compared to 4Q10, to 10.6 million tonnes. The lower relative production compared to the same period last year was largely due to the dry weather conditions in 3Q09 enabling AI to achieve overburden mining performance in excess of the planned rate establishing higher levels of Run Of Mine (ROM) coal inventory offsetting the impact of wet weather conditions and increase coal production levels in 1Q10. In addition to that, the downtime due to repairs and maintenance of some of the heavy equipment also contributed to lower production volume compared to 1Q10. AI's coal mining and coal hauling performance for 1Q11 was 103% and 101% of the plan respectively and AI is on track to achieve its production target of 46-48 million tonnes.

Inventory

In order to ensure AI's commitment to meet delivery targets to its customers during the wet seasons of 2011, AI made a strategic decision to build inventory stockpiles at both Kelanis and at the mine site to create a buffer against unseasonal weather related factors that could interrupt production.

Mining Contractors and Heavy Equipment Availability

AI has entered into long-term contract agreements with all its mining contractors to provide coal transportation services from AI's mining area to certain destinations. The rate of the contracts remains the same during the duration of the contracts, which shall expire in a period from 2013 to 2015. The contracts are calculated based on certain formula, which includes the amount of coal or overburden transported.

Due to the Japanese earthquake in March 2011, some heavy equipment deliveries from Japanese suppliers may be delayed. As a precaution AI is seeking secondary suppliers and develop contingency plans and as at the end of the quarter did not anticipate an impact to achieving 2011 production targets.

Coal Mining: PT Adaro Indonesia

	Units	1Q10	1Q11	% Change
Overburden	Mbcm	48.86	65.28	34%
Coal Transported	Mt	11.36	10.60	-7%
Coal Sold	Mt	11.30	10.18	-10%
Strip Ratio - Tutupan	Bcm/t	5.0	6.4	
Strip Ratio - Wara	Bcm/t	2.7	2.0	
Inventory	Mt	0.40	0.79	100%

	Units	4Q10	1Q11	% Change
Overburden	Mbcm	60.35	65.28	8%
Coal Transported	Mt	10.36	10.60	2%
Coal Sold	Mt	10.58	10.18	-4%
Strip Ratio - Tutupan	Bcm/t	5.5	6.4	
Strip Ratio - Wara	Bcm/t	2.7	2.0	
Inventory	Mt	0.40	0.79	100%

Barging and Ship Loading

In 1Q11, the total volume for barging and ship loading decreased 10% to 10.18 million tonnes. The decrease was caused by the continuation of the wet weather conditions that occurred not only at the mine site but also at Taboneo anchorage and IBT terminal, as well as the maintenance of OML's floating cranes.. However, the average demurrage rate per vessel decreased back to normal levels. In 1Q11, AE incurred demurrage charges of US\$ 3.4 million, despite receiving despatch of US\$102,493 for the month of March 2011. Despatch is a financial reward paid by the owner when coal is loaded on to vessels ahead of schedule.

	Units	1Q10	1Q11	% Change
Floating Cranes	Mt	7.20	6.25	-13%
Self Geared	Mt	1.34	1.07	-20%
IBT	Mt	0.57	0.43	-25%
Barges	Mt	2.19	2.43	11%
Total	Mt	11.30	10.18	-10%

	Units	4Q10	1Q11	% Change
Floating Cranes	Mt	5.91	6.25	6%
Self Geared	Mt	0.95	1.07	13%
IBT	Mt	0.78	0.43	-45%
Barges	Mt	2.93	2.43	-17%
Total	Mt	10.57	10.18	-4%

Vessel Waiting Times Improved

AE continued to bring down waiting time and shorten cycle time. The average waiting time per vessel in January, February and March was 6.7, 1.2 and 0.8 days respectively, which was a significant reduction compared to 4Q10.

