



Adaro Energy Quarterly Activities Report Fourth Quarter of 2013

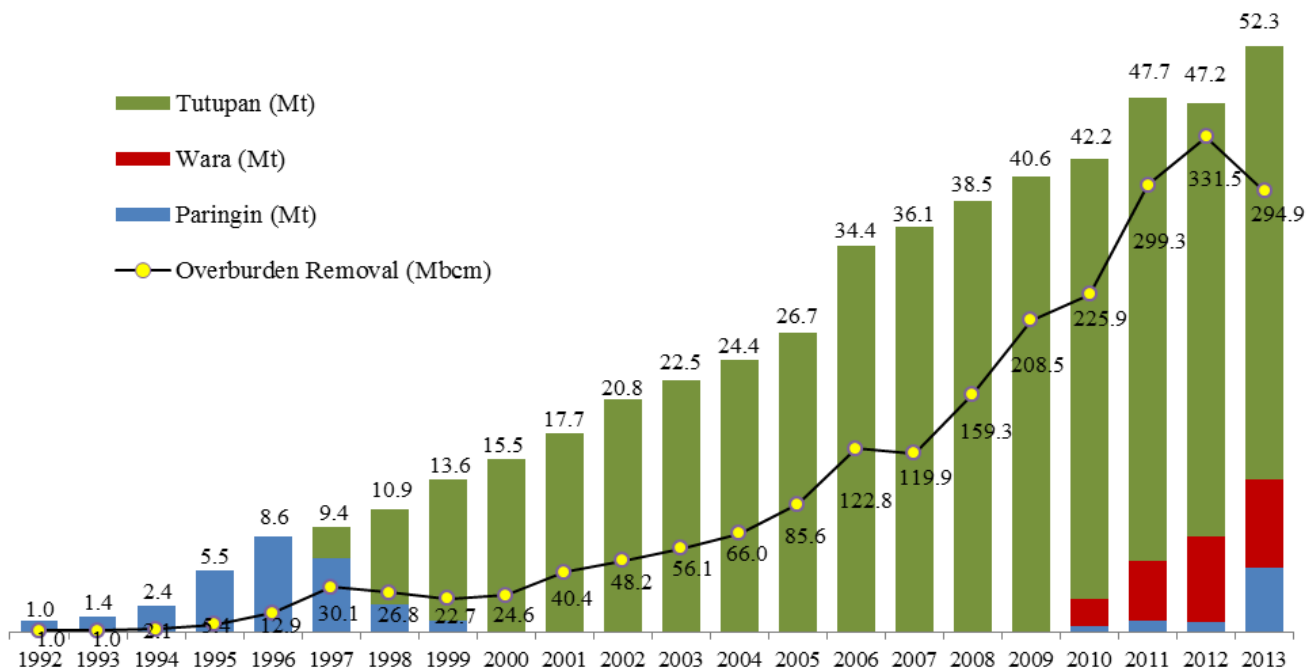
For the Three Months Ending December 31st 2013

For further information please contact:
Cameron Tough, Head of Investor Relations &
Corporate Secretary
Devindra Ratzarwin, Corporate Secretary
Email: investor.relations@ptadaro.com
corsec@ptadaro.com



Picture above: Our new floating transfer unit (FTU) at Taboneo anchorage started operations during the quarter to increase ship loading capacity.

Chart below: Our proven track record of production growth continued. We produced 52.27 million tonnes of thermal coal and delivered on our guidance for 2013.



Jakarta, February 4th 2014

Dear Capital Market Participants,

Welcome to Adaro Energy's Quarterly Activities Report for the fourth quarter of 2013. We regularly issue the quarterly activities report one month after the end of each quarter. The report focuses on our operations, business development, exploration and other activities.

