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Quarterly Activities Report

For the Three Months Ending June 30th, 2009

PT Adaro Energy Tbk (IDX: ADRO)

Introduction

The report will focus on the activities of the company and its subsidiaries, during the preceding quarter. The report will not address specific financial results, which will be released separately. Please email cameron.tough@ptadaro.com and let us know what additional information you may require.

PT Adaro Energy – Unaudited Consolidated Volumes

	Units	2Q08	2Q09	% Change
Production	'000 MT	9,886	8,953	(9%)
Sales *)	'000 MT	10,670	9,101	(15%)

*) Including coal sold by AE, AI and CTI. Third party coal sales is 609 thousand tonnes in 2Q08 and none in 2Q09 - hence, excluding third party sales, AI's own sales were 10% lower y-y in 2Q09.

	Units	1H08	1H09	% Change
Production	'000 MT	18,261	17,987	(1%)
Sales *)	'000 MT	20,077	17,830	(11%)

*) Including coal sold by AE, AI and CTI. Third party coal sales is 1,195 thousand tonnes in 1H08 and 92 thousand tonnes in 2Q09 – hence, excluding third party sales, AI's own sales were 6% lower y-y in 1H09.

	Units	1H09	1H09 Plan	% Variance
Production	'000 MT	17,986.98	21,434.00	(16%)
Sales *)	'000 MT	17,829.66	21,973.70	(19%)

Notes:

- Production constrained by sales during the quarter.
- Sales affected by the major economic downturn in the USA and Europe, as well as in some Asian countries, notably Japan the world's largest importer of thermal coal.

Jakarta,
August 14th, 2009

2009 Guidance

	2008 Actual	2009E
EBITDA (million US\$)	460	750-1,000
Sales volume - in million of tonnes	41 ⁽¹⁾	42-45 ⁽²⁾⁽³⁾
Stripping ratio - blended (bcm/tonne)	4.25	5.0
Cash Cost, Including Royalty (US\$/tonne)	32.5	37-39

- 1) Including third party sales of 1.3 million tonnes
- 2) FY 09 realization may be at the lower end of the range
- 3) Expected volume for 2010: 45 -50 million tonnes.

Adaro Energy continues to target 42-45 million tonnes of production in 2009, although as previously disclosed, the actual number may end up in the lower part of that range. At present all Adaro's planned production for the second half of the year is sold and priced.

Change to Cash Cost Guidance

Due to relatively higher coal prices, Adaro has taken the prudent step of increasing the budgeted strip ratio of the mine plan. Conducting pre-stripping activities and exposing more coal will provide operational efficiencies in the future and create more options and certainty of coal production when flooding occurs during the rainy season. The mine plan originally called for an increase from 4.25 last year to 4.75 this year. The new budgeted strip ratio for this year will be 5.0. This will have the effect of increasing cash costs including royalty, from the original guidance of US\$34-US\$36 per tonne, to US\$37-US\$39 per tonne.

Outlook for 3Q09

Further strengthening in demand for Envirocoal is expected. Record overburden removal levels were achieved in June and are expected to increase further with continuing dry weather and as additional capacity is mobilized.