Rainfall

Volume of Rainfall at the Tutupan mining area (mm)

1Q10		4Q10		1Q11		1Q11 vs. 1Q10	1Q11 vs. 4Q10
Jan '10	407	Oct '10	214	Jan '11	333	-18%	56%
Feb '10	169	Nov '10	468	Feb '11	198	17%	-58%
Mar '10	536	Dec '10	293	Mar '11	280	-48%	-4%
Total	1,112		975		811	-27%	-17%

Number of raindays at the Tutupan mining area (days)

1Q10		4Q10		1Q11		1Q11 vs. 1Q10	1Q11 vs. 4Q10
Jan '10	21	Oct '10	13	Jan '11	21	0%	62%
Feb '10	12	Nov '10	23	Feb '11	18	50%	-22%
Mar '10	20	Dec '10	19	Mar '11	22	10%	16%
Total	53		55		61	15%	11%

The year of 2011 started with a normal rainy season, which continued on from the end of 2010. Wet conditions were reported not only occur at the mine site, but also at the Taboneo anchorage and IBT Pulau Laut terminal. In 1Q11, the total volume of rainfall of 811 millimeters was 27% and 17% lower compared to 1Q10 and 4Q10 respectively. Meanwhile, the number of raindays in 1Q11 of 61 days was 15% and 11% higher compared to 1Q10 and 4Q10 respectively.

AI pumped a total of 20.3 million cubic meters of water in 1Q11, which was a 16% decrease compared to 4Q10. AI pumped 4.9 million cubic meters, 7.5 million cubic meters and 7.9 million cubic meters of water in January, February and March respectively. As the company continued to prioritize pit dewatering during 1Q11, the water stored in various pits declined to manageable levels.

Coal Mining Contractor: PT Saptaindra Sejati (“SIS”)

SIS’s overburden removal increased 22% to 35.03 million bank cubic meters compared to 1Q10, although it decreases 3% compared to 4Q10, due to the arrival of new and larger sized heavy equipment.

SIS’s coal getting increased 1% and 56% compared to 1Q10 and 4Q10 respectively, to 4.88 million tonnes. SIS’s coal getting for AI declined 6% compared to 1Q10, although coal getting rose 155% compared to 4Q10.

	Units	1Q10	1Q11	% Change
Overburden Removal	Mbcm	28.83	35.03	22%
AI	Mbcm	14.80	19.15	29%
Others	Mbcm	14.03	15.88	13%
Coal Getting	Mt	4.81	4.88	1%
AI	Mt	3.35	3.16	-6%
Others	Mt	1.47	1.72	18%

	Units	4Q10	1Q11	% Change
Overburden Removal	Mbcm	36.19	35.03	-3%
AI	Mbcm	19.29	19.15	-1%
Others	Mbcm	16.90	15.88	-6%
Coal Getting	Mt	3.14	4.88	56%
AI	Mt	1.24	3.16	155%
Others	Mt	1.90	1.72	-9%

Barging and Ship Loading: Orchard Maritime Logistics Pte Ltd (“OML”), PT Martim Barito Perkasa (“MBP”) and PT Harapan Bahtera Internusa (“HBI”)

In 1Q11, total coal transported increased 13% and 12% compared to 1Q10 and 4Q10 respectively to 3.36 million tonnes mainly due to reduced vessel loading times at Taboneo. A

new third party service provider that commenced in 1Q11 also contributed to the increase. Meanwhile, total coal loaded decreased 23% to 2.97 million tonnes as OML sent its two floating cranes for maintenance.

	Units	1Q10	1Q11	% Change
Total Coal Transported	Mt	2.96	3.36	13%
AI	Mt	2.67	2.93	10%
Others	Mt	0.29	0.43	49%
Total Coal Loaded	Mt	3.85	2.97	-23%
AI	Mt	3.85	2.90	-25%
Others	Mt	-	0.07	

	Units	4Q10	1Q11	% Change
Total Coal Transported	Mt	3.01	3.36	12%
AI	Mt	2.95	2.93	-1%
Others	Mt	0.06	0.43	618%
Total Coal Loaded	Mt	3.48	2.97	-15%
AI	Mt	3.35	2.90	-13%
Others	Mt	0.13	0.07	-50%

Sea Channel Operator: PT Sarana Daya Mandiri (“SDM”)

In 1Q11, total coal transported through the Barito channel was flat with 17.74 million tonnes while the number of barges using the channel increased 2% to 2,038 barges. At the end of 2008, SDM opened a new channel at the mouth of the Barito river, which increased annual capacity to 200 million tonnes a year from 60 million tonnes a year previously, as well as reducing barge steaming time along the channel by 3 hours. Almost all of the material transported through the channel is coal.

