



2nd May 2024

MBMA Completes HPAL Financing

Jakarta, Indonesia – PT Merdeka Battery Materials Tbk (IDX: MBMA) (“**MBMA**” or the “**Company**”) is pleased to provide the following update regarding PT ESG New Energy Material (“**PT ESG**”), the HPAL partnership between MBMA and GEM Co., Ltd (“**GEM**”).

PT ESG Project Financing

PT ESG has executed definitive loan agreements with Bangkok Bank Public Limited Company, PT Bank Negara Indonesia (Persero) Tbk and PT Bank Mandiri (Persero) Tbk (together the “**Commercial Lenders**”) to fund the construction of its 30,000 tonnes per annum nameplate capacity HPAL plant. Project construction is advancing as planned, with commissioning expected in late 2024 and with the benefit of the construction cost assurance provided by GEM.

Following a comprehensive due diligence period and an independent technical review, the Commercial Lenders have demonstrated their confidence by providing significant funding support to construct the PT ESG HPAL project.

Material terms of the facility:

Borrower:	PT ESG New Energy Material
Commitment:	US\$490 million
Term:	Seven (7) years
Interest Basis:	SOFR plus a fixed margin per annum
Security:	Senior secured, non-recourse to MBMA
Repayment:	Quarterly, subject to an agreed repayment period, including a balloon payment upon maturity. No scheduled repayments until 2H 2026
Other:	The facility is subject to usual terms and conditions customary for a project financing of this nature

This project financing represents financial certainty and a critical milestone in advancing MBMA’s downstream battery materials strategy. It also ensures that PT ESG is fully funded when combined with shareholder equity contributions. To date, PT ESG shareholders have invested approximately US\$100 million towards project construction. The remaining shareholder funding, from available sources, will be contributed during 2Q 2024.

The participation of leading domestic and regional banking institutions in this project is a strong endorsement of the quality of MBMA and the Indonesian government’s continued support of the domestic minerals and processing industry.



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Change in MIA Ownership to Optimise Financing Flexibility

MBMA's investment in PT ESG is held via its subsidiary, PT Merdeka Industri Anantha ("MIA"). As a part of the overall financing of PT ESG, MIA has obtained a funding proposal from Arniko Materials Pte Ltd ("Arniko"), a regional financial investor based in Singapore. Under the funding proposal, Arniko will subscribe for new shares in MIA, resulting in a 55% shareholding, while MBMA retains the remaining 45%. As a result, the project financing will not be consolidated in the financial statements of MBMA. The funding from Arniko means that MIA is fully funded for its PT ESG HPAL plant construction funding obligations.

Arniko's investment includes granting MBMA a call option, which gives MBMA the right to re-acquire the 55% shareholding of MIA. This call option held by MBMA can be exercised after the PT ESG HPAL plant has been operational for one year and after it achieves four successive quarters of positive EBITDA. Upon exercising the call option, MBMA will regain 100% ownership of MIA.

The proposed investment in MIA further demonstrates the continued interest of third-party investors in Indonesia's growing battery materials sector on attractive financing terms for MBMA shareholders.

For further information, please contact:

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