

**Capital Structure
(6 February 2024)**

Shares outstanding:
107,995,419,900 shares
Share price: IDR660/shr
Market capitalisation:
\$4.5 billion

Cash and Debt

Cash: \$290 million
Bank debt: \$288 million

**Board of
Commissioners**

Winato Kartono
(President)
Michael W.P. Soeryadjaya
Hasan Fawzi
(Independent – resigned
on 20 October 2023)
Didi Achjari (Independent
– appointed on 20
October 2023)

Board of Directors

Devin Antonio Ridwan
(President)
Jason Laurence Greive
(Vice President)
Andrew Phillip Starkey
(Executive Chairman)
Titien Supeno

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PT Merdeka Battery Materials Tbk (IDX: MBMA) (“MBMA” or the “Company”) is pleased to report its operational results for the December 2023 quarter.

Mining Operations

- SCM Mine ore production of 1.6 million wet metric tonnes (“wmt”) of limonite and 1.4 million wmt of saprolite.
- Slurry pipeline linking the PT Huayue Nickel Cobalt (“HNC”) feed preparation plant (“FPP”) to Indonesia Morowali Industrial Park (“IMIP”) is fully operational.
- 2.0 wmt of saprolite ore sold to MBMA’s RKEF smelters during the quarter at an average price of \$32/wmt. Limonite sales commenced in December 2023 – 947,056 wmt was sold to HNC at an average price of \$17/wmt.

Processing Operations

- Nickel production of 34,825 tonnes during the quarter, comprising:
 - 22,141 tonnes of nickel in Nickel Pig Iron (“NPI”) at an all-in sustaining cost (“AISC”) of \$10,909/t.
 - 12,684 tonnes of nickel in nickel matte at an AISC of \$14,199/t.
 - Average NPI and nickel matte sales price of \$12,099/t and \$14,216/t.
- MBMA recorded full year 2023 nickel production of 95,450 tonnes, comprising:
 - 65,117 tonnes of nickel in NPI at an AISC of \$12,262/t.
 - 30,333 tonnes of nickel in nickel matte at an AISC of \$14,809/t.
 - Average NPI and nickel matte sales price of \$13,537/t and \$15,592/t.
- Guidance for 2024 is:
 - Saprolite and limonite ore sales of 4.0 million wmt and 11.0 million wmt, respectively.
 - 85,000 to 92,000 tonnes of nickel in NPI at an AISC of \$10,000 to 12,000/t.
 - 50,000 to 55,000 tonnes of nickel in nickel matte at an AISC of \$13,000 to 15,000/t.
- AIM Project commissioning activities are nearing completion with the first acid train expected to start production in February 2024.
- MBMA continues to advance its High-Pressure Acid Leach (“HPAL”) growth projects at both IMIP and Indonesia Konawe Industrial Park (“IKIP”), with the 55% MBMA owned PT ESG New Energy Material (“ESG”) HPAL plant forecasted to commence commissioning by the end of 2024.

Corporate

- MBMA corporate credit rating was upgraded to ‘A’ based on a rating certificate issued by PT Peningkat Efek Indonesia (Pefindo).
- MBMA obtained ISO 45001:2018 (Occupational Health and Safety Management System) and ISO 14001:2015 (Environmental Management System) certificates in December 2023.
- MBMA was included in the LQ45 and IDX80 equity indices on the Indonesia Stock Exchange after the quarter end.

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SCM Mine (MBMA: 51.0% interest)

The SCM Mine is the largest nickel laterite resource globally, containing approximately 13.8 million tonnes of nickel and 1.0 million tonnes of cobalt¹. The SCM Mine currently supplies saprolite ore to MBMA's RKEF smelters (CSI, BSI and ZHN) and limonite ore to the HNC HPAL plant, both located at IMIP.

Mining

Total material mined this quarter was 3.3 million wmt, comprising 1.6 million wmt of limonite ore, 1.4 million wmt of saprolite ore and 0.3 million wmt of waste.

The average nickel ore price for the quarter was \$32/wmt for saprolite and \$17/wmt for limonite.

