



25th September 2023

MBMA to Develop HPAL Processing Plant with GEM

Jakarta, Indonesia – PT Merdeka Battery Materials Tbk (IDX: MBMA) (“**MBMA**” or the “**Company**”) is pleased to announce that the Company has signed definitive agreements with wholly owned subsidiaries of GEM Co., Ltd (“**GEM**”) to construct a High-Pressure Acid Leach (“**HPAL**”) processing plant with a nameplate capacity of 30,000 tonnes per annum of contained nickel in Mixed Hydroxide Precipitate (“**MHP**”) (the “**HPAL JV**”).

Overview of the HPAL JV

The HPAL JV will be constructed within the Indonesia Morowali Industrial Park (“**IMIP**”), adjacent to the existing PT QMB New Energy Materials (“**QMB**”) HPAL processing plant. QMB is a joint venture company controlled by GEM with a current nameplate capacity of 30,000 tonnes per annum of contained nickel in MHP. Under GEM’s leadership, the QMB HPAL processing plant was engineered, constructed, and successfully commissioned in mid-2022.

The HPAL JV will be constructed and operated under PT ESG New Energy Material (“**HPAL JV Co**”). MBMA’s ownership of HPAL JV Co is 55%, with 45% held by GEM¹.

Under the terms of the HPAL JV agreement, GEM will guide the design, construction, and operation of the HPAL processing plant, and MBMA will take the lead in obtaining relevant Indonesian government permitting, approvals and incentives, and arranging project financing, with support from GEM.

GEM will construct and commission the HPAL processing plant in two stages on a “turn-key” basis. Stage one will have a nameplate capacity of 20,000 tonnes per annum of contained nickel in MHP, and stage two will increase the nameplate capacity to 30,000 tonnes per annum of contained nickel in MHP. Stage one and stage two target commissioning dates are the end of 2024 and mid-2025, respectively. The total combined construction investment for both stages is limited to US\$600 million, with construction cost assurances provided by GEM.

The HPAL JV Co will procure and process laterite nickel ore on commercial terms from MBMA’s SCM mine under an ore supply agreement for a term of 20 years commencing upon the commissioning date. An ore preparation plant will be constructed at the SCM mine to facilitate ore transportation via pipeline to the HPAL JV processing plant at IMIP.

GEM HPAL Expansion

In addition to the HPAL JV, MBMA has the option to participate in GEM’s planned HPAL expansion of an additional 20,000 tonnes per annum of contained nickel in MHP, with a shareholding of not less than 20%.

¹ GEM has the right to transfer a 21.5% HPAL JV Co shareholding to Ecopro Co., Ltd.



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This partnership with GEM is a continuation of MBMA’s strategy to become a leading, vertically integrated battery materials company to create value for its shareholders through midstream and downstream expansion projects in the battery materials value chain to produce higher value-added *Class 1* products.

About GEM

GEM was founded in 2001 and is regarded as a global leader in the production of new energy materials and waste recycling. GEM is listed on the Shenzhen Stock Exchange (stock code: 002340) and SIX Swiss Exchange (stock code: GEM) with a current market capitalisation of approximately US\$4.4 billion.

GEM’s core product, ternary precursor materials for power batteries, ranks among the top two globally, representing over 15% of the world market. GEM’s recycling and processing capabilities are significant, handling more than 10% of China’s retired power batteries and electronic waste and over 5% of China’s scrapped vehicles.

GEM has established 19 waste recycling and new energy material manufacturing facilities in 11 provinces and cities across China, as well as in South Africa, South Korea, Indonesia, and other locations. GEM’s footprint in green development spans the globe, covering over 40% of China’s land area and establishing waste management partnerships with more than 500 million people. GEM has also developed a world-class hydrometallurgical and new energy materials technology centre at IMIP, capable of providing research and development innovations to support the development of Indonesian nickel resources.

For more information, please visit: <https://en.gem.com.cn/index.html>

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