

PRESS RELEASE

For immediate release



30th September 2024

Financial Results for 1H 2024

Jakarta, Indonesia – PT Merdeka Copper Gold Tbk (IDX: MDKA) (“Merdeka” or the “Company”) is pleased to announce its financial performance for the six months ending 30 June 2024 (“1H 2024”).

Highlights for 1H 2024:

- Merdeka generated consolidated revenue and EBITDA of \$1,094 million and \$150 million, representing YoY growth of 110.3% and 101.2%, respectively.
- The primary revenue and EBITDA growth driver is the Company’s nickel business, operated under PT Merdeka Battery Materials Tbk (IDX: MBMA). NPI sales grew 120.9% due to adding a third RKEF plant. MBMA also recorded a full half-year of high-grade nickel matte (“HGNM”) sales and commenced limonite ore sales to a third party. Higher gold sales from Tujuh Bukit gold mine (“TB Gold”) and optimised production from Wetar copper-pyrite mine (“Wetar”) also contributed to the growth of revenue and EBITDA.
- Merdeka achieved the following milestones during 1H 2024:

Product	Production	Sales	Sales Price	Cash Cost	AISC
Gold	49,520oz	51,637oz	\$2,182/oz	\$1,088/oz	\$1,485/oz
Copper	6,672t	6,340t	\$3.92/lb	\$2.67/lb	\$3.55/lb
Ni in NPI	42,782t	42,467t	\$11,291/t	\$10,198/t	\$10,297/t
Ni in HGNM	25,443t	27,209t	\$14,212/t	\$13,050/t	\$13,085/t
Limonite	2.99m wmt	3.49m wmt	\$15.9/wmt	\$9.0/wmt	n.a.
Saprolite	0.89m wmt	2.37m wmt	\$30/wmt	\$9.3/wmt	n.a.

- Merdeka continues to make progress across its portfolio of growth projects. Construction of the Pani Gold Project (“Pani”) and the PT ESG New Energy Material (“PT ESG”) HPAL plant is advancing. PT ESG's overall project completion was 81.4% as of the end of August 2024 and project commissioning is expected in late 2024.
- During 1H 2024, MBMA completed its first bond issuance of IDR1.5 trillion comprising 367 days and three-year tenor bonds. The total outstanding balance of MDKA and MBMA IDR bonds as of 30 June 2024 is approximately \$1.1 billion.
- At the end of 1H 2024, cash and cash equivalents, net of restricted cash, was \$347 million. In addition, Merdeka has \$60 million in undrawn debt facilities.
- After 1H 2024, MBMA completed its second IDR bond issuance, raising proceeds of IDR2.0 trillion, comprising 367 days and three-year tenor bonds.
- After 1H 2024, Merdeka through its subsidiary, PT Pani Bersama Jaya (“PBJ”) successfully secured a definitive agreement for a total of \$175 million in funding dedicated for Pani project development. The funding consists of a subscription for \$125 million in equity and \$50 million of senior loan with several banks. These funding agreements will support the development of the open-pit mining operation, which will initially feature a heap leach processing operation with an ore capacity of 7.0Mtpa, producing approximately 140,000 ounces of gold per annum.

Table 1. Highlights of Consolidated Statement of Profit or Loss

in \$ millions	1H 2024	1H 2023
Revenue	1,093.8	520.0
Cost of Revenue	(918.8)	(419.6)
Mining	(74.1)	(55.2)
Processing	(747.9)	(488.6)
Inventory	(53.5)	159.0
Others	(43.3)	(34.8)
Depreciation and Amortisation	(86.4)	(54.3)
Gross Profit	88.7	46.1
<i>Gross Profit Margin</i>	8.1%	8.9%
G&A Expenses	(26.5)	(27.7)
Operating Profit	62.2	18.4
<i>Operating Profit Margin</i>	5.7%	3.5%
Finance Expenses, net	(47.2)	(39.7)
Other Income (Expenses), net	11.2	(30.2)
Profit / (Loss) Before Tax	26.2	(51.4)
Tax Expenses	(5.6)	(3.5)
Net Profit / (Loss)	20.6	(54.9)
<i>Net Profit / (Loss) Margin</i>	1.9%	(10.6%)
EBITDA	149.9	74.5
<i>EBITDA Margin</i>	13.7%	14.3%

Revenue

- Merdeka generated consolidated revenue of \$1,094 million in 1H 2024, reflecting an increase of \$574 million. NPI, HGNM and limonite ore sales contributed to 84% of revenue growth.