Highlights of the quarter:

- We achieved our second best quarterly coal production of 13.59 million tonnes (Mt) to reach a record production of 52.27 Mt in 2013, an 11% increase year-over-year (y-o-y), and delivered on our guidance of 50 to 53 Mt of production. **(page 4,5)**
- We attained record quarterly sales of 14.36 Mt due to strong demand for our coal. We sold 53.47 Mt of our coal in 2013, a 10% increase y-o-y. **(page 4,5)**
- We removed 294.86 million bank cubic meters (Mbcm) of overburden in 2013, an 11% decrease y-o-y. We were able to lower our strip ratio without harming our long-term mine plan due to the investment we made in overburden removal during a higher coal price environment. **(page 4,6)**
- Our mining contracting subsidiary, PT Saptaindra Sejati (SIS), achieved its highest quarter of mining and hauling with 19.7 Mt and the second most in overburden removal with 103.2 Mbcm at PT Adaro Indonesia (AI) mining operations in 2013. **(page 6,8)**
- Japan Credit Rating Agency, Ltd. (JCR) assigned a BBB- rating on AI, while Fitch and Moody's affirmed their rating on AI of BB+ and Ba1, respectively. **(page 11)**
- Our focus in 2014 is to maintain reliability of supply to our customers, continue to improve operational efficiencies and preserve our solid balance sheet. **(page 4)**

Our guidance for 2014:

- Production volume : 54 to 56 million tonnes (pending government approval)
- Coal cash cost (ex. royalty) : US\$35 to US\$38/tonne
- Planned Stripping Ratio : 5.78x
- EBITDA : US\$750 million to US\$1 billion
- Capital Expenditure : US\$200 million to US\$250 million

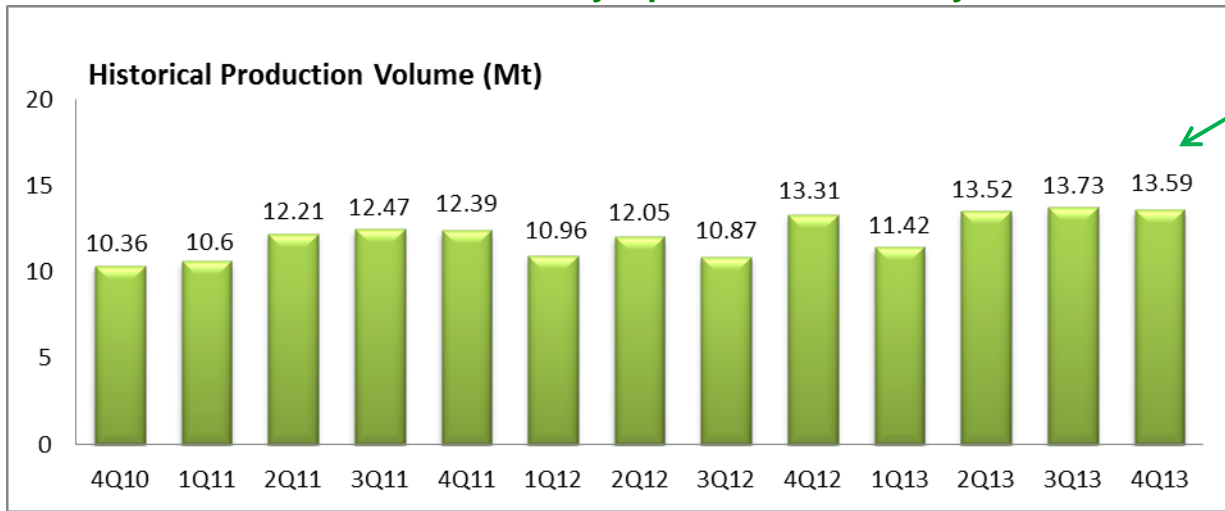
Please do not hesitate to contact us should you have questions or require additional information.

