

## Merdeka announces FY 2022 Results

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**JAKARTA, 28 April 2023** – PT Merdeka Copper Gold Tbk (IDX: MDKA) (“MDKA”, “Merdeka” or “the Company”) is pleased to announce its financial performance for the full year of 2022 (“FY 2022”).

### Key Highlights

- Total production for FY 2022 was 125,133 ounces of gold, 19,551 tonnes of copper and 38,786 tonnes of nickel in nickel pig iron (“NPI”).
- Total sales for FY 2022 was 134,411 ounces of gold, 20,338 tonnes of copper and 25,824 tonnes of nickel in NPI at an average realised selling price of US\$1,803/oz gold, US\$8,822/t copper and US\$16,324/t nickel in NPI.
- EBITDA of US\$277 million<sup>1</sup> (+26% YoY) and revenue of US\$870 million (+128% YoY) for the FY 2022.
- All-in sustaining costs (“AISC”) for FY 2022 was US\$1,131/oz for gold production net of silver credits, US\$7,414/t for copper production and US\$13,799/t for NPI production.
- During Q4 2022, Merdeka obtained approval from OJK to raise a total of IDR15 trillion of IDR bond within the next two years. On 13 December 2022, Merdeka successfully completed the issuance of the first tranche for a total amount of IDR3.1 trillion (equivalent to ~US\$198 million), with a 3-year tenor at coupon rate of IDR 10.30% per annum.
- During Q4 2022, Merdeka commenced a restructuring exercise involving PT Batutua Pelita Investama (“BPI”), the holding company which owns 80% of PT Merdeka Tsingshan Indonesia (“MTI”) (the joint venture company for the AIM Project). The restructuring was completed in January 2023, resulting in the AIM Project becoming a direct subsidiary of PT Merdeka Battery Materials Tbk (IDX: MBMA) (“MBM”) and Merdeka owning a 59.9% shareholding in MBM.
- Cash and cash equivalents, net of restricted cash, as at 31 December 2022 was US\$444 million. In addition to this, as of 31 December 2022, Merdeka has US\$122 million of undrawn debt facilities.

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<sup>1</sup> EBITDA includes US\$42 million in relation to an insurance claim settlement

**Table 1. Highlights of Consolidated Statement of Income**

in US\$ million	FY22	FY21	Variance
Revenue	869.9	381.0	128.3%
Cost of Revenue	(705.2)	(260.9)	170.3%
<b>Gross Profit</b>	<b>164.7</b>	<b>120.1</b>	<b>37.1%</b>
<i>Gross Profit Margin</i>	<i>18.9%</i>	<i>31.5%</i>	<i>(40.0%)</i>
G&A Expenses	(53.1)	(29.3)	81.3%
<b>Operating Profit</b>	<b>111.6</b>	<b>90.8</b>	<b>22.8%</b>
<i>Operating Profit Margin</i>	<i>12.8%</i>	<i>23.8%</i>	<i>(46.2%)</i>
Cross Currency Swap Transaction	17.0	9.5	78.8%
Finance Expenses, net	(58.9)	(21.0)	180.3%
Other Income (Expenses), net	20.2	(22.6)	(189.4%)
<b>Profit Before Tax</b>	<b>89.9</b>	<b>56.7</b>	<b>58.6%</b>
Tax Expenses	(25.1)	(23.3)	7.6%
<b>Net Profit</b>	<b>64.8</b>	<b>33.4</b>	<b>94.2%</b>
<i>Net Profit Margin</i>	<i>7.5%</i>	<i>8.8%</i>	<i>(14.9%)</i>
<b>EBITDA</b>	<b>277.4</b>	<b>221.0</b>	<b>25.5%</b>
<i>EBITDA Margin</i>	<i>31.9%</i>	<i>58.0%</i>	<i>(45.0%)</i>

