

Metal: TRIM Research's "Nickel Day"

We called yesterday a "nickel day" as we spent the time by visiting ANTM and attending the conference call with INCO management, coming out with several key updates to be shared. It's been a great year for both companies in 2010, thanks to the higher nickel price. Both managements optimistic this year will be even better, in terms of nickel price and their operational performances.

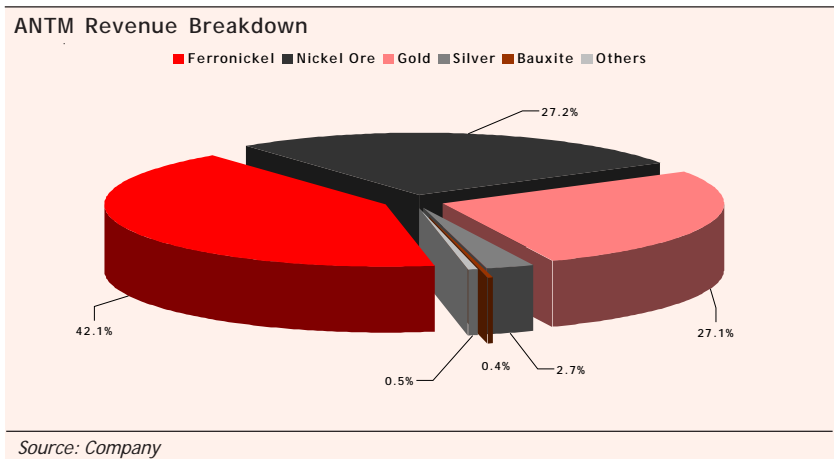
ANTM Company Visit

- Management guides for better output this year for almost mineral counters except ferronickel due to furnace shut down. ANTM expected to dig out 7.6mn wmt of nickel ore (+9.4% YoY), 3.8 tons of gold (+36.8% YoY), 32.7 tons of silver (+76.4% YoY), and 200k tons of bauxite (+91% YoY). Significant increase on precious metals production was mainly contributed by its Cibaliung mine, which will be fully operated this year.

Commodity	Units	2009	2010	2011e	2011 Growth (%)
Ferronickel	tons Ni	12,550	18,688	18,000	(3.7)
Saprolite	wmt	3,249,413	3,617,563	4,500,000	24.4
Limonite	wmt	2,601,916	3,375,891	3,150,000	(6.7)
Gold	kg	2,626	2,780	3,804	36.8
Silver	kg	22,589	18,529	32,681	76.4
Bauxite	wmt	811,341	104,692	200,000	91.0

Source: Company

- Ferronickel production will be slightly declined to 18,000 tons (-3.8% YoY) due to furnace shut down. FeNi II (6,000 tons of capacity) will be terminated for 3 months in the end of 2011 for revamping project.
- To comply with new mining regulation, ANTM will stop selling the nickel ore by 2014. Nickel ore (both Saprolite and Limonite) contributes 27.2% to company's revenue in 2010. To offset the loss of revenue from nickel ore (around 1/3), ANTM will depend to its downstream bauxite business in Tayan.



- ❑ Chemical Grade Alumina (CGA) Project in Tayan will become company's top priority going forward. The ANTM-Showa Denko JV project (80%-20% of ownership, respectively) expected to enter the construction phase this mid-2011 before being commercially operated in 2014. Total investment reached USD450bn with 65-35 debt-equity structure.

INCO Conference Call

- ❑ Management clarified the news that we read on newspapers recently.
 - ❑ Regarding to the issue with SE-Sulawesi local government, INCO management is still on discussion phase with local government as well as central government through Directorate General of Mineral and Coal. INCO is offering the possibility to make a partnership with other investors to work on its nickel concession (most likely with Chinese investors introduced by the governor). INCO owns 63,500ha mining concessions in Pomalaa, SE- Sulawesi.
 - ❑ Almost similar case with the one that company faced in SE Sulawesi, Central Sulawesi government gives a deadline until the end of this Mar'11 to INCO for clarifying its development project on its mining concession in Bahodoppi. INCO management will show its development plan soon to comply with the deadline given by government. The plan is to build a road that connecting Bahodoppi with current operational mine, Sorowako. A dryer facility is also planned to be developed along with the connection road. The main concern of Bahodoppi development is electricity, thus the company is currently searching for any potential sources to generate electricity in Bahodoppi.
- ❑ Karebbe Hydro Power Plant is continuing as planned. 78% of construction has been completed in Dec'10. The USD410mn power plant will be coming on line in 2H11 and we expect cash cost to reduce by 20% in 2012 due to the operational of the power plant.

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