

# PT Merdeka Copper Gold Tbk

## 1Q Results Presentation

5<sup>th</sup> June 2023



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# Portfolio Overview

Merdeka controls a portfolio of globally significant assets across Indonesia with group mineral resources of 35.2Moz of gold, 8.4Mt of copper, 13.8Mt of nickel and 1.0Mt of cobalt

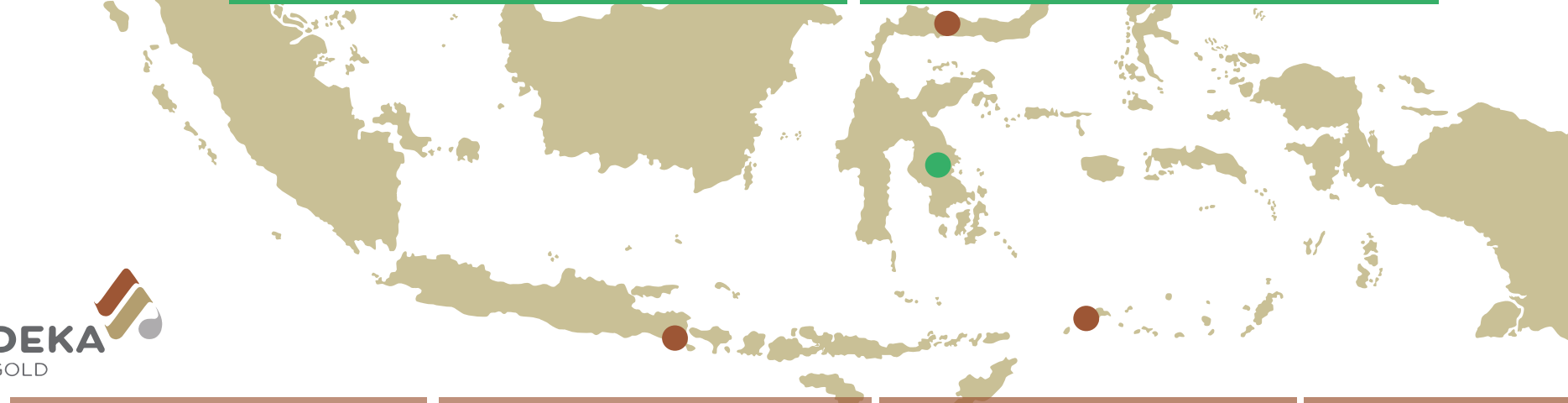


**MERDEKA**  
**BATTERY**  
MATERIALS

Mine & Downstream Processing <sup>1</sup>		Acid Iron Metal (AIM) Project	
<b>Ownership:</b>	51.0% (mine), 50.1% (RKEF plants), 60.0% (matte converter), 66% (HPAL Phase 1a)	<b>Ownership:</b>	80%
<b>Resources:</b>	13.8Mt cont. nickel <sup>2</sup>	<b>Status:</b>	First production in 2H 2023
<b>Downstream Processing:</b>	HPAL, matte converter and RKEF processing capabilities to produce <i>Class 1</i> and <i>Class 2</i> nickel	<b>Production:</b>	Multiple products (copper, gold, silver, iron ore pellets and acid)

Legend:

- : Merdeka Copper Gold assets
- : MBM assets



**MERDEKA**  
COPPER GOLD

Tujuh Bukit Copper Project	Tujuh Bukit Gold Mine	Wetar Copper Mine	Pani Gold Project
<b>Ownership:</b> 100%	<b>Ownership:</b> 100%	<b>Ownership:</b> 100%	<b>Ownership:</b> 70%
<b>Status:</b> FS commenced	<b>2023 Production Guidance:</b> 120 – 140koz of gold	<b>2023 Production Guidance:</b> 16 – 20kt of copper cathode	<b>Status:</b> FS commenced
<b>Resources:</b> 8.1Mt cont. copper and 27.4Moz cont. gold <sup>2</sup>			<b>Resources:</b> 6.6Moz cont. gold <sup>2</sup>

1. Ownership represents PT Merdeka Battery Materials Tbk ("MBM") shareholding in the respective assets. Other assets include a 32.0% shareholding in IKIP, a limestone concession (IUP) covering 502Ha held under PT Anugerah Batu Putih and a hydro power project held under PT Cahaya Energi Indonesia

2. Resources information as of 31 December 2022 (<https://merdekcoppergold.com/wp-content/uploads/2023/04/Consolidated-Mineral-Resources-and-Ore-Reserves-Statement-as-of-31-December-2022.pdf>)

