



# MERDEKA GROUP

Nine Months 2024 Financial Results Presentation  
20 December 2024



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# 9M 2024 Highlights

## Financials

### Merdeka

#### Revenue

**\$1,668<sub>m</sub>**

↑43% YoY

#### EBITDA

**\$222<sub>m</sub>**

↑22% YoY

#### Net Profit / (Loss)

**\$(20)<sub>m</sub>**

↓405% YoY

### MBMA

**\$1,380<sub>m</sub>**

↑58% YoY

**\$114<sub>m</sub>**

↑78% YoY

**\$60<sub>m</sub>**

↑124% YoY

## Project Update

### Tujuh Bukit Copper Gold Project

Extension of oxide mine life at TB Gold and advancement of TB Copper optimisation studies to improve project economics and integration of expected larger ore reserves in early 2025

### Pani Gold Project

Project completion was 19% at the end of 9M 2024 and 28% at the end of November 2024. The commissioning of the heap leach operation is anticipated for late 2025

### PT ESG HPAL

First production line of 20,000 tonnes capacity is now in commissioning phase. First production of MHP was achieved in early December 2024

### PT Meiming HPAL

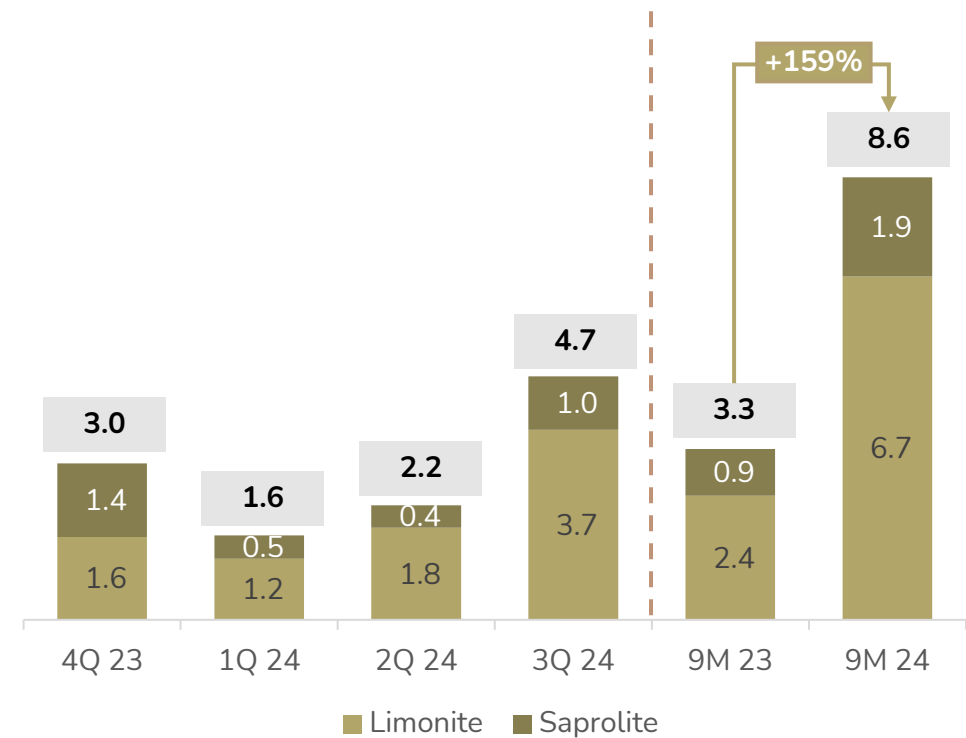
Production began in October 2024. First sales of MHP is expected in early 2025

### AIM Plant

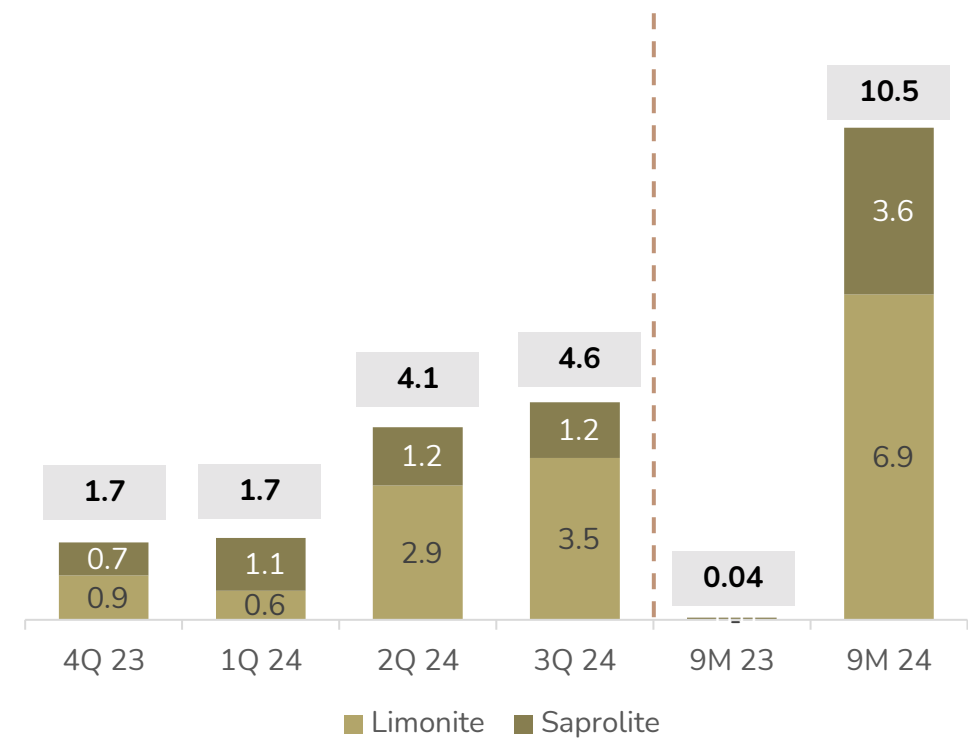
The construction of the copper cathode plant is nearing completion, with commissioning of certain sections and regional equipment also underway in 4Q 2024

# Nickel Mining Operations

Ore Mined (million wmt)



Ore Sales<sup>1</sup> (million wmt)