Yours faithfully,

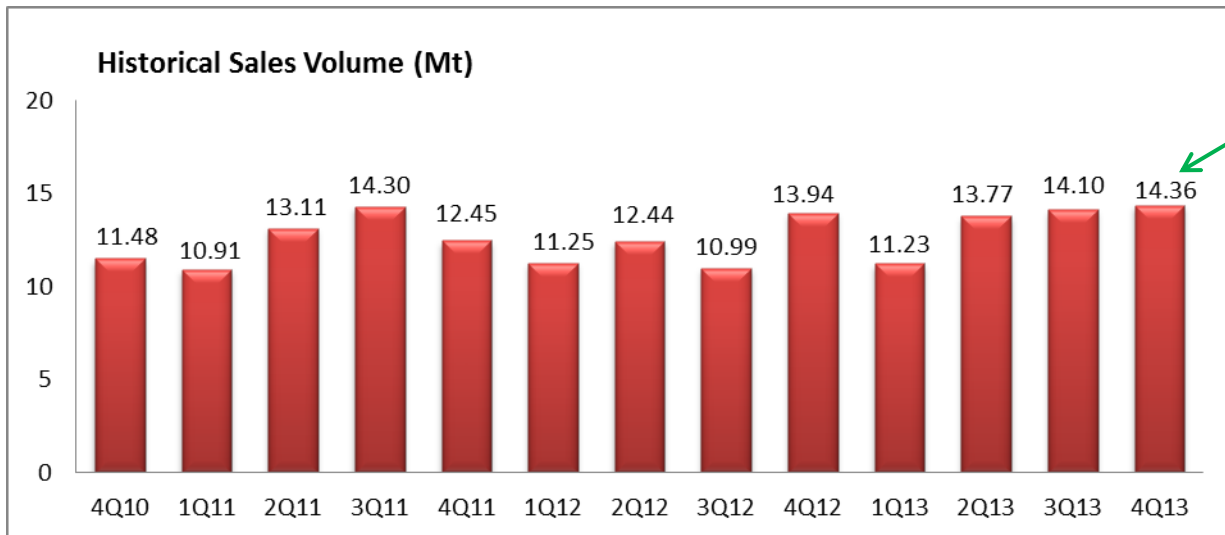


Cameron Tough
Head of Investor Relations & Corporate Secretary
PT Adaro Energy, Tbk.

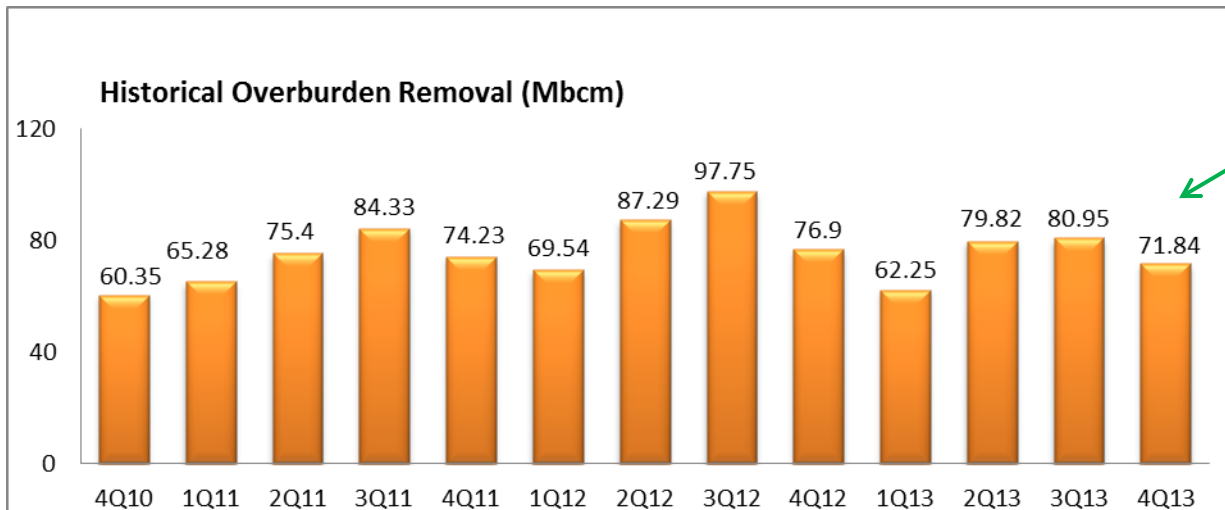
Historical Quarterly Operations Summary



We achieved our second best quarterly coal production of 13.59 Mt. We produced 52.27 Mt in 2013.



We achieved record quarterly sales volume of 14.36 Mt. We sold 53.47 Mt in 2013.



The actual strip ratio in 4Q13 was 5.28x and actual SR for 2013 was 5.64x, in-line with the planned SR of 5.75x.

We Delivered on Our Production Guidance for 2013

We achieved a record coal production of 52.27 Mt in 2013 due to the combination of solid market demand, normal weather conditions and our operations running well. We delivered on the higher end of our production guidance of 50 to 53 Mt for the year. Despite the start of the wet season, we finished the year strongly with production in 4Q13 of 13.59 Mt, meeting increased demand, particularly from China.