Financial Results for the full year ending 31 December 2022

- Revenue
  - A significant increase in revenue can be attributable to:
    - Additional revenue of US\$422 million from MBM NPI sales of 25,824 tonnes of contained nickel with an average selling price of US\$16,324/t. The revenue represented the sales of NPI post completion of the MBM acquisition on 17 May 2022.
    - A 21% increase in TB Gold Mine revenue from US\$218 million in FY 2021 to US\$262 million in FY 2022 which was mainly driven by an increase in gold sales, from 110,011 ounces in FY 2021 to 134,411 ounces in FY 2022 and an increase in the average gold price sold from US\$1,789/oz in FY 2021 to US\$1,803/oz in FY 2022.
    - Wetar Copper Mine revenue also increased 13% from US\$161 million in FY 2021 to US\$184 million in FY 2022. This was mainly driven by higher copper sales, from 17,147 tonnes in FY 2021 with an average selling copper price of US\$9,382/t to 20,338 tonnes in FY 2022 with an average selling copper price of US\$8,822/t.
- Profitability
  - Merdeka generated EBITDA of US\$277 million during FY 2022, representing a 26% YoY increase. This resulted from strong operational performance from TB Gold Mine and Wetar Copper Mine, a final insurance claim of US\$42 million<sup>2</sup> in relation to business interruption at TB Gold Mine and MBM EBITDA contribution of US\$43 million.

<sup>2</sup> Regarding the insurance claim, US\$58.5 million out of US\$60 million was received in FY 2022

- Cash flow
  - The improvement in gold and copper production levels and recent inclusion of NPI production have resulted in higher operating cash flows for the quarter.
  - The strong operating cash flows for the quarter were also supported by financing activities, including proceeds from an IDR bond issuance of ~US\$198 million and further drawdown of MTI term loan and MTI VAT facility totalling US\$78 million.
  - Merdeka has maintained its liquidity and financial strength through debt and equity transactions conducted throughout FY 2022 whilst delivering significant growth.

### Liquidity and Capital Resources

- Cash
  - As of 31 December 2022, Merdeka's cash balance was US\$444 million, higher than the cash balance recorded as of 31 December 2021 of US\$185 million. In addition, Merdeka has US\$ 122 million of undrawn debt facilities.
- Debt Transactions in Q4 2022
  - On 13 December 2022, Merdeka successfully completed the issuance of first tranche of its fourth IDR Bond programme, for a total amount of IDR3.1 trillion (equivalent to ~US\$198 million), with a 3-year tenor at coupon rate of IDR 10.30% per annum.
  - Merdeka withdrew US\$20 million of Revolving Credit Facility ("Merdeka RCF"). The undrawn balance as of 31 December 2022 was US\$80 million.
  - BSI fully withdrew US\$60 million of Revolving Credit Facility ("BSI RCF")
  - MTI further withdrew a total of US\$78 million from US\$260 million MTI Term Loan and IDR430 billion (equivalent to ~US\$29 million) MTI VAT Facility. As of 31 December 2022, undrawn balance of the MTI Term Loan and MTI VAT Facility were US\$25 million and IDR236 billion (equivalent to ~US\$17 million), respectively.
- Capital Investments
  - TB Copper Project: During the quarter, Merdeka invested US\$12 million in the TB Copper Project on drilling and detailed feasibility work to advance the project. This brought the cumulative investment to US\$143 million. Underground drilling in Q4 2022 was 12,494 metres with eight underground drill rigs and two surface drill rigs.
  - MBM Haul Road: As of 31 December 2022, US\$44 million has been spent on the haul road upgrade with a further US\$37 million expected to be spent to complete the haul road upgrade.
  - AIM Project: During the year US\$244 million was invested. Detailed design was substantially completed, all mechanical and electric equipment purchase orders placed and prioritised tender finalisation for pipes, cables, manual valves and remaining steel structures. AIM Project construction activities continue to progress towards first acid production in 2H 2023 with all project construction works self-performed by PT Merdeka Mining Servis ("MMS").
  - Pani Gold Project: During the year, US\$21 million was spent on drilling and feasibility study ("Pani FS"), which include exploration and project development activities. The FS is on schedule for completion in late Q3 2023.

## Environment, Social & Governance (“ESG”)

- MSCI ESG Rating
  - Merdeka’s MSCI ESG rating was upgraded from 'BB' to 'BBB' as of 27 October 2022. Merdeka is one of only a few Indonesian mining companies that has received the ‘BBB’ rating, which is the highest MSCI ESG rating received by Indonesian Metals and Mining companies. The rating upgrade is a recognition of Merdeka’s commitment and continuous efforts to improve its ESG performance. It also reflects Merdeka’s recent ESG related programs and activities which include Human Rights Policy launch, Code of Practice socialisation sessions, review and improvements on Merdeka’s Whistle-blower Policy and internal ISO Audits in preparation for upcoming external ISO Surveillance audits against ISO 14001 (Environment), ISO 45001 (Health & Safety) and ISO 9001 (Quality).