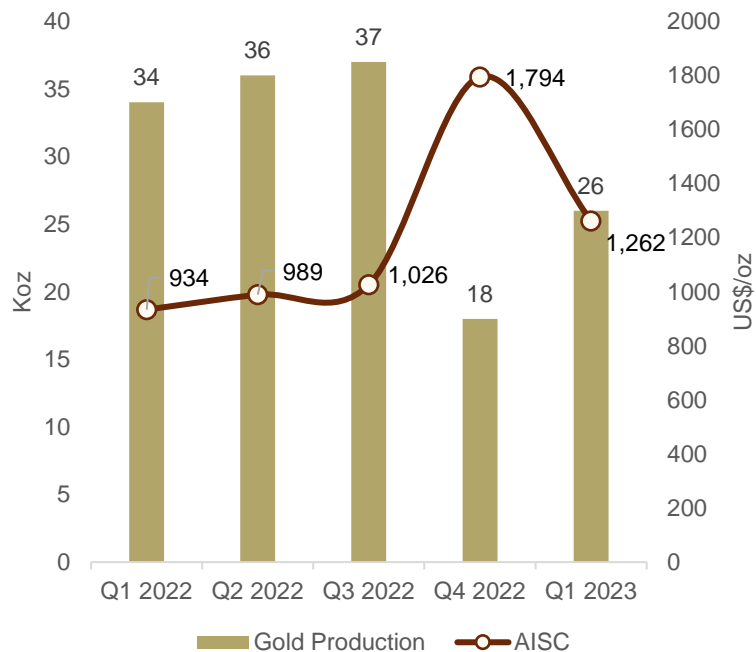
# 1Q 2023 Financial Highlights

In US\$ million	FY2021	FY2022	Q1 2022	Q1 2023
<b>Profit &amp; Loss</b>				
Consolidated revenue	381	870	123	214
EBITDA	207	277	63	44
Net profit	33	65	65	3
<b>Cash Flow</b>				
Cash flow from operations	133	463	80	(14)
Capital expenditures	(111)	(106)	(43)	(115)
Acquisition	(85)	(966)	(371)	(8)
Investment	(47)	(55)	(1)	40
<b>Financial Position</b>				
Cash and cash equivalents	186	444	122	381
Debt	337	1,314	619	1,379
Net debt	152	870	497	998

Commentary
<ul style="list-style-type: none"> <li>Revenue comprise of US\$142 million of NPI sales</li> </ul>
<ul style="list-style-type: none"> <li>EBITDA of US\$44 million in 1Q 2023</li> <li>ZHN is expected to be commissioned in Q3 and matte acquisition will contribute incremental EBITDA in 2H 2023</li> <li>Lower profitability from the TB Gold Mine and the Wetar Copper Mine resulted from planned lower production for the quarter – production is expected to increase in 2H 2023</li> <li>Merdeka remains on track to achieve full year guidance</li> <li>EBITDA from MBM amounting to US\$11 million in 1Q 2023</li> </ul>
<ul style="list-style-type: none"> <li>Cash flow from operations during the quarter include EBITDA netted off with tax payment, VAT payments/refunds, inventory purchase and working capital</li> <li>Cash flow from financing activities for the quarter included proceeds from an IDR bond issuance of ~US\$163 million and further drawdown of MTI term loan and MTI VAT facility totaling US\$37 million</li> </ul>

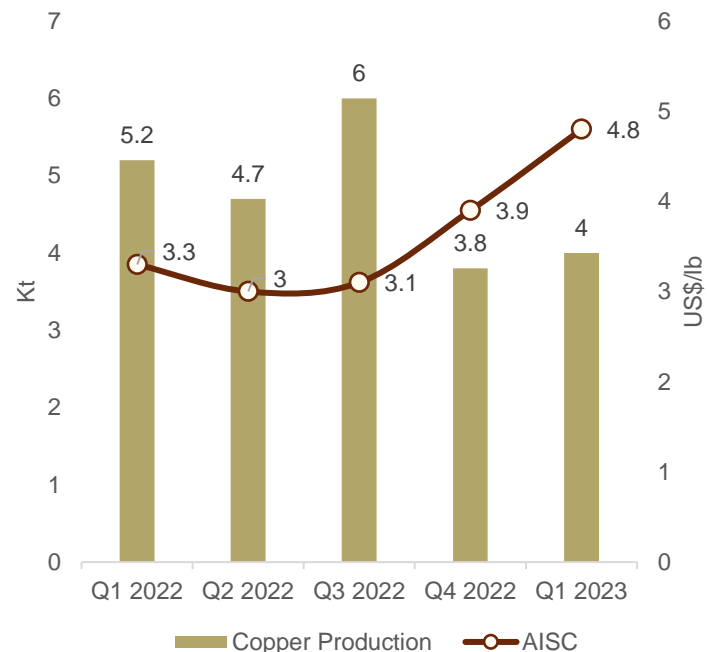
# 1Q 2023 Production Highlights

## Gold



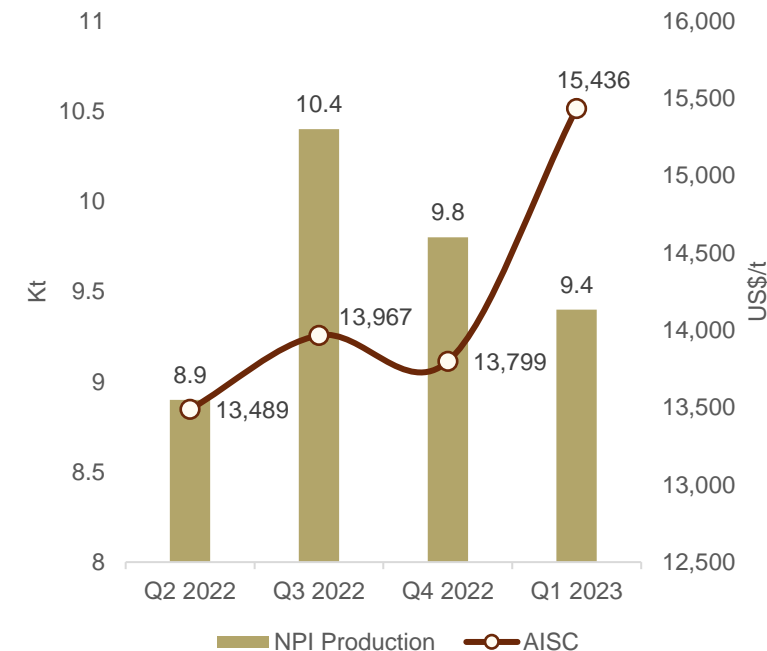
- Gold production and AISC is on track
- Production is expected to increase starting in 2Q 2023, in accordance with the mining schedule
- 1Q 2023 achieved a lower AISC resulting from impact of higher gold production