The fourth quarter coal production volume was our second highest quarterly performance. Production volume from the Paringin and Wara pits grew by 10% quarter-over-quarter (q-o-q) while the Tutupan pit production decreased 5% q-o-q, in-line with our planned product mix for contracted tonnage in 2013. We produced 1.69 Mt from the Paringin pit, a 635% increase y-o-y, to reach 5.74 Mt, more than a five-fold increase from 2012. The production volume from the Tutupan and Wara pits were relatively flat from 2012.

We delivered a record quarterly sales volume of 14.36 Mt, a 2% increase q-o-q and 3% increase y-o-y. As part of our strategy to optimize our product portfolio and to meet customers demand, we introduced a new product, E4900, during the quarter, which has had good acceptance in China, Spain, Hong Kong, India and Indonesia. We will start phasing out E4700 in 2014.

Our actual strip ratio in 4Q13 was 5.28x, 10% lower q-o-q and 9% lower y-o-y. The actual strip ratio for 2013 was at 5.64x, lower than the average planned strip ratio of 5.75x set at the beginning of the year. We removed 294.86 Mbcm of overburden in 2013, an 11% decrease y-o-y, which was close to our target of 305 Mbcm. We were able to lower our strip ratio without harming our long-term mine plan due to the investment we made to increase overburden removal during a higher coal price environment. Furthermore, the lower average planned strip ratio remained higher than the life of mine strip ratio.

Our focus in 2014 is to maintain reliability of supply to our customers, continue to improve operational efficiency and to preserve our solid balance sheet. AI added a new division, Quality Assurance, to its corporate structure to ensure the quality of our products meet with customers' specification. We also continue to improve business processes and reduce costs by improving collaboration with all contractors to have effective, efficient and safe operations. AI renegotiated its mining contracting rate to be a more competitive rate and we plan to start commercial operations of our infrastructure projects in 2014 to further improve efficiency and reduce costs.

	Units	Actual Quarter over Quarter			Year over Year	
		4Q13	3Q13	% Change	4Q12	% Change
Production	Mt	13.59	13.73	-1%	13.31	2%
Tutupan	Mt	9.67	10.17	-5%	10.48	-8%
Paringin	Mt	1.69	1.53	10%	0.23	635%
Wara	Mt	2.23	2.03	10%	2.61	-15%
Sales	Mt	14.36	14.11	2%	13.95	3%
E5000	Mt	8.55	9.02	-5%	10.15	-16%
E4700 & E4900	Mt	3.29	1.92	71%	-	-
E4000 & E4500	Mt	2.41	2.48	-3%	3.80	-37%
Coaltrade's third party sales	Mt	0.11	0.69	-84%	-	-
Overburden Removal	Mbcm	71.83	80.96	-11%	76.90	-7%

	Units	FY13	FY12	% Change
Production	Mt	52.27	47.19	11%
Tutupan	Mt	38.65	38.62	0%
Paringin	Mt	5.74	0.94	511%
Wara	Mt	7.87	7.63	3%
Sales	Mt	53.47	48.62	10%
E5000	Mt	34.09	37.70	-10%
E4700 & E4900	Mt	8.43	-	-
E4000 & E4500	Mt	9.64	9.71	-1%
Coaltrade's third party sales	Mt	1.30	1.21	8%
Overburden Removal	Mbcm	294.86	331.48	-11%

Market Overview

4Q13 Review: Strong Demand and Limited Supply Boosted International Thermal Coal Prices

After continuously dropping since 1Q13, international coal prices eventually moved in the reverse direction in 4Q13. Atlantic coal prices (API2) and Pacific coal prices (Global Coal Newcastle) increased by 11% and 8% q-o-q, respectively. Australian high ash coals increased moderately by 2%, while Indonesian coal prices of 5000 GAR material recovered, touching the US\$58 mark at the end of 2013.

Rising China domestic prices were the highlight of the Pacific coal market during 4Q13. The prices of 5500 NAR, 5000 NAR, and 4500 NAR materials increased by 5%, 12% and 13% q-o-q, respectively. Besides the strong demand due to the winter restocking, China domestic prices were pushed by the term price settlements between China coal producers and major power utilities. This strengthened the arbitrage window for imported coal, particularly for Indonesian sub-bituminous coal and Australian high ash products. Demand from China remained high until the end of 4Q13.