## 2022 Developments

- TB Copper Project
  - Resource Definition Drilling will continue throughout 2023, with between 50,000 metres of drilling targeted from underground and surface. The surface drilling will also include geotechnical and hydrogeological investigations for both surface and underground infrastructure.
  - During Q4 2022, Merdeka released a project update in the form of a Scoping Study which confirmed attractive economics for the development of a globally significant underground mine producing gold and copper, a critical metal in the clean-energy transition. The Scoping Study envisages a large-scale underground block cave mine with a peak mill feed of 24Mtpa, which is estimated to produce 2.9Mt of copper and 10.1Moz of gold over a mine life of 40 years.
  - Merdeka expects to announce Pre-Feasibility Study (“PFS”) results in Q2 2023. Additional resource definition drilling will continue in 2023 to further upgrade resources.
- TB Gold Mine
  - During the quarter, four diamond drill rigs and one RC rig drilled 13 diamond holes and 26 RC holes resulted in 3,447 metres and 5,064 metres respectively. The cumulated drilling during 2022 totalled 38 holes for 10,294 metres and 100 RC holes for 16,190 metres. A total of 30,000 metres of RC and diamond drilling is planned to continue testing along strike of current resources (Pit A and Pit C) during 2023. An updated Mineral Resource and Ore Reserves as of 31 December 2022 was released on 31 March 2023.
- Wetar Copper Mine
  - 6,734 meters of drilling at Partolang and surrounding areas during the quarter confirmed the continuation of mineralisation between Partolang and Partolang Barat.
  - Drill results were announced on 5 October 2022<sup>3</sup> and an updated Mineral Resource and Ore Reserves as of 31 December 2022 was released on 31 March 2023.

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<sup>3</sup> Full details of the Wetar drill results can be obtained at the following location: <https://merdekacoppergold.com/wp-content/uploads/2022/10/Wetar-Oct-2022-Exploration-Results-Release.pdf>

- Pani Gold Project
  - By the end of Q4 2022, eleven drill rigs were operating at Pani targeting the central Baganite zone and two rigs were operating in the Paceda area undertaking a sterilisation drilling program, with a total of ~24,400 metres of diamond drilling completed during the quarter.
  - Total drilling for the year was 161 holes for ~46,750 metres. A large drill program is planned for 2023 of approximately 55,000 – 70,000 metres.
  - Latest drill results were announced on 30 December 2022<sup>4</sup> and subsequent to completion of FY 2022, an updated combined Pani IUP and Pani CoW Mineral Resources Estimate<sup>5</sup> (“MRE”) was reported with 263.6 million tonnes of ore at a grade of 0.75 g/t gold containing 6.35 million ounces of gold.
  - The Pani FS is scheduled for completion in late Q3 2023 with final investment decision shortly after.
  
- Merdeka Battery Materials
  - There has been significant progress made to date with the ZHN RKEF smelter with construction expected to be completed by mid-2023 to achieve a nameplate capacity of 50,000 tonnes of nickel in NPI per annum. The SCM mine site is expected to begin ramping up mining during 2023.
  - MBM is actively developing a pipeline of downstream expansion projects to capitalise on our large limonite ore resource and the growing demand for nickel intermediates. MBM is progressing discussions with potential HPAL JV partners. The HPAL plants will provide us with further exposure to the strategic materials and EV battery value chain. The HPAL plants are expected to process limonite ore from the SCM Mine with a long term planned capacity of 120ktpa each.
  - MBM is planning to modify some of the lines in our existing RKEF Smelters and the under-construction ZHN’s RKEF to produce low-grade nickel matte as an alternative to NPI. The modification would be taken further with an investment into a converter that can refine the low-grade nickel matte into a high-grade nickel matte. The intention is to shift MBM into the Class 1 nickel electric vehicle battery supply chain to capture higher margins.
  
- AIM Project
  - China covid lockdowns that commenced in February were ongoing until December 2022, resulting in delays to some aspects of procurement and deliveries as different cities go into lockdown. These events that remain outside the control of Merdeka have slowed design, procurement, fabrication, manufacturing, and delivery for many structural and mechanical items. As a result, first acid at the AIM Project is anticipated in 2H 2023.
  - Design and international procurement had reached 99.4% and 97.7% completion, respectively. On site, the construction activities continue to progress well with MMS self-performing all project construction. works.