Stockpiles

Total stockpiles at the end of the quarter are set out below. Stockpiled material has not yet been sold and the associated sales revenue has not yet been recorded by MBMA.

Table 1: Ore stockpiles at the end of the quarter

| Ore Type | Ore (million wmt) | Ni Grade (%) |
|---------------|-------------------|--------------|
| Limonite ore | 4.21 | 1.20% |
| Saprolite ore | 0.45 | 1.69% |
| Total | 4.66 | 1.24% |

Operating outlook

MBMA is targeting ore sales of 4.0 million wmt of saprolite and 11.0 million wmt of limonite in 2024. Production increases are planned for 2025 as HPAL processing capabilities are commissioned.

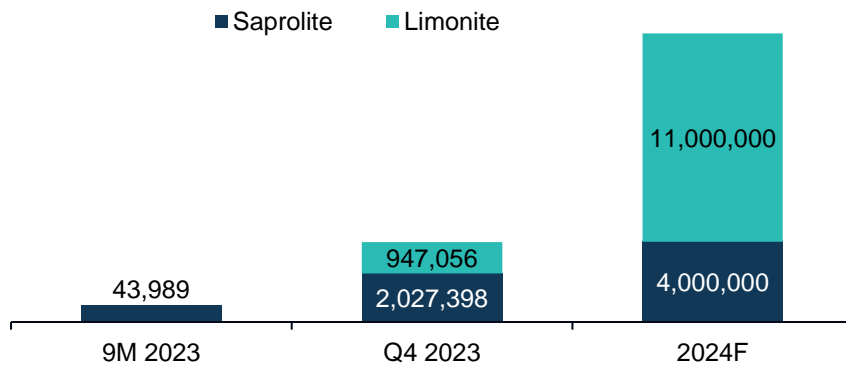


Figure 1: Ore sales (wmt)

Site development

MBMA continues to improve site infrastructure to support mining operations, including developing extensions and enhancements to the haul road connecting the SCM Mine to IMIP, mine site roads, FPP and ore haulage infrastructure, fuel storage and camp facilities. HNC completed the slurry pipeline installation connecting its FPP to IMIP during the quarter.

¹SCM JORC Mineral Resource prepared by AMC Consultants Pty Ltd issued in May 2022. Total resource of 1.9 billion wmt at 1.22% Ni containing 13.8Mt of nickel and at 0.09% Co containing 1.0Mt of cobalt



Figure 2: HNC FPP at the SCM Mine concession area

Exploration

Resource definition drilling is focusing on the Bravo Romeo 2&3 (“BR 2&3”) areas. The drilling program used seven diamond drill (“DD”) rigs on a 50 metres grid spacing, with 42 diamond drill holes completed for 3,044 metres during the quarter, resulting in 648 drill holes completed for 21,704 metres in 2023. Drilling is continuing with approximately 10 rigs for resource definition programs in 2024.

Other activities during the quarter included a ground penetrating radar (“GPR”) survey covering a total of 123,144 metres in BR 2&3, and geological mapping and sampling across 285 hectares in Papa Bravo (“PB”) North. In 2024, GPR surveys and geological mapping is continuing with the aim of determining resource definition and identifying further exploration drilling targets.