On the other hand, the low-rank coal market was weak in 4Q13 compared to other types of coal. Prices for this product (ICI4) stayed flat at around US\$39 during 4Q13,

dropping by 6% q-o-q. The weak Indian economy reduced appetite for this type of coal following a landed price increase. However, the market for low-rank coal is expected to improve in the foreseeable future due to the forecasted increase in demand from Indian buyers arising from their dependency on coal for generating power.

Our Operating Subsidiaries

PT Adaro Indonesia (AI)

Mining, Hauling, and Overburden Removal

The core of our operations, AI, operates from three pits in a single concession in South Kalimantan. AI employs five mining contractors including our subsidiary, SIS, to perform overburden removal, coal mining and coal hauling activities. In 2013, SIS achieved its highest mining and hauling performance at AI with 19.7 Mt and the second most in overburden removal with 103.2 Mbcm. The contractors set a new record for daily coal hauling of 187,331 tonnes on December 18th 2013. The following table shows the breakdown of overburden removal and mining and hauling activities of our mining contractors as a percentage of AI's total.

Contractors	Overburden Removal		Mining and Hauling	
	4Q13	FY13	4Q13	FY13
PAMA	40%	40%	33%	36%
SIS	36%	35%	38%	37%
BUMA	15%	15%	12%	12%
RA	8%	9%	13%	13%
RMI	1%	1%	3%	2%
Total	100%	100%	100%	100%

Strip Ratio

The actual strip ratio in 4Q13 was 5.28x, 10% lower q-o-q and 9% lower y-o-y. The actual strip ratio in 2013 was 5.64x, which was 20% lower than the actual strip ratio in 2012 of 7.02x. We lowered our planned strip ratio to 5.75x for 2013 from 6.4x in 2012 due to the strong overburden removal in 2012. Furthermore, the lower strip ratio was still higher than the life of mine strip ratio.

Inventory

At the end of 4Q13, AI had an inventory of 1.11 Mt, in comparison to 0.71 Mt at the end of 4Q12 and 1.69Mt at the end of 3Q13.

Sales Volume

In 4Q13, the demand from China was strong, contributing 18% of AI's 4Q13 total sales volume from all of our products. The increase was mainly due to the improvement in domestic prices as well as Adaro's introduction of a 4900 GAR product (4600 NAR in China). This new product is the result of better than expected quality from the new

development areas in the North Tutupan pit, which also enjoyed excellent acceptance in China, Spain, Hong Kong, India and Indonesia. AI also sold 1.77 Mt of E4700 during the quarter. However, due to the success in E4900 sales, we will continue to market this higher CV version of our Envirocoal and start phasing out E4700 in 2014.

In 4Q13, sales of E5000 continued to our long-term customers in Japan, Indonesia, America, Spain and the Philippines. Meanwhile, sales of E4000 mainly went to China and India, which represented 54% and 24% of total E4000 sales, respectively.

	Units	Actual			Quarter over Quarter		Year over Year	
		4Q13	3Q13	% Change	4Q12	% Change		
Sales	Mt	14.24	13.42	6%	13.94	2%		
E5000	Mt	8.55	9.03	-5%	10.15	-16%		
Domestic	Mt	1.84	2.15	-14%	2.58	-29%		
Export	Mt	6.71	6.87	-2%	7.57	-11%		
E4700 & E4900	Mt	3.28	1.91	72%	-	-		
Domestic	Mt	0.48	0.27	937%	-	-		
Export	Mt	2.8	1.64	47%	-	-		
E4000 & E4500	Mt	2.41	2.49	-3%	3.79	-36%		
Domestic	Mt	0.1	0.04	150%	0.27	-63%		
Export	Mt	2.31	2.45	-6%	3.52	-34%		

	Units	FY13 vs FY12		
		FY13	FY12	% Change
Sales	Mt	52.16	47.41	10%
E5000	Mt	34.09	37.71	-10%
Domestic	Mt	8.53	10.04	-15%
Export	Mt	25.56	27.67	-8%
E4700 & E4900	Mt	8.43	-	-
Domestic	Mt	1.22	-	-
Export	Mt	7.21	-	-
E4000 & E4500	Mt	9.64	9.70	-1%
Domestic	Mt	0.17	0.70	-75%
Export	Mt	9.47	9.00	5%