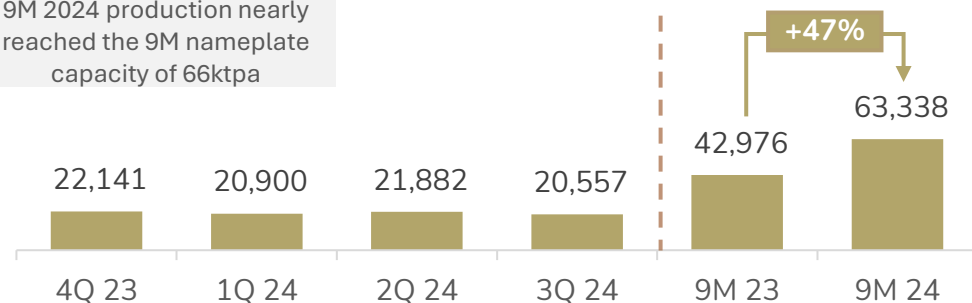
- MBMA is on track to meet 2024 saprolite and limonite guidance of 4.0 to 5.0 wmt and 9.5 to 10.5 wmt, respectively.
- The increase in sales of limonite ore is in line with commencement of limonite ore sales to PT Huayue Nickel Cobalt (“HNC”).
- The total material mined during 9M 2024 was 9.9 million wmt, comprising 6.7 million wmt of limonite ore, 1.9 million wmt of saprolite ore and 1.3 million wmt of waste.
- As of December 2023, SCM mine is estimated to contain resources of 13.8 million tonnes of nickel and 1.0 million tonnes of cobalt.

<sup>1</sup> Limonite sales represent the sale of limonite to HNC. Saprolite sales in 2024 include current-year sales as well as the realisation of pre-sales ore from 2023.

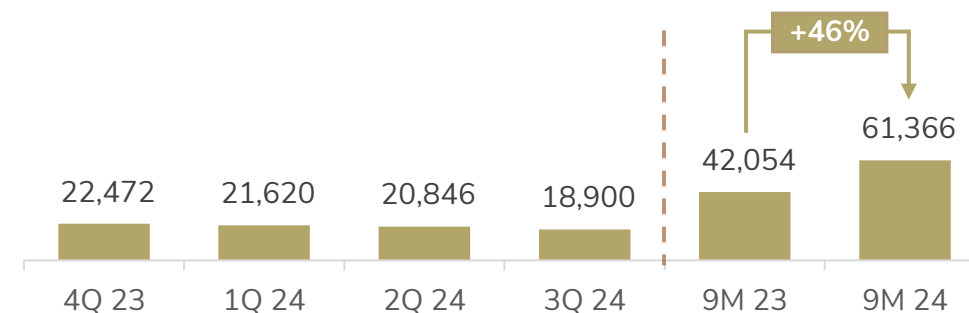
# Nickel Processing Operations

## NPI Production (tonnes)

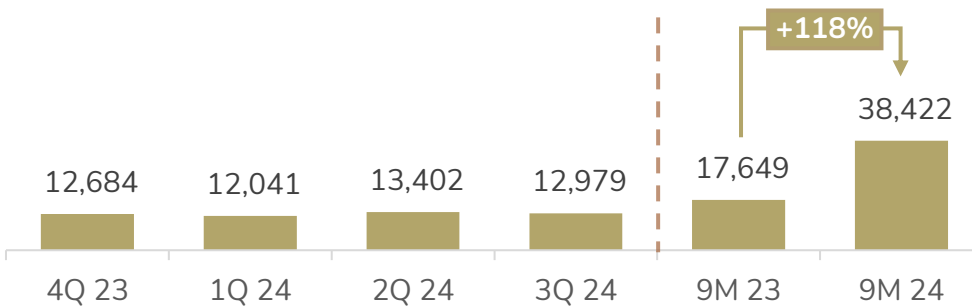
9M 2024 production nearly reached the 9M nameplate capacity of 66ktpa



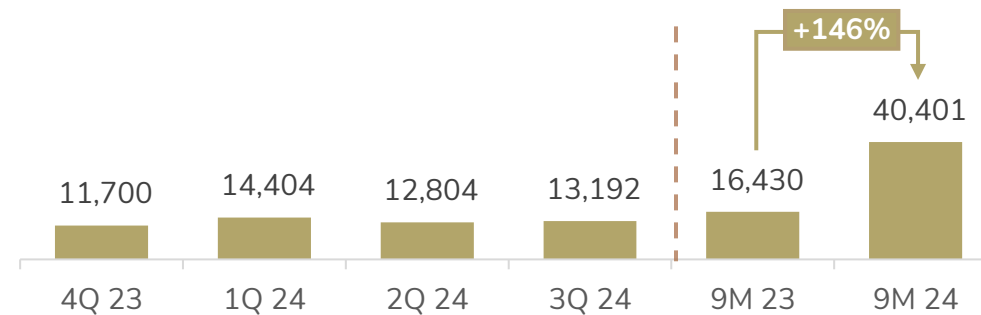
## NPI Sales (tonnes)



## HGNM Production (tonnes)



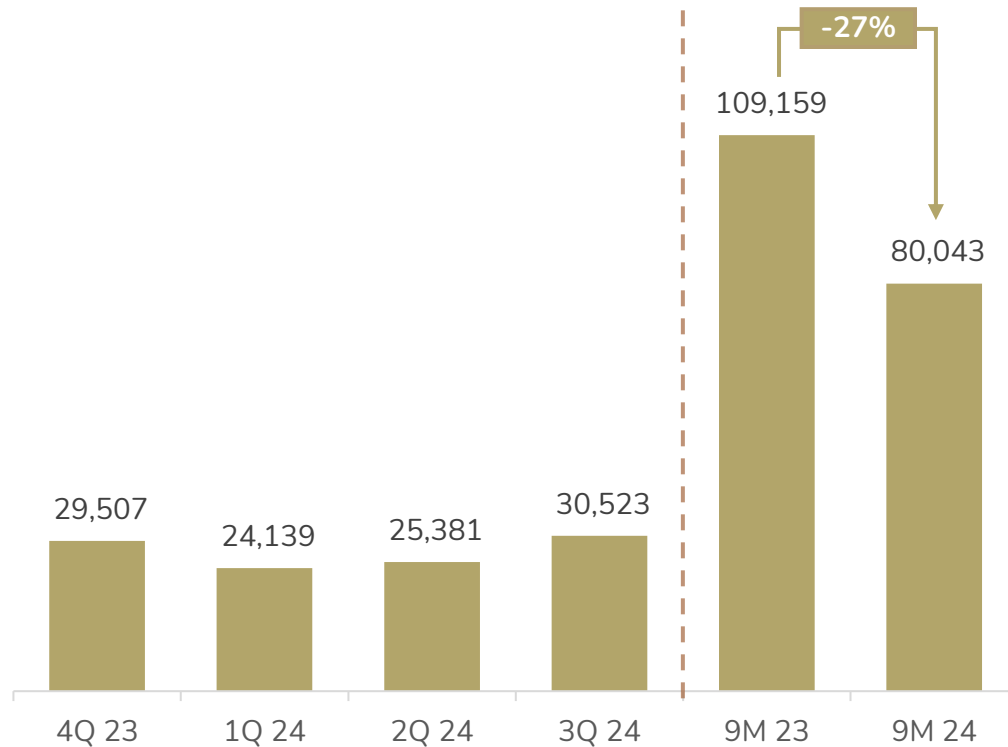
## HGNM Sales (tonnes)



