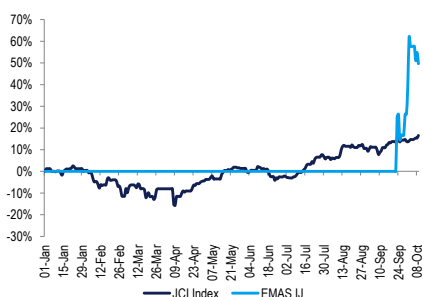


Stock Data

Target price	Rp5,300
Prior TP	RpN/A
Current price	Rp4,320
Upside/downside	+23%
Shares outstanding (mn)	16,180
Market cap (Rp bn)	69,899
Free float	100%
Avg. 6m daily T/O (Rp bn)	N/A

Price Performance

	3M	6M	12M
Absolute	N/A	N/A	N/A
Relative to JCI	30.8%	11.4%	39.7%
52w low/high (Rp)	2,880 – 4,660		



Major Shareholders

Merdeka Copper Gold	57.2%
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Ryan Winipta

PT Indo Premier Sekuritas
 ryan.winipta@ipc.co.id
 +62 21 5088 7168 ext. 718

Reggie Parengkuan

PT Indo Premier Sekuritas
 reggie.parengkuan@ipc.co.id
 +62 21 5088 7168 ext. 714

Globally significant gold mine with high earnings growth prospects

- Merdeka Gold Resources (EMAS) is set to ramp-up production starting 1Q26F onwards with up to c.500koz of peak production by FY33F.
- We expect gold price to average US\$4.2-4.6k/oz in FY26-FY29F which shall translate to +79% 3-year CAGR earnings growth.
- We initiate our coverage on EMAS with Rp5,300/share DCF-based target price, implying US\$1k/oz EV/reserves and US\$700/oz EV/Resources.

One of the largest undeveloped gold mines in Asia Pacific

Merdeka Gold Resources (MGR) is one of the low-cost gold development projects in Asia Pacific with a peak production target of around ~500koz of gold per annum. Pani Gold project also has gold reserves and resources of 4.8Moz and 7.0Moz, respectively, with an average gold grade of 0.75g/t. As its heap-leach plant is set to be completed by early FY26F, MGR's gold production is estimated to grow significantly following its ramp-up in upcoming years. through the construction of carbon-in-leach (CIL) plant that is set to be completed in FY29F.

Beneficiary of robust gold price outlook

With gold reaching its all-time high of US\$4k/oz YTD, MGR is set to benefit from robust gold price environment and positive outlook. Going forward, CRU expects limited new gold supply after global gold-mine peak production by FY26F, which is set to become a key catalyst in driving the gold price higher in the future. Combined with continuous central bank buying and Fed's rate cut, which all are positive for gold demand, this shall set a foundation for higher gold price in FY25F-29F, in our view.

Solid net profit growth potential as one of low-cost producers globally

MGR's growth strategy is centred on the monetization of its Pani gold project through the construction of 7Mtpa heap-leach plant and 12Mtpa CIL plant over its life-of-mine (LOM). Amid the expected completion of its heap-leach plant in 1Q26F, we expect MGR to start recording net profit in FY26F (from an estimated net loss in FY25F) and +35% net profit growth in FY27F, driven by the capacity ramp-up in its heap leach plant. Pani Gold Project is also set to become one of the low cash-cost gold producers globally with an estimated cash costs of US\$600-1,070/oz in FY26F-29F.

Initiate with Buy rating and Rp5,300/share target price

We initiate EMAS with Buy rating and Rp5,300/share DCF-based target price, implying US\$1k/oz EV/Reserves and ~US\$700/oz EV/resources. Our Buy rating is underpinned by FY25F-FY29F CAGR growth of +79%, based on US\$4.2k-4.6k/oz gold price assumptions and continuous growth in production volume. We think EMAS shall be considered as Indonesia's gold-proxy with an upside to be included into GDXJ index (US\$46mn inflow) by Sep26.

Financial Summary (US\$ mn)	2023A	2024A	2025F	2026F	2027F
Revenue	1	2	2	301	375
EBITDA	(1)	3	4	160	214
Net profit	(7)	(13)	(18)	97	131
EPS growth		N/A	N/A	N/A	35%
ROE	-4%	-5%	-5%	21%	22%
PER (x)	(0.0)	(0.0)	(0.0)	0.0	0.0
EV/EBITDA (x)		1,397.8	1,058.9	27.6	21.0
Dividend yield	0%	0%	0%	0%	0%
IPS vs. consensus			90%	68%	90%

Source: Company, Indo Premier

Share price closing as of: 9 October 2025

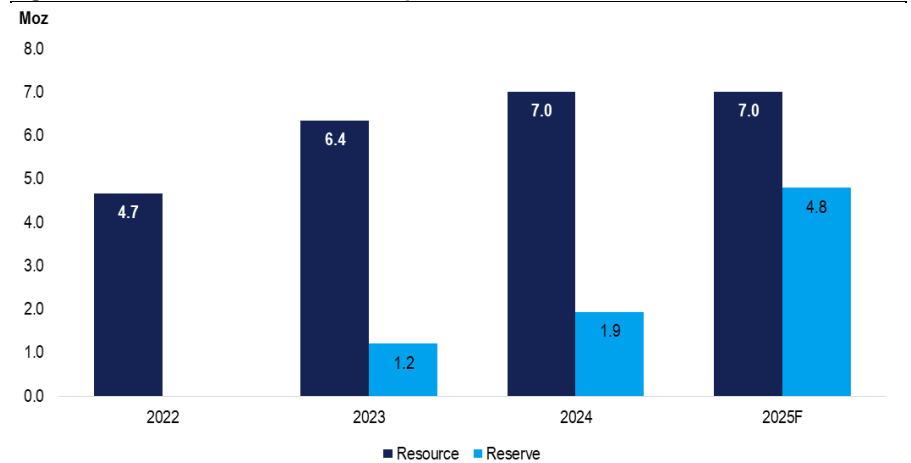
Globally significant gold mine with high earnings growth prospect

One of the largest undeveloped gold mines in Asia Pacific

Merdeka Gold Resources (MGR)'s Pani Gold Project is one of the low-cost gold development projects in Asia Pacific with a peak production target of around ~500koz of gold per annum. Pani Gold project also has a contained gold reserves and resources of 4.8Moz and 7.0Moz, respectively, with an average gold grade of 0.75g/t.

In addition to existing reserves and resources, MGR has a strong potential for further resources and reserves expansion as it has consistently delivered resources and reserve growth in the past three-years with an increase of up to 2.4Moz in resources and 1.9Moz in reserves within that period. Going forward, MGR plans to continue optimize its mine by conducting further drilling and improved mining schedules and cut-off grades.

Fig. 1: MGR resources and reserves improvement



Source: Company data, Indo Premier

At the forefront of favourable gold industry tailwinds

Over the historical period, gold has consistently proven to be a reliable inflation hedge, with strong fundamentals set to support continued price growth. Combined with continuous central bank buying and concern over U.S debt/fiscal situation – which are positive for gold demand, this shall set a foundation for higher gold price in FY25F-29F. We expect gold price to average at US\$4.2k/oz in FY26F (+5% from current price).

De-risked gold mine project in Indonesia with production in 1Q26F

Pani Gold project has significantly lower funding risks as majority of capital expenditures for its 7Mtpa capacity heap-leach plant has been fully committed with construction progress already reaching 49% by 1Q25. Key development risks for the project have been mitigated with first gold production is set to be on track for 1Q26F with first mining activities has been conducted per Oct25. In total, MGR has spent around US\$58mn exploration capex and US\$125mn construction capex for the project, as of 31st March 2025.

Robust parent/sponsors' track record with experience in gold-mining

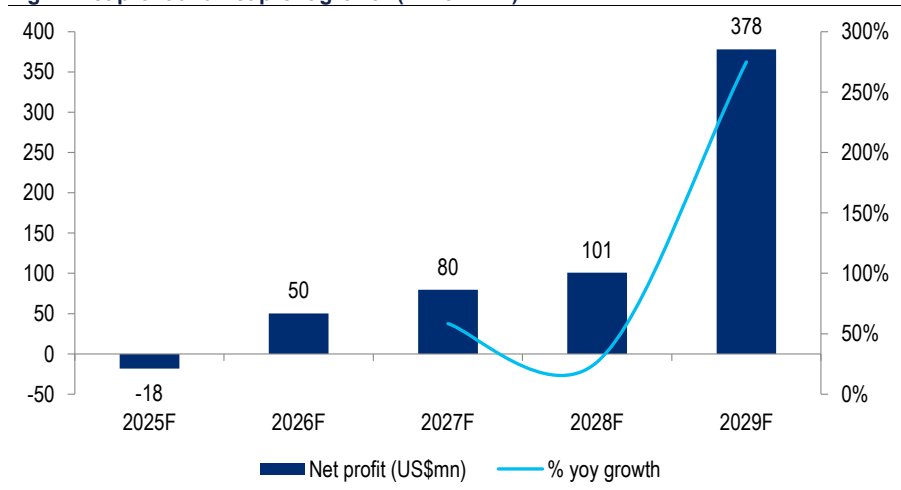
MGR's parent company, PT Merdeka Copper Gold Tbk (MCG/MDKA) has previously had a track-record in developing and operating gold-mine through its Tujuh Bukit Oxide mine in Banyuwangi, East Java. In addition to

MCG, MGR is also supported by its sponsors, PT Provident Capital Indonesia, and PT Saratoga Investama Sedaya Tbk, and Garibaldi Thohir which all has a track-record in creating and growing several businesses in Indonesia, including Tower Bersama Group, MCG, and Merdeka Battery Materials.