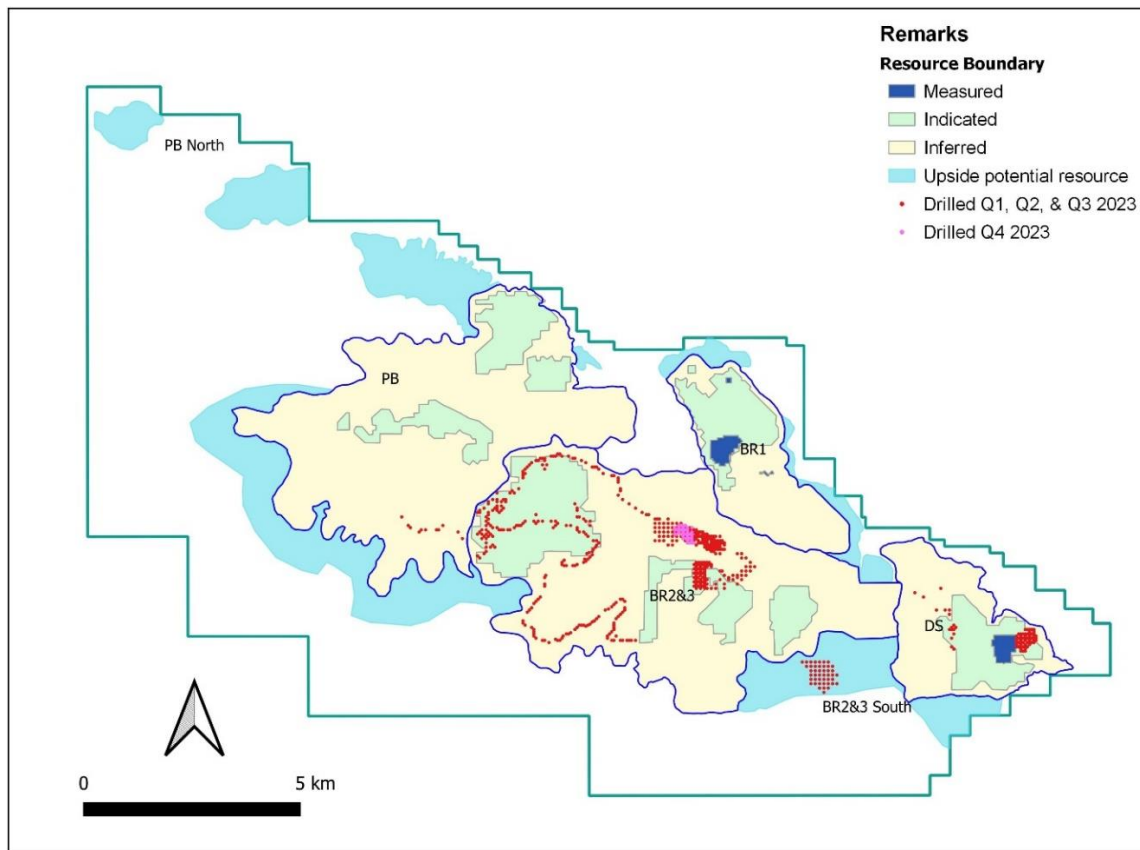


Figure 3: SCM Mine concession area showing resource definition drilling completed during the quarter

RKEF Smelters (MBMA: 50.1% interest)

Production

During the quarter, the RKEF smelters (BSI, CSI and ZHN) processed 2.4 million wmt of saprolite ore at an average nickel grade of 1.63% producing 22,141 tonnes of nickel in NPI at an AISC of \$10,909/t, representing a 6% cost reduction to the previous quarter. The cost reduction is attributable to a lower price for nickel ore, electricity, and reductant costs.

MBMA recorded full year 2023 production of 65,117 tonnes of nickel in NPI at an AISC of \$12,262/t.

The average NPI sales price for the quarter and the full year is \$12,099/t and \$13,537/t, respectively.

One of the primary NPI production cost components is the nickel ore price, which varies depending on the international nickel price and global supply conditions. The SCM Mine will supply approximately half of the saprolite ore required by the MBMA RKEF smelters in 2024, reducing the Company's exposure to nickel ore price fluctuations.

Operating outlook

2024 guidance is 85,000 to 92,000 tonnes of nickel in NPI at an average AISC of \$10,000 to 12,000/t.

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Nickel Matte (MBMA: 60.0% interest)

Production

Nickel in nickel matte production of 12,684 tonnes at an AISC of \$14,199/t for the quarter. The cost of production is primarily attributable to the purchase of low-grade nickel matte (“LGNM”) at an average cost of \$12,802/t. The balance of the production costs consists of materials, electricity, labour and sustaining capital.

MBMA recorded full year 2023 production (following acquisition completion on 31 May 2023) of 30,333 tonnes of nickel in nickel matte at an AISC of \$14,809/t.