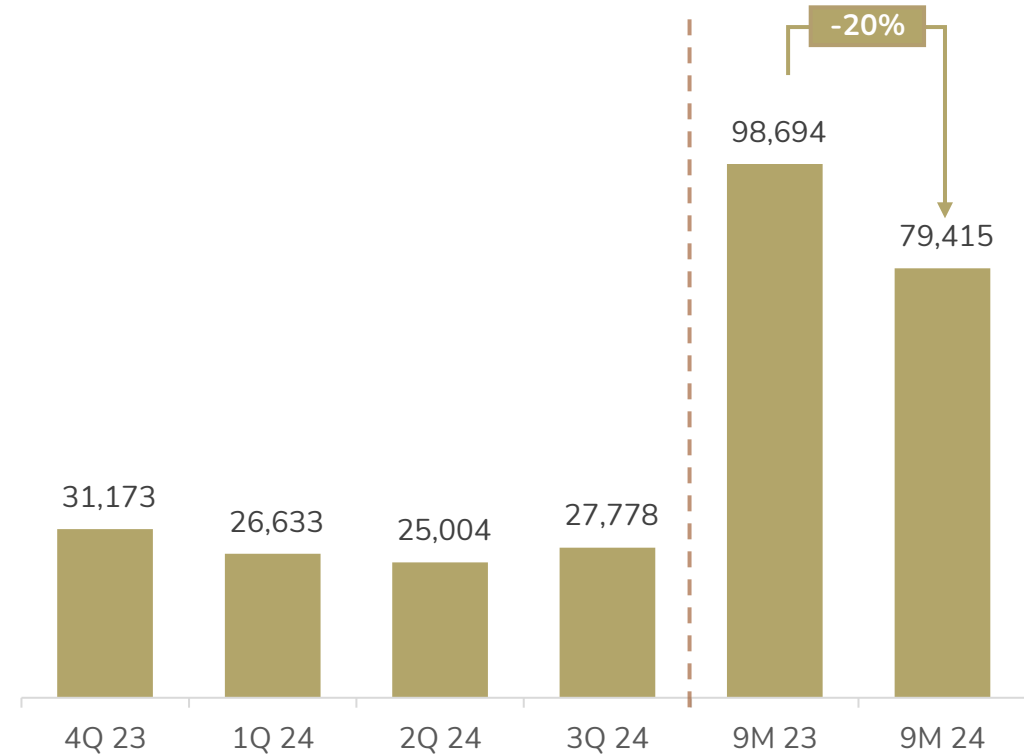
- NPI production and sales grew by 47% and 46%, respectively, due to production from the third RKEF smelter, bringing total nameplate capacity to 88ktpa. HGNM production and sales increased due to three consecutive quarters of full operations.
- During 9M 2024, the RKEF smelters (BSI, CSI and ZHN) processed 6.8 million wmt of saprolite ore at an average nickel grade of 1.63% and producing 63,338 tonnes of nickel in NPI.
- MBMA is on track to achieve 2024 nickel in NPI and HGNM guidance of 80,000 to 85,000 tonnes and 50,000 to 55,000 tonnes, respectively.

# Gold Mining Operations

## Gold Production (Ounces)



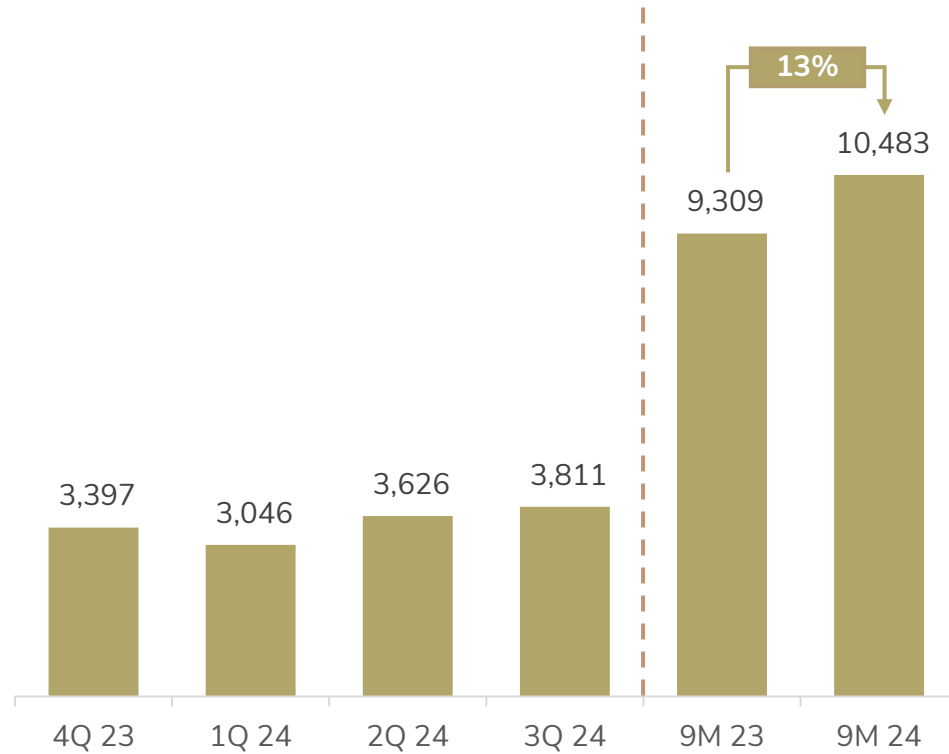
## Gold Sales (Ounces)