	Units	1Q10	1Q11	% Change
Total Volume through Barito Channel	Mt	17.84	17.74	-1%
AI	Mt	10.27	9.95	-3%
Others	Mt	7.57	7.79	3%
No of barges		1,999	2,038	2%

Coal Terminal: PT Indonesia Bulk Terminal (“IBT”)

In 1Q11, total coal shipped decreased 53% and 33% compared with 1Q10 and 4Q10 respectively to 0.82 million tonnes as a result of AE’s strategy to maximize utilization of the Taboneo anchorage. Accordingly, the number of vessels loaded during 1Q11 decreased compared to 1Q10 and 4Q10.

	Units	1Q10	1Q11	% Change
Total Coal Shipped	Mt	1.76	0.82	-53%
AI/Coaltrade	Mt	0.57	0.43	-25%
Third party	Mt	1.19	0.39	-67%
No of vessels loaded		28	12	-57%

	Units	4Q10	1Q11	% Change
Total Coal Shipped	Mt	1.23	0.82	-33%
AI/Coaltrade	Mt	0.77	0.43	-36%
Third party	Mt	0.46	0.39	-29%
No of vessels loaded		18	12	-33%

Coal Marketing: Coaltrade Services International Pte Ltd (“Coaltrade”)

In 1Q11, total coal sales decreased 16% and 25% compared to 1Q10 and 4Q10 respectively to 1.27 million tonnes due to less customers compared to 1Q10. However, total third party coal sold by Coaltrade rose 356% to 0.73 million tonnes compared to 1Q10.

	Units	1Q10	1Q11	% Change
Total coal sales	Mt	1.51	1.27	-16%
Coal purchased from AI	Mt	1.34	0.54	-59%
Others	Mt	0.16	0.73	356%

	Units	4Q10	1Q11	% Change
Total coal sales	Mt	1.69	1.27	-25%
Coal purchased from AI	Mt	0.79	0.54	-31%
Others	Mt	0.90	0.73	-19%

SAFETY AND ENVIRONMENT

Safety

During 1Q11, there were 7 LTI (Lost Time Injuries) with a resultant LTIFR (Loss Time Injury Frequency Rate) of 0.62. There was one fatality at the mine site.

	1Q10	1Q11	
	Actual	Actual	Plan
LTI	5	7	3.75
LTIFR	0.6	0.62	0.3

Land Rehabilitation

AE rehabilitated 67 hectares during the quarter with total rehabilitation to date of 1,484 hectares. The land affected by mining is reclaimed progressively with replanting of trees and plants undertaken as soon as the land development is ready. Water run-off from disturbed areas is closely monitored and treated in settlement ponds before it is used to develop irrigated areas for more intensive farming.

	1Q11	Project to Date
Rehabilitation (ha)	67	1,484
Land Disturbed - Mine (ha)	135	2,502
Land Disturbed - Other (ha)	361	4,900
Net Land Disturbed (ha)	427	5,919

PROJECT DEVELOPMENT

Overburden Crushing and Conveying System

In an effort to offset the projected substantial increase in truck numbers and haulage distance of overburden at the Tutupan pit, AE initiated a project to assess the benefits of installing a crushing and conveying system to move overburden. An added benefit of this project is a reduction in the future projected levels of fuel consumption.

After continuing to work on the preliminary design of the system during 2010, AI signed contracts with FLSmidth (RAHCO) and PT Wijaya Karya (Persero) Tbk worth in excess of US\$175 million on March 25th 2011. The FLSmidth contract comprises an out of pit crushing and conveying system entailing FLSmidth ABON sizers, RAHCO overland conveyors, and RAHCO mobile stacking conveyors. The system has a capacity to crush and transport 12,000 tonnes per hour of overburden, equivalent to an annualized overburden production volume of 40 million bank cubic metres. The contractual elements regarding construction, supervision and management as well as field service will be supplied by FLSmidth Indonesia. The overburden crushing and conveying system is expected to commence by the first quarter of 2013.