Crushing, Barging and Ship loading

Although the demand was strong during 4Q13, the rough swell conditions at the Taboneo anchorage caused a slight decrease in barging and ship loading volume q-o-q and y-o-y, and a slight increase in demurrage. Most of our ship loading activities were done through floating cranes at the Taboneo anchorage, which handled 66% of our total tonnage. We used direct barging to most of our domestic customers, which accounted for 18% of our total tonnage, followed by 12% loaded by self-geared vessels at Taboneo and 4% through our IBT terminal. Our total barging and ship loading tonnage

increased 10% y-o-y to 52.2 Mt in 2013. AI employs four barging contractors and three ship loading contractors, including our subsidiary, PT Maritim Barito Perkasa (MBP). Our subsidiary handled the largest volume for Adaro during 4Q13 at 54% for barging activities and 68% for ship loading activities. In 4Q13, the average barge cycle time from our crushing facility, Kelanis river terminal, to Taboneo anchorage and then back to Kelanis was 105 hours, while the average vessel waiting time was 2 days. In 2013, the average barge cycle time was 104 hours and average vessel waiting time was 2.2 days. Our new floating transfer unit (FTU) at Taboneo anchorage started operations during the quarter to increase ship loading capacity.

Rainfall and pit dewatering

In 4Q13, we had a total of 780 mm of rainfall at Tutupan mining area, 20% below the five-year fourth quarter average of 861 mm. The total number of rain days during the quarter was 58 days, 21% above the five-year fourth quarter average of 49 days.

PT Saptaindra Sejati (SIS)

Our mining and contracting subsidiary, SIS, is one of AI's five mining contractors. AI was SIS's largest customer, accounting for approximately 65% of SIS's total overburden removal and approximately 72% of coal getting volume during 4Q13. The overburden removal at AI operations decreased 10% q-o-q and 7% y-o-y. The coal getting activity increased 12% y-o-y to help AI deliver 52 Mt in 2013. SIS will be the mining contractor for our newly acquired Balangan coal project in South Kalimantan.

SIS Operating Highlights						
	Units	Actual	Quarter over Quarter		Year over Year	
		4Q13	3Q13	% Change	4Q12	% Change
Overburden Removal	Mbcm	39.86	44.19	-10%	45.56	-13%
Adaro	Mbcm	25.87	28.79	-10%	27.88	-7%
Others	Mbcm	13.99	15.4	-9%	17.68	-21%
Coal Getting	Mt	7.32	7.33	0%	7.08	3%
Adaro	Mt	5.25	5.27	0%	4.69	12%
Others	Mt	2.07	2.06	0%	2.39	-13%

FY13 vs FY12				
	Units	FY13	FY12	% Change
Overburden Removal	Mbcm	162.98	192.89	-16%
Adaro	Mbcm	103.21	119.39	-14%
Others	Mbcm	59.77	73.50	-19%
Coal Getting	Mt	27.88	24.54	14%
Adaro	Mt	19.74	15.98	24%
Others	Mt	8.14	8.56	-5%

PT Maritim Barito Perkasa (MBP)

MBP is a key barging and ship loading contractor for AI. During 4Q13, coal volume from AI accounted for 95% and 100% of MBP's total coal barged and coal loaded to ships, respectively. MBP increased coal barged by 6% q-o-q and 2% y-o-y to 7.49 Mt due to an increase in coal production from AI. Total coal loaded decreased 5% q-o-q due to rough swell conditions at the Taboneo anchorage, while it increased 25% y-o-y.

MBP Operating Highlights						
	Units	Actual Quarter over Quarter			Year over Year	
		4Q13	3Q13	% Change	4Q12	% Change
Total coal barged	Mt	7.49	7.07	6%	7.32	2%
Adaro	Mt	7.12	6.67	7%	6.92	3%
Others	Mt	0.37	0.41	-10%	0.40	-7%
Total coal loaded	Mt	6.11	6.43	-5%	4.90	25%
Adaro	Mt	6.11	6.43	-5%	4.90	25%
Others	Mt	-	-	-	-	-

FY13 vs FY12				
	Units	FY13	FY12	% Change
Total coal barged	Mt	27.36	22.48	22%
Adaro	Mt	25.85	21.47	20%
Others	Mt	1.51	1.01	50%
Total coal loaded	Mt	20.83	15.61	33%
Adaro	Mt	20.83	15.61	33%
Others	Mt	-	-	-

Exploration Activities

During 4Q13, AI lowered exploration spending 38% y-o-y to US\$487,153. The activities focused on drilling to gather geological, geotechnical and mine drainage. A total of 84 holes were drilled with total depth of 13,408 meters in the quarter. For 2013, our exploration spending totaled US\$2.47 million, a 17% decrease y-o-y.