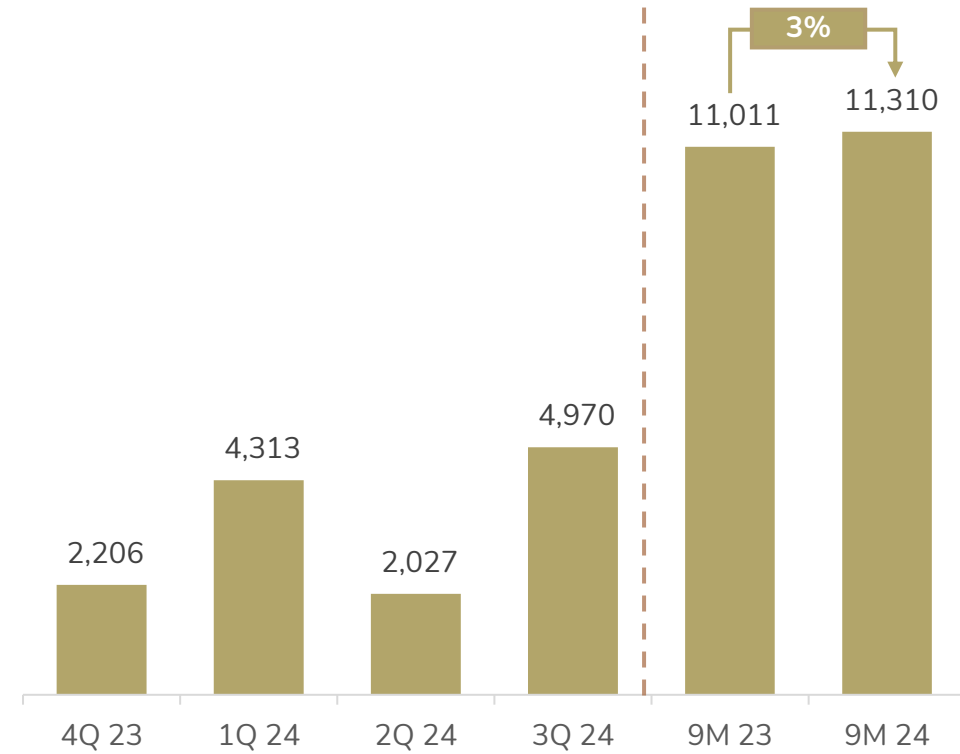
- Gold production has decreased due to a decline in gold grade (0.56 g/t vs. 0.69 g/t) and marginally lower gold recovery (80% vs. 81%).
- Tujuh Bukit gold mine is on track to meet the upper end of 2024 guidance of 110,000 to 120,000 ounces of gold.

# Copper Mining Operations

Copper Production (tonnes)

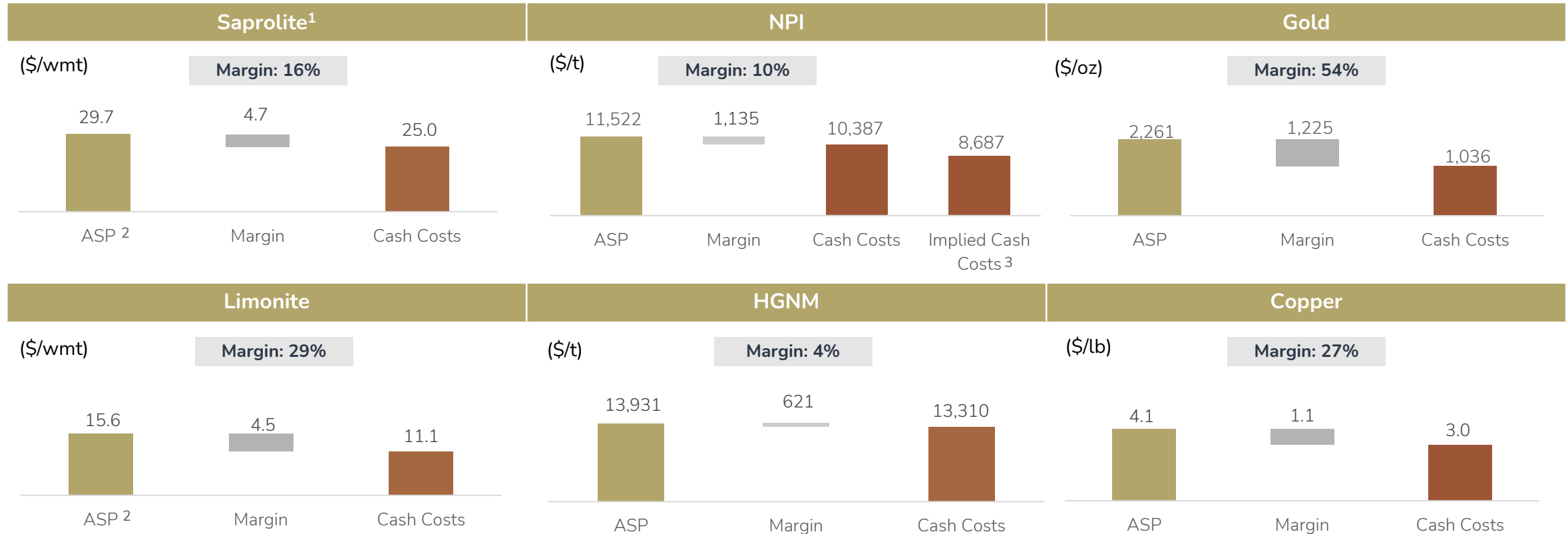


Copper Sales (tonnes)



- Copper production has improved due to higher volume of ore mined in 9M 2024 (1.3Mt vs. 0.9Mt).
- Wetar copper mine is on track to meet 2024 guidance of 13,500 to 14,000 tonnes of copper.