2X30MW Mine-mouth Power Plant

AE's 2X30 megawatt (MW) mine-mouth power plant is expected to bring cost savings by electrifying key parts of the operations through coal-fired power, which will lower dependency on oil and increase operational efficiencies. The construction work at the site progressed well and is on track to be completed by 2012. As of February 2011, the Siemens steam turbine had been delivered and installed in the plant. The project is expected to cost US\$160 million and it is planned the plant will be fuelled by approximately 300,000 tonnes of E 4000 (Wara) per year.



AE's subsidiary, MSW, received and installed Siemens steam turbine in February 2011

Boosting Capacity at Kelanis River Terminal

AE's coal crushing, stockpiling and barge loading facilities are handled at the Kelanis river terminal with a through-put capacity of approximately 50 million tonnes a year. To support AE's plan to increase coal production levels up to 80 million tonnes a year, a new set of barge loaders at South Kelanis will be constructed adjacent to the existing Kelanis facilities.

In addition, the existing Kelanis facility is to be upgraded to an annual through-put capacity of just in excess of 60 million tonnes. This upgrade encompasses additional crushing

capacity, installation of three-stage crushing at all seven coal hoppers, additional stockpiling and reclaiming capacity and increased barge loading capacity.

BUSINESS DEVELOPMENT

Adaro Energy Reports an Increase on Its Coal Resources and Reserves

On April 19th 2011 AE announced to Indonesia Stock Exchange that Adaro Indonesia had increased its resources and reserves at both the Tutupan and Wara pits.

Below is an excerpt from the Independent Statement on the Coal Reserves and Resources by Terence Willstead & Associates (TWA), April 5th, 2011:

“The Statement has been prepared independently and in accordance with the Code for Reporting Mineral Resources and Ore Reserves (JORC Code 2004) of the Australasian Institute of Mining and Metallurgy (AusIMM). This Code sets out the principles and guidelines, which should be followed in the preparation of an expert report concerning mineral resources and reserves. TWA believes all material facts are presented and that their analysis is sufficient to meet the transparency requirements of the Code.

The Statement is required to assess that sufficient Reserves exist to meet the long-term production plans and to confirm the overall resource estimates by Adaro and determine that the mines have geological and structural conditions, which can be operated successfully.

Resources

The Coal Resources of the Adaro Coal Operations as at 31 December, 2010 are as follows:

Adaro Resource Summary

LOCATION	Resources million tonnes [Mt]				
	Measured	Indicated	Inferred	TOTAL	
	<250 meter [m]	<500>250m	<1000>500m	2010	%
	2010	2010	2010	2010	
Tutupan	775	814	865	2,455	10
North Parangin	117	96	85	299	
Wara 1	492	366	449	1,307	46
Wara 2	133	134	100	368	2
Total	1,518	1,410	1,500	4,428	27

To support the coal resource economic bases, the following coal quality data is recorded for the modeled coal deposits.

Area	In-Situ Qualities for Coal Resources								
	TM	M	ASH	VM	FC	TS	CV	CV	CV
	% ar	% adb	% adb	% adb	% adb	% adb	kcal adb	kcal daf	kcal ar
Tutupan	27.4	17.6	2.1	41.2	39.1	0.11	5,563	6,925	4,905
North Parangin	29.1	16.9	3.3	41	41.6	0.23	5,799	7,216	4,986
Wara 1	38.9	19.1	3.8	40.3	36.9	0.28	5,278	6,830	3,993
Wara 2	43.4	19.3	4	41.4	34.9	0.28	5,215	6,805	3,647
Total	32.2	18.1	2.8	41	38.3	0.18	5,466	6,906	4,537

Run of Mine (ROM) Reserves

The Coal Reserves of the Adaro Coal Operations as at 31 December 2010 are as follows:

		ROM Reserves - as at 31st Dec 2010		
		Probable Mt ar	Proven Mt ar	Total Mt ar
MINE AREA				
	TUTUPAN	141	410	552
	WARA 1	98	289	386
	TOTAL	239	699	938