## Copper



- Wetar delivered incremental increase in production for the quarter
- Higher sustaining capital expenditure including new mining fleet to replace contractor fleet contributed to higher AISC for the quarter

## Nickel in Nickel Pig Iron

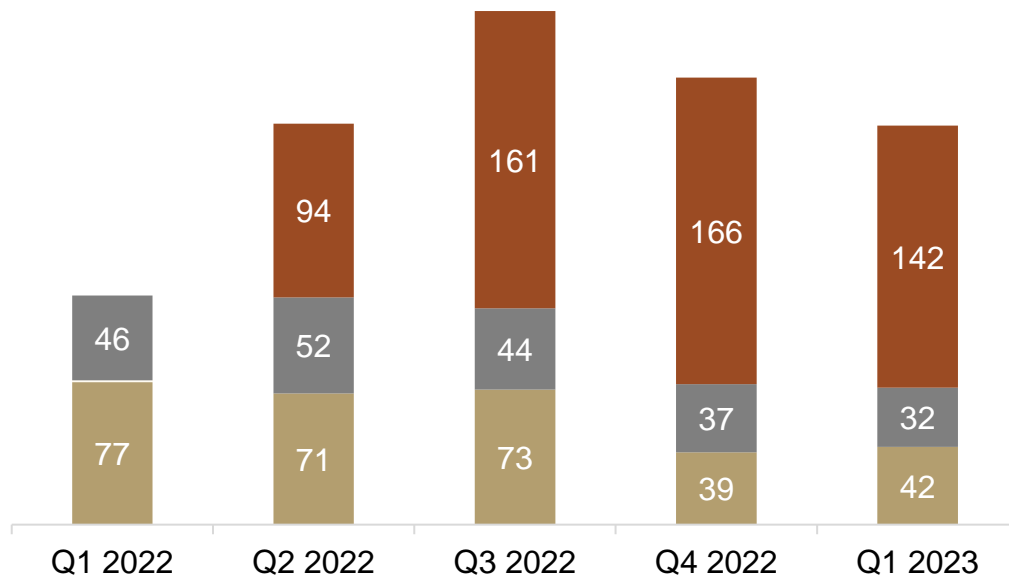


- Lower grade for the quarter
- Increase in operating cash costs, primarily driven by higher commodity price for nickel ore, metallurgical coal and electricity

# 1Q 2023 Financial Highlights

## Revenue (US\$ million)

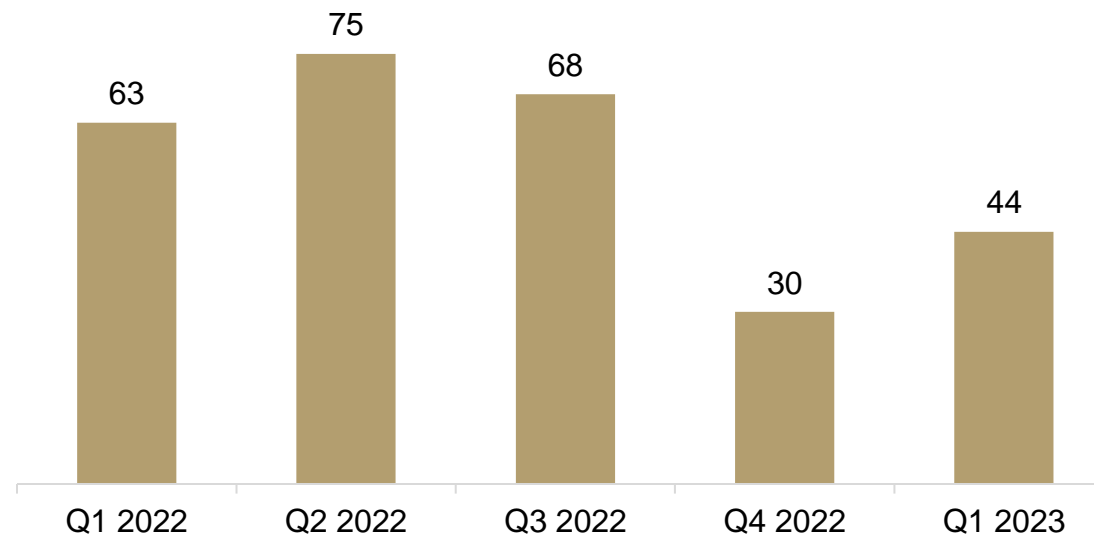
■ Gold & Silver ■ Copper ■ NPI



## Average Realised Price (US\$/oz, US\$/t)

	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023
<b>Gold</b>	1,871	1,867	1,728	1,711	1,887
<b>Copper</b>	9,920	9,689	8,414	7,324	8,799
<b>NPI</b>	n.a.	18,956	15,595	15,909	17,470