The average nickel matte sales price for the quarter and the full year is \$14,216/t and \$15,592/t, respectively.

HNMI has an agreement to purchase LGNM at the prevailing NPI price plus a small margin reflecting recovery losses and costs. As a large-scale producer of NPI, MBMA is naturally hedged against the cost of LGNM.

Operating outlook

2024 guidance is 50,000 to 55,000 tonnes of nickel in nickel matte at an AISC of \$13,000 to 15,000/t.

AIM Project (MBMA: 80% interest)

The AIM plant is designed to process pyrite ore at a nominal rate of 1,060,000 tonnes per year, producing multiple products including sulphuric acid, saturated steam, iron ore pellets, pure copper, lead-zinc hydroxides, gold and silver doré. Significant growth in acid demand is expected as additional HPAL plants are constructed across Indonesia.

Progress

Pre-commissioning continues in the pyrite and acid plants, with construction activities substantially complete in both plants. Insulation for boiler train 1 and waste heat boiler service test in the acid plant is now complete, with scaffolding removal ongoing in train 2. The pre-heating of acid train 1 roaster commenced in January 2024. Construction is continuing in the chloride plant, and pre-commissioning activities commenced in January 2024.

Operational

Since completion of the Wetar barge jetty a total of 30,000 tonnes of pyrite ore has been delivered from Wetar to the AIM Project.

The first acid train is expected to start production in February 2024 and ramp up to full capacity during Q1 2024, with the commencement of the second acid train and chloride plant also expected in Q1 2024.

MBMA has been advancing operational readiness tasks alongside ongoing construction activities and is realigning resources accordingly. These tasks include recruitment and training of operations personnel, formal risk assessment with key safety, operational and construction personnel, securing and first delivering operational reagents and consumables, and developing proactive maintenance management.



Figure 4: AIM Project acid plant

Other Key Developments

HPAL Capacity

MBMA is developing multiple HPAL processing plants in partnership with leading battery material companies. MBMA has entered into the following HPAL partnerships to date and discussions are ongoing with respect to forming additional HPAL partnerships.

Brung CATL (MBMA: 66%, Brung CATL: 34%)

MBMA is partnering with Brung CATL regarding the development of an HPAL plant with a nameplate capacity of 60,000 tonnes per annum of nickel in mixed hydroxide precipitate (“MHP”). Feasibility study work continues with China ENFI Engineering Technology Co., Ltd. and is expected to be finalised in Q1 2024. Detailed engineering and construction can commence after the completion of the feasibility work. Commissioning is expected within 24 months from the commencement of construction.

ESG (MBMA: 55%, GEM: 45%)

MBMA is partnering with GEM Co., Ltd. (“GEM”) to develop an HPAL plant with a nameplate capacity of 30,000 tonnes per annum of nickel in MHP. The project will be constructed and commissioned in two stages on a “turn-key” basis. Stage one will have a nameplate capacity of 20,000 tonnes per annum of nickel in MHP, and stage two will increase the nameplate capacity to 30,000 tonnes per annum of nickel in MHP. Stage one and stage two target commissioning dates are the end of 2024 and mid-2025, respectively. MBMA is responsible for the supply of laterite nickel ore to the ESG HPAL plant on market terms. ESG will construct an FPP inside the SCM Mine concession to facilitate ore transportation via pipeline to the ESG HPAL plant at IMIP. In addition, MBMA has the option to participate in GEM’s planned HPAL expansion of an additional 20,000 tonnes per annum of nickel in MHP, with a shareholding of not less than 20%.

At the end of the quarter, detailed engineering design and long lead item purchase for the HPAL plant was substantially complete. In addition, MBMA and GEM has subscribed for new ESG shares with a total subscription of \$50 million, proportionate to each respective parties’ shareholding.

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IKIP

MBMA (32%) is developing a battery material focused industrial park, within the SCM Mine concession area, in joint venture with Tsingshan Group (68%). IKIP has commenced land clearing and is now processing land conversion of non-forest area, covering an area of approximately 3,500 hectares. Furthermore, MBMA is progressing with the AMDAL revision and other required permits and licenses.

