

ASIA PACIFIC
PRECIOUS METALS
CONFERENCE

4-6 JUNE 2017, GRAND COPTHORNE, SINGAPORE

INDONESIA Precious Metals Market

Muhidin — *VP Marketing*

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Ilham — *Business Development Manager*

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AGENDA

- Business Environment in Indonesia
- Current Situation of Indonesia
- Opportunities
- Q&A Session

GashewInfo.com

Indonesia's Business Environment



CashewInfo.com

Gold Business in Indonesia

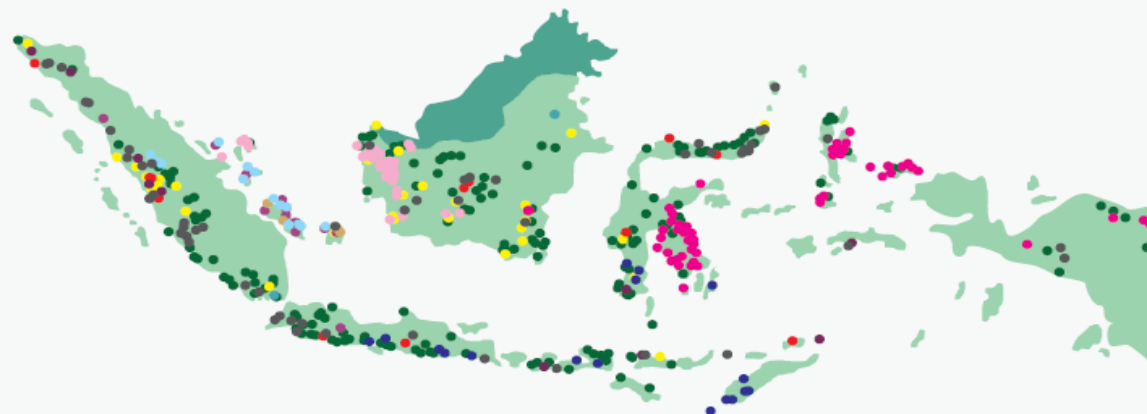
Mining

Refining

Jewelery

Indonesia Mineral Potential

Indonesia Mineral Map 2015



● bauksit ● besi primer ● emas primer ● mangan ● monasit ● nikel ● perak
● seng ● tembaga ● timah ● timbal ● xenotim



Geology Bureau – Ministry of Energy & Mineral Resources

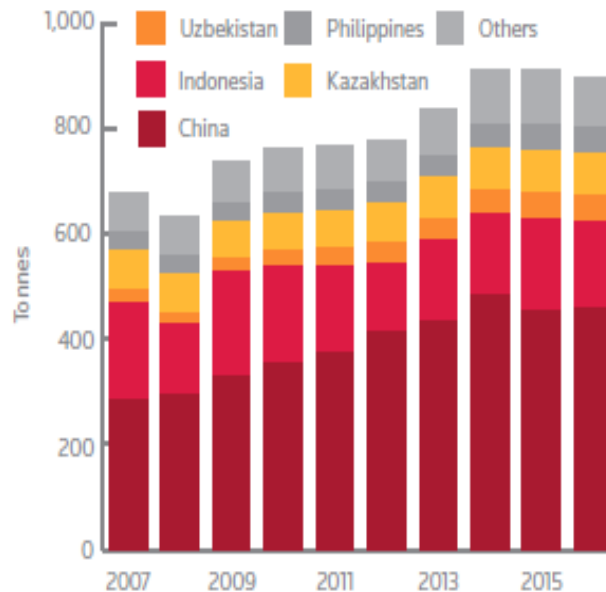
shewinfo.com

Commodity	Reserves (Tons) Metal
Primary Gold	7.513
Bauxite	7.518.270.485
Nickel	21.110.993
Copper	24.673.637
Iron	39.825.354
Iron Sand	25.412.653
Manganese	5.029.045
Zinc	2.274.983
Tin	335.762
Silver	1.691.954
Lead	777.789

Indonesia Gold Mine Current Performance

- Currently the 2nd biggest producer in Asia and 4th in the world
- Each year new gold mines project submerge for exploration and production