Marketing

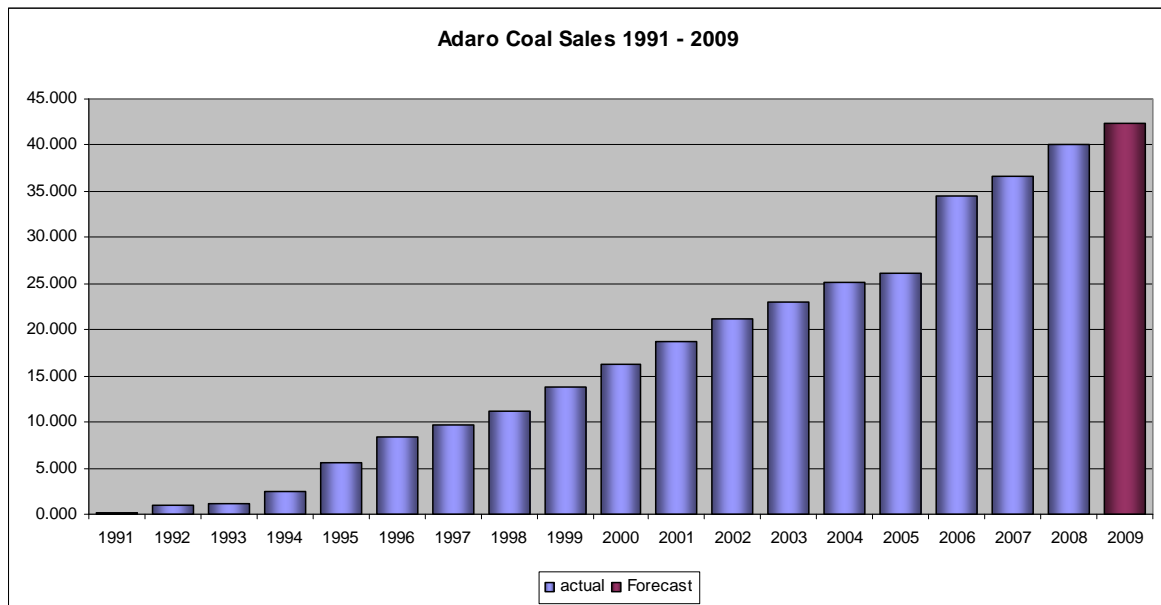
A feature of the thermal coal markets during the quarter was the divergence between the Asia Pacific market and the Atlantic market. In the Asia Pacific market demand was firm and thermal coal prices rose during the quarter with Newcastle spot prices for bituminous coal ranging from US\$61 early in the period to as high as US\$75 and ending the quarter around US\$70. This was largely a result of a substantial import of coal by Chinese utilities. Also a number of Chinese steel plants increased imports of metallurgical coal, which tightened supply in the thermal market as some PCI coal was previously going to power plants. India and Korea also increased imports and domestic demand was steady.

In the Atlantic thermal coal market reduced demand for electricity in Europe and the USA and cheap gas prices resulted in lower coal prices than in the Asia-Pacific region. South African spot prices for bituminous ranged from US\$53 to US\$65 in the quarter with sales at the end of the month in the middle of the range. There is a reportedly significant oversupply of coal to this market from South Africa, Columbia and Russia.

Adaro's Markets

The demand for Envirocoal strengthened at the end of 2Q09 after a slow start to the year and this strengthening demand is expected to continue till the end of the year with increased sales to Asian customers offsetting ongoing soft market conditions in Europe and the USA.

There was a lower level of sales to both Europe and the USA reflecting the economic downturn in both regions resulting in reduced electricity demand. In addition gas was readily available at low prices resulting in gas fired power plants being despatched ahead of coal fired plants.



Group coal sales for 2009 are still forecasted to be in the previously announced range of 42 to 45 million million tonnes however the final total is expected to be at the lower end of this range. Given the difficult market conditions that have existed for the first half of this year this is considered to be an excellent result and maintains Adaro's impressive record of annual coal sales expansions since operations commenced in 1992.

Operations

PT Adaro Indonesia

	Units	2Q08	2Q09	% Change
Overburden	Mbcm	39,533.65	53,947.50	36%
Coal Transported	'000 MT	9,886.32	8,953.35	(9%)
Coal Sold	'000 MT	10,061.45	9,101.01	(10%)
Coal Inventory	'000 MT	464.25	691.25	49%
Strip Ratio	Bcm/tonne	4.25	5.0	
	Units	1H08	1H09	% Change
Overburden	Mbcm	73,446.72	95,479.13	30%
Coal Transported	'000 MT	18,260.63	17,986.98	(1%)
Coal Sold	'000 MT	18,882.29	17,737.73	(6%)
Strip Ratio	Bcm/tonne	4.25	5.0	

	Units	1H09	1H09 Plan	% Variance
Overburden	Mbcm	95,479.13	106,901.00	(11%)
Coal Transported	'000 MT	17,986.98	21,434.00	(16%)
Coal Sold	'000 MT	17,737.73	20,723.70	(14%)
Strip Ratio	Bcm/tonne	5.0	5.0	

Mining and Hauling (Contractors)

PT Pamapersada Nusantara (“PAMA”), owned by PT United Tractors Tbk, is responsible for nearly half of Adaro Indonesia’s coal production volumes. PT Bukit Makmur Mandiri Utama (“BUMA”) and the Adaro Energy’s subsidiary PT Saptaindra Sejati (“SIS”) are each responsible for 20% respectively. PT Rahman Abdijaya (“RAJ”) conducts around 10% of the mining operations.

Overburden Removal and Coal Mining

A combination of unusually high rainfall than normal for January, February and May together with lower demand during the first half lowered production and sales volumes below target. Total overburden removal was 96 million bcm or 89% of the plan, while coal mining was 18 million tonnes, or 84% of the plan.