## EBITDA (US\$ million)



- Lower 1Q 2023 EBITDA contribution from Wetar and TB Gold Mine is attributable to the planned lower production in accordance with the mining schedule
- MBM operations contributed to EBITDA of US\$11 million for the quarter

# 1Q 2023 Operating Segment

In US\$ million	Gold & Silver	Copper	NPI <sup>2</sup>
Revenue	42	32	142
EBITDA <sup>1</sup>	21	12	17
Capex	12	14	0
Performance	<ul style="list-style-type: none"> <li>Achieved 17.7 million hours without LTI</li> <li>Production varies on a quarterly basis in accordance with the grade of ore mined</li> <li>Merdeka provides production guidance for the full year. In accordance with this guidance, production is expected to be higher during the last nine months of 2023</li> <li>Continued focus on controllable costs in the current inflationary environment. Automating reagent consumptions, mining equipment productivity and self performing services are key focus areas</li> </ul> <ul style="list-style-type: none"> <li>Achieved 4.1 million hours without LTI</li> <li>Mining costs are expected to be higher for 2023 due to higher waste mining quantities</li> <li>Copper ore stacked is lower in 1H and expected to be higher in 2H, resulting in improved copper production rates</li> <li>Continued focus on controllable costs in the current inflationary environment. Mining equipment productivity, reduction in transport costs and electricity consumption are key focus areas</li> </ul> <ul style="list-style-type: none"> <li>NPI is predominantly sold to Chinese stainless-steel mills with sales prices based on SMM index</li> <li>One of the major cost components of the RKEF plants is nickel ore, the price of which varies depending on the international nickel price</li> <li>MBM has now completed acquisition of high-grade nickel matte conversion facilities to produce nickel matte</li> <li>ZHN with an NPI capacity of 50ktpa is on schedule to start its production and generating EBITDA in 2H 2023</li> </ul>		

1. EBITDA per Operating Segment excluding corporate and other costs of -\$6m; 2) NPI's EBITDA consists of BSI and CSI RKEFs.

# RKEF Processing Facilities

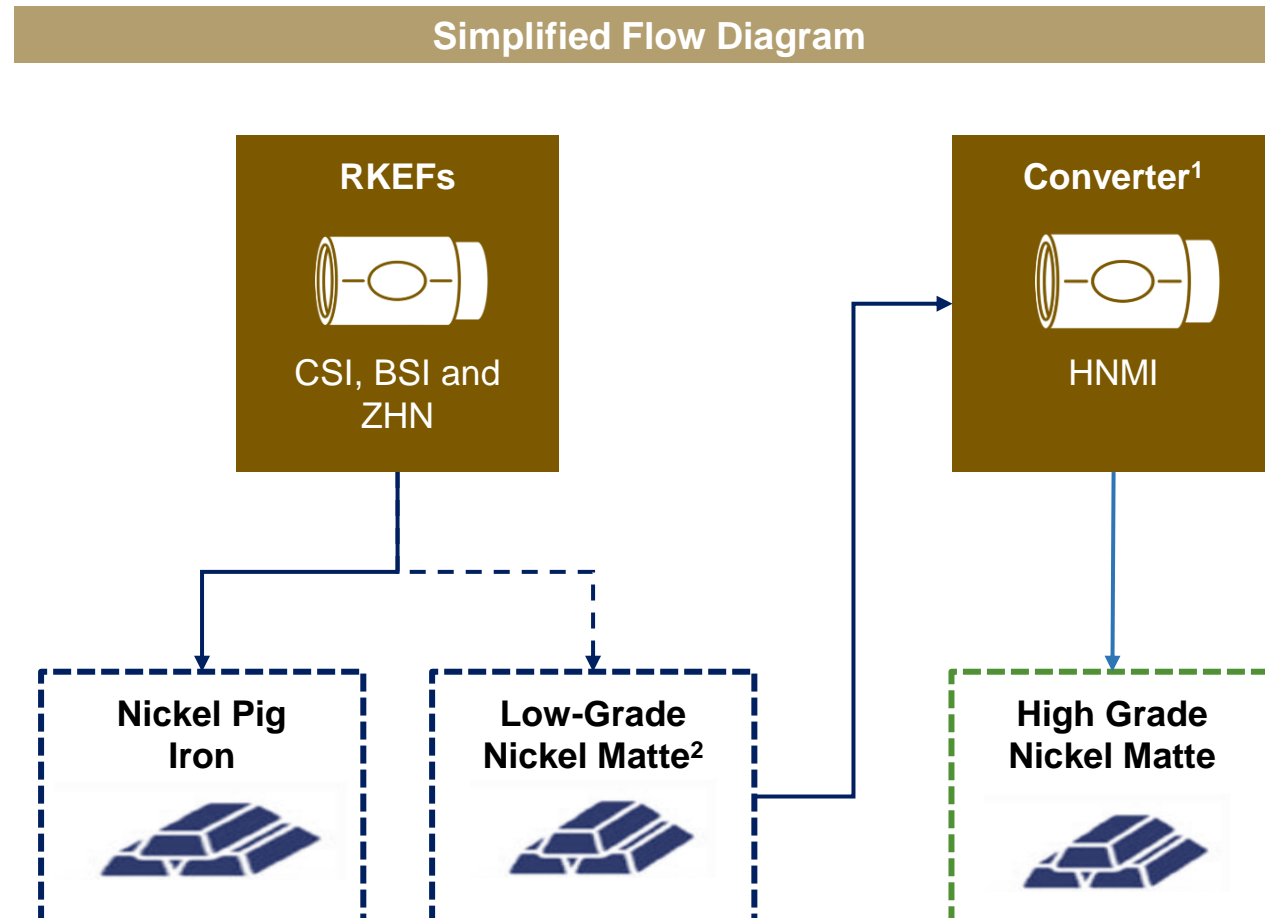
CSI and BSI plants have been fully operational since late 2019 with a larger 3<sup>rd</sup> plant, ZHN, currently undergoing commissioning and targeting nameplate capacity in 2H 2023