Continuous earnings growth potentials driven by heap-leach and CIL plant ramp-up

MGR’s growth strategy is centred on the monetization of its Pani gold-mine through the construction of 7Mtpa heap-leach plant and 12Mtpa CIL plant over its life-of-mine (LOM). Amid the expected completion of its heap-leach plant in 1Q26F, we expect MGR to start recording net profit in FY26F (from an estimated net loss in FY25F) and +35% net profit growth in FY27F, driven by the capacity ramp-up in its heap leach plant. Furthermore, starting FY29F onwards, its CIL plant is set to deliver further earnings growth due to its higher recovery rate of c.93% and higher input capacity vs. heap-leach.

Fig. 2: Net profit and net profit growth (FY25F-27F)



Source: Company data, Indo Premier estimates

Valuation methodology

We initiate our coverage on EMAS with a Buy rating and DCF-based target price of Rp5,300/share, implying US\$1k/oz EV/reserves and ~US\$700/oz EV/resources, slightly lower vs. several global peers and domestic peers (i.e. AMMN & BRMS). Our DCF is based on 15-year life of mine (LOM) and US\$4.2-4.6k/oz gold price assumptions in FY25F-29F, and 3% growth in its long-term ASP. We assume 8.7% WACC in our DCF with 70:30 debt to equity proportion. Our TP also assumes c.10% treasury shares cancellation or around 1.4bn shares as the denominator from our DCF valuation.

Aside from DCF, we conduct a sanity-check in our valuation by using EV/resources multiples. As Pani Gold Project itself has yet to operate in FY25F and would only start to achieve its full-potential after 1st phase and 2nd phase of CIL plant is completed in FY29F onwards, we categorize MGR as a junior-gold miners – i.e. gold miners that are either currently in exploration stage and in a pathway to achieve production stage.

Fig. 3: Domestic peers comparison

Ticker	Market cap (US\$m n)	EV (US\$m n)	EV/resource (US\$/oz)	EV/reserve (US\$/oz)	P/E (x)			P/BV (x)		
					FY25F	FY26F	FY27F	FY25F	FY26F	FY27F
AMMN IJ Equity	30,371	35,669	741	1,089	N/A	74.6	33.7	5.9	5.3	4.5
BRMS IJ Equity	8,416	8,269	749	1,650	164.7	118.9	93.8	6.6	6.6	5.9
EMAS IJ Equity	4,271	4,454	635	2,344	N/A	N/A	N/A	N/A	N/A	N/A
ARCI IJ Equity	1,482	1,882	340	485	16.5	12.1	10.4	4.0	3.0	2.3
PSAB IJ Equity	933	1,251	230	519	N/A	N/A	N/A	N/A	N/A	N/A

Source: Bloomberg, Indo Premier

Fig. 4: Pani Gold Project resources, cash costs, and gold-grade comparison

Company name	Market cap (US\$m n)	EV (US\$m n)	Total resources			EV/Resources
			Ore (Mt)	Grade (g/t)	Gold (moz)	
Harmony Gold	11,978	10,377	2,851	1.1	107	97
Merdeka Gold Resources	4,222	4,121	292	0.8	7	588
Alamos Gold Inc	14,405	13,212	236	1.4	12	1,131
Evolution Mining	15,057	14,862	678	1.3	30	490
B2Gold Corp	7,104	6,546	579	1.2	25	263
Hecla Mining Co.	8,938	8,740	410	0.7	11	814
Endeavour Mining	10,443	9,679	479	1.7	28	340
lamgold Corp	7,701	6,837	888	0.9	28	241
Osisko Gold	7,661	7,375	26	8.6	8	934
Zhaojin Mining	15,844	19,484	273	3.5	33	582
Eldorado Gold	5,903	5,528	815	1.2	33	166
Perseus Mining	4,398	3,940	140	1.2	6	642
Lundin Gold	16,797	16,106	32	7.6	8	1,902
Equinox Gold	9,450	9,776	950	0.8	28	355
Bumi Resources Minerals	8,305	8,295	428	0.7	11	759
Archi Indonesia	1,665	2,058	146	1.2	6	372
Amman Minerals	32,630	36,970	3,231	0.3	33	1,129
Doup Project	540	540	75	1.3	3	174
Average						669

Source: Company data, Indo Premier

Company Overview

Merdeka Gold Resources (MGR) overview

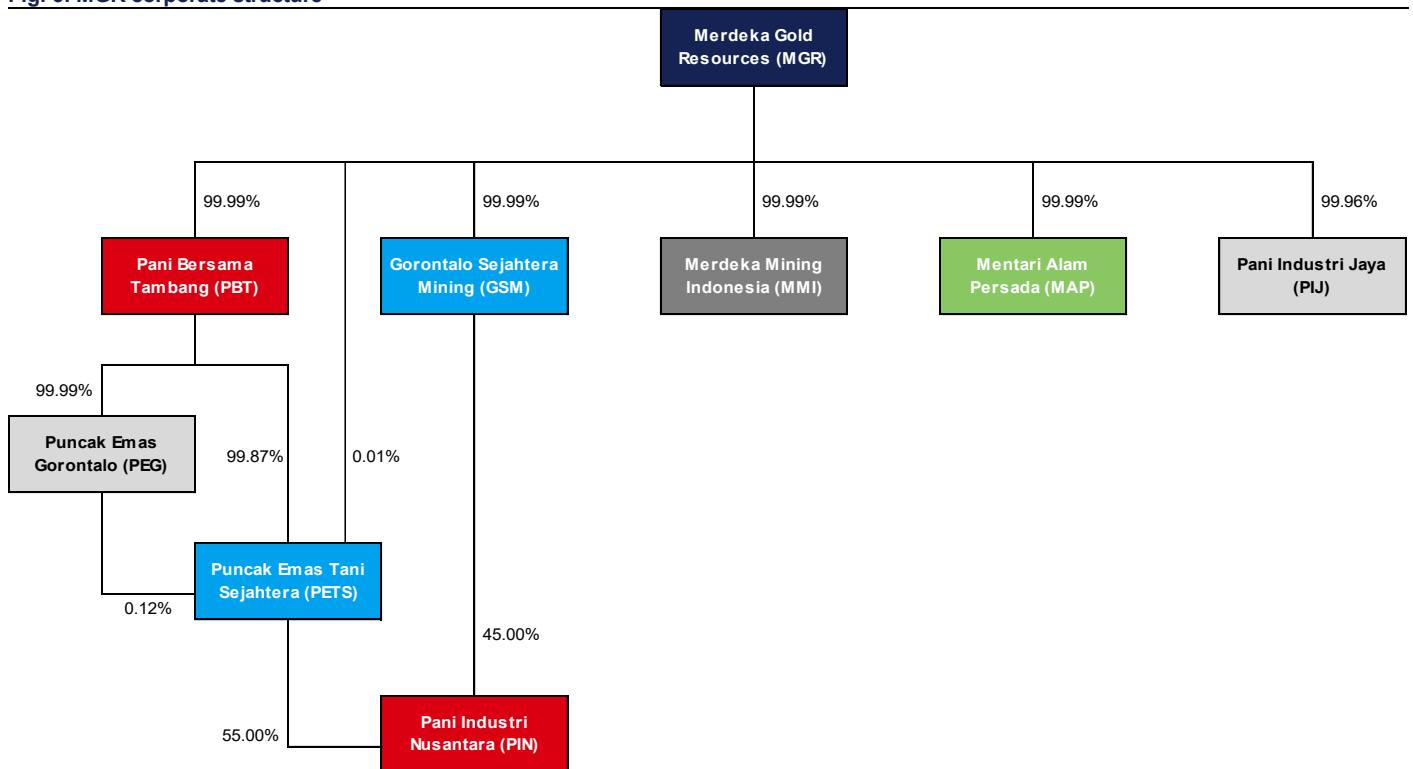
PT Merdeka Gold Resources (MGR) is a subsidiary of the listed diversified mining holding company PT Merdeka Copper Gold Tbk (MDKA), which is also a controlling shareholder with ~63% stake (post c.10% treasury shares cancellation). MGR became part of MDKA in 2018, following the acquisition that was made by MDKA to extend its gold assets portfolio.