ASIAN MINE PRODUCTION



Source: GFMS, Thomson Reuters

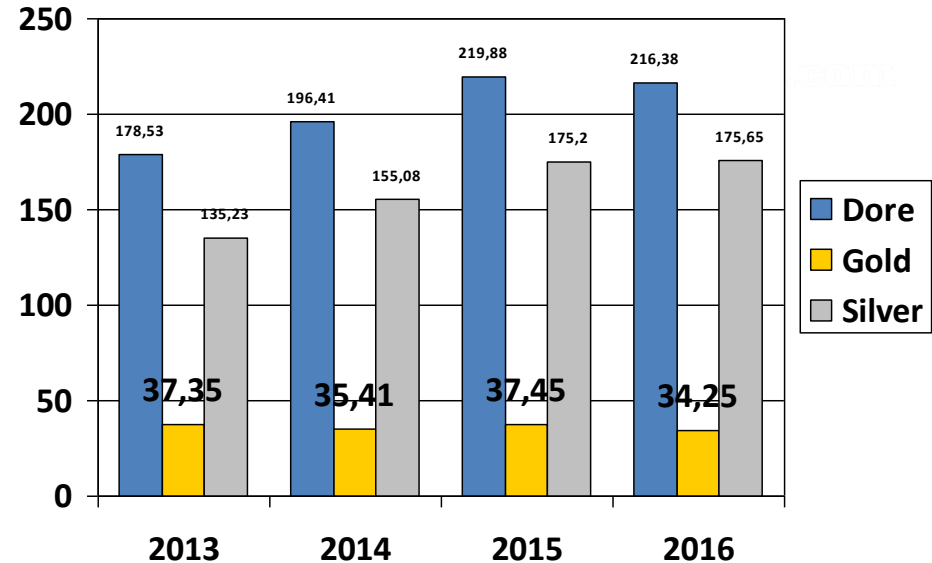
TOP 20 GOLD MINING COUNTRIES

Rank			Production (t)	
2016	2015		2015	2016
1	1	China	450.1	453.5
2	2	Australia	279.2	290.5
3	3	Russia	249.5	253.5
4	4	United States	218.2	236.0
5	5	Indonesia	176.3	168.2
6	7	Canada	159.0	165.0
7	6	Peru	175.9	164.5
8	8	South Africa	151.0	150.0
9	9	Mexico	135.8	120.5
10	10	Ghana	95.1	95.0
11	12	Brazil	81.8	83.3
12	11	Uzbekistan	83.2	82.9
13	14	PNG	57.2	59.9
14	13	Argentina	63.8	57.4
15	15	Mali	49.0	49.8
16	18	Tanzania	46.8	48.7
17	19	Philippines	46.7	48.5
18	17	Colombia	47.6	48.3
19	16	Kazakhstan	48.2	48.0
20	20	Dem. Rep of Congo	45.7	44.4
Rest of the World			548.5	554.3
World Total			3,208.6	3,222.3

Source: GFMS, Thomson Reuters

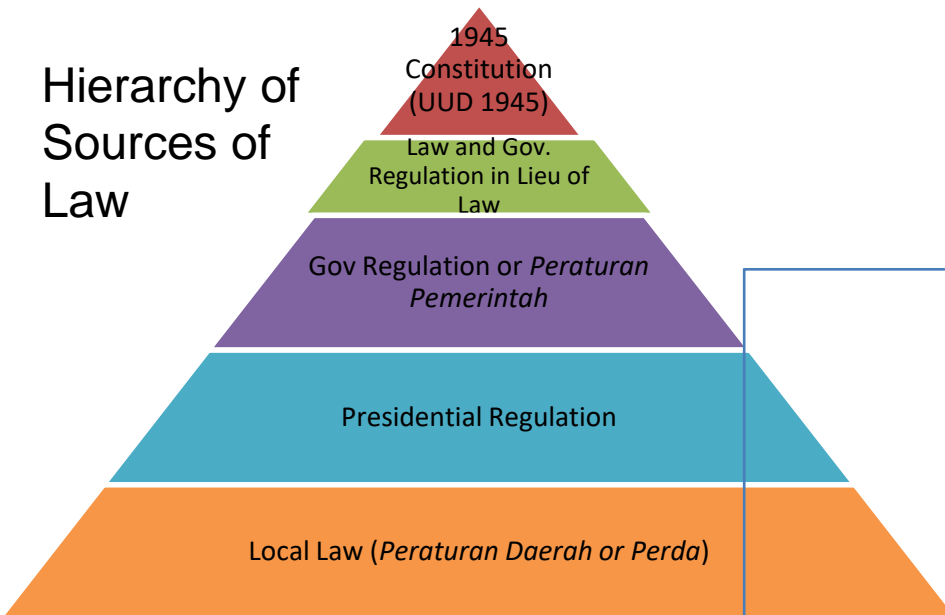
PT. ANTAM - Logam Mulia Production

- Refined almost of gold mine production in Indonesia
- From small to large artisanal gold mining
- No (not yet) treating gold slime from copper concentrate