Cost of Revenue

- The increase in cost of revenue is representative of the enlarged NPI production profile following the successful commissioning of the PT Zhao Hui Nickel ("ZHN") smelter and the acquisition of a 60% interest in PT Huaneng Metal Industry ("HNMI") nickel matte converter in May 2023.
- The total cost of revenue attributable to NPI and HGNM was \$455 million and \$358 million, respectively. More than 90% of the HGNM production costs are associated with purchasing low-grade nickel matte ("LGNM"), one of the primary raw materials to produce HGNM.
- TB Gold and Wetar cost of revenue in 1H 2024 of \$128 million was lower compared to \$136 million in 1H 2023, in line with lower gold and copper production.

Profitability

- Merdeka generated an EBITDA of \$150 million in 1H 2024, reflecting significant growth in MBMA's nickel volume contribution, TB Gold's higher gold sales, and Wetar's higher copper profitability. The largest contribution to EBITDA is gold (\$48 million), followed by NPI (\$44 million), copper (\$21 million), HGNM (\$30 million), limonite ore sales (\$17 million) and offset by corporate cost (\$10 million).

- Nickel margins in 1H 2024 are lower due to the decline in NPI average sales price (“ASP”) to \$11,291/t, compared to 1H 2023 ASP of \$15,543/t.
- Finance costs have increased due to higher interest rates and overall debt levels incurred to support the Company’s growth plans. \$47 million of finance expenses include \$3.6 million of cross currency swap gain.
- Other income in 1H 2024 mainly contributed by gain from foreign exchange of \$6 million, gain on fair value adjustment on investment in PT Emas Tani Sejahtera (“PETS”), subsidiary of PBJ, of \$5 million, and rental revenue from HNMI, ZHN, CSI, and BSI of \$3 million and offset with other expenses of \$3 million.

Cash Flow

- Net cash inflow from operations in 1H 2024 was \$104 million which is inclusive of \$92 million of working capital spending.
- Net cash outflow for investing in 1H 2024 was \$174 million, includes construction capital expenditure of \$108 million, sustaining capital expenditure of \$45 million, growth capital expenditure of \$28 million, exploration capital of \$21 million, and acquisition of subsidiary of \$8 million. These were offset by cash inflow from investment proceeds of \$23 million and proceeds from disposal of shares in PT Merdeka Industry Anantha, an MBMA’s holding entity for PT ESG, of \$14 million.
- Net cash outflow for financing in 1H 2024 was \$4 million. This included \$219 million of Merdeka IDR bonds repayment, \$90 million of bank loan repayment (mainly from MBMA UOB loan facility repayment of \$80 million) and financing costs of \$87 million. These were offset by IDR bond issuances of \$191 million, bank loan drawdown of \$120 million (TB Gold RCF \$40 million and MBMA UOB facility \$80 million), proceeds from Merdeka's private placement of \$50 million, and proceeds from non-controlling interest of \$34 million.

Liquidity and Capital Resources

Cash

- As of 30 June 2024, cash and cash equivalents, net of restricted cash, was \$347 million. In addition, Merdeka has \$60 million in undrawn debt facilities.

Debt Transactions in 1H 2024

- On 3 April 2024, MBMA successfully completed its inaugural bond issuance of IDR1.5 trillion, offered in two series:
 - Series A (367 days tenor): Bond principal amounting to IDR525 billion at a coupon rate of 7.50% per annum swapped to \$33 million at a swap rate in USD of 3.42% per annum;
 - Series B (three-year tenor): Bond principal amounting to IDR975 billion at a coupon rate of 9.25% per annum. IDR237 billion has been swapped to \$15 million at a swap rate in USD of 6.95% per annum. The remaining portion is expected to be swapped into USD during 2H 2024.
- Merdeka has drawn \$100 million of RCF (comprising \$60m corporate RCF and \$40m TB Gold RCF) as of 30 June 2024. The undrawn RCF balance at the end of 1H 2024 was \$60 million.
- The following debt transactions were completed after 1H 2024:
 - PT Merdeka Tsingshan Indonesia (“PT MTI”) made an early repayment of its IDR430 billion (approximately ~\$26 million) VAT Loan Facility to PT UOB Indonesia.