Sustainability & Environment, Social and Governance (“ESG”)

The MBMA sustainability strategy, endorsed during the quarter, serves as an integral element in fulfilling the Company’s vision and as a guide to creating shared value for all stakeholders, aligning with our sustainability commitment. The sustainability strategy consists of two foundational pillars and three strategic priorities.

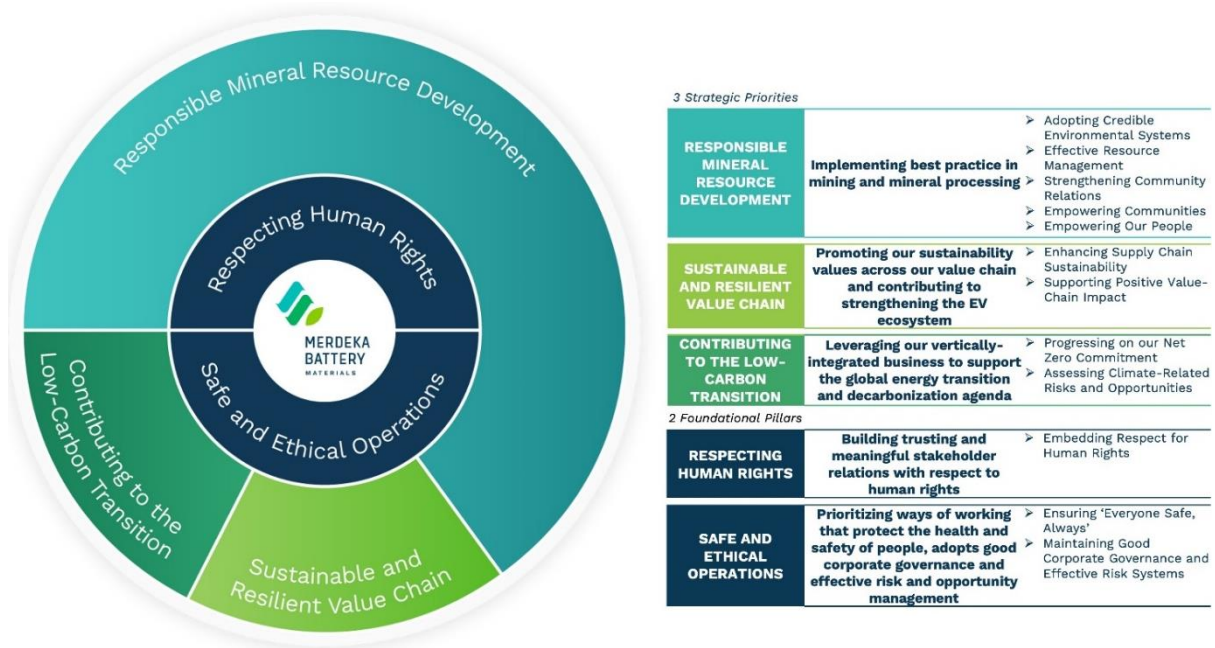


Figure 5: Sustainability Strategy

The two foundational pillars, Respecting Human Rights and Safe and Ethical Operations, guide MBMA’s everyday operational and business conduct, enable everything we do, and create an environment that places emphasis on respecting human rights and prioritises safe and ethical work practices.

The three strategic priorities, Responsible Mineral Resource Development, Sustainable and Resilient Value Chain, and Contributing to the Low-Carbon Transition, are the areas identified to integrate and streamline MBMA’s sustainability efforts across the organisation. The strategic priorities combine the interconnections between internal operations and external context enabling a systemic approach to MBMA’s sustainability approach.