Quality, Health, Safety and Environment (QHSE)

For 2013, AI's lost time injury frequency rate (LTIFR) was 0.16, versus 0.28 in 2012, with total man-hours worked of 62,060,850. During 2013, AI experienced 10 lost time injuries (LTI), compared to 18 in 2012, with one taking place in 4Q13. AI had two fatalities in 2013 though none in 4Q13. We continued to implement full enforcement of our safety procedures to mitigate risks.

During the quarter, AI planted more than 100,000 trees at the reclamation areas in Tutupan and Paringin.

	4Q13	Project to Date at AI
Reclamation (ha)	109	1,244
Land Disturbed - Mine (ha)	58	3,354
Land Disturbed - Others (ha)	240	7,655
Net Land Disturbed (ha)	190	9,766

Social Investment

During the quarter, our community development initiatives focused on health improvement and economic development programs especially sanitation, in line with the World Health Organization's objective to provide universal access to clean water and sanitation. In the quarter, we conducted an in house Global Reporting Initiative (GRI) Certified Training Course based on G4 Reporting Guidelines. AE is one of the few companies in Indonesia who have started implementing the latest version of GRI.

Project Development

Out of Pit Overburden Crusher and Conveyor

The physical construction of OPCC is complete and testing stage was still underway.

Capacity Expansion at the Kelanis River Terminal

During 4Q13, we continued a detailed planning for the second upgrade of the Kelanis River Terminal to bring total capacity to 70 Mt per year. We completed the first stage of expansion to bring the capacity to 66 Mt per year.

Business Development

Balangan Coal Project

During the quarter we continued haul road and bridge construction and completed land clearance, earth works and initial surfacing. We continued drilling to define the coal reserves at Balangan and expect first production in 2014.



Haul road construction at Balangan.

IndoMet Coal Project

Our joint venture with BHP Billiton, the IndoMet Coal Project, continued the development of its seven Coal Contracts of Work (CCoW) in Kalimantan. Early works on infrastructure development for the project is underway, including road works and port loading facilities.

News Flow

JCR Assigned BBB- Rating on Adaro Indonesia

On January 17th 2014, Japan Credit Rating Agency, Ltd. (JCR) assigned BBB- rating on AI with stable outlook. The rationale can be seen on JCR's press release here:

<http://www.adaro.com/wp-content/uploads/2014/01/13i00689A1en.pdf>

Fitch Affirms Adaro Indonesia at BB+ with Stable Outlook

“On January 28th 2014, Fitch Ratings has affirmed coal producer AI's long-term foreign and local currency issuer default ratings (IDRs) at 'BB+'. The outlook is stable. Fitch has also affirmed AI's US\$800 million senior unsecured notes due in 2019 and guaranteed by its 100% parent, AE, at 'BB+'. The ratings reflect Fitch's expectation that AE will maintain adequate through-the-cycle credit metrics for its ratings, its position as one of the world's lowest-cost producers of thermal coal, its solid liquidity and its low expected capital expenditure. The ratings of AI are based on the consolidated financial profile of AE.” (source: Fitch Ratings)

Moody's Affirms Adaro Indonesia at Ba1 with Stable Outlook

On November 18th, 2013, Moody's affirmed AI's Ba1 rating, citing rating strengths such as one of the world's lowest-cost coal producers of thermal coal, long concession life, high quality customers, record of production growth, ability to lock in multi-year customer contracts and good liquidity profile.

Recognition for Our Performance

We won several awards during the period:

1. AI received Aditama award for environmental management and SIS received Utama award for safety performance



AI's President Director, Mr. Chia Ah Hoo, accepts the Aditama (gold) award from Director General of Mineral and Coal, Mr. Thamrin Sihite. AI has received this award four years in a row.

