

Public Expose Report
PT Resource Alam Indonesia Tbk

I. Time and Venue of Event

Day/Date : Tuesday / October 24, 2017
Time : 10.30 - 12.00 WIB
Venue : Mercantile Athletic Club, 18th Floor
Jl. Jend. Sudirman Kav. 31, Jakarta

Company Management who present

Board of Commissioners:

Commissioner : Suria Martara Tjahaja
Commissioner : Swandono Adijanto
Commissioner : Luyianto Yamin

Board of Directors:

President Director : Pintarso Adijanto
Director : Bambang Prijonohadi
Director : Chamilus Salimbo
Director : Winanto
Director : Wimpi Salim
Director : Agoes Soegiarto Soeparman

Corporate Secretary : Lenny S.C

II. Agenda

- a. Opening
- b. Welcome Speech from Company Commissioner
- c. Management Presentation/explanation of company performance
- d. Questions

e. Closing

III. Participants

According to those recorded in the absence list of Public Expose there 46 participants, consisting of capital market analysts, fund managers society, investors, printed media and Company Management.

IV. Presentation Material

Summary of presentation material is as follows:

1. Company in brief
2. Corporation Structure
3. Site Map
4. Production and Sales
5. Financial Overview
6. Corporate Social Responsibility (CSR), life environment and K3
7. Progress/latest progress of Hydro Energy development.

The following is the summary of question and answer session:

Mr. Sandro Sirait/Trimegah Securities

Question:

- What is the reason for production decline? Was it due to contractor factor or there is any other reasons?
- What causing the increase of cost? Is barging cost also increased?
- The production target of the next year is 3.5 million MT, it seems quite aggressive, considering for 2017 the production estimation was 2 million MT. Is there any other reason that the company targeted the production of 3.5 MT in 2018?

Answer:

- This year production was in fact drastically declining, due to extreme weather anomaly factor in which almost every month rainfall during dry season, and the Subcontractor lack of performance when the coal price was drastically decreased in 2016.
- The cash cost increase was due to the increase of stripping ratio of Fuel Oil price increase.
- The 2018 target is optimistically can be achieved because the heavy duty equipment and supporting facilities of the infrastructure are sufficiently available, and the mining plan at new Block, as well as the attempt of explosive Warehouse construction for blasting to be more efficient and effective.

Mrs. Novi/Investor

Question:

- From Financial Statement of 2016 the production target was 3.5 million MT and the actual was 3.2 million MT, while the 2017 target was 4.5 Million MT and out look 2 million MT, was the drastic decline due to sub contractor issue? The 2018 target is 3.5 million MT, can it be achieved and what are the company measurers to achieve the target?

Answer:

- As already explained, the decrease was due to unfriendly weather anomaly, and when the coal price getting better, our subcontractor have no time to purchase heavy duty equipment to support the production, because it takes about 1 year or even longer to purchase heavy duty equipment.
- The company efforts are among other things investment in heavy duty equipment, the construction of explosive warehouse for

mining with blasting system, adaptation of SR and it is expected there is other mining site that can be started.

- In the third quarter, our production was getting better and more stable, because of the management of mining method and efficiency at hauling pathway as well as the stable procurement of hauling trucks.

Mrs. Winny/Jakarta Post:

Question:

- The Net Profit is increased by 13%, what was the company effort other than the increasing price of coal? What is the Capex Plan in 2018?
- Is there any expansion plan in export market?

Answer:

- Net Profit Margin realization was increased in Jan-Sep period, while the price in 1Q 2017 between Jan-Mar was lower than the average 9 months price 2017. It is expected that the coal price within 3 months period, October to December 2017, will increase from the previous average 9 months price, so would yield higher net profit margin in 12 months period namely in January – December 2017, compared to that in January-September 2017.
- The 2018 Capex is around 1.5 million USD
- The largest Export orientation is still to Korea.

Thomas Sembiring/Coal Asia:

Question:

- The next year production target of 3.5 million is what composition of Insani and Loa Haur? so far how many blocks are in production?
- How long is the ideal rent-use period to achieve the 3.5 million

MT target? What about over burden in Q3?

Answer:

- Loa Haur is not included in the 3.5 million MT Target. The Rent-use license has been issued, however some field administration requirements are still needed that takes about 3-4 months, and 3 contractors with sufficient equipment.
- The rent-use license already issued but some field administration conditions must still be complied.

Question: Mr. Hendra/Investor

- Is PT Khatulistiwa Hydro Energy/KHE a mini or Micro Hydro?
- As already entered in power plant business, would the company engaged according to the government suggestion to build power plant at the mining mouth?

Answer:

- PT KHE is a parent company of PT Bias Petrasia Persada, who is the holder of PPA with PLN capacity under 10MW, and classified as mini hydro. The latest selling price is revised at Rp.990/Kwh.

The selling price is varies for every region, depends on the location.

- In respect of PLTU at mining mouth, the Government has encouraged the issue, but there are limitations being applied, so that Insani subsidiary is not participate in PLTU plant at mining mouth, in which the license granted is for non export coal, and situated at far and remote location.

Question: Mr. Justian/Citi Group

- Considering the non supportive weather condition along this year

but the expectation for Q4 in 2017 is significantly increased, is there any supply of mining equipment or other method?

- In what semester the Loa Haur subsidiary is estimated to produce?
- The 3.5 million MT target in 2018 is originated from what new blocks?

Answer:

- Expectation can be achieved, as the Company has exercised some actions such as: road reparation, mining management correction, and over haul of heavy duty equipment have been continuously done since the beginning of this year.
- Loa Haur would be included in the production plan 3.5 million MT next year, because the company participated in rent-use process which certainly takes time.
- The 3.5 million targets is from sub block of Northern site, Perangat Block (APL), so no need lease-use process, and a survey is on going and expected to directly digging.