Pani Gold project: assets overview

Pani Gold project owns two gold mining licenses under two different entities, namely: PT Gorontalo Sejahtera Mining (GSM; Contract of Work/CoW) and PT Puncak Emas Tani Sejahtera (PETS; IUP) – all of which are located in Gorontalo province, while its gold-processing smelters would be held under PT Pani Bersama Tambang (PBT) and Pani Industri Nusantara (PIN). These entities are located in close proximity, with PT PETS IUP located inside PT GSM's CoW area.

In addition, mining contractors would be held under PT Merdeka Mining Indonesia (MMI), while infrastructure and industrial park operator are held under PT Mentari Alam Persada (MAP) and PT Pani Industri Jaya (PIJ), respectively.

Fig. 5: MGR corporate structure



Source: Company data, Indo Premier

As per 31 Dec 2024, Pani Gold Project currently owns 292mn ton of gold ore resources (equivalent to 7Moz of contained gold with 0.75g/t gold grade) and as per Oct25, has updated its reserves to 4.8Moz (from initially 1.9Moz) with an estimated life of mine (LOM) until FY41F.

The project itself has reached 48.6% construction progress as per 31 March 2025, and has started mining activities per October 1st, 2025 and is set to start commercial production by early FY26F. Mining infrastructures and logistics are also being prepared, including hauling road and distribution

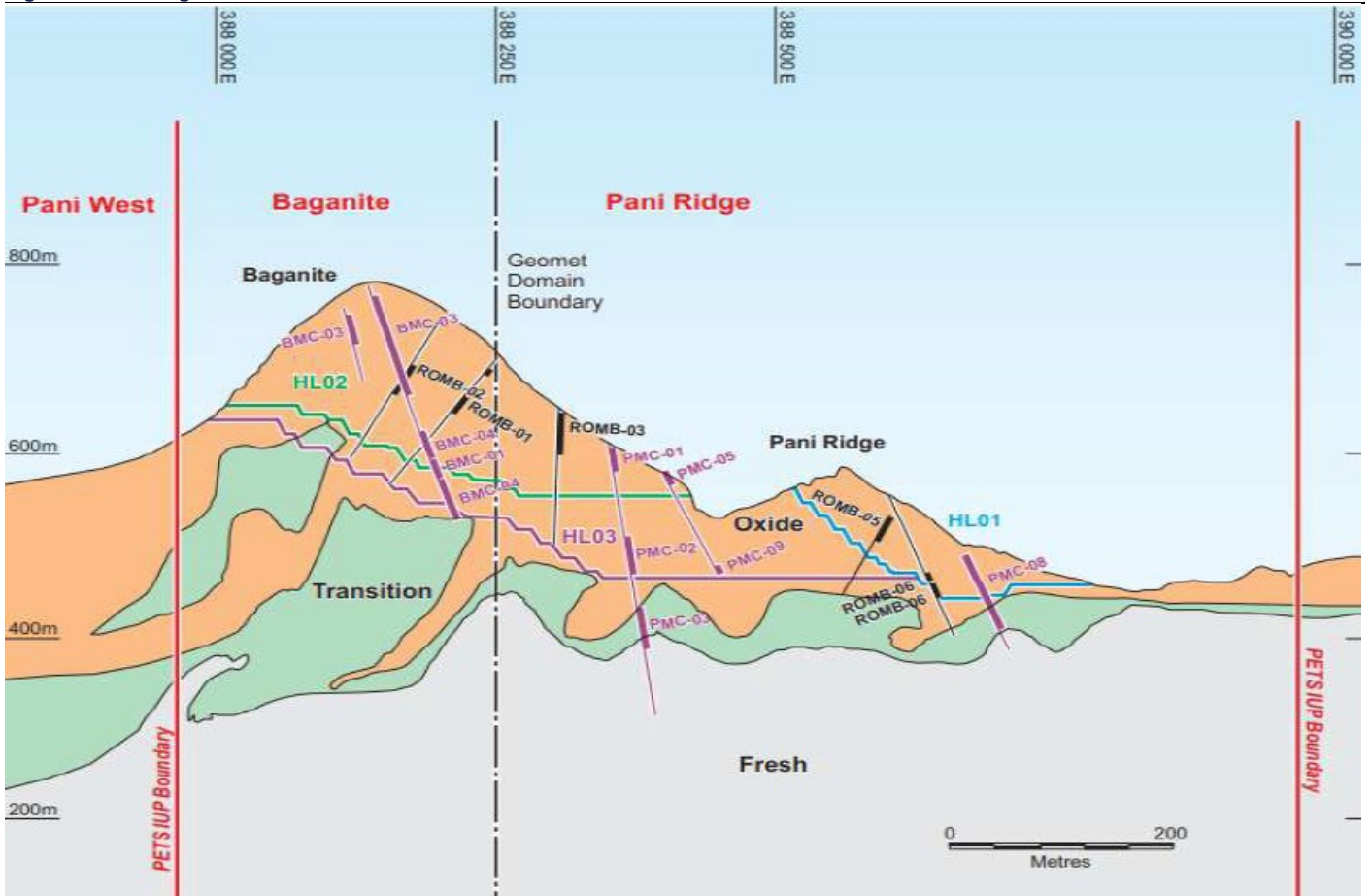
services from Gorontalo to Jakarta for the shipment of gold and silver granule for refining process.

Fig. 6: MGR's resources summary

Oxide domain	Resource classification	Ore (Mt)	Au grade (g/t)	Ag grade (g/t)	Contained Au (Moz)	Contained Ag (Moz)
Oxide	Indicated	180.5	0.76	0.79	4.4	4.6
	Inferred	23.9	0.57	0.42	0.4	0.3
	Subtotal	204.4	0.74	0.75	4.8	4.9
Transitional	Indicated	42.8	0.91	0.66	1.3	0.9
	Inferred	10.1	0.56	0.31	0.2	0.1
	Subtotal	52.9	0.84	0.59	1.4	1.0
Fresh	Indicated	20.8	0.67	0.77	0.5	0.5
	Inferred	14.2	0.65	0.31	0.3	0.1
	Subtotal	35.1	0.66	0.58	0.8	0.7
Total	Indicated	244.2	0.78	0.77	6.1	6.0
	Inferred	48.2	0.59	0.37	0.9	0.6
	Total	292.4	0.75	0.70	7.0	6.6

Source: Company data, Indo Premier

Fig. 7: MGR mining area



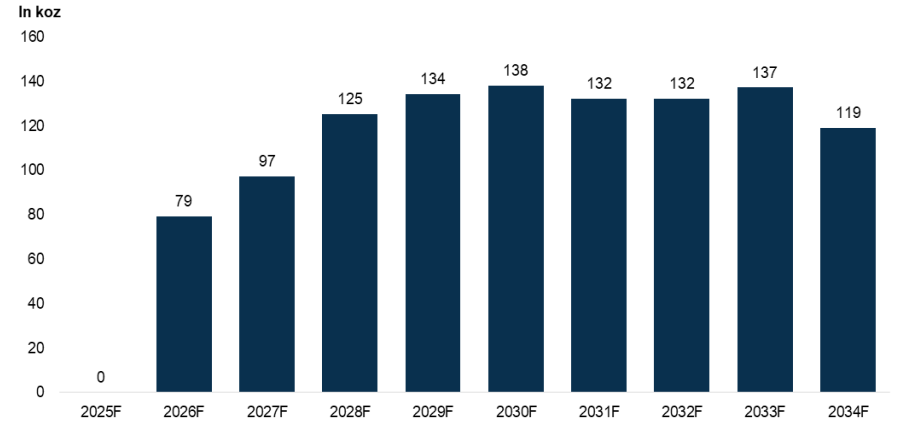
Source: Company data, Indo Premier

Heap-leach capacity ramp-up to drive 1st phase of earnings growth

MGR is set to complete the construction of its heap-leach facility and start commercial production by FY26F. Heap leach capacity has a capacity of 7Mtpa per annum and is projected to produce up to 1.1mn oz of contained gold from FY26F-FY35F. We expect heap-leach capacity to generate short-to-medium term cash flow for Pani Gold Project.

