

PRESS RELEASE

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With the MoU Extension of Copper Concentrate Export, Increased Benefits for Indonesia Remains an Important Point

Jakarta – On January 25, 2015, PT Freeport Indonesia (PTFI) and Government signed an extension of Memorandum of Understanding (MoU) regarding copper concentrate export. In the agreement, PTFI agreed to continue all financial obligations payment as agreed on July 2014.

President Director of PTFI Maroef Sjamsoeddin said, “The copper concentrate export will be conducted in accordance with the prevailing laws and regulations. We will continue to explore possibilities of building smelter facility in Papua or industry related facilities subject to comprehensive feasibility studies. In the meantime, while waiting for the planning and preparation of infrastructures in Papua, PTFI is preparing a location in Gresik, East Java to build its additional smelter facility. We are working with State Owned Enterprise such as Petrokomia Gresik on the site location.”

“PTFI will make every effort to bring about increased benefits and added value to the Republic of Indonesia, local community, our employees, and our shareholders, in line with national aspirations as we are finalizing the Contract of Work Amendment,” Maroef added.

Previously, on July 2014, PTFI and Government signed an MoU where PTFI agreed to pay export duty according to the regulation issued on July 2014, to pay a smelter development guarantee bond in the amount of USD 115 million, and to increase royalty.

Since 1999, PTFI has processed about 40% of its copper concentrate production in PT Smelting in Gresik, East Java, a world class copper smelter and refinery established by PTFI in 1996. In a response to the domestic down streaming policy, PTFI has conducted feasibility studies, due diligence, and explored the possibility to cooperate with other parties/institutions.

PTFI intends to invest 15 billion USD in the development of the underground mine over the life of mine (current to 2041), plus investment on smelter project which amounts approximately 2.3 billion USD.

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