2. AI received best exporter in reporting of export proceeds from Bank Indonesia
3. AI received best management of country's assets from Minister of Energy and Mineral Resources
4. AE received bronze class sustainability award 2014 from RobecoSAM, one of the world's prominent sustainability investment groups. We are the only Indonesian company included in the 2014 Sustainability Yearbook.
5. AI received PROPER Green award from the Ministry of Environment for environmental management.
6. AI received runner up for excellence in environmental program from World Coal Association through our water treatment program.
7. AE received the Gold GKPM awards from the Coordinating Ministry of Public Welfare due to our participation in the achievement of Millennium Development Goals.



AE's GM Corporate Social Responsibility, Ms. Okty Damayanti, received the Gold GKPM awards from the Ministry of Public Welfare

Shareholders Information

As of the end of December 2013, AE's market capitalization was US\$3.3 billion, an increase of 27% from US\$2.6 billion at the end of September 2013. We remained one of Indonesia's largest mining companies listed in the Indonesia Stock Exchange. Our share price within the fourth quarter ranged between Rp 890 to Rp 1,250. On average, our trading volume during this quarter was US\$6.2 million, up 258% from the previous quarter at US\$2.62 million and one of the most liquid. At the end of December 2013, our analyst consensus rating was 3.63 (on a scale of 5) as a result of 13 buys, 16 holds, and 3 sells.

As at the end of December 2013, the top 20 shareholders held 39% of AE's total free float. The domestic investors made up 42% and foreign investors made up 58% of our total free float. Jamsostek and GIC remained our largest public shareholders with ownership of 3.11% and 1.91%, respectively. During 4Q13, the two largest buyers were Avrist and Reksa Dana BNP Paribas Infrastruktur Plus, and they both made into our top 20 list. Meanwhile, Citibank Hong Kong United Harmony Investment Ltd, Employees Provident Fund and Boston Trilogy Investment were no longer in our top 20 list.

The top twenty public shareholders of AE at the end of December 2013 were:

No	Shareholders Name	%
1	JAMSOSTEK	3.11
2	GIC	1.91
3	KOREA ELECTRIC POWER CORPORATION (KEPCO)	1.20
4	BROWN BROTHERS HARRIMAN BOSTON S/A VANGRD EMERGING MARKETS STK INF	0.84
5	GSCO-ADCORP HOLDINGS	0.81
6	CREDIT SUISSE AG SINGAPORE TRUST A/C CLIENTS- 2023904000	0.63
7	ABU DHABI INVESTMENT AUTHORITY	0.62
8	PT TASPEN (PERSERO)	0.54
9	UBS AG SINGAPORE NON-TREATY OMNIBUS ACCOUNT	0.45
10	SSB 0BIH S/A ISHARES MSCI EMERGING MARKETS INDEX FUND – 2144609616	0.39
11	PT PRUDENTIAL LIFE ASSURANCE-REF	0.37
12	JPMORGAN CHASE BANK NA RE NON-TREATY CLIENTS – 2157804006	0.37
13	SSB 1BA9 ACF MSCI EQUITY INDEX FUND B-INDONESIA – 2144609619	0.33
14	AVRIST - LINK AGGRESSIVE (EQ) IDR FUND	0.32
15	CITIBANK NEW YORK S/A DIMENSIONAL EMERGING MARKETS VALUE FUND	0.32
16	DEUTSCHE BANK AG (PRIVATE BANKING) SINGAPORE A/C. 214601-4000	0.32
17	REKSA DANA BNP PARIBAS INFRASTRUKTUR PLUS	0.31
18	CREDIT SUISSE AG SINGAPORE TRUST ACCOUNT CLIENT 131988 UNITED HARMONY INVESTMENTS LTD	0.31
19	KOREA SOUTH-EAST POWER CORPORATION	0.30
20	GOLDSTAR MINING ASIA RESOURCES (L) BHD.	0.28

In Memorial of Drs. Soetaryo Sigit



Drs. Soetaryo Sigit, who passed away on 23rd January, 2014 at the age of 84, made an outstanding career in the Government, then in his later years in the private sector. He helped shape Indonesia's mineral industry and rose through various positions in the Department of Energy and Mineral Resources including as Director General until his retirement in 1989. He played a key role in the development of the Contract of Work system, which was instrumental in bringing much of the investment to Indonesia's mineral deposits and associated infrastructure. Upon retirement, he took up Directorship in a number of companies, including AI in 1990. His inputs in emphasizing people development created a thriving society through CSR and environmental programs, which were instrumental in setting the foundation of what AI is today.