- Merdeka successfully issued the sixth tranche of its 4th IDR bonds, amounting to IDR2.2 trillion, with a coupon rate of 7.25% per annum for 367 days tenor and 9% per annum for three years tenor.

Capital Investments in 1H 2024

Pani Gold Project

- Subsequent to 1H 2024, Merdeka through its subsidiary, PBJ, successfully secured definitive agreements for a total of \$175 million in funding dedicated for project development.
- The funding will support the development of an open-pit mine and a heap leach processing operation with an ore capacity of 7.0Mtpa, producing on average 120,000 ounces of gold per annum. Proceeds will cover pre-production investments and working capital, with further funding expected before the commencement of heap leach operations in late 2025.
- These funding agreements consist of a subscription for \$125 million in equity and \$50 million of senior loan with several banks:
 - **Equity funding:** PBJ secured \$125 million through an equity issuance to PT Permata Alam Kapital (“PAK”), backed by three major Merdeka shareholders. PAK holds 9.95%, Merdeka retains 62.73%, and other shareholders hold 27.32%. PBJ can partially or fully redeem or repurchase all of these newly issued shares. Further, Merdeka also has the option to purchase the new PBJ shares from PAK. PBJ received the full \$125 million from PAK in September 2024; and
 - **Senior Loan:** PBJ has secured a \$50 million Senior Loan with Barclays Bank PLC, ING Bank N.V. (Singapore Branch), Natixis (Singapore Branch), Oversea-Chinese Banking Corporation Limited, PT Bank HSBC Indonesia, PT Bank Negara Indonesia (Persero) Tbk, PT Bank OCBC NISP Tbk and Societe Générale (Singapore Branch). The senior loan has a maturity in March 2026, with 3.00% margin plus compounded SOFR. PBJ has partially drawn the facility in September 2024 amounting to \$5 million.
- Merdeka invested an additional of \$37.5 million in project development during 1H 2024.

TB Copper Project

- Merdeka invested additional \$18 million during 1H 2024. Expenditures incurred during the quarter were spent on surface resource drilling, near surface potential open pit exploration targets and technical studies.

MBMA

- MBMA entered into a definitive agreement to subscribe for a 12.5% interest in PT Meiming New Energy Material (“PT Meiming”), a 25,000 tonnes per annum HPAL plant being developed in partnership with GEM Co., Ltd. (“GEM”) at IMIP. Construction of the plant expected to be completed in 1H 2025. The investment in PT Meiming will be funded from a mixture of debt (to be arranged by GEM) and equity.
- During 1H 2024, Merdeka invested an additional \$88 million in the AIM plant.

1H 2024 Developments

Pani Gold Project

- The project remains on schedule for the initial heap leach operation commissioning in late 2025 and the first gold pour in early 2026.
- Detailed design engineering is advancing, with all long-lead mechanical equipment items purchased during 2Q 2024. All remaining supply, fabrication and construction installation packages will be tendered and awarded by 3Q 2024.
- Construction activities is focusing on bulk earthworks and site infrastructure expansion projects in the lead up to the first concrete for the processing plant being poured in late 3Q 2024.
- Infrastructure development is well progressed. All non-process buildings and infrastructure have been designed in-house and will be tendered to local contractors in 3Q 2024. PT PLN Indonesia Power (“PLN”) is scheduled to deliver 150kVA grid power by 3Q 2025. The bulk fuel storage vendor has been appointed, and mobilisation has commenced, with facilities online by 1Q 2025.