# ASP and Margin Analysis (9M 2024)



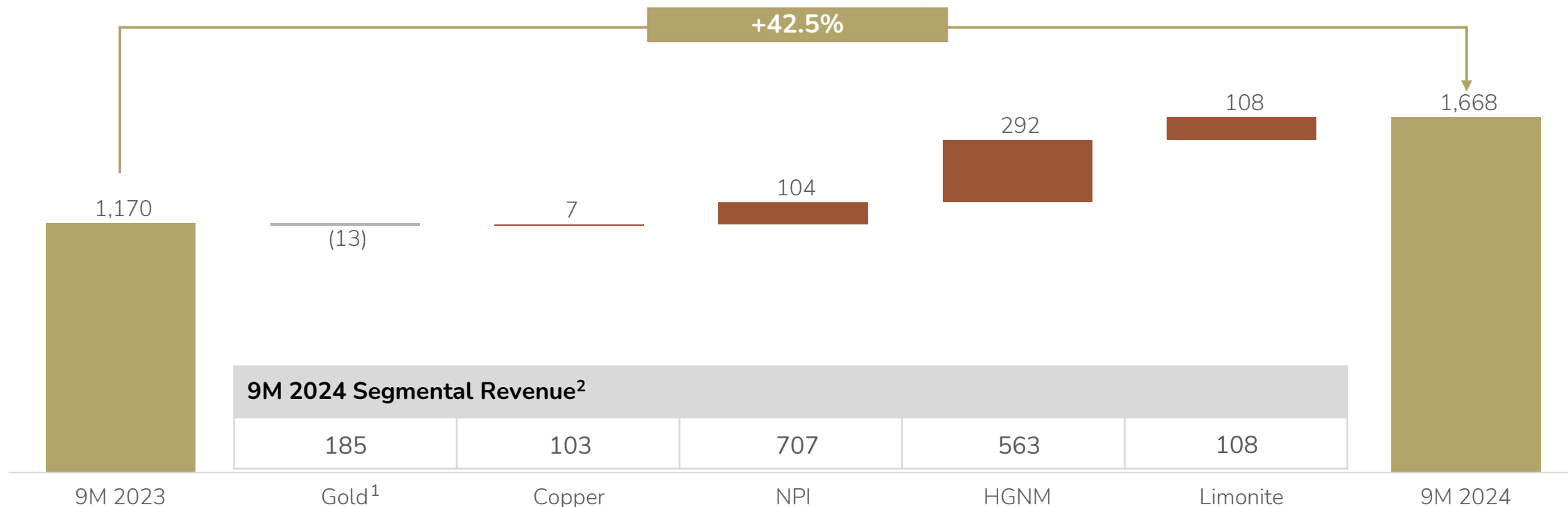
- Merdeka is achieving positive margins across all products. Nickel ore margins are expected to improve as mining volumes increase, and ongoing optimisation efforts yield results.
- The higher margin for gold is largely driven by elevated gold prices (\$2,261/oz in 9M 2024 vs \$1,942/oz in 9M 2023).
- ASPs for limonite and saprolite represent internal sales price.
- NPI implied cash cost is less than \$9,000/t, assuming nickel ore for NPI is sourced solely from SCM and electricity is generated internally.

<sup>1</sup> The saprolite ore is all consumed by the three RKEFs owned by the group; <sup>2</sup> ASP represents internal pricing; <sup>3</sup> NPI implied cash cost assumed internally sourced for nickel ore and electricity. Cash cost includes mining cost, processing, royalties and stock movement



# Consolidated Group Revenue

\$ million

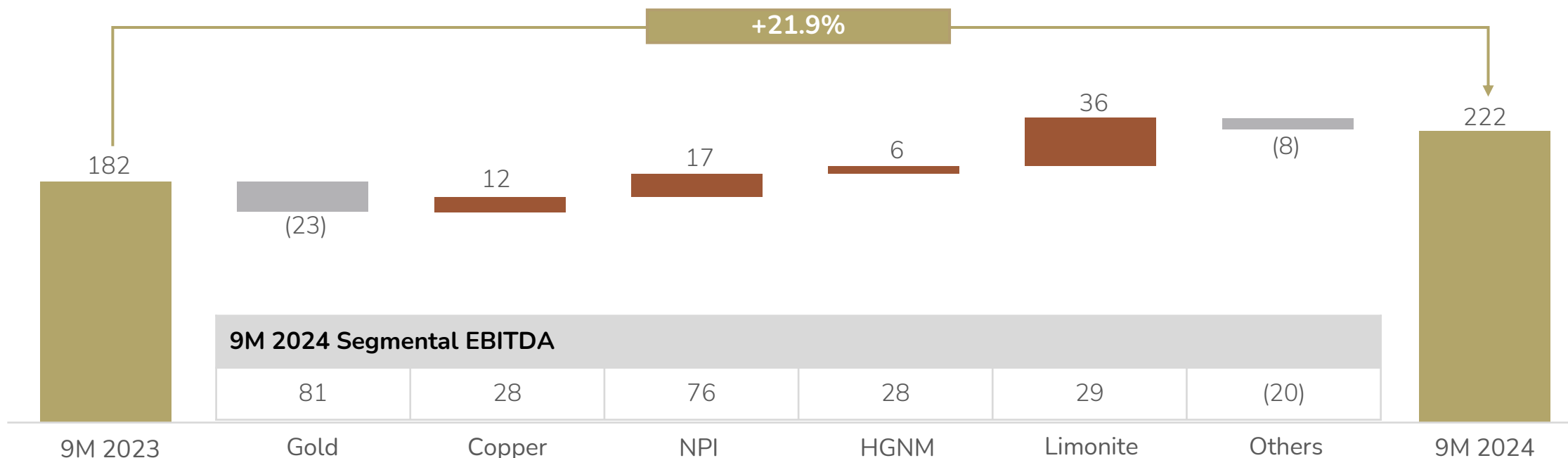


- Merdeka group consolidated revenue of \$1,668 million representing YoY growth of 42.5%.
- Significant revenue growth is attributable to:
  - Reflecting a full nine months of HGNM sales from PT Huaneng Metal Industry (“HNMI”) nickel matte converter
  - 18% YoY growth in NPI sales volume in 9M 2024, driven by three fully operational RKEF plants
  - The commencement of limonite ore sales to a third party in late 2023

<sup>1</sup> Gold revenue inclusive of silver revenue; <sup>2</sup>Excluding approximately \$2 million from others.