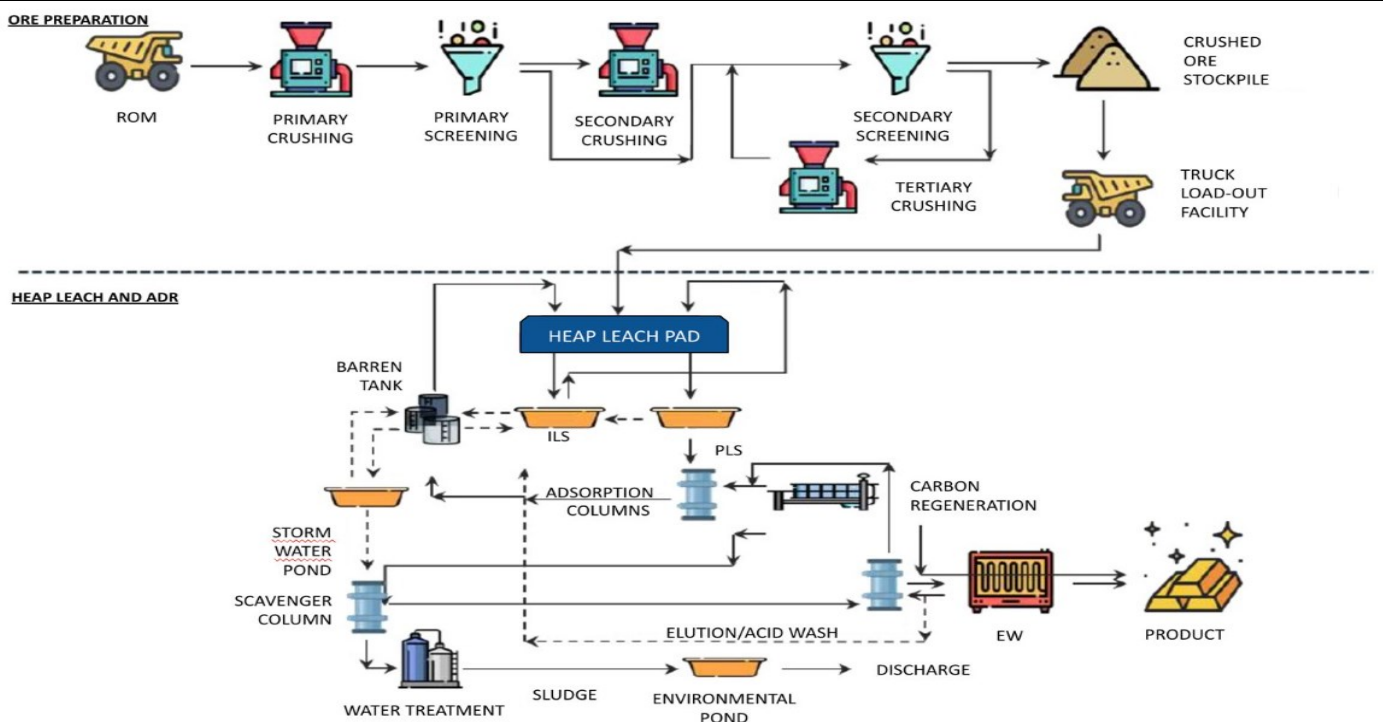
Mining for the heap-leach capacity would prioritize Pani Ridge mining zone due to more economical recovery rate as opposed to carbon-in-leach (CIL) that already has a higher recovery rate of >90% vs. heap-leach ~75-80%, which won't require specific mining area. Over the period of FY26-35F, heap-leach plant is set to produce 79-138koz of gold (or +5% CAGR growth in FY26F-34F).

Fig. 8: Heap-leach production plan



Source: Company data, Indo Premier

Fig. 9: Heap-leach production flow



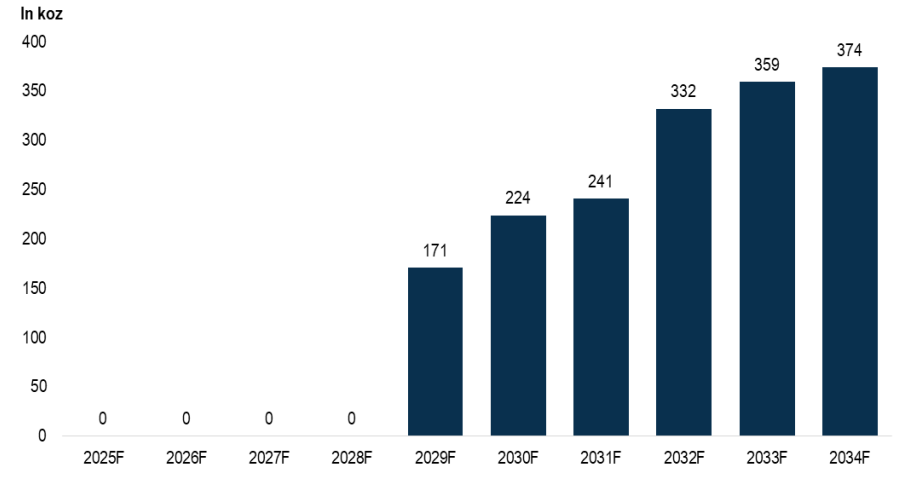
Source: Company data, Indo Premier

We think the commencement of the heap-leach plant coincides with favourable gold prices outlook, which has continuously reached all time high level in FY25F (currently at US\$4k/oz). Furthermore, heap-leach is considered as a low-costs and low capital intensity gold processing facility, with relatively obtainable permit. MGR's parent/sponsor, PT Merdeka Copper Gold Tbk (MDKA) already has a track-record in operating heap-leach facility in its Tujuh Bukit Oxide mine in Banyuwangi, East Java, and Wetar mine in Maluku.

Carbon-in-leach (CIL) to further boost earnings starting FY29F

After heap-leach facility commenced its operation, MGR plans to expand its processing capacity by constructing carbon-in-leach (CIL) plant with an initial feed capacity of 7.5mn ton per annum, with a planned additional increase of up to 12mn ton per annum. Hence, after CIL plant is completed, MGR’s total processing capacity would be around 19mn ton p.a. through a combination of heap leach and carbon-in-leach plant.

Fig. 10: CIL production plan



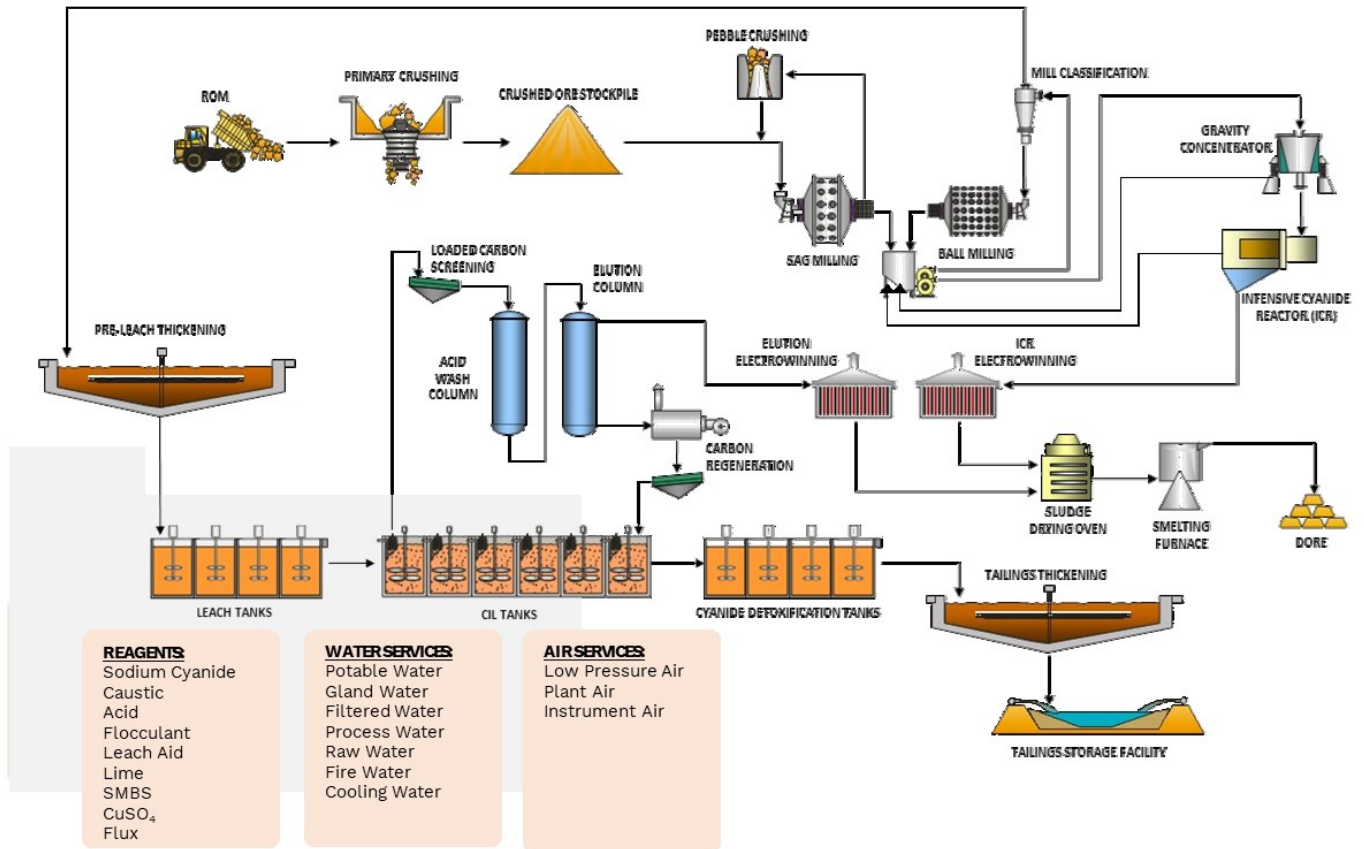
Source: Company data, Indo Premier

Based on our discussion with the company, there’s a potential upside in CIL construction, should EMAS is able to optimize its tailing-disposal method, with the overall 12Mtpa capacity set to be built in FY29F, rather than splitting the construction into two phases.