Summary	CSI	BSI	ZHN
<ul style="list-style-type: none"> <li>ZHN is expected to more than double MBM's current RKEF processing to <b>88,000 tonnes</b> per annum of nickel in NPI</li> <li>ZHN is expected to <b>start production in 2H 2023</b> and <b>generate EBITDA and cashflows</b> for MBM's future operations</li> </ul>			
Commissioned	Nov 2019	Feb 2020	Expected 2H 2023
Nameplate Capacity	19,000	19,000	50,000
Location	IMIP		
Shareholders	50.1% MBM / 49.9% Tsingshan		
Product	Nickel Pig Iron		
Process	Rotary Kiln & Electric Furnace		

# Nickel Matte Overview

MBM's acquisition of HNMI, a nickel matte conversion facility, located within IMIP, allows the business to transition its existing RKEF asset base to produce high grade nickel matte (>70% Ni content)

<b>Premium Margin</b>	HNMI produces a high-grade nickel matte (HGNM) product enabling MBM to capture the additional margin to NPI, as demonstrated by peer companies operating in IMIP
<b>EV Supply Chain</b>	Nickel matte is an intermediate product that is used to produce nickel sulphate, an integral component of the battery value chain
<b>Immediate Cashflow</b>	By acquiring an existing nickel matte converter, MBM will benefit from immediate incremental cashflow by selling a higher payability product
<b>Product Optionality</b>	The HNMI converter is capable of converting product produced by MBM's existing RKEF plant to produce on average 50ktpa HGNM <sup>2</sup>



1. MBM acquired a 60% interest in HNMI, with a subsidiary of Tsingshan holding the remaining 40% interest

2. MBM will modify its RKEFs to produce low grade nickel matte, which is a minor and proven modification. Prior to the modification, low grade nickel matte will be supplied to the HNMI converter by a Tsingshan related entity at a small premium to the NPI price

# TB Copper Project Overview

TB Copper, located beneath Merdeka's operating Tujuh Bukit gold mine, is regarded as one of the world's largest pre-production copper projects. PFS demonstrates technical and economic viability

## Globally Significant Copper Gold Deposit

**Mineral resources:** 1.7bt containing **8.1Mt Cu** (0.47% grade) and **27.4Moz Au** (0.50 g/t grade)  
**Maiden ore reserve:** 289.3Mt containing **1.6Mt Cu** (0.56% grade) and **6.7Moz Au** (0.65 g/t grade)

## Large Scale, Long Life Underground Operation

Estimated initial mine life of **30 years** and cumulative production of **1.8Mt and 4.1Moz** of contained copper and gold in concentrate. Staged expansion of the mine from **4Mtpa to 24Mtpa**, peaking at 112ktpa and 366kozpa of contained copper and gold in concentrate

## Phased Approach Optimising Pre-Production Capital Investment

The SLC mine will access higher-grade copper and gold in the upper portion of the orebody. This strategy; significantly reduces upfront pre-production capital, generates early cashflow and facilitates the development of the **24Mtpa** block cave operation

## SLC Mine is an Economically Attractive Standalone Operation

The SLC mine will generate substantial free cash flow with a production profile of approximately 140ktpa of copper concentrate at a pre-production capital investment of **US\$757 million**