# Consolidated Group EBITDA

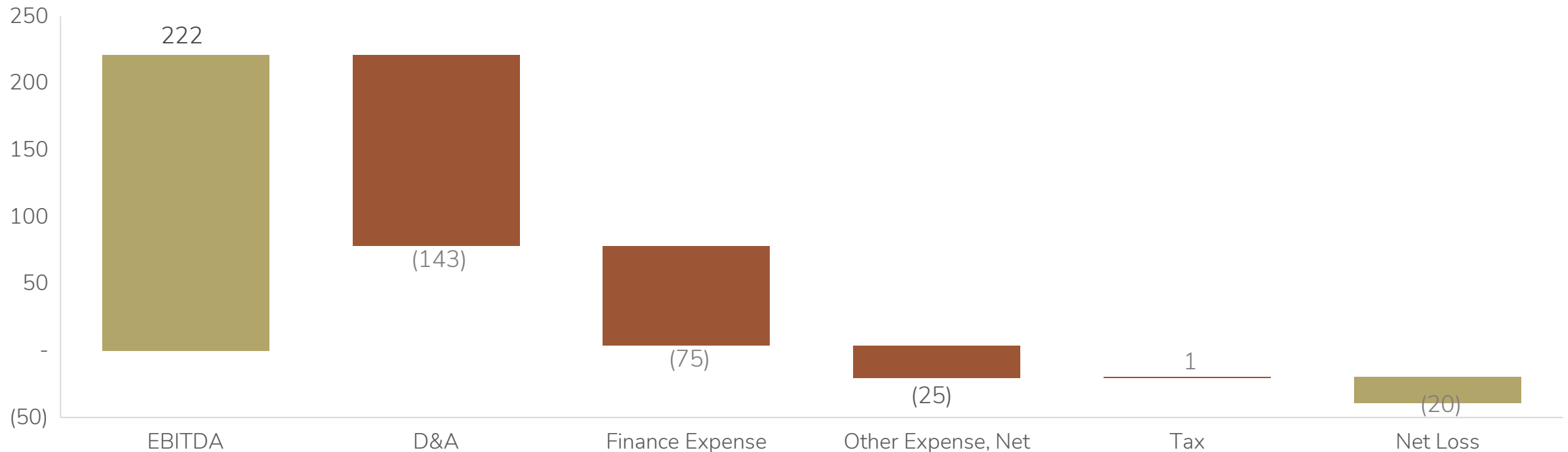
\$ million



- Merdeka group generated an EBITDA of \$222 million in 9M 2024 compared to 9M 2023 EBITDA of \$182 million.
- The higher EBITDA is attributable to:
  - The commencement of limonite ore sales to a third party in late 2023
  - Higher sales volume and ASP of copper in 9M 2024 compared to 9M 2023
  - Higher sales volume of NPI and HGNM

# 9M 2024 Profit & Loss (Before Minority)

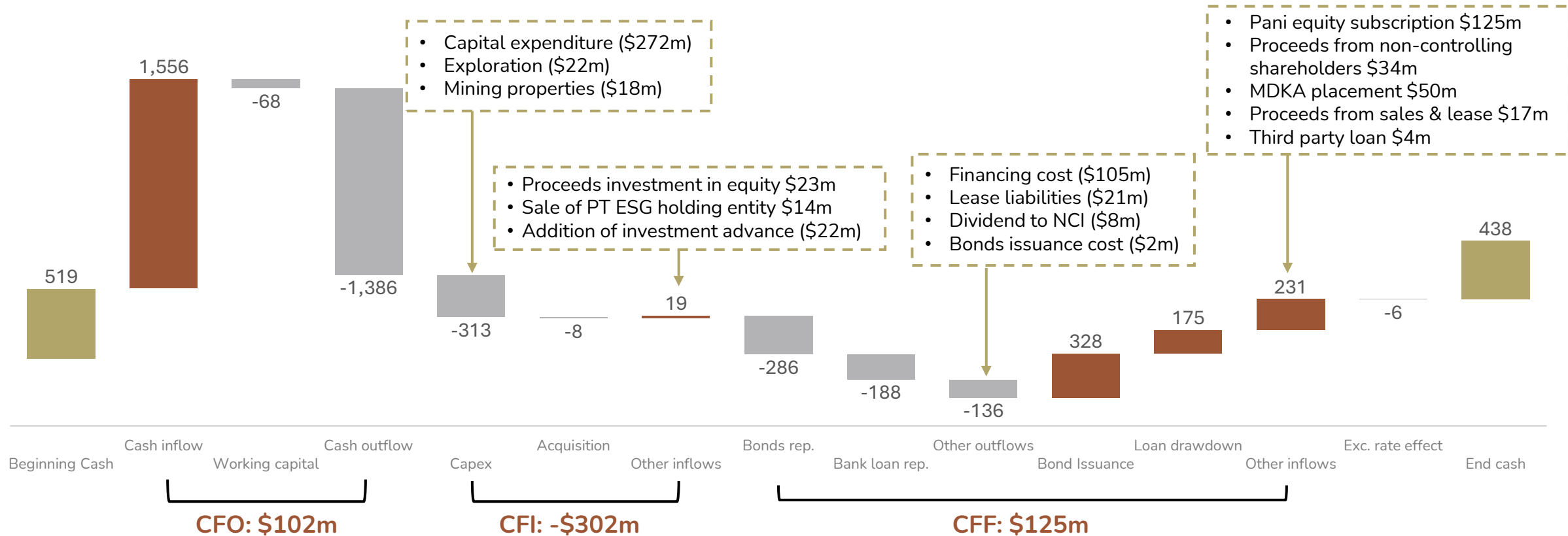
\$ million



- Finance costs have increased due to higher interest rates and overall debt levels (bonds: \$1.2 billion in 9M 2024 vs. \$1.0 billion in 9M 2023) incurred to support the Company's growth plans.
- Other expense is mainly contributed to loss from foreign exchange of \$29 million (\$13 million from hedged bonds, \$9 million from unhedged bonds, and \$7 million from payable & other account), offset with gain on fair value adjustment on investment in PETS of \$7 million.

# 9M 2024 Cash flow

\$ million



- The CFO of \$102 million includes \$68 million in working capital spending, primarily due to the timing of receivable settlement.
- Merdeka is investing a significant amount of capital to support its operations and growth initiatives. Capital expenditure during 9M 2024 include \$65 million for Pani, \$28 million for TB copper, \$125 million for the AIM plant, with the remaining balance allocated to operating assets.

# Segmental Performance

	Gold	Copper	NPI	HGNM	Saprolite <sup>2</sup>	Limonite
Production <sup>1</sup>	80,043 oz	10,483 t	63,338 t	38,422 t	4.9 m wmt	6.7 m wmt
Sales	79,415 oz	11,310 t	61,366 t	40,401 t	4.8 m wmt	6.9 m wmt
Revenue (\$m)	179.5	101.4	707.1	562.8	105.9	108.2
EBITDA (\$m)	81	28	76	28	-	29
ASP	\$2,261/oz	\$4.07/lb	\$11,522/t	\$13,931/t	\$29.7/wmt	\$15.6/wmt
Cash Cost	\$1,036/oz	\$2.97/lb	\$10,387/t	\$13,310/t	\$25.0/wmt	\$11.1/wmt
AISC	\$1,371/oz	\$3.84/lb	\$10,514/t	\$13,337/t	n.a.	n.a.
Commentary	<ul style="list-style-type: none"> <li>Sales decreased by 0.2% YoY</li> <li>Increase in ASP from \$1,942/oz in 9M 2023 to \$2,261/oz in 9M 2024</li> </ul>					
	<ul style="list-style-type: none"> <li>Sales increased by 17% YoY</li> <li>ASP increased from \$3.93/lb in 9M 2023 to \$4.07/lb in 9M 2024</li> </ul>					
	<ul style="list-style-type: none"> <li>Sales increased by 7% YoY</li> <li>ASP decreased from \$14,267/t in 9M 2023 to \$11,522/t in 9M 2024</li> </ul>					
	<ul style="list-style-type: none"> <li>Sales increased by 64% YoY</li> <li>ASP decreased from \$16,503/t in 9M 2023 to \$13,931/t in 9M 2024</li> </ul>					
	<ul style="list-style-type: none"> <li>MBMA saprolite sold exclusively to the three RKEFs owned by the group</li> </ul>					
	<ul style="list-style-type: none"> <li>MBMA commenced limonite ore sales to a third party in Q4 2023</li> </ul>					

