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MBMA Expands HPAL Capacity

Jakarta, Indonesia – PT Merdeka Battery Materials Tbk (IDX: MBMA) (“MBMA” or the “Company”) is pleased to announce that it has signed definitive agreements with strategic partners for the construction of a high-pressure acid leach (“HPAL”) plant. This HPAL plant is designed to have a nameplate capacity of 90,000 tonnes per annum of contained nickel in Mixed Hydroxide Precipitate (“MHP”).

Overview of SLNC

PT Sulawesi Nickel Cobalt (“SLNC”) will construct and operate a HPAL plant located within the Indonesia Morowali Industrial Park (“IMIP”), adjacent to the existing HPAL plant operated by PT Huayue Nickel Cobalt (“HNC”). HNC is a joint venture led by Zhejiang Huayou Cobalt Co., Ltd. (“Huayou”) and has a nameplate capacity of 60,000 tonnes per annum of contained nickel in MHP. Under Huayou’s management, the HNC HPAL plant was commissioned in November 2021 and reached its nameplate capacity by April 2022.

A subsidiary of Huayou will manage the construction of the new HPAL plant under the management agreement with SLNC, MBMA is responsible for securing the necessary permits and approvals from the Indonesian government. SLNC will source and process laterite nickel ore through a 20-year commercial agreement with MBMA’s SCM mine, starting from the commissioning date. An ore preparation plant will be built at the SCM mine to enable ore transportation via pipeline to the SLNC processing plant at IMIP.

The total combined investment for constructing SLNC (including interest incurred during construction) is expected to be approximately \$1.8 billion. Construction of the project commenced in January 2025 and is expected to reach commissioning stage within 18 months.

“Expanding our downstream processing capabilities is essential to our strategy for maximising the value of our extensive nickel resources,” stated Teddy Oetomo, President Director of MBMA. “The SLNC partnership, supported by competitively priced debt financing from leading domestic and regional banks, represents a significant milestone in advancing MBMA’s strategy for producing downstream battery materials. This partnership not only highlights the quality of our company but also reflects the Indonesian government’s ongoing support for the domestic minerals and processing industry.”

SLNC Financing

SLNC has successfully secured debt financing and executed definitive loan agreements with Bangkok Bank Public Limited Company, PT Bank Permata Tbk, PT Bank Mandiri (Persero) Tbk, PT Bank Negara Indonesia (Persero) Tbk and PT Bank Rakyat Indonesia (Persero) Tbk. This funding will be used to support the construction of the project.

Material terms of the facility:

Borrower:	PT Sulawesi Nickel Cobalt
Commitment:	\$1.4 billion
Term:	Seven (7) years
Interest Basis:	SOFR plus a fixed margin per annum

Security:	Senior secured, non-recourse
Repayment:	Quarterly, subject to an agreed repayment period, including a balloon payment upon maturity. No scheduled repayments until 2027
Other:	The facility is subject to usual terms and conditions customary for a project financing of this nature

MBMA Ownership of SLNC

MBMA's investment in SLNC is held via its associate, PT Merdeka Energi Baru ("MEB"). MEB holds a 50.1% shareholding in SLNC. MBMA owns a 45% stake in MEB, while Devmalla Materials Pte. Ltd. ("Devmalla") owns the remaining 55%.

As part of the investment arrangement, Devmalla has granted MBMA a call option that allows MBMA the right to acquire Devmalla's stake in MEB. This call option can only be exercised during a specified period, which begins once certain conditions are met. The conditions are: i) the HPAL plant must have been operational for one year, and ii) the HPAL plant must achieve four consecutive quarters of positive EBITDA.

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