MBMA

- Construction of the PT ESG HPAL plant was 51.8% complete at the end of 1H 2024 (81.4% overall project completion at the end of August 2024). Project commissioning for Train A is targeted for late 2024, with Train B expected to follow by mid-2025.
- At the SCM mine, work is underway to improve site infrastructure to support mining ramp-up and additional limonite demand in 2025. Widening works on the primary haul road connecting the SCM Mine to Indonesia Morowali Industrial Park (“IMIP”) are progressing. Work is also underway to establish a new, dedicated haul road connecting the SCM Mine to IMIP. These projects will reduce haulage costs, increase saprolite capacity, and provide a corridor for the transmission line and pipeline required for MBMA’s HPAL plants at IMIP.
- Commissioning activities at the AIM plant are continuing. The first acid was produced from Train 1 and delivered to the end user during 2Q 2024. Commissioning of acid plant train 2 and the chloride plant is expected to commence in 2H 2024. Construction of the copper cathode plant is progressing, with commissioning expected in 4Q 2024. AIM is expected to be fully operational across all processing circuits by the end of 2024.

TB Copper Project

- Merdeka is advancing several project optimisation initiatives at its Tujuh Bukit Tujuh Bukit copper project (“TB Copper”).
- Extensive drilling increased the TB Copper indicated resource by 71% to 755Mt at 0.60% copper and 0.66 g/t gold. Merdeka is now expanding the SLC and block cave mine layouts to incorporate the enlarged indicated resources. Preliminary results are encouraging, indicating a significant increase in ore reserves and the potential to add previously excluded mining inventory to the PFS. Study work is ongoing and expected to be complete in 2H 2024.
- Merdeka is investigating production scenarios to increase SLC mine production from 4.0Mtpa (the PFS case) and reduce pre-production capex. Design, scheduling, and cost estimation advanced to the financial modelling stage in 3Q 2024.

- Merdeka has engaged several consultants to assess downstream processing options to maximise project value. The consultants, Mineralis, Hatch and ENFI Engineering, are under independent but complementary scopes for the purpose of conducting trade-off studies to define the optimal downstream processing solution for TB Copper concentrates. Initial study results are expected in 4Q 2024.
- Maiden high sulphidation epithermal (“HSE”) copper-gold resource of 25.8Mt at 0.47% copper and 0.22 g/t gold was declared after 1H 2024. This HSE copper-gold resource is located immediately below Pit C of TB Gold open-pit operations and above TB Copper’s underground copper-gold porphyry deposit. Evaluation is progressing to assess metallurgical recovery and potential approaches to enhance the overall value of TB Copper.

TB Gold Mine

- Drilling during 1H 2024 successfully converted inferred into indicated resources and defined an updated mineral resource estimate of 112.6Mt at 0.37 g/t gold and 19.9 g/t silver for 1.3Moz of gold and 72.1Moz of silver.
- After 1H 2024, the surface drilling campaign delivered an updated ore reserve of 40.8Mt at 0.43 g/t gold and 26.3 g/t silver for 562koz of gold and 34.4Moz of silver, representing a 36% increase in gold ounces and a 49% increase in silver ounces. The increase in ore reserves has resulted in an extension to the gold oxide heap leaching operation until 2029, with further extensions possible upon completion of the current drilling program and subsequent resource modelling.
- Drilling in 2H 2024 will focus on the extensions to mineralisation beyond the current known mineralised domains and near-mine drilling to try to increase oxide gold resources.
- The extended TB Gold oxide operation provides certainty and a robust cashflow generating platform to ensure a seamless transition to the TB Copper growth project located beneath the TB Gold operations.

Outlook for FY2024

TB Gold Mine

Guidance is 100,000 to 120,000 ounces of gold at a total cash cost of \$900 to 1,050/oz and AISC of \$1,350 to 1,500/oz. Improved production is expected in 2H 2024.

Wetar Copper Mine

Guidance is 14,000 to 16,000 tonnes of copper at a total cash cost of \$3.25 to 4.00/lb and AISC of \$4.50 to 5.25/lb.

MBMA

MBMA is on track to meet saprolite ore sales of 4.0 to 5.0 million wmt.

Limonite ore sales revised to 9.5 to 10.5 million wmt. Production increases are planned for 2025 once the second feed preparation plant (“FPP”) at SCM is commissioned by mid-2025. This FPP is expected to consume more than 9.0 million wmt of limonite per annum supplying both the PT ESG and PT Meiming HPAL plants.