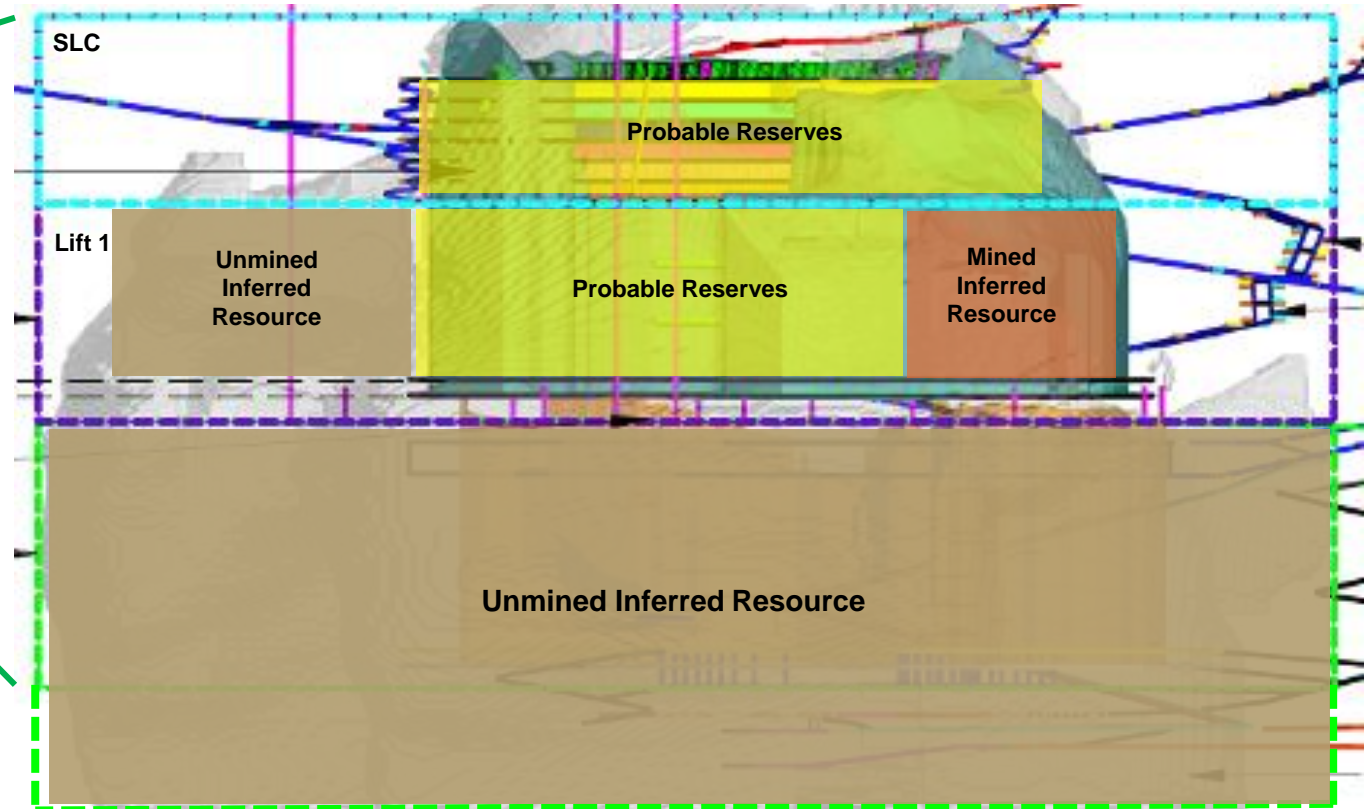
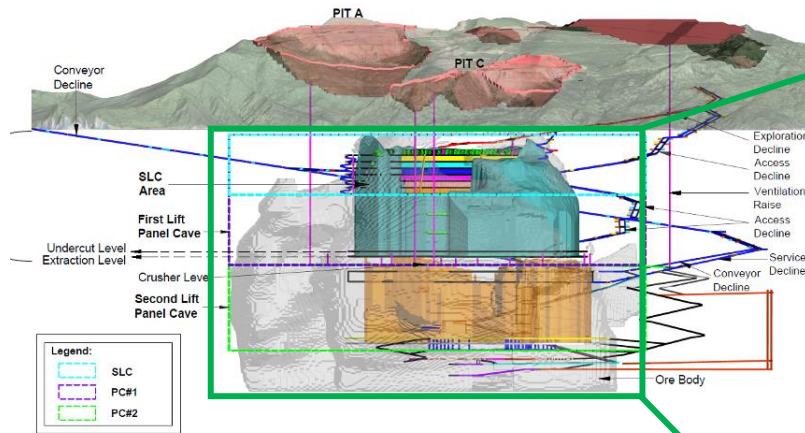
## Low-Cost Mining Operation

The combined SLC and block cave mines are anticipated to be a 1<sup>st</sup> quartile cost operation supported by a significant gold content



# TB Copper Project NPV vs. Known Resource

The PFS demonstrates that TB Copper will be a globally significant underground mine extracting only 24% of the currently defined mineral resources (probable reserves represents only 17% of mineral resources)



Classification	Tonnes (Mt)	% of Total TB Cu Resource
Probable reserves	289	17%
Probable reserves and inferred resources	404	24%
Unmined inferred resources	1,013	59%
<b>Total TB mineral resources</b>	<b>1,706</b>	<b>100%</b>

# Opportunities to Improve Project Economics

Merdeka has identified several untapped optimisation opportunities that were not factored into the PFS project economics which indicated a post-tax NPV of US\$3.0 billion and IRR of 20.0%

Opportunities	Impact	Description
<b>Additional copper</b>	<b>Higher revenue</b>	<ul style="list-style-type: none"> <li>Merdeka has identified several porphyry and epithermal prospects that have the potential to host significant mineralisation</li> <li>These prospects have the potential to contribute additional open pit resources to accelerate overall project ramp up, supplementing ore supply to processing facilities in addition to the main orebody</li> </ul>
<b>Maximise metallurgical recovery</b>	<b>Higher revenue</b>	<ul style="list-style-type: none"> <li>Technical team is exploring various options / initiatives to improve metallurgical recovery rates</li> </ul>
<b>Optimise mining schedule</b>	<b>Improve mining rate</b>	<ul style="list-style-type: none"> <li>Quicker heading development to provide earlier access for infrastructure installation to the SLC and BC mines</li> <li>Selection of the optimal mining and work methods to specifically suit the encountered ground conditions e.g., long rounds, roadheader and support systems</li> </ul>
<b>Optimise mine design</b>	<b>Lower capex, opex and improve mining rate</b>	<ul style="list-style-type: none"> <li>Alternate delivery of ventilation into the mine via shafts instead of using twin conveyor declines</li> <li>Optimise mine design based on the latest geotechnical zoning information to improve stability &amp; development rates</li> <li>Review amount of mine development required to establish the operating BC to reduce time and costs required to commission the cave</li> </ul>
<b>Optimise required infrastructure</b>	<b>Lower capex</b>	<ul style="list-style-type: none"> <li>Reduce infrastructure footprint and optimise layout resulting in a lower earthworks requirement and raw materials used (steel and concrete)</li> <li>Potentially replace desalination water with external bore water</li> </ul>