During the beginning of the quarter, coal mining was purposely limited to prevent excessive build up of stocks along the coal chain while there was lower demand in the market.

Significant rain was recorded for April and May. A removal rate in excess of 700,000 bcm was achieved on 9 days in April and May, with the current record now standing at 723,000 bcm. Despite the rain, and due to a dry June, the average daily overburden removal rate improved throughout the quarter and was 660,000 bcm, 620,000 bcm and 557,000 bcm in June, May and April respectively.

In terms of performance against their respective plans, all the contractors performed satisfactorily, with differences in performance attributed to strip ratios and equipment availability. Adaro Energy's Saptaindra Sejati (SIS) continued to improve performance achieving 107% of its overburden removal target for the first half of 2009.

With demand having improved, and in the expectation that demand for Envirocoal will continue to strengthen, together with dryer mining and hauling conditions in the third quarter and with the mobilization of additional equipment, Adaro Energy remains optimistic it can meet at least the bottom end of its sales volume guidance of 42-45 million tonnes.

The average daily rate overburden stripping required for the remainder of the year is 650,000 bcm. In terms of coal, the average daily rate required for the rest of 2009 is 138,000 tonnes per day.

Millimeters of Rainfall per Month in 1H09

Rainfall	2005	2006	2007	2008	2009
January	351	108	367	310	500
February	303	203	352	155	334
March	430	302	195	386	275
April	270	190	345	444	297
May	300	174	289	111	245
June	214	264	238	90	33
Total	1,868	1,241	1,786	1,496	1684

Inventory

Inventory levels are calculated along the entire coal supply chain from ROM at the mine site, ROM at the Kelanis River Terminal, at Kelanis after crushing, inventory being transported on the water and inventory at Adaro's IBT port. Run of Mine (ROM), refers to Envirocoal as it comes from the mine prior to crushing.

Total inventory increased to 1.36 million tonnes at the end of June from 1.26 million tonnes at the end of March.

Logistics, Hauling, Barging and Ship Loading

2Q09 ('000 tonnes)

Floating Cranes	Self Geared	IBT	Barges*)	Total
9,168.97	3,020.98	1,273.51	4,274.27	17,737.73

*) substantially all domestic sales

With shiploading resulting in despatch in the past 3 months, demurrage year-to-date has been reduced to less than US\$ 1 million. With the closing of the OML acquisition, Adaro and the OML team are now starting a costs optimization program.

Towards the latter part of the quarter, cycle time improved for both the Taboneo and IBT routes given that the demand has improved. At Kelanis, a new daily barge loading record of 152,339 tonnes was achieved in June.

Subsidiary Performance:

Orchard Maritime Logistics Ltd (OML) – Barging and Shiploading

	Units	1H08	1H09	% Change
Total Coal Transported	‘000 MT	4,569.91	4,370.02	(4%)
Adaro	‘000 MT	3,235.09	3,435.27	6%
Others	‘000 MT	1,334.82	934.74	(30%)
Total Coal Loaded	‘000 MT	5,321.47	4,622.28	(13%)
Adaro	‘000 MT	5,321.47	4,557.11	(14%)
Others	‘000 MT	0	65.18	N/A

Number of Vessels in Fleet as of 1H 2009 (owned and BBHP):

Floating crane	:	4
Tug (incl. Asst. Tug)	:	13
Barge	:	15
SPB	:	3
Support Utility Vessel	:	4

Chartered:

Tug (incl. Asst. Tug)	:	13
Barge	:	7

Coaltrade Services International Pte Ltd (Coaltrade) - International Coal Marketing

Coaltrade coal sales increased 26.5% to 313,780 tonnes, from the 248,010 tonnes sold in 1Q09. Of the 561,790 tonnes of coal sold in the first half of 2009, 91,930 tonnes was third party coal.

PT Indonesia Bulk Terminal (IBT) - Coal Logistics and Port Services

In 2Q09, IBT shipped 911,757 tonnes of coal, a 15% increase over 1Q09. Of the 1,702,107 tonnes of coal loaded onto vessels at IBT’s Pulau Laut terminal, 1,392,579 tonnes was for Adaro Indonesia and Coaltrade and the rest for third parties. The first half performance was below the plan due to the lower demand for coal during the period, but volumes are expected to increase in the second half as demand improves.

In the first half of 2009, the 313 employees and contractors at IBT loaded 29 vessels at an average rate of 46,180 tonnes per day.

Efforts were made to increase market awareness about IBT terminal as a common-users port by advertising in various publications and exhibiting in some international conferences.