However, the initial plan is for the first phase of CIL plant is set to commence operation in Jan29F, while the 2nd phase of CIL would start in FY32F. Thus, the overall CIL plant is expected to start commercial production starting FY29F until FY41F with a total production of 3.6mn oz throughout that period. Note that the average gold recovery rate for CIL plant is around 93%, which are higher vs. heap-leach 81.6%. As per 1Q25, CIL plant’s construction planning and its development has been ongoing.

To accommodate the waste from carbon-in-leach (CIL) plant, tailing storage facility (TSF) will be built prior to the commencement of the CIL plant. There will be two phases of TSF, with starter dam as the first phase, which will be utilized in parallel with commencement of CIL in FY29F and downstream raising facility as the second phase which would be able to contain tailing production until the LOM (life of mine). As of March 2025, feasibility study for TSF has been already completed.

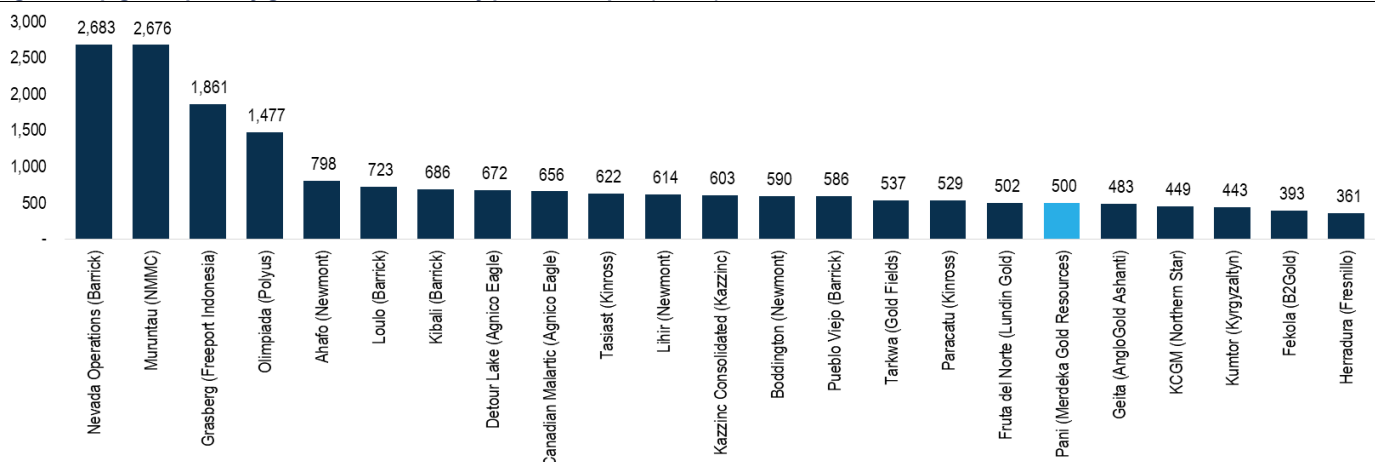
Fig. 11: Carbon-in-leach (CIL) production flow



Source: Company data, Indo Premier

By combining heap-leach and CIL processing facility, MGR would be able to achieve peak production of up to 500koz of gold per annum in FY33F and FY34F and this would position MGR to be a globally significant primary gold mine that is set to produce 500koz of gold p.a. once it reaches its full capacity in FY33F.

Fig. 12: Top global primary gold mines, ranked by production p.a. (in koz)



Source: Company data, Indo Premier; Based on Pani Gold project's peak production

ESG initiatives

MGR aims to adopt several ESG initiatives and is fully committed to sustainability. MGR sets its ESG commitment to span across six key focus

areas or pillars, including environment, workplace health and safety, employee empowerment, community engagement, and human rights.

Management team

MGR has formed a management team with an extensive experience and a strong track record in developing and operating large-scale mining operations. MGR’s Board of directors and key technical team comprised of professionals that have had experience in gold and other mineral-mining. Meanwhile, its Board of Commissioners represents majority shareholder / sponsors which are affiliated with groups that demonstrated past track record in delivering growth and providing access to financing.

Fig. 13: MGR management team

Name	Position	Experience
Board of Commissioners		
Hardi Wijaya Liong	President Commissioner	30+ years of experience in investing, building and operating a business (founding partner of Provident Capital)
Heri Sunaryadi	Independent Commissioner	30+ years of experience in Indonesian capital markets
Board of Directors		
Boyke Poerbaya Abidin	President Director	30+ years of experience in management consulting, community engagement and external affairs (including stakeholder relations, CSR and building sustainable community partnerships)
Albert Saputro	Director	15+ years of experience as an equity analyst in natural resources (President Director of MCG/MDKA)
David Thomas Fowler	Director	30+ years of financial experience in the mining sector
Adi Adriansyah Sjoekri	Director	30+ years of experience in geology, exploration and consulting operations
Key Technical Team		
Nicholas Green	Executive General Manager	25+ years of international mining experience in developmental feasibility, financing, construction, operational, project delivery and resource investment for gold
Luke Morris	COO of MCG	30+ years of international mining experience with a track record of geotechnical and mining operations

Source: Company data, Indo Premier

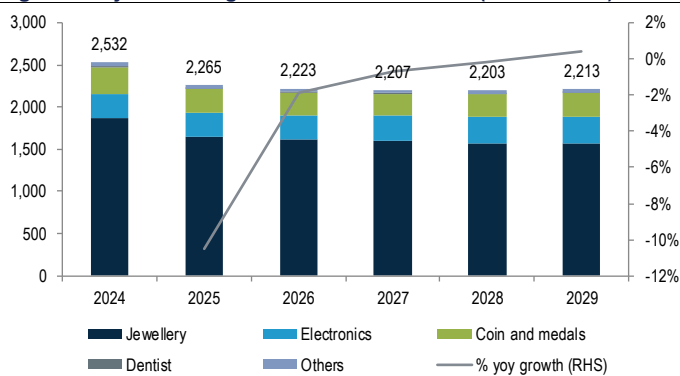
Industry outlook

Gold demand outlook

CRU Consulting expects jewellery segment to still remain the biggest contributor of gold demand at c.74% of total gold demand in FY24, albeit it expects the contribution to decline due to elevated gold price level, as gold is often considered more as luxury goods – rather than as investment instruments, particularly in developed countries.

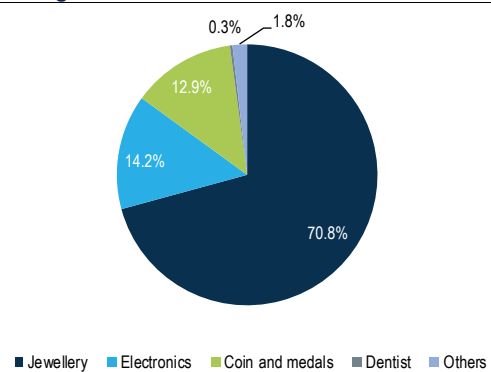
The second biggest of gold demand came in the form of gold coin and bars with c.13% of global demand in FY24, according to CRU. As gold coin and gold bars is generally considered as an investment instruments, its demand is heavily correlated with gold price movement. Aside from jewellery & gold coin/bars, electronic also contributed around c.11% of total demand, followed by other industries and dentistry (Fig. 15).

Fig. 14: Projection for gold fabrication demand (FY24-FY29F)



Source: CRU, Indo Premier

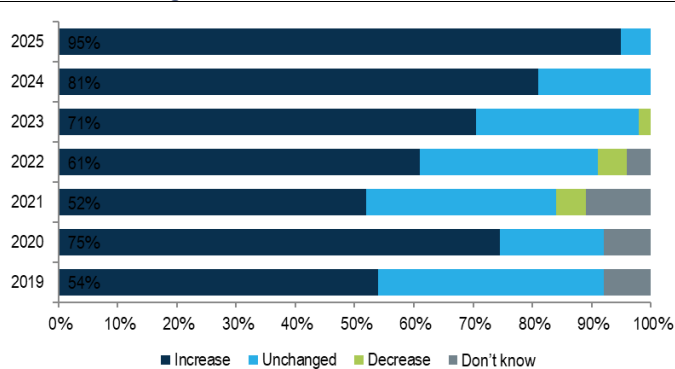
Fig. 15: Global gold demand breakdown



Source: CRU, Indo Premier

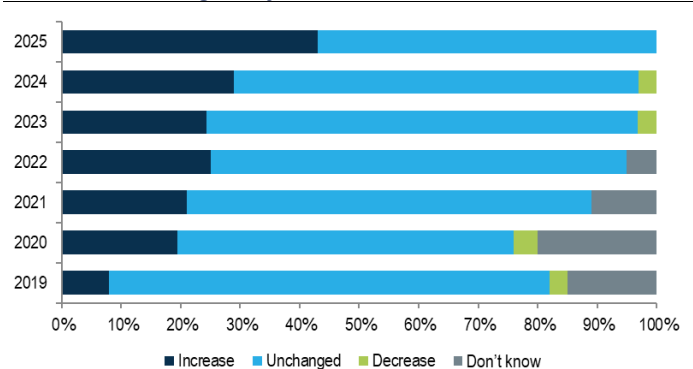
World Gold Council in its Central Bank Gold Reserves Survey 2025 concluded that central banks are set to continue to view gold favourably as c.76% of respondents believe that gold will hold a higher share of total reserves in five years' time. Furthermore, c.95% of respondents believe that official gold reserves will continue to increase, which is particularly notable, given the gold accumulation among central banks over recent years. Few of the key reasons behind such expectations are the perception that gold would act as a diversification asset and a hedge during crisis and inflation environment.