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ESG Highlights

- During the quarter, MBMA implemented the SCM Mine biodiversity management plan (“BMP”). The implementation was initiated with the socialisation of the BMP to the communities living around the mining area and to the employees, followed by including biodiversity information as part of the induction material for employees and visitors. Additionally, wildlife corridors were built in areas where wildlife was encountered frequently.
- MTI, a subsidiary of MBMA, participated in the joint environmental care program, organised by IMIP and attended by the Environmental Service Office (DLH) Morowali and other IMIP tenants. The participants conducted waste clean-up in four locations near the Labota area on 5 December 2023.
- MBMA provided vocational training for local communities to operate dump trucks as part of its community development and empowerment (PPM) education program that supports local employment. Community members graduating from the program (following four months of intensive basic dump truck training) are now employed by SCM Mine’s partners operating within the SCM mining concession area. The vocational training program reflects MBMA’s commitment to supporting local communities in developing their skills. The goal is to help individuals transition from non-skilled to skilled workers, ultimately leading to a significant increase in their income and the local economy.

Health and Safety Highlights

- At the end of the quarter, MBMA recorded full year 2023 safety performance, as measured by the Total Recordable Injury Frequency Rate (“TRIFR”), of 0.84, compared to the 2022 TRIFR of 1.31. There was no Lost Time Injury (“LTI”) during the quarter, resulting in the full year 2023 LTI Frequency Rate of 0.09 from two LTIs during the year.

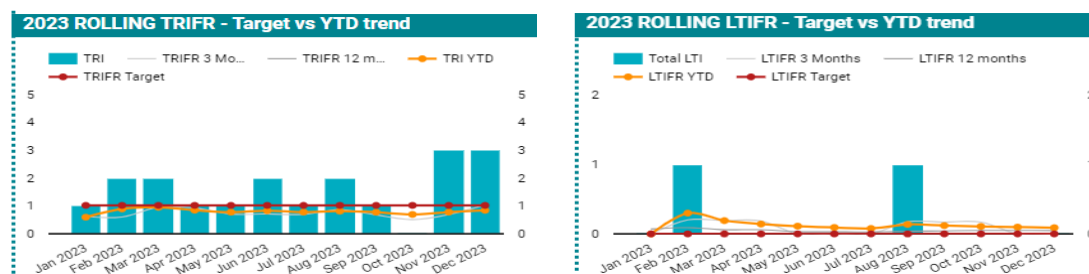


Figure 6: Incident Rolling Frequency Rates (incident per million man-hours worked)

- During the quarter, additional critical risk standards (CRS) have been developed covering confined space, hazardous substances, and electrical activity. Training modules for each CRS continue to be developed and will be delivered in 2024 to all relevant employees.
- In December 2023, MBMA and SCM obtained ISO 45001:2018 (Occupational Health and Safety Management System) and ISO 14001:2015 (Environmental Management System) certificates. This achievement is a recognition of MBMA’s commitment to implementing health and safety and environmental management in accordance with applicable national regulations and global standards.
- MBMA conducted human rights training for security officers at MTI and PT Sulawesi Cahaya Mineral (“SCM”) on 18 & 19 December 2023. In total, 117 security officers attended the human rights training, covering various topics, including MBMA’s human rights commitment. The training emphasised the importance of using a human rights approach in conducting security activities, as it helps protect both the Company’s facilities and personnel, while avoiding harm to people and ensuring the continuity of operations.

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Appendix 1: Finance and Corporate

Cash and Cash Equivalents

As of 31 December 2023, cash and cash equivalents was \$290 million.

Debt

MTI Financing

MTI entered a \$260 million term loan facility (“MTI Term Loan”) and IDR430 billion (equivalent to \$29 million) MTI VAT funding facility (“MTI VAT Facility”) on 31 August 2022. The MTI Term Loan has a final maturity date of August 2027 with applicable margin of 3.75% per annum plus SOFR (offshore lenders) and 3.95% per annum plus SOFR (onshore lenders). The MTI VAT Facility has an applicable margin of 3.50% per annum plus JIBOR with a final maturity in August 2026.

MTI has fully drawn the MTI Term Loan and the MTI VAT Facility.

MBMA Shareholder Loan

MBMA entered into a \$175 million shareholder loan agreement with parent company, PT Merdeka Copper Gold Tbk (“MDKA”) on 22 May 2022. This loan has a maturity date of 25 May 2025 with an applicable margin of 4.60% per annum plus SOFR.