Indonesia Gold Bullion Industry (Mining Policies)

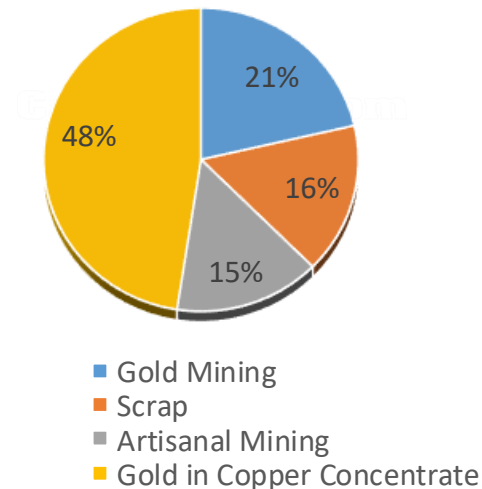
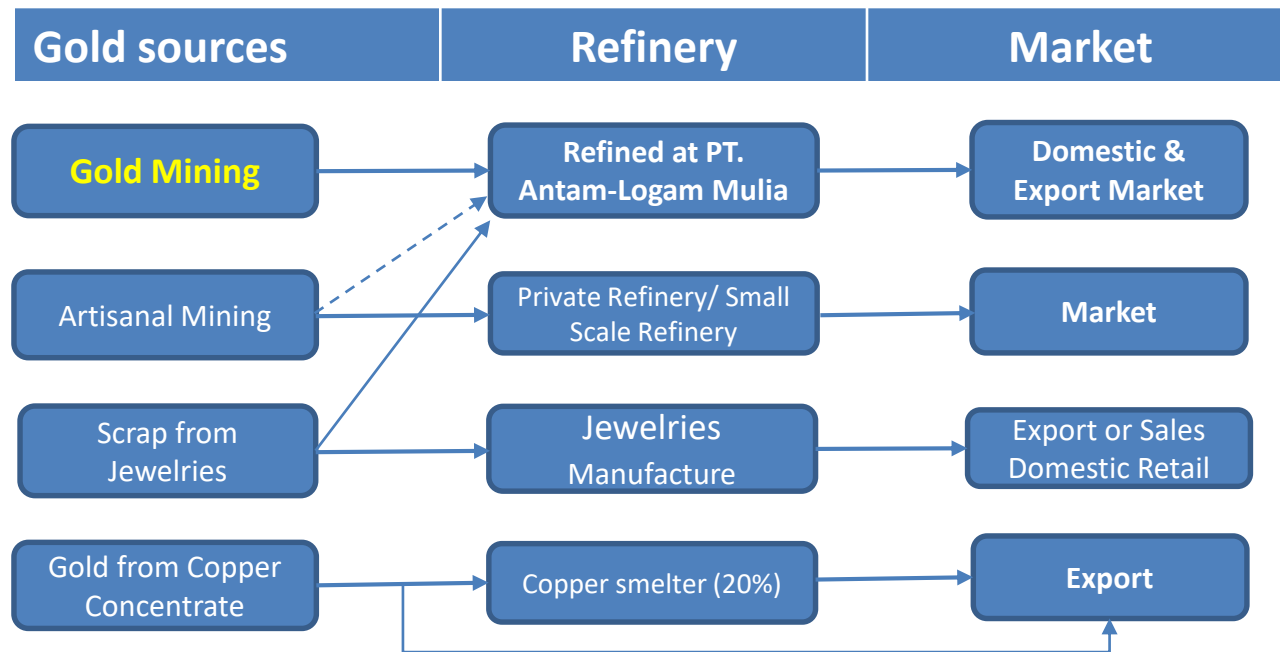
Hierarchy of Sources of Law



Source of Law	Legislation	Description
Consitution	The 1945 Consitution	Article 33.3-"land and water and natural resources therein shall be utilized for the greatest benefit of or welfare of the people
Law	No.4/2009 (Coal & Mineral Law)	Processing & refining obligation
Government Regulations	22/2010	Mining Areas
	23/2010 – 01/2017	Processing & refining obligation
	78/2010	Mine Reclamation and Closure
	55/2010	Mineral and Coal Mining Direction and Supervision

Implication : change from CoW/CCoW to IUP, IUPK, or IPR and limitation to export based on minimum grade of content

Indonesia Gold Bullion Industry (Prospects of Gold)



- Gold has been used by Indonesian people for so many generation, mostly in Jewelries form for ex. Srivijaya Kingdom used gold thread which was originally wound with real gold leaf
- Major tribes often teach to their ancestor the important of saving gold for ex. Batak, Minangkabau, Malay South Sumatera, Java etc.