MBMA commenced scheduled relining of the refractory on one of its two furnaces of the BSID smelter in September 2024. Therefore, the nickel in NPI sales guidance has been revised to 80,000 to 85,000 tonnes. No change to total cash cost of \$10,000 to 12,000/t and AISC of \$10,200 to 12,200/t.

Nickel in HGNM guidance is 50,000 to 55,000 tonnes at a cash cost of \$13,000 to 15,000/t and AISC of \$13,040 to 15,040/t.

For further information, please contact:

Investor Relations

PT Merdeka Copper Gold Tbk

Treasury Tower 67-68th Floor

District 8 SCBD Lot. 28

Jl. Jenderal Sudirman Kav. 52-53

South Jakarta 12190, Indonesia

Email: investor.relations@merdekacoppergold.com

Or visit our website at

<https://merdekacoppergold.com>

Disclaimer

This document: (i) is for information purposes, (ii) may or may not contain certain “forward-looking statements”, (iii) does not constitute or form part of any offer for sale or subscription of or solicitation or invitation of any offer to buy or subscribe for, or sell any securities of PT Merdeka Copper Gold Tbk (“Merdeka”) and/or PT Merdeka Battery Materials Tbk or to enter into any transaction under Indonesia Capital Markets Law or any other prevailing laws in any jurisdiction. All statements, other than statements of historical fact, which address activities, events, or developments that Merdeka and its subsidiaries (together referred to as “Merdeka Group”) believe, expect, or anticipate will or may occur in the future, are forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as “seek”, “anticipate”, “believe”, “plan”, “estimate”, “targeting”, “expect”, “project”, and “intend” and statements that an event or result “may”, “will”, “can”, “should”, “could”, or “might” occur or be achieved and other similar expressions including the negative of those terms or other comparable terminology. These forward-looking statements, including but not limited to those with respect to permitting and development timetables, mineral grades, metallurgical recoveries, and potential production, reflect the current internal projections, expectations, or beliefs of Merdeka Group based on information currently available to Merdeka Group. Statements in this document that are forward-looking and involve numerous risks and uncertainties that could cause actual results to differ materially from expected results are based on Merdeka Group’s current beliefs and assumptions regarding many factors affecting its business (including affect the outcome and financial effects of the plans and events described herein); statements in documents are provided to allow potential investors and/or the reader understand Merdeka Group management’s opinions in respect of future. There can be no assurance that (i) Merdeka Group have correctly measured or identified all the factors affecting its business or the extent of their likely impact, (ii) the publicly available information with respect to these factors on which Merdeka Group’s analysis is complete and/or accurate, and/or correct and/or (iii) Merdeka Group’s strategy, which is based in part on this analysis, will be successful. Merdeka Group expressly undertakes no obligation to update and/or revise any such forward-looking statements if circumstances or Merdeka Group management’s estimates or opinions should change except as required by applicable laws. The reader is cautioned not to place undue reliance on forward-looking statements and extra cautions on capital market trading.

No Representation, Warranty or Liability

Whilst it is provided in good faith, no representation or warranty is made by Merdeka and/or any of its affiliates, its advisers, consultants, agents, employees, or any of its authorised representatives as to the accuracy, completeness, currency, or reasonableness of the information in this document and/or provided in connection with it, including the accuracy or attainability of any forward-looking statements set out in this document. Merdeka Group does not accept any responsibility to inform you and/or update of any matter arising and/or coming to Merdeka Group’s notice after the date of this document which may affect any matter referred to in this document. Any liability of Merdeka Group and/or any of its affiliates, consultants, agents, employees, or any of its authorised representatives to you or to any other person or entity arising out of this document pursuant to any applicable law is, to the maximum extent permitted by law, expressly disclaimed and excluded. This document is not guarantee of future performance, and undue reliance should not be placed on them as they involve known and unknown risks and uncertainties, which may cause actual performance and financial results in future periods to differ significantly from any projections of future performance and/or result expressed and/or implied by such forward-looking document.