<sup>1</sup> Production of NPI includes Low Grade Nickel Matte; <sup>2</sup>The saprolite ore is all consumed by the three RKEFs owned by the group

# Project Development

## TB Copper



- Merdeka is advancing a range of project optimisation opportunities to improve the scale and profitability of the project.
- These include the integration of an upgraded indicated resource totalling 755Mt at 0.60% copper and 0.66 g/t gold, defining a larger ore reserve in 1Q 2025 and downstream processing options.

## Pani Gold Project



- The project is 28% complete at the end of November 2024.
- Updated mineral resources are expected in 1Q 2025.
- All long lead and major equipment packages have been ordered, with crushing and screening equipment for delivery in 1Q 2025.
- Project commissioning of the heap leach operation is expected in late 2025.

## HPAL Operations



- PT ESG HPAL plant commenced operation of its first production line (20ktpa capacity) in the first week of December 2024.
- The team is focused on bringing the second production line (10ktpa capacity) of PT ESG HPAL online in early 2025.
- PT Meiming HPAL plant began commissioning, supported by the existing FPP located at IMIP in October 2024.
- Once it is completed in 2H 2025, the plant will transition to the FPP located at the SCM mine.



# SCM Haul Road Pre and Post-Development



- At the SCM Mine, ongoing infrastructure improvements are being implemented to support the ramp-up in mining operations and to meet the anticipated increase in limonite demand in 2025. A new dedicated haul road is also under construction to connect the SCM Mine to IMIP. These initiatives aim to optimise transportation efficiency, reduce haulage costs, and significantly enhance saprolite capacity.
- Widening works on the primary haul road that connects the SCM mine to IMIP are in progress, which will increase limonite transport capacity and allow for the transportation of larger volumes to MBMA's HPAL plants located at IMIP. This project also supports the installation of the pipeline required for the HPAL plants.



# HNC Feed Preparation Plant

The existing HNC FPP at IKIP facilitates the efficient and cost-effective transportation of limonite to IMIP via a slurry pipeline. This approach will similarly apply to the FPP under development by MBMA, which will be used for the transportation of limonite to PT ESG HPAL.

FPP Area



FPP Facilities (camp, warehouse, workshop, office)



Camp





# MDKA Consolidated Financial Statements (Before Minority)

In \$ million	3Q 2024	3Q 2023	9M 2024	9M 2023
Revenue	573.7	650.2	1,667.5	1,170.2
Cost of Revenue (exclusive of D&A)	(489.9)	(533.3)	(1,408.7)	(952.9)
Mining	(50.5)	(34.8)	(124.6)	(90.0)
Processing	(440.4)	(530.3)	(1,157.0)	(1,018.9)
Inventory	(3.6)	16.1	(57.1)	175.1
Others	(26.6)	15.8	(70.0)	(19.0)
Depreciation and Amortisation	(54.4)	(44.4)	(140.7)	(98.7)
<b>Gross Profit</b>	<b>29.5</b>	<b>72.6</b>	<b>118.2</b>	<b>118.6</b>
<i>Gross Profit Margin</i>	5.1%	11.2%	7.1%	10.1%
G&A Expenses	(12.8)	(10.4)	(39.4)	(38.1)
<b>Operating Profit</b>	<b>16.6</b>	<b>62.1</b>	<b>78.8</b>	<b>80.5</b>
<i>Operating Profit Margin</i>	2.9%	9.6%	4.7%	6.9%
Finance Expenses, net	(27.5)	(20.1)	(74.7)	(59.8)
Other Income (Expenses), net	(35.8)	14.6	(24.7)	(15.6)
<b>Profit / (Loss) Before Tax</b>	<b>(46.7)</b>	<b>56.7</b>	<b>(20.6)</b>	<b>5.1</b>
Tax Benefit (Expense)	6.5	(5.5)	1.0	(9.0)
<b>Net Profit / (Loss) Before Minority</b>	<b>(40.1)</b>	<b>51.1</b>	<b>(19.6)</b>	<b>(3.9)</b>
<i>Net Profit (Loss) Margin</i>	(7.0%)	7.9%	(1.2%)	(0.3%)
<b>EBITDA</b>	<b>71.7</b>	<b>107.3</b>	<b>221.6</b>	<b>181.8</b>
<i>EBITDA Margin</i>	12.5%	16.5%	13.3%	15.5%

- Merdeka reported an EBITDA of \$222 million in 9M 2024, reflecting growth in MBMA's nickel production and increased profitability from copper at Wetar.
- The largest contributor to EBITDA was gold, which generated \$81 million. This was followed by NPI with \$76 million, copper at \$28 million, HGNM also at \$28 million, and limonite at \$29 million. This was offset by other costs, including corporate expenses, totaling \$20 million.
- Finance costs rose due to higher debt levels, with an IDR bond ending balance of \$1.2 billion as of 9M 2024, compared to \$1.0 billion in 9M 2023, alongside an elevated interest rate environment.