During the quarter, MBMA repaid \$75 million after obtaining approval to change the use of IPO proceeds at an Extraordinary General Meeting of Shareholders in October 2023. Following a \$65 million drawdown related to AIM project capital expenditure during the quarter, the shareholder loan balance as of 31 December 2023 is \$95 million.

MTI Shareholder Loans

MTI entered a \$50 million Project Expansion Facility Agreement with MDKA on 29 July 2022 to fund the development of a copper cathode plant as part of the AIM Project. The interest rate for this facility is 5.26% per annum plus SOFR with a maturity date on the later of (i) five years after the signing of the agreement; and (ii) the date falling five business days after the final maturity date as defined in the MTI Term Loan, or such later date agreed in writing by the parties. MTI drew down \$10 million during the quarter. Outstanding balance for this facility is \$30 million.

MTI also entered a \$60 million Parent Support Facility Agreement with MDKA on 23 August 2022 to fund the overall development of the AIM Project. The interest rate for this facility is 5.26% per annum plus SOFR with a maturity date on the later of (i) five years after the signing of the agreement; and (ii) the date falling five business days after the final maturity date as defined in the MTI Term Loan, or such later date agreed in writing by the parties. MTI has fully drawn this facility. On 14 June 2023, MTI, MBMA and MDKA signed a Partial Novation and Amendment Agreement to partially assign and transfer of \$30 million the Parent Support Facility Agreement to MBMA.

The outstanding balance of the MTI shareholder loans from MDKA on 31 December 2023 was \$60 million.

UOB Facility

MBMA entered a \$80 million Single Currency Term Facility with PT Bank UOB Indonesia on 28 December 2023. This loan has a final maturity date falling six months from (and including) the date of the initial utilisation with an applicable margin of (i) 3.85% per annum plus SOFR if the ratio of consolidated net debt to

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consolidated EBITDA is greater than 3:1; or (ii) 3.75% per annum plus SOFR if the ratio of consolidated net debt to consolidated EBITDA is less than or equal 3:1. Subsequent to the quarter, MBMA has fully drawn this facility.

Sales

During the quarter, MBMA sold 22,472 tonnes of nickel in NPI at an average price of \$12,099/t generating revenue of \$272.0 million and 11,700 tonnes of nickel in nickel matte at an average price of \$14,216/t generating revenue of \$166.3 million. In addition, MBMA commenced limonite ore sales to HNC in December 2023 of 947,056 wmt at an average price of \$17/wmt.

Table 2: MBMA sales summary

| Product | Product Sold | Average Sales Price | Revenue (\$m) |
|----------------|--------------|---------------------|----------------|
| Q4 2023 | | | |
| NPI | 22,472 t Ni | \$12,099/t | 272.0 |
| Nickel matte | 11,700 t Ni | \$14,216/t | 166.3 |
| Limonite ore | 947,056 wmt | \$17/wmt | 15.9 |
| Total | | | 454.2 |
| 2023 | | | |
| NPI | 64,526 t Ni | \$13,537/t | 873.5 |
| Nickel matte | 28,129 t Ni | \$15,592/t | 438.6 |
| Limonite ore | 947,056 wmt | \$17/wmt | 15.9 |
| Total | | | 1,328.0 |

Corporate Update

- On 20 October 2023, MBMA held an Extraordinary General Meeting of Shareholders (“EGMS”) to change the composition of its Board of Commissioners and to change the IPO use of proceeds related to capital expenditure to install a nickel matte converter at ZHN into repayment of a \$75 million shareholder loan to MDKA, which was used for acquiring the HNMI nickel matte converter. MBMA is pleased to announce that both resolutions were passed at the EGMS.
- MBMA is pleased to announce its corporate credit rating has been upgraded from A- to A based on a Rating Certificate issued by PT Pemeringkat Efek Indonesia (Pefindo) valid to 1 December 2024.
- MBMA was included in the LQ45 and IDX80 equity indices on the Indonesia Stock Exchange after the quarter end.

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