Fig. 16: Survey: how do you expect global central bank gold reserves to change over the next 12 months



Source: World Gold Council, Indo Premier

Fig. 17: Survey: what proportion of total reserves do you think will be denominated in gold 5 years from now?



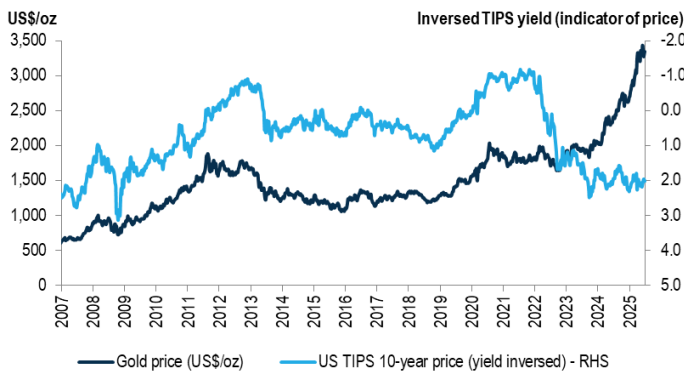
Source: World Gold Council, Indo Premier

For example, central banks have been adding their gold reserves YTD – which represents additional c.24% of gold-demand, according to World Gold Council data (Fig. 19), with Poland, Azerbaijan, China, and Turkiye as the primary net purchaser of gold on YTD basis.

Fiscal concerns have led to a rally in gold price

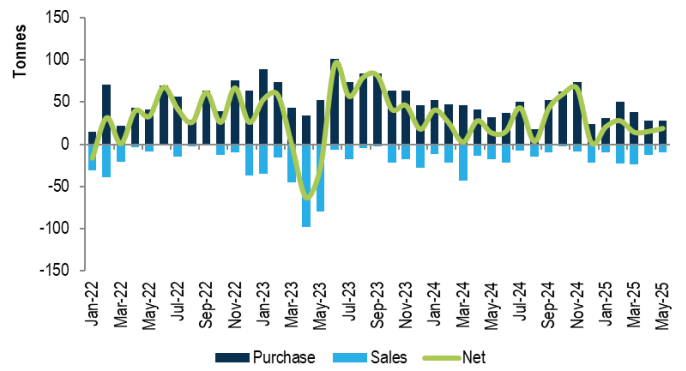
According to World Gold Council, real interest rate was a prominent factor in driving gold price movement in the past decade (Fig. 18), which was reflected in the inverse correlation between US 10-year real yield and gold price. However, since 2022, fiscal concerns have led to higher demand for gold as demand for U.S treasuries stagnated while investors are seeking alternatives – which was positive to gold demand, in addition to central bank buying.

Fig. 18: Gold price and U.S 10-year treasuries



Source: Bloomberg, World Gold Council, Indo Premier

Fig. 19: Central bank net purchases



Source: World Gold Council, Indo Premier

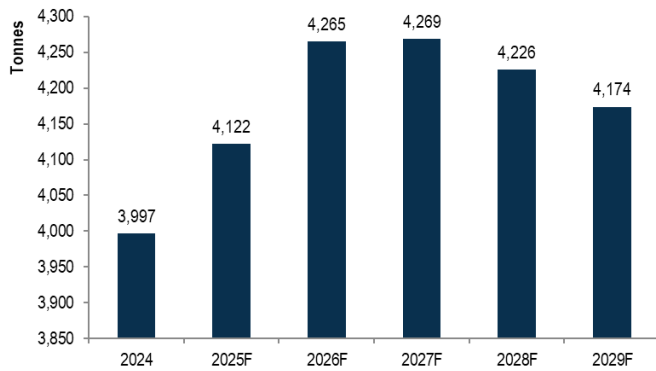
While there is a strong belief that U.S treasury market may not lose its safe-haven status, negative perceptions of U.S fiscal sustainability, this may provide another support to gold prices, according to World Gold Council. World Gold Council also thinks that such a major crisis triggered by US debt ceiling miscalculation or some sorts is unlikely, albeit not impossible. Nevertheless, such uncertainty and market volatility are likely to give additional support to gold demand and eventually gold prices.

Gold supply outlook

CRU consulting group expects gold supply to reach its peak by FY26F at 4,265 ton, driven by production increase in several gold mines globally, but will gradually decrease to 2,472 ton by FY40F, mainly driven by mine closures, ore grade depletion, and lower investment into gold mines. Hence, CRU expects gold from mining activities to decline by 1.8% CAGR in FY25F to FY40F period, as new mining capacity won't be sufficient to replace the decline from existing gold mine that is set to approach the end of its LOM.

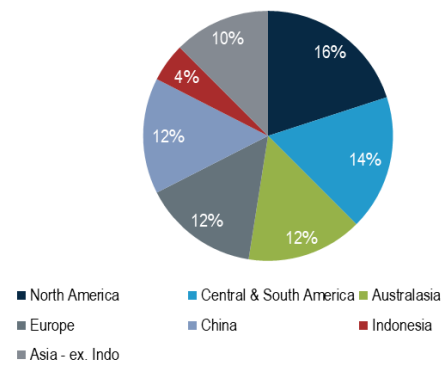
Aside from gold production coming from mining activities, recycled gold contributed around c.24% of total gold supply in FY24. CRU indicated that recycled gold volume is highly correlated with gold price movement, whereas higher gold price would boost an increase in recycled gold volume. However, CRU expects the contribution growth from recycled gold to be relatively limited, given the unavailability of secondary gold materials in the market.

Fig. 20: Gold mine supply projections



Source: CRU, Indo Premier

Fig. 21: FY24 global gold supply breakdown



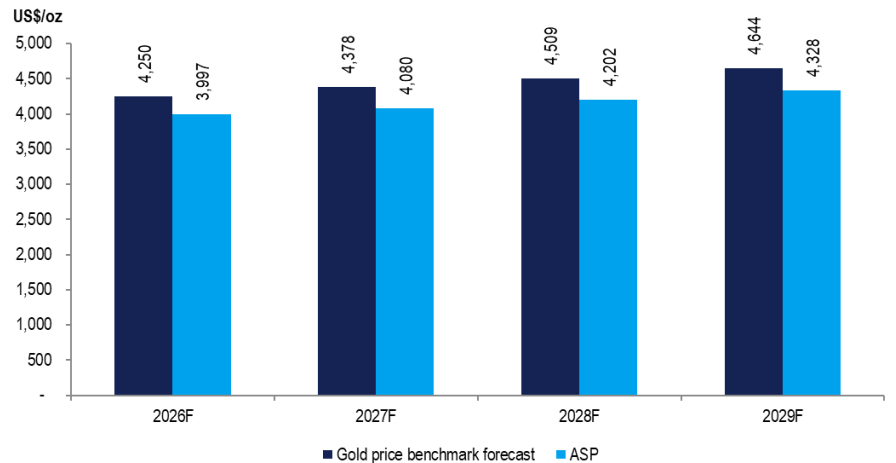
Source: CRU, Indo Premier

Gold market balance and price outlook

As a result, CRU expects gold market to experience a surplus within FY24F-29F, solely from assessing existing and upcoming mining production and demand. Furthermore, by factoring in the aggressive central bank buying YTD, which is expected to continue, according to World Gold Council, forward price expectation should be skewed to the upside.

However, CRU expects limited new gold supply after reaching its peak by FY26F, which is set to become a key catalyst in driving the gold price higher in the future. This shall set a foundation for higher gold price in FY25F-29F, according to CRU. We expect gold price to average US\$4.2k/oz in FY26F, with higher gold price assumptions up to US\$4.6k/oz until FY29F.