# MBMA Consolidated Financial Statements (Before Minority)

In \$ million	3Q 2024	3Q 2023	9M 2024	9M 2023
Revenue	458.2	522.9	1,379.8	873.9
Cost of Revenue (exclusive of D&A)	(419.8)	(465.1)	(1,245.1)	(783.0)
Mining Cost	(55.9)	(18.8)	(117.5)	(30.8)
Processing Cost	(349.3)	(449.3)	(1,059.6)	(818.4)
Inventory	(5.6)	3.2	(50.4)	66.4
Royalties	(9.0)	(0.2)	(17.6)	(0.2)
Depreciation and Amortisation	(22.2)	(14.8)	(55.3)	(29.4)
<b>Gross Profit</b>	<b>16.2</b>	<b>43.0</b>	<b>79.4</b>	<b>61.4</b>
<i>Gross Profit Margin</i>	3.5%	8.2%	5.8%	7.0%
G&A Expenses	(7.2)	(3.6)	(20.9)	(21.1)
<b>Operating Profit</b>	<b>9.0</b>	<b>39.4</b>	<b>58.5</b>	<b>40.3</b>
<i>Operating Profit Margin</i>	2.0%	7.5%	4.2%	4.6%
Finance Income (Expenses), net	(1.6)	1.1	(1.7)	(15.2)
Other Income, net	6.5	0.9	7.5	2.1
<b>Profit Before Tax</b>	<b>14.0</b>	<b>41.3</b>	<b>64.2</b>	<b>27.2</b>
Tax Expense	(0.2)	(0.6)	(4.2)	(0.4)
<b>Net Profit / (Loss) Before Minority</b>	<b>13.8</b>	<b>40.7</b>	<b>60.0</b>	<b>26.8</b>
<i>Net Profit (Loss) Margin</i>	3.0%	7.8%	4.4%	3.1%
<b>EBITDA</b>	<b>31.4</b>	<b>48.0</b>	<b>114.4</b>	<b>64.2</b>
<i>EBITDA Margin</i>	6.9%	9.2%	8.3%	7.3%

- MBMA reported consolidated revenue and EBITDA of \$1,380 million and \$114 million, respectively, for 9M 2024, representing a 58% and 78% YoY increase. EBITDA contributions were \$76 million from NPI, \$28 million from HGNM, \$29 million from limonite, and offset by other cost \$18 million, including corporate cost.
- MBMA's growth was primarily driven by NPI sales from the third RKEF smelter, ZHN, as well as HGNM sales from the HNMI nickel matte converter and sales of limonite ore.
- The total costs of revenue for NPI and HGNM were \$696 million and \$540 million, respectively. The cash cost for NPI dropped to \$10,387/t in 9M 2024, from \$12,775/t in 9M 2023, due to lower costs for ore, reductants, and electricity.
- For HGNM, the cash cost is \$13,310/t, with over 90% of the costs related to low-grade nickel matte. Mining cash costs are \$7.3/wmt for saprolite and \$7.0/wmt for limonite, with total costs (including hauling and royalties) at \$11.1/wmt for limonite and \$25.0/wmt for saprolite.
- The decline in gross profit margin is attributed to lower EBITDA margins, with NPI margin decreasing from \$1,395/t in 9M 2023 to \$1,135/t in 9M 2024, and HGNM margin dropping.

# Summary and 2024 Guidance

Gold and copper production guidance of 110,000 – 120,000 ounces at a total cash cost of \$950 to 1,050/oz and 13,500 to 14,000 tonnes at a total cash cost of \$3.65 to 4.00/lb, respectively.

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MBMA is on track to achieve nickel in NPI guidance of 80,000 to 85,000 tonnes at a total cash cost of \$10,000 to 12,000/t and HGNM guidance of 50,000 to 55,000 tonnes at a cash cost of \$13,000 to 15,000/t.

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MBMA is on track to achieve saprolite ore sales of 4.0 – 5.0 million wmt and limonite ore sales of 9.5 to 10.5 million wmt. Planned increases in production are set for 2025, following the commissioning of the second FPP at SCM, which is expected to take place by mid-2025. This new FPP is anticipated to process over 9.0 million wmt of limonite annually, supplying both the PT ESG and PT Meiming HPAL plants.

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In 2025, the primary objective is to realise the full potential of the AIM plant, increase mining volumes at the SCM mine and ramp-up processing capacity at PT ESG and PT Meiming HPAL plants. Additionally, we aim to secure new partnerships for HPAL and ensure that the development of the Pani and TB Copper projects proceeds as scheduled.

# Thank you



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# ASP and Margin Analysis (Quarterly)

		9M 2023	1Q 2024	2Q 2024	3Q 2024	9M 2024
<b>Gold</b>						
ASP	\$/oz	1,942	2,106	2,262	2,407	2,261
Cash costs	\$/oz	794	1,065	1,110	952	1,036
Margin	\$/oz	1,147	1,041	1,153	1,455	1,225
<b>Copper</b>						
ASP	\$/lb	3.93	3.79	4.19	4.26	4.07
Cash costs	\$/lb	3.92	2.67	2.66	3.50	2.97
Margin	\$/lb	0.00	1.12	1.53	0.76	1.10
<b>Limonite</b>						
ASP	\$/wmt	-	13.2	16.5	15.3	15.6
Cash costs	\$/wmt	-	12.6	11.1	10.2	11.1
Margin	\$/wmt	-	0.7	5.4	5.0	4.5
<b>Saprolite</b>						
ASP	\$/wmt	-	30.3	30.2	28.8	29.7
Cash costs	\$/wmt	-	28.0	24.5	22.6	25.0
Margin	\$/wmt	-	2.3	5.7	6.2	4.7
<b>NPI</b>						
ASP	\$/t	14,267	11,055	11,536	12,041	11,522
Cash costs	\$/t	12,562	10,107	10,288	10,776	10,387
Margin	\$/t	1,705	948	1,247	1,264	1,135
<b>HGNM</b>						
ASP	\$/t	16,503	13,673	14,819	13,350	13,931
Cash costs	\$/t	14,016	13,120	12,988	13,820	13,310
Margin	\$/t	2,487	552	1,832	(469)	621

# Guidance 2024 – 2025

	2024	2025
<b>Commodity Price</b>		
LME nickel price	\$16,800	\$16,000
<b>Mining</b>		
<b>Limonite</b>		
Sales (million wmt)	9.5 – 10.5	12.5 – 15.0
Cash cost	Less than \$12/wmt	Less than \$11/wmt
<b>Saprolite</b>		
Sales (million wmt)	4.0 – 5.0	6.0 – 7.0
Cash cost	Less than \$25/wmt	Less than \$23/wmt
<b>Smelters</b>		
<b>NPI</b>		
Sales (tonnes)	80,000 – 85,000	85,000 – 90,000
Cash cost (\$/t)	\$10,000 – 11,000	Less than \$11,000
<b>HGNM</b>		
Sales (tonnes)	50,000 – 55,000	50,000 – 55,000
Cash cost (\$/t)	\$13,000 – 15,000	Less than \$13,500
<b>ESG HPAL</b>		
Nameplate capacity (tonnes)	~	30,000
Cash cost (after cobalt credit) (\$/t)	~	\$6,500-\$8,500
<ul style="list-style-type: none"> <li>FPP completion target 2H25, allowing for internally sourced ore</li> <li>Target to be consolidated in 2026/2027</li> </ul>		