Qualities for Coal Reserves								
Rdadb gms/cc	TM % ar	M % adb	ASH % adb	VM % adb	FC % adb	TS % adb	CV kcal adb	CV kcal ar
1.32	26.3	17.0	2.3	41.1	39.4	0.11	5,638	5,013
1.34	39.2	19.4	4.0	40.2	36.7	0.25	5,261	3,983
1.33	31.6	18.0	3.0	40.7	38.3	0.17	5,483	4,588

Envirocoal and CAPCO's Celebration in Completing Its Emission Control Project

In 2002, CAPCO embarked on a massive project to retrofit its four larger 677 MW generating units in order to meet the Hong Kong SAW and the Guangdong provincial government's stringent requirements to reduce the regional emissions of sulphur dioxide, nitrogen oxide and ash particulates in the air by 40%, 20% and 55% respectively by 2010.

On March 2011 at the Emissions Control Completion Ceremony attended by government functionaries and other guests including AE's President Director, Mr. Garibaldi Thohir. Mr Richard Lancaster, Managing Director of CLP Power Hong Kong Limited noted in his address that emissions from power generation had been reduced by a staggering 80% in the twenty years between 1990 and 2010 due to the adoption of clean fuels such as natural gas and nuclear power from the Mainland and ultra-low sulphur coal from Indonesia, of which AE has been the key supplier. The use of Envirocoal helped CAPCO to record a reduction of 60% in sulphur dioxide, nitrogen oxide and ash.



AE's President Director, Mr. Garibaldi Thohir, (back row fourth right) was among the honoured guests officiated at the Emissions Control Project Completion Ceremony

Annual General Meeting of Shareholders (AGM) & Extraordinary General Meeting of Shareholders (EGMS)

AE held its AGM and an EGM on April 20th 2011 with the key decision being the approval of the cash dividend payment that constituted 43.98% of AE's 2010 net income, the highest dividend payout in AE's IPO history. The dividend includes the interim dividend amounting to Rp315.06 billion paid on 10 December 2010, while the remaining Rp655.71 billion will be distributed as a final dividend on June 9th 2011.

In addition, AE's EGMS respectfully discharged all members of the Board of Directors of the Company and granted *acquitt et de charge* over the management and supervision of the Company during their term of office, and approved the appointment of subsequent members of the Board of Directors of the company, with the effective term commencing from the closure of the General Meeting of Shareholders until the end of the company's AGM for 2016 fiscal year. Therefore, the company's Board of Directors is as follows:

- President Director: Garibaldi Thohir
- Vice President Director: Christian Ariano Rachmat
- Director: Andre J. Mamuaya
- Director: Sandiaga S. Uno
- Director: David Tendian
- Director: Chia Ah Hoo
- Director: M. Syah Indra Aman

Acquisitions of Coal Deposits

AE continued to seek potential acquisition of coal deposits in Indonesia during 1Q11.. Future production growth through acquisition may help increase coal production capacity to 80 million tonnes a year in the medium term. AE uses three selection criteria when selecting investment targets of coal deposits: size, location and quality of assets.

AE is convinced subbituminous coals will be in greater demand in the future especially from emerging market Asia. AE is currently considering three to four targets in Indonesia, and will consider all relevant opportunities based only on the merits of the transaction for AE.

IndoMet Coal project with BHP Billiton

Further studies to identify development options across the seven Coal Contracts of Work (CCoWs) of the IndoMet Coal project continued during 1Q11. The IndoMet Coal project, which is 25% owned by AE, will inform the market of the results of the study phase at the appropriate time.

Power Sector

AE aims to move further downstream into power and take equity in power projects in Indonesia. AE evaluated three IPP (Independent Power Producer) projects located in Java and Kalimantan. AE agreed to take a stake in a consortium with international power companies in projects where bids will be made in the first half of 2011. By moving into power AE intends to make investments that will provide good returns, reliable cash flow and create a significant base demand for lower rank coals.

CORPORATE DEVELOPMENT

Christian Ariano Rachmat New Assignment as a Chief Commercial Officer

AE's Vice President Director, Christian Ariano Rachmat, assumed a new role as the Chief Commercial Officer for AE, apart from being Vice President Director of AE. He will oversee and make decisions for all AE marketing matters.