Fig. 22: Gold price forecast



Source: Indo Premier estimates

Financials

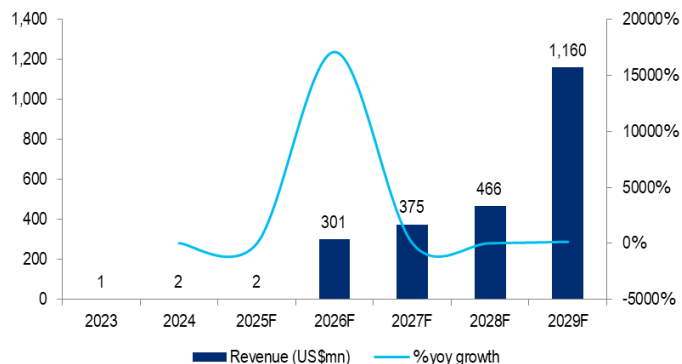
We expect MGR to deliver positive earnings starting FY26F onwards, with notable production capacity ramp-up to start in Jan26 with a projected net profit growth of +35% in FY27F following full ramp-up in Heap Leach capacity from the year prior. We expect the growth in net profit to be driven by a combination of capacity ramp-up, higher gold grade, and economies of scale starting FY26F onwards.

Revenue forecast

We expect MGR to start commercial production in its heap-leach plant by early FY26F with production set to ramped-up until FY27F with an estimated gold production of 71-89koz in FY26F-27F. We estimate an average gold grade of 0.55-0.6g/t within our forecast period. Our ASP is set at US\$4k/oz and US\$4.1k/oz in FY26F/27F, as we expect gold benchmark price to average within US\$4.2-4.4k/oz in the next two years. Note that our ASP is set lower vs. gold benchmark price movement as we expect MGR to partially hedge its gold ASP via prepayment.

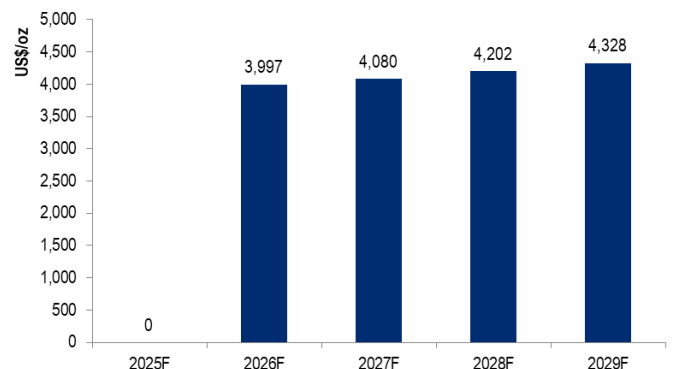
In addition to gold, MGR is also set to produce silver, as the by-product of gold. Thus, we expect silver volume of 235-332koz in FY26F-27F with an average silver grade of 2.25-4.5g/t within our forecast period. Thus, we expect revenue to grow substantially to US\$301mn in FY26F (from only US\$2mn in FY25F) and further growing by +25% to US\$375mn in FY27F, driven by capacity ramp-up in heap leach plant and higher gold grade.

Fig. 23: MGR's revenue and revenue growth (yoy %)



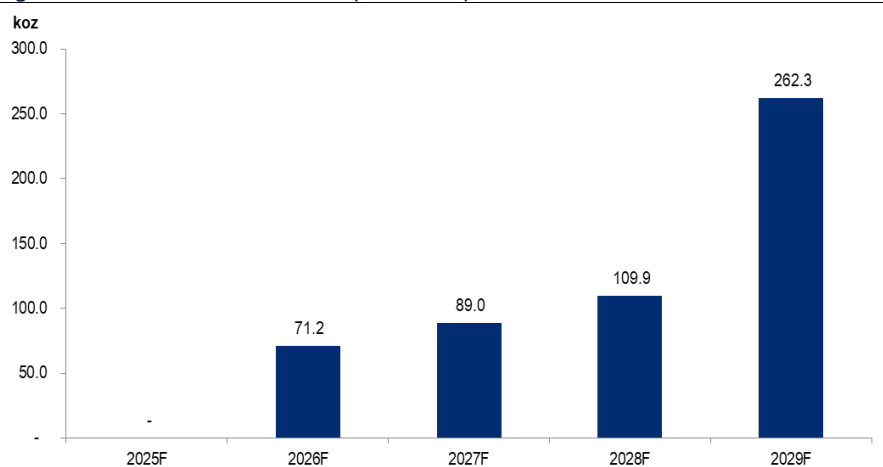
Source: Company data, Indo Premier estimates

Fig. 24: Gold ASP forecast (FY25F-29F)



Source: Company data, Indo Premier estimates

Fig. 25: Gold sales volume forecast (FY25F-29F)



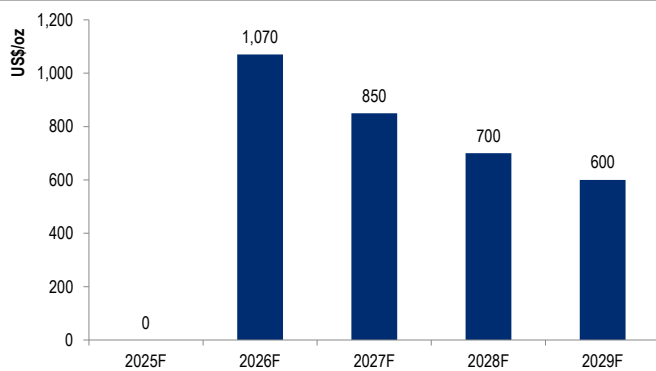
Source: Company data, Indo Premier estimates

EBITDA and net profit forecast

We estimated an ex-royalty cash-cost range of US\$850-1,020/oz in FY26-27F vs. Indonesian peers of US\$800-1,358/oz. According to new Ministry of Energy and Mineral Resources (ESDM), effective royalty rate for MGR shall be set at around 16% of total revenue/sales (progressive royalty rate) as we assumed a higher ASP of more than US\$3k/oz in our forecast period. Thus, we expect MGR to record an EBITDA of US\$160mn and US\$214mn in FY26F/27F, respectively.

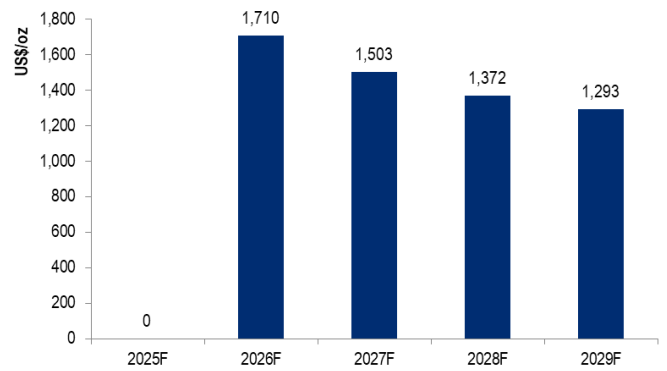
Below operating profit/EBIT level, we expect a net interest expense of US\$27-37mn p.a. and with c.22% corporate income tax (CIT) rate, MGR's net profit is estimated to be around US\$97mn and US\$131mn in FY26F/27F, respectively.

Fig. 26: MGR's cash costs ex. royalty estimates



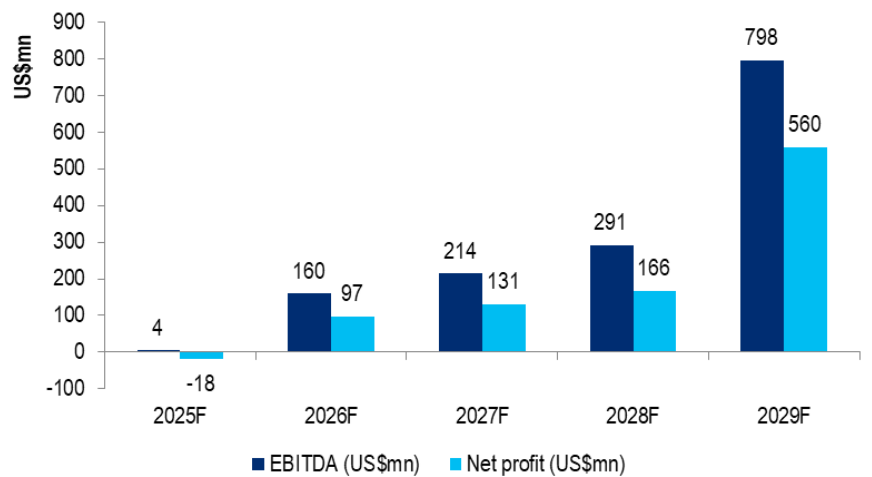
Source: Company data, Indo Premier estimates

Fig. 27: MGR's cash costs incl. royalty estimates



Source: Company data, Indo Premier estimates

Fig. 28: MGR's EBITDA and net profit forecast



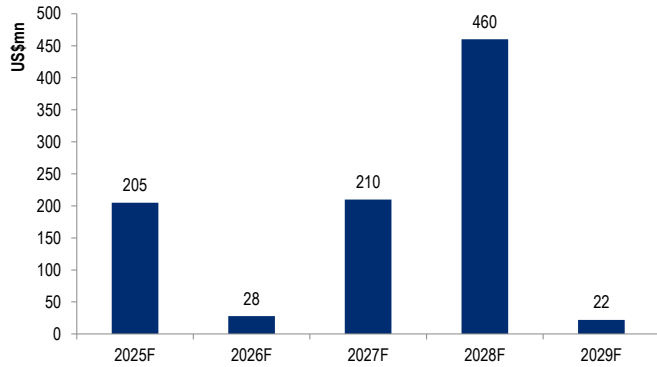
Source: Company data, Indo Premier

Cashflow and balance sheet

We forecast MGR's capital expenditure of US\$205/28/210mn in FY25F/26F/27F, respectively, in-line with its plan to reach completion in heap-leach plant by FY25F, maintenance capex in FY26F, and partial capex in FY27F for its CIL plant construction, which will continue in FY28F onwards. For the heap-leach project, we expect MGR to spend an additional capital expenditure of US\$205mn in FY25F as around US\$125mn construction capex has been spent until 1Q25. Meanwhile, we expect CIL capex of around US\$625mn that will be spent throughout FY27F/28F, albeit we expect it would be more back-loaded in the FY28F.