Discussions were held with a number of potential customers concerning IBT logistics services and the benefits IBT usage can provide.

Saptaindra Sejati (SIS) - Mining Contracting

Adaro Energy's mining contractor, SIS, continued to improve its performance in coal mining and achieved over 100% of its monthly plans for overburden removal.

SIS's overburden removal increased 27% to 30,602,000 bcm in 2Q09 compared to 1Q09. In the first half of 2009, overburden removal was 54,676,000 bcm, which was 1.8% above the target and a 37% increase over the same period in 2008. Of that amount, 29,800,000 bcm of overburden was removed for Adaro, which also exceeded the plan. For third parties, 24,876,000 bcm of overburden was removed.

SIS mined 3,670,000 tonnes of coal in 2Q09, an increase of 5% over 1Q09. In the first half of 2009, SIS increase coal mining by 43% to 7,146,000 tonnes of coal, of which 4,697,000 tonnes was Adaro's Envirocoal.

	1H08	1H09
Overburden (Mn bcm)	40,004	54,676
-- Adaro	17,970	29,800
Coal Getting (' 000 t)	5,012	7,146
-- Adaro	3,023	4,697

Safety and Environment

The 12 months average LTIFR (Loss Time Injury Frequency Rate) appears to be creeping up from a low point in October last year. Most of the lost time injuries were maintenance related. More resources have been allocated in addressing this critical safety issue.

Loss Time due to Injury

	1H09	
	Actual	Plan
LTI	15.00	4.00
LTIFR*	0.81	0.50

* 12 months average

Land Disturbed and Land Rehabilitated

	1Q09	2Q09	Project to Date
Rehabilitation (ha)	34	40	1,657
Land Disturbed - Mine (ha)	158	192	1,767
Land Disturbed – Other (ha)	16	166	2,720
Net Land Disturbed (ha)	140	318	2,829

Mine Planning and Project Development

Mine Planning - 80 Million tonnes per year Feasibility Plan

Work on the 80 million tonnes per year Feasibility Plan and Amdal (Environmental Impact Assessment) continued, with the accent on increasing the amount of in-pit backfill over the life of the mine. Adaro is targeting to have 80 million tonnes per year capacity available within the next five years, by the end of 2014. Adaro is also evaluating the possibility of increased mechanization of the mine as a means of best ramping up to 80 million tonnes.

Kelanis Tutupan Transportation System - Overland Conveyor (OLC)

With improving economic conditions and outlook, Adaro Energy has decided to maintain the volume target of 80 million tonnes capacity. As part of the plans to increase the efficiency of the coal supply chain and to more easily ramp up production to this level, Adaro Energy will construct an overland conveyor (OLC) along approximately 38 kilometers of the existing 75km haul road, as well as an adjacent crushing plant, stacking system and barge loaders. The OLC is expected to provide cost savings of approximately US\$2-\$3 per tonne.

The investment in the OLC is US\$200 – US\$250 million and will be funded using internal cash and debt. Construction is expected to commence next year and take approximately two years to complete.

On May 5th, revised design and specifications for the OLC, including the crushing station and truck loading station were given out to those participating in the tender, including four international EPC contractors. In June, preliminary tender prices were submitted by each of the bidders and feedback is being given to the bidders to assist them with the preparation of a final price, which is due on July 24th.

Adaro expects to award the EPC contract by the end of September 2009.

PT Makmur Sejahtera Wisesa (MSW), Mine Mouth Power Plant

To power the OLC, as well as provide power for the mining operations, Adaro Energy will build a 2x30 megawatt (MW) mine mouth power plant. The mine operations currently use approximately 20MW of power, mostly from diesel generators, for operations such as pit dewatering.

The total estimated project costs are estimated at up to US\$140-150 million, including interest during construction, EPC, switchyard, insurance, contingency, water supply and other associated costs.

In 2008, MSW selected PT. Punj Lloyd Indonesia and Punj Lloyd Pte Ltd Singapore as the Engineering, Procurement and Construction (EPC) contractors. Siemens Industrial Turbomachinery S.R.O, Czech Republic has been selected to provide the steam turbine generators.

In 2009, the plan is to spend up to US\$52.5 million, which shall be funded initially by internal cash.

GPS

Installation of GPS units onto Coal Hauling Units is nearly complete, with only 39 units remaining to be fitted. The GPS units allow mine management to better control traffic on the hauling road, prevent bottlenecks and improve productivity.

Continuous Improvement Program

In addition to the above projects, Adaro Energy has engaged in Continuous Improvement Program. This program is not only intended to create annual cost savings for the company, but also to sustain Adaro's leading cost competitiveness.