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<sup>4</sup> Full details of the Pani drill results can be obtained at the following location: <https://merdekacoppergold.com/wp-content/uploads/2022/12/Pani-December-2022-Drill-Results.pdf>

<sup>5</sup> Full details of the Pani MRE can be obtained at the following location: <https://merdekacoppergold.com/wp-content/uploads/2023/02/Pani-February-2023-Mineral-Resource-Estimate.pdf>

## Outlook

### TB Gold Mine

2023 full year production is expected to be in the range of 120,000 to 140,000 ounces of gold at an AISC of US\$1,100/oz to US\$1,300/oz, net of silver credits. As of 31 December 2022, a total of 40,609 ounces of gold are hedged at an average price of US\$1,844/oz.

### Wetar Copper mine

2023 full year production is expected to be in the range of 16,000 to 22,000 tonnes of copper at an AISC US\$8,140/t to US\$10,340/t.

### MBM

2023 full year production for each of CSIS and BSIS are expected to be in the range of 18,000 to 20,000 tonnes of nickel in NPI at an AISC of US\$13,000/t to US\$15,000/t. One of the major cost components of the smelter is ore feedstock, the price of which varies depending on the nickel price. SCM is expected to increase its mining volumes significantly in 2023.

## For further information, please contact:

Investor Relations  
Treasury Tower 67 – 68<sup>th</sup> Floor  
District 8 SCBD Lot. 28  
Jalan Jenderal Sudirman Kav. 52–53  
South Jakarta 12910, Indonesia  
T: +62 21 3952 5580

E: [investor.relations@merdekacoppergold.com](mailto:investor.relations@merdekacoppergold.com)

## About PT Merdeka Copper Gold Tbk.

PT Merdeka Copper Gold Tbk (IDX: MDKA) (“**Merdeka**” or the “**Company**”) is a holding company with operating subsidiaries engaging in mining and processing activities, encompassing: (i) exploration; (ii) production of gold, silver, copper, nickel (and other related minerals); and (iii) mining services.

Merdeka’s major assets are the: (i) Tujuh Bukit Copper Project; (ii) PT Merdeka Battery Materials Tbk (IDX: MBMA) (“MBM”); (iii) Pani Gold Project; (iv) Wetar / Morowali Acid Iron Metal Project; (v) Tujuh Bukit Gold Mine and (vi) Wetar Copper Mine.

The Tujuh Bukit Copper Project deposit is one of the world’s top ranked undeveloped copper and gold mineral resources, containing approximately 8.2 million tonnes of copper and 28.6 million ounces of gold<sup>6</sup>.

MBM holds a portfolio of high-quality businesses which include one of the world’s largest nickel resources (known as the Sulawesi Cahaya Mineral Mine) containing approximately 13.8 million tonnes of nickel and 1.0 million tonnes of cobalt<sup>7</sup>, operating RKEF smelters with a total nameplate capacity of 88,000 tonnes of nickel in NPI per annum<sup>8</sup>, the Acid Iron Metal (AIM) Project which will produce acid and steam for use in HPAL plants, in addition to producing other metals such as copper, gold and iron. MBM is also developing its first high pressure acid leach plant at the Indonesia Konawe Industrial Park, a future nickel and battery materials-focused industrial estate in Sulawesi, Indonesia (“IKIP HPAL 1”). It is intended that IKIP HPAL 1 will be a 120,000tpa operation (nickel equivalent) split into two 60,000tpa tranches.

The Pani Gold Project is a significant growth project, containing approximately 6.4 million ounces of gold<sup>9</sup> and is expected to become a long-life and low-cost gold mine with the potential to produce a significant amount of gold.

As a world-class Indonesian mining company, Merdeka is owned by prominent Indonesian shareholders, among others: PT Provident Capital Indonesia, PT Saratoga Investama Sedaya

<sup>6</sup> Refer to Annual Statements of Mineral Resources and Ore Reserves on [www.merdekacoppergold.com](http://www.merdekacoppergold.com)

<sup>7</sup> SCM Mineral Resource: February 2022 JORC prepared by AMC Consultants Pty Ltd. Total resource of 1.9 billion wmt of ore (equivalent to 1.1 billion dmt of ore) at 1.22% Ni containing 13.8Mt of nickel and at 0.09% Co containing 1.0Mt of cobalt

<sup>8</sup> ZHN RKEF smelter is under construction with a nameplate capacity of 50,000 tonnes per annum

<sup>9</sup> Pani resources update (<https://merdekacoppergold.com/wp-content/uploads/2023/02/Pani-February-2023-Mineral-Resource-Estimate.pdf>)

Tbk and Mr. Garibaldi Thohir who have exceptional track records in successfully identifying, building and operating multiple publicly listed companies in Indonesia.