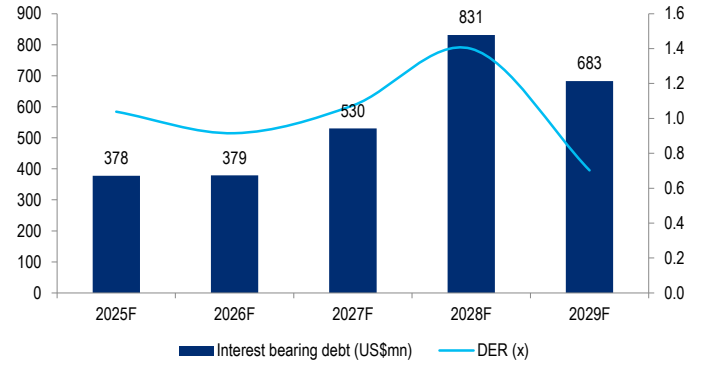
We assume MGR to fund its capex and investments from debt and capital raising as we project an increase in its total interest-bearing debt by US\$350mn in FY25F and US\$150mn in FY27F without any debt addition in FY26F. Based on our estimation, MGR’s debt addition will peak in FY28F following the construction of CIL plant before falling in FY29F onwards as more cash flows set to be generated after CIL plant starts commercial production.

Fig. 29: MGR’s capital expenditure estimates (FY25F-27F)



Source: Company data, Indo Premier estimates

Fig. 30: Interest bearing debt and debt to equity ratio



Source: Company data, Indo Premier estimates

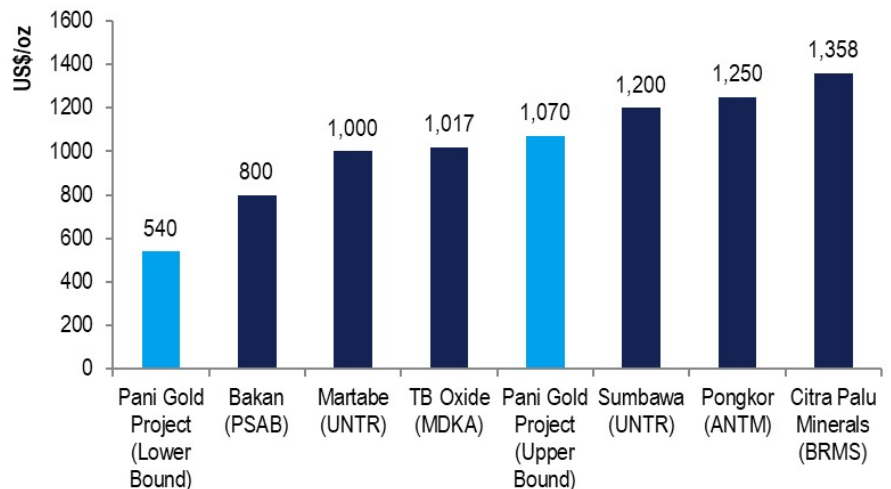
Historical financial review

MGR only posted a revenue of US\$1.7mn in FY24 from rental income as Pani Gold project were currently in FS and construction stage during the year and have yet to start its planned commissioning up until Nov25. As a result, MGR posted a net loss of US\$12.7mn in FY24, due to combination of interest expenses, finance costs, and other expenses/income.

Peers comparison

There are several other gold miners in Indonesia with similar geographical location and geological characteristics, such as MGR’s parent company’s subsidiary gold-mine, Tujuh Bukit Oxide (TB Oxide) – owned by PT Bumi Suksesindo, Citra Palu Minerals (CPM) – owned by Bumi Resources Minerals (BRMS), Martabe and Sumbawa gold mine – owned by United Tractors, and others.

Fig. 31: Indonesia’s gold-mine estimated cash costs



Source: Company data, Indo Premier

From cash-costs standpoint, MGR's Pani Gold Project is estimated to have a lower cash costs in comparison to existing gold mines in Indonesia with a cash-costs range of US\$540-1,070/oz with the lower-bound of the range set to be achieved after the CIL plant is completed by FY29F. Additionally, MGR's Pani Gold Project would also benefit from its open-pit operation as opposed to underground mining operation in Citra Palu Minerals – i.e. lower execution and operational risks, in addition to lower capital expenditures.

Income Statement (US\$ mn)	2023A	2024A	2025F	2026F	2027F
Net revenue	1	2	2	301	375
Cost of sales	1	1	1	137	154
Gross profit	0	1	1	164	221
SG&A Expenses	2	1	1	15	17
Operating profit	(2)	(0)	(0)	150	205
Net interest	(9)	(20)	(22)	(26)	(37)
Others	0	5	(1)	0	0
Pre-tax income	(10)	(15)	(23)	124	168
Income tax	3	2	5	(27)	(37)
Minority interest	(0)	(0)	0	0	0
Net income	(7)	(13)	(18)	97	131

Balance Sheet (US\$ mn)	2023A	2024A	2025F	2026F	2027F
Cash & equivalent	12	67	146	176	246
Receivable	0	0	0	50	63
Inventory	1	1	0	8	9
Other current assets	6	4	5	5	5
Total current assets	20	71	152	239	322
Fixed assets	69	149	324	333	523
Other non-current assets	240	310	343	353	363
Total non-current assets	309	458	667	686	886
Total assets	329	530	819	924	1,208
ST loans	0	0	0	0	0
Payable	5	10	8	15	17
Other payables	0	0	0	0	0
Current portion of LT loans	3	7	0	0	0
Other current liabilities	20	39	58	58	58
Total current liab.	29	56	66	73	75
Long term loans	144	194	378	379	530
Other LT liab.	0	7	12	12	12
Total liabilities	173	257	455	464	617
Equity	175	306	415	415	415
Retained earnings	(21)	(34)	(52)	44	175
Minority interest	(0)	0	0	0	0
Others	1	1	1	1	1
Total SHE + minority int.	155	273	364	460	591
Total liabilities & equity	329	530	819	924	1,208

Source: Company, Indo Premier

Cash Flow Statement (US\$ mn)	2023A	2024A	2025F	2026F	2027F
Net income	(7)	(13)	(18)	97	131
Depr. & amortization	1	4	4	10	10
Changes in working capital	12	26	15	(50)	(11)
Others	(10)	(7)	(2)	0	0
Cash flow from operating	(4)	10	(0)	56	129
Capital expenditure	(71)	(172)	(205)	(28)	(210)
Others	(28)	34	(2)	0	0
Cash flow from investing	(99)	(138)	(207)	(28)	(210)
Loans	114	53	177	1	151
Equity	(4)	131	109	0	0
Dividends	0	0	0	0	0
Others	0	0	0	0	0
Cash flow from financing	110	183	286	1	151
Changes in cash	7	55	79	29	70

Key Ratios	2023A	2024A	2025F	2026F	2027F
Gross margin	33%	33%	33%	55%	59%
Operating margin	-123%	-26%	-17%	50%	55%
Pre-tax margin	-727%	-854%	-1332%	41%	45%
Net margin	-490%	-726%	-1039%	32%	35%
ROA	-2%	-2%	-2%	10%	11%
ROE	-4%	-5%	-5%	21%	22%
Acct. receivables TO (days)	3.2	N/A	N/A	6.0	6.0
Inventory TO (days)	(1.5)	(2.1)	N/A	(18.0)	(18.0)
Payable TO (days)	(0.2)	(0.1)	(0.2)	(9.0)	(9.0)
Debt to equity	1.0	0.7	1.0	0.8	0.9
Interest coverage ratio (x)	(0.1)	0.2	0.2	6.0	5.7
Net gearing	0.9	0.5	0.6	0.4	0.5

Source: Company, Indo Premier

INVESTMENT RATINGS

BUY	: Expected total return of 10% or more within a 12-month period
HOLD	: Expected total return between -10% and 10% within a 12-month period
SELL	: Expected total return of -10% or worse within a 12-month period

ANALYSTS CERTIFICATION

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