IBT Fuel Terminal

The IBT Fuel Terminal Project is aimed at ensuring a guaranteed and lower cost fuel supply for Adaro's operations, while at the same time developing liquid bulk-based traffic for IBT from fuel storage and delivery.



Adaro Energy is finalizing a 15-year BOOT (Build, Operate, Own, Transfer) Agreement with Shell for 60kt (4x15kt) of storage capacity at IBT. The BOOT agreement will include the entire fuel terminal's project cost, to be borne by Shell.

Fuel Terminal Project

Two of the four tanks were 55% - 60% completed by the end of June, including the tank farm, and buildings. The other two tanks were 76% - 80% completed including general civil construction.

Completion target remains August 2009 for the tanks and October 2009 for general civil construction, electrical and instrumentation.



Brief Description

Adaro Energy is currently Indonesia's second largest thermal coal producer, operates the largest single coal mine in Indonesia, and is a significant supplier to the global seaborne thermal coal market. With a present capacity of approximately 45Mt per year, the company is planning to increase production capacity to 80 million tonnes per year by the end of 2014. The company has approximately 3.5 billion tonnes of coal reserves and resources and is integrated from exploration through to marketing.

The company's subsidiary, PT Adaro Indonesia commenced mining in 1992 from a coal resource area in the Tanjung district of Indonesia's South Kalimantan Province. Adaro operates under a first generation Coal Cooperation Agreement, or "CCA", with the Government of Indonesia, which is valid until 2022 with rights to extend by mutual consent.

Board of Commissioners:

1. Edwin Soeryadjaya – President Commissioner
2. Theodore Permadi Rachmat – Vice President Commissioner
3. Ir. Subianto – Commissioner
4. Lim Soon Huat - Commissioner
5. Djoko Suyanto – Independent Commissioner
6. Palgunadi Tatit Setyawan – Independent Commissioner

Audit Committee:

1. Ir. Palgunadi Tatit Setyawan (Chairman)
2. Dr. Ir. Irwandy Arif, MSc (Member)
3. Mamat Ma'mun, SE (Member)

Board of Directors:

1. Garibaldi Thohir – President Director
2. Christian Ariano Rachmat – Vice President Director
3. Sandiaga S. Uno – Director
4. Andre J. Mamuaya – Director of Corporate Affairs/Corporate Secretary
5. David Tendian – Finance Director
6. Chia Ah Hoo – Operations Director
7. Alastair Grant – Marketing Director

Key Adaro Energy Subsidiaries (100% owned by Adaro Energy, unless otherwise indicated):

1. PT Adaro Indonesia ("AI"): coal mining
2. PT Saptaindra Sejati ("SIS"): mining contractor (85.92%)
3. Coaltrade Services International Pte Ltd ("Coaltrade" or "CTI"): coal trading and marketing agents
4. Orchard Maritime Logistics Pte Ltd ("OML"): barging and shiploading (74.16%)
5. PT Indonesia Bulk Terminal ("IBT"): coal terminal operation, port facilities
6. PT Makmur Sejahtera Wisesa ("MSW"): mine mouth power plant (99.92%)
7. PT Sarana Daya Mandiri ("SDM"): dredging of Barito river mouth (51.2%)

Summary of Adaro Energy

2009 Sales Volume	42-45 million tonnes (lower end of range) 10 Years CAGR of 14%
Envirocoal	Sub bituminous, moderate CV, high moisture coal, ultra-low sulfur, ash and Nox emissions.
Customers	+ 40 customers in 17 countries Substantially all blue-chip power utilities
Pricing	All annual price negotiation or index-linked, with adjustment for energy level
Cost	Low to middle production cost compared to peers
Resources – JORC Compliant	3.5 billion tonnes
Location	Tanjung district, South Kalimantan
License	First Generation CCA valid until 2022
Operations	The largest single coal mine in Indonesia. Vertically integrated
Growth Strategy	Expand production, market focus on Asia and to further integrate the operations
IPO & Market Cap	16 July 2008 Market Cap as of August 14, 2009: Rp46.1 trillion (US\$4.6 billion)

Current Capacity

1. Mining equipment: 45 Mt
2. Hauling road: 60 Mt
3. Kelanis River Terminal: 55 Mt
4. Barges: 50 Mt (70 barges, including from 3rd party companies).
5. Taboneo open anchorage: 130,000 tonnes per day using 6 floating cranes
6. IBT coal port: 12 Mt
7. Barito River Channel: 200 Mt