# Pani Gold Project

Pani is a significant undeveloped gold resource located across **two adjacent mining tenements**<sup>1</sup> in Gorontalo Province, Northern Sulawesi. Pani is expected to be a **long-life** and **low-cost** gold mine producing more than **450,000 ounces of gold** per annum upon achieving maximum throughput

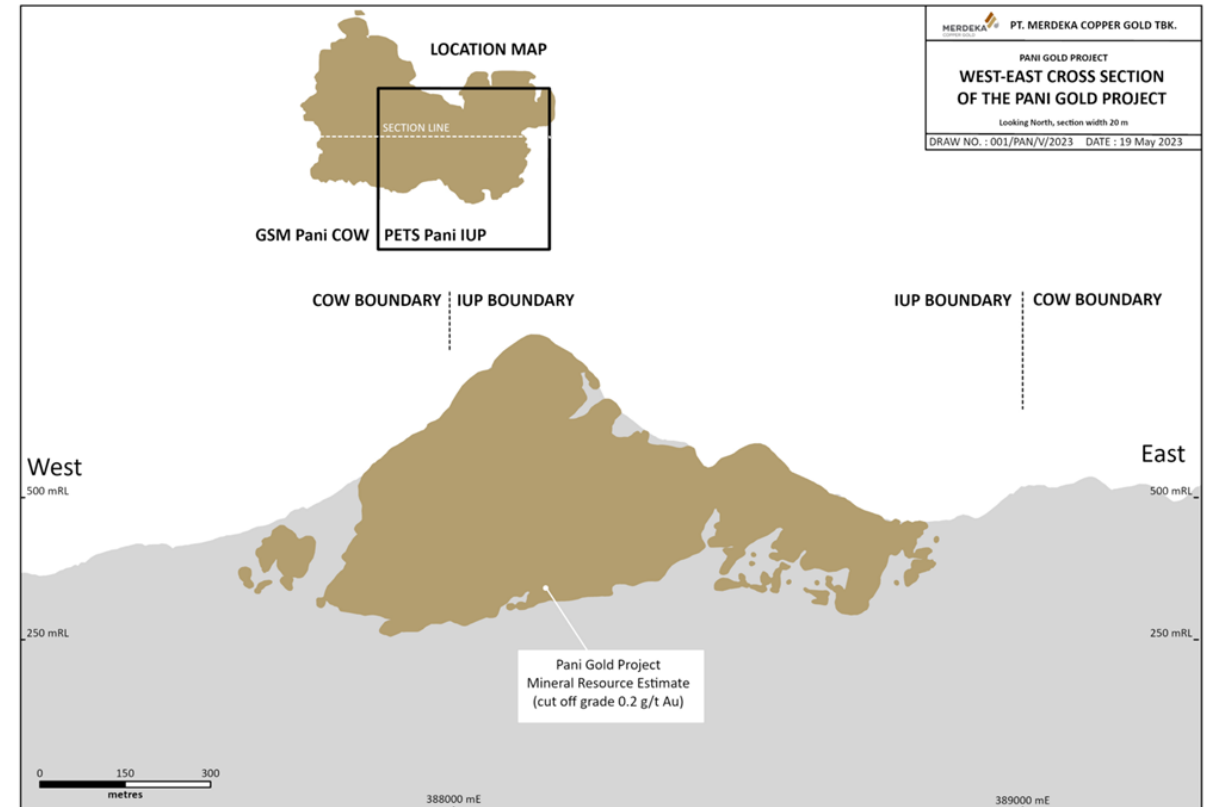
A combined Mineral Resource Estimate was declared in February 2023 and **further upgraded** in May 2023, bringing the total indicated resources to **5.5Moz of gold**<sup>2</sup>

Critical path **pre-development activities**, including establishment of independent access roads, power, accommodation facilities and utilities, are scheduled for completion by **Q3 2023**, shortening the construction period when a final investment decision is taken

A **closed space drilling program** is well advanced within the oxide resource. A **further updated mineral resource** will be estimated later this year

The **Feasibility Study** is advancing and remains focused on optimising project capital expenditure, mining schedule and maximising throughput and recovery, assessing both heap leach and CIL processing methods. Completion is targeted for **3Q 2023**, with an announcement expected in **4Q 2023** and a final investment decision shortly after

## Combined Pani Gold Project Schematic Section



**Combined mineral resources of 275.8Mt at 0.75 g/t Au containing 6.6Moz of gold<sup>2</sup>**

1. Merdeka's 70% effective economic ownership in Pani Gold Project is via controlling interests in both PBJ / Pani IUP (~83.35%) and GSM / Pani CoW (~50.1%)  
2. Pani resources update <https://merdekacoppergold.com/wp-content/uploads/2023/05/Pani-Gold-Project-Resource-Upgrade.pdf>