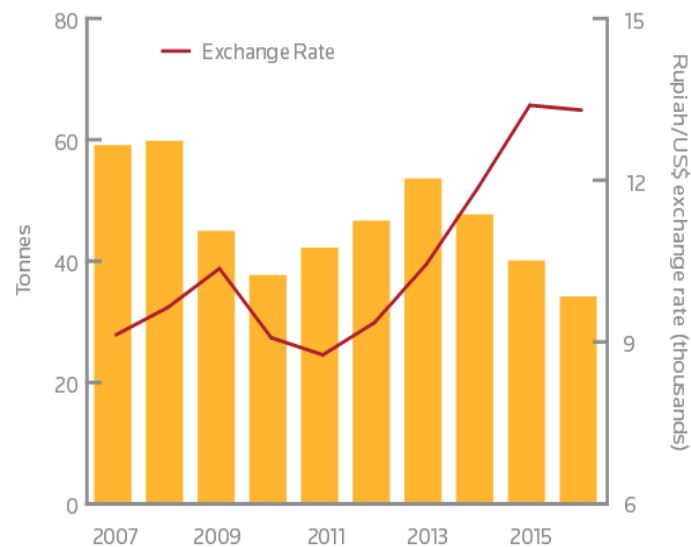
Structure of Gold Bullion Industry in Indonesia

- Approx. 13 Gold Mining Companies in Indonesia (CoW & IUP) coming to PT. ANTAM (Persero) Tbk for dore refining
- Gold & Silver has been offtake by lender/project financing scheme, some parts as offtake, some parts as spot selling, and some parts has been hedge.
- No Bullion Banks available in Indonesia
- Private/small Refineries which is not LBMA also taking part to refined the gold-dore from artisanal or scrap refining

Trend in Demand for Jewelleries for Export and Domestic

- Indonesia jewelry demand fell 10% y-o-y as a weaker rupiah drives gold to a record high.
- Jewelry fabrication in Indonesia is understood to have fallen to 43.5 tons in 2016, down 10% from 2015 volumes.
- In 2016, the stronger gold price that dulled the retail sector jewelry demand lower over the archipelago, the average gold price in rupiah terms rose 7% last year, peaking in July at an all time high when local price breached Rp.575,000 per gram.
- In addition these price pressures the Indonesian Economy also played the role in negatively impacting consumption across the country as consumer sentiment remained weak.
- Not all gold collected for recycling is jewellery scrap or investment bars with gold-dore collected from artisanal mining. The collectors of this material are well organized and have the facilities to refine and upgrade the gold dore produced

INDONESIAN JEWELLERY CONSUMPTION



Source: GFMS, Thomson Reuters

Opportunities for Overseas Players to Engage with Indonesian Gold Bullion Industry

- Collaboration with Credible Partner →
- Understand Comprehensive Regulations :
 - Mining, Industry, Customs, Tax, etc
- Having local partners

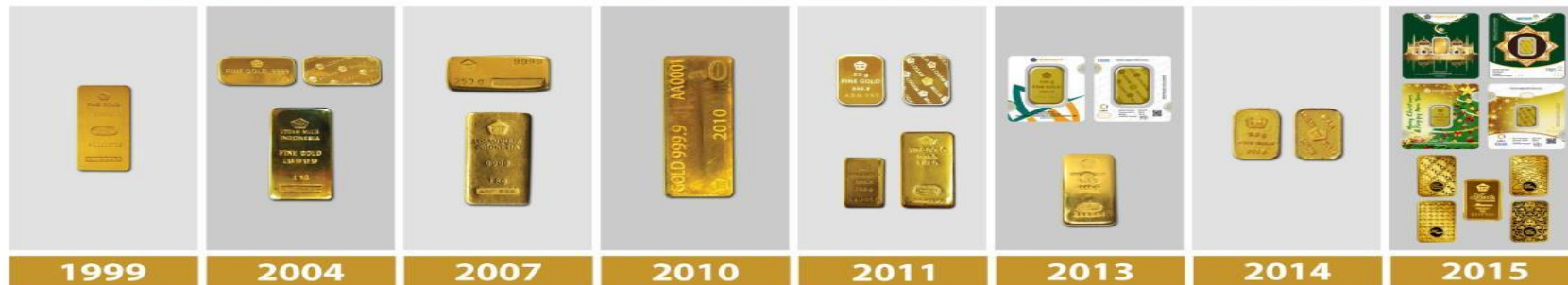


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Unallocated Gold



Kilo bar