

## PT Merdeka Copper Gold Tbk H1 2021 Results: Production improvement delivering improved financial performance

---

**JAKARTA, 25 August 2021** – PT Merdeka Copper Gold Tbk (IDX: MDKA) (“MDKA” or “the Company”) has released its financial performance for the first half of 2021 (H1-21).

### Key Highlights

- In quarter 2 2021, MDKA produced 37,779 ounces of gold and 5,003 tonnes of copper, representing significant improvement in production compared to quarter 1 2021 of 16,585 ounces of gold and 2,489 tonnes of copper. YTD production was 54,364 ounces of gold and 7,492 tonnes of copper.
- Remediation works to enable a return to design stacking and irrigation rates at Tujuh Bukit Gold Mine were completed during quarter 2 2021. Additional remediation works including, new ILS and PLS ponds, are ongoing.
- Consolidated revenue for the first half of 2021 was US\$ 135 million with 42,114 ounces of gold sold at an average price of US\$ 1,794/oz and 5,450 tonnes of copper sold at an average price of US\$ 9,091/t.
- All-in sustaining costs (“AISC”) for the first half of 2021 were US\$ 796/oz for gold production and US\$ 4,686/t for copper production.
- EBITDA for the first half of 2021 was US\$ 85 million. The full benefit of higher production levels in quarter 2 2021 has not been fully reflected in Sales, EBITDA and profit as sales realization trails production.
- Net profit attributable to shareholders of the Company was US\$ 6 million for the first half of 2021.
- MDKA’s subsidiary, PT Bumi Suksesindo (“BSI”) refinanced its debt with a secured bullion forward hedge and financing (“BSI Prepayment Facility”) (US\$ 100 million) and revolving credit facility (“BSI RCF”) (US\$ 10 million with an accordion option to increase the BSI RCF by US\$ 40 million to US\$ 50 million) that were closed in June 2021. The previous facility of US\$ 85 million was fully repaid on 28 May 2021.
- In quarter 2 2021, MDKA completed the acquisition of the 22% interest in PT Batutua Tembaga Raya (“BTR”) from Posco International. MDKA now owns 100% of BTR, which owns and operates the Wetar Copper Mine (“Wetar”).
- Cash and cash equivalents, net of restricted cash, at 30 June 2021 was US\$ 278 million. In addition to this, MDKA has US\$ 35 million of undrawn debt facilities.

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

in US\$ million	Q1-21	Q2-21	H1-21	H1-20	Variance (%)
Revenue	46.5	88.9	135.4	198.8	(31.9%)
Cost of revenue	(48.8)	(58.2)	(107.0)	(122.4)	(12.6%)
<b>Gross (loss)/profit</b>	<b>(2.2)</b>	<b>30.6</b>	<b>28.4</b>	<b>76.4</b>	<b>(62.8%)</b>
<i>Gross (loss)/profit margin</i>	<i>(4.8%)</i>	<i>34.5%</i>	<i>21.0%</i>	<i>38.4%</i>	<i>(45.4%)</i>
G&A expenses	(6.7)	(6.4)	(13.0)	(12.6)	3.2%
<b>Operating (loss)/profit</b>	<b>(8.9)</b>	<b>24.3</b>	<b>15.4</b>	<b>63.8</b>	<b>(75.9%)</b>
<i>Operating (loss)/profit margin</i>	<i>(19.1%)</i>	<i>27.3%</i>	<i>11.4%</i>	<i>32.1%</i>	<i>(64.5%)</i>
Finance income	0.4	0.7	1.1	0.1	701.6%
Finance expenses	(2.0)	(3.6)	(5.5)	(8.4)	(34.3%)
Other income/(expenses), net	1.8	(7.0)	(5.2)	(3.1)	68.4%
<b>(Loss)/profit before tax</b>	<b>(8.7)</b>	<b>14.5</b>	<b>5.7</b>	<b>52.4</b>	<b>(89.1%)</b>
Tax benefit/(expenses)	2.4	(4.8)	(2.4)	(17.0)	(85.7%)
<b>Net (loss)/profit</b>	<b>(6.3)</b>	<b>9.7</b>	<b>3.3</b>	<b>35.4</b>	<b>(90.6%)</b>
<i>Net (loss)/profit margin</i>	<i>(13.6%)</i>	<i>10.9%</i>	<i>2.4%</i>	<i>17.8%</i>	<i>(86.3%)</i>
<b>EBITDA</b>	<b>25.0</b>	<b>59.5</b>	<b>84.5</b>	<b>98.9</b>	<b>(14.6%)</b>
<i>EBITDA margin</i>	<i>53.6%</i>	<i>67.0%</i>	<i>62.4%</i>	<i>49.7%</i>	<i>25.4%</i>

### 2021 First Half Financial Results

- Revenue
  - Precious metals revenue from Tujuh Bukit (“TB”) Gold Mine was US\$ 85 million for the half. Revenue in quarter 2 2021 increased as production recovered from the heap leach pad incident.
  - Wetar Copper Mine sales increased from US\$ 18 million in the first half of 2020 to US\$ 50 million in the first half of 2021 as production from the new Partolang pit ramped up.
  - The full benefit of higher production levels from precious metals and copper in quarter 2 2021 has not been fully reflected in revenue as sales realization trails production.
  
- Profitability
  - Stronger revenue in quarter 2 2021 is also reflected in higher EBITDA of US\$ 60 million for the quarter, a significant increase from quarter 1 2021 of US\$ 25 million. The EBITDA margin for the first half of 2021 was 62.4%, higher than the first half of 2020 results of 49.7%. The improvement in MDKA’s EBITDA margin partially driven by interim insurance claim of US\$ 14 million for business interruption.
  - An insurance claim for material damage and business interruption pertaining to the heap leach incident has been lodged in April 2021. Insurers agreed to an interim payment of US\$ 20 million which was recognized in the first half of 2021. Payment is expected to be received in August 2021 and negotiations on total claim value are in progress.