# SCM and HPAL Development

## SCM



- JORC resource of over:
  - 1.1 billion dmt of ore
  - 13.8Mt nickel (1.22%)
  - Right mix of limonite (77%) vs saprolite (23%) for Grade 1 nickel (battery materials)
  - 1.0Mt cobalt (0.09%)
- Large, shallow, low cost, open pit mining within a 21,100 ha concession
- First ore sales in 2H 2023

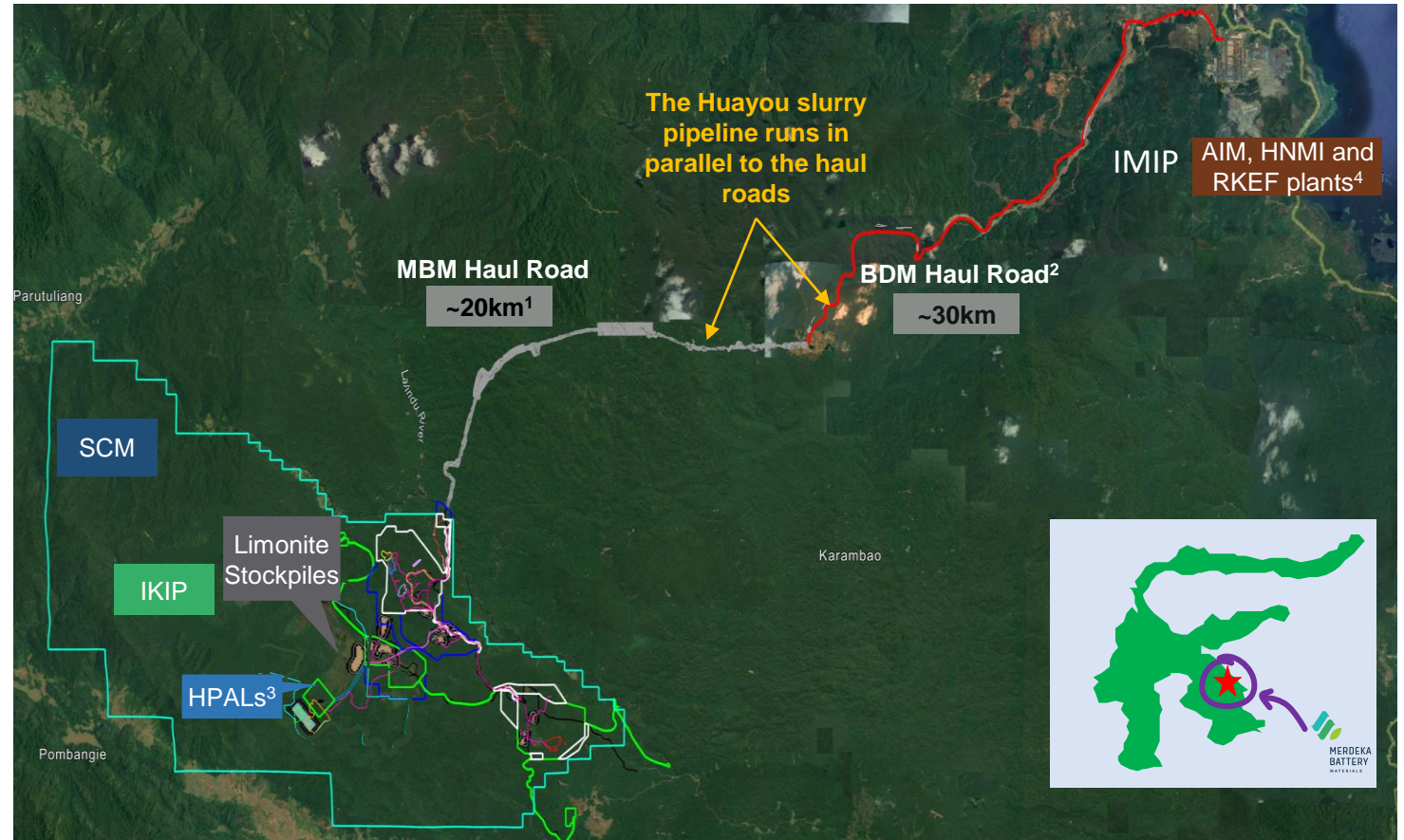
## HPAL Plants



- MBM plans to develop at least two HPAL plants with a combined total capacity of 240ktpa nickel in MHP
- MBM will sell nickel limonite to HPAL plants
- First HPAL plant is scheduled to be fully operational in 2026
- MBM will hold a 66% interest in the first HPAL plant

**SCM and HPALs will be the main drivers of the business in the long-term to move further downstream in the EV battery value chain**

## Central and Southeast Sulawesi



1. 20km is from SCM's IUP boundary to BDM's haul road; it excludes the roads inside SCM's IUP  
 2. MBM's haul road connects to BDM's haul road, and MBM has signed a long-term agreement to use BDM's haul road for transporting nickel ore  
 3. HPALs future location within IKIP  
 4. RKEF plants including CSI, BSI, and ZHN



For more information, please contact or visit

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