- Cash flow
  - As of 30 June 2021, MDKA's cash balance was US\$ 278 million, higher than the cash balance recorded as of 30 June 2020 of US\$ 56 million.
  - Despite the temporary decline in gold production level which has caused operating cash flow to decline, MDKA has successfully maintain its liquidity and set the group up for further growth through debt and equity transactions conducted throughout the first half of 2021.

### Liquidity and Capital Resources

- Cash
  - MDKA has successfully maintained its strong financial position through a non-pre-emptive rights issuance of US\$ 170 million in March 2021, completion of an IDR Bond issuance that raised US\$ 104 million in March 2021 and a US\$ 100 million BSI Prepayment Facility in June 2021. In addition to this MDKA has established US\$ 35m of undrawn debt facilities.
- Debt Transactions in Q2 2021
  - On 28 May 2021, BSI fully repaid its outstanding Senior Secured Facility of US\$ 85 million to a syndicate of 8 international banks.
  - Subsequently, BSI entered into a new financing arrangement with ING Bank N.V., Singapore Branch ("ING"), with the signing of an agreement dated 10 June 2021 between BSI as the Borrower, ING as the Arranger, (Original Lender upon accession and Original Hedge Counterparty), and the Hong Kong and Shanghai Banking Corporation Limited ("HSBC") as Facility Agent and PT Bank HSBC Indonesia ("HSBC Indonesia") as Security Agent. The new financing arrangement comprises two secured credit facilities as follows:
    - Secured Bullion Forward Hedge and Financing Transaction of US\$ 100 million; and
    - Revolving Credit Facility of US\$ 10 million with an accordion option to increase the BSI RCF by US\$ 40 million to US\$ 50 million.
- Capital Investments
  - TB Copper Project
    - As of 30 June 2021, MDKA has cumulatively invested US\$ 82 million at TB Copper Project with the majority of the expenditure incurred for underground development and resource definition drilling. Drilling for the first half of 2021 was 14,298 metres with five underground drill rigs operating at the end of June 2021. Total expenditure in the first half of 2021 was US\$ 9 million
  - AIM Project
    - Detailed design, engineering and the procurement of long lead critical mechanical equipment are underway with a total commitment of US\$ 40 million made at the end of June 2021. The AIM Project commenced with earthwork construction in quarter 2 2021.

## 2021 Developments

- TB Copper Project
  - MDKA will continue with the Pre-Feasibility Study program in the second half targeting approximately 40,000 – 45,000 metres of drilling during 2021. Drilling will focus on the Upper High-Grade Zone (“UHGZ”) exploration target of between 250 and 300 million tonnes at 0.7% to 0.9% copper and 0.7 g/t to 0.9 g/t gold. The PFS is planned for release in quarter 1 2022.
  
- Wetar Copper Mine
  - Wetar Copper Mine has significant potential to extend its mine life. Exploration aimed at defining additional copper resources near Partolang is planned during the remainder of 2021, including further drilling and geological mapping at the Partolang Barat prospect.
  
- AIM Project
  - The results of the AIM Project feasibility study was announced in April 2021. Based on project capital costs of US\$290m, the AIM Project yields a compelling net present value (“NPV”) of US\$407m at 8% discount rate with an internal rate of return (“IRR”) of 26%.
  - During quarter 2 2021, Merdeka Tsingshan Indonesia successfully entered into a long-term off-take contract with PT QMB New Energy Materials (“QMB”) who are currently constructing a nickel plant at the Indonesian Morowali Industrial Park and has concluded negotiations of an agreement to supply ore from Wetar Copper Mine under a long-term agreement.
    - Financing of the project has commenced and is expected to be concluded early in the first quarter of 2022.
  - An expansion of acid production from 1 million tonnes up to 1.2 million tonnes per annum is under investigation. This increase in acid capacity translates to a corresponding increase in iron pellet and metals production.

## 2021 Outlook

MDKA has established Covid protocols that generally allow operations and development projects to continue with limited impacts. All supply lines, both domestic and international for all operations remain open. Reviews have been conducted on supplies and planned mitigation measures developed to ensure critical supply stocks are sufficient to operate.

At the Tujuh Bukit Gold Mine, 2021 full year production is expected to be in the range of 100,000 to 120,000 ounces of gold at an AISC of US\$ 825/oz to US\$ 900/oz, net of silver credits.

At the Wetar Copper mine, copper production in 2021 is expected to be in the range of 15,500 to 18,500 tonnes of copper at an AISC US\$ 4,180/t to US\$ 5,280/t.

Consolidated revenue, EBITDA and profit in 2021 is expected to improve during the second half of 2021.

**For further information, please contact:**

Mr. David Fowler (Director)  
The Convergence Indonesia, 20th Floor,  
Rasuna Epicentrum Boulevard, HR Rasuna Said  
Jakarta 12940 - Indonesia  
T: +62 21 2988 0393

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

**About PT Merdeka Copper Gold Tbk.**

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

The Company’s major assets are the: (i) Tujuh Bukit Copper Project; (ii) Wetar / Morowali Acid Iron Metal Project; (iii) Pani Joint Venture; (iv) Tujuh Bukit Gold Mine and; (v) 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 8.7 million tonnes of copper and 28 million ounces of gold.

As a world-class Indonesian mining company, Merdeka is owned by prominent Indonesian shareholders including: PT Saratoga Investama Sedaya Tbk., PT Provident Capital Indonesia and Mr. Garibaldi Thohir. Merdeka’s three major shareholders have exceptional track records in successfully identifying, building and operating multiple publicly listed companies in Indonesia.

---

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