

5 August 2019

Commodity | Mining

Merdeka Copper Gold (MDKA IJ)

Buy

Initiate At BUY: Striking Gold

Target Price (Return) IDR6,740 (+35%)
Price: IDR5,000
Market Cap: USD1.56bn
Avg Daily Turnover (IDR/USD) 13,682m/0.98m

- Striking gold.** We initiate coverage with a BUY and IDR6,740 TP, implying 35% upside. Our bullish thesis is premised on a strong 62% 2019F earnings growth profile driven by rising gold prices and production ramp-up, unlocking future value from Merdeka Copper Gold's flagship Tujuh Bukit Porphyry mine (Indonesia's second-largest copper-gold deposit after Freeport's Grasberg mine), a strong management team and sponsors – Provident Capital, Saratoga, and Mr Garibaldi Thohir control c.51%.
- Company profile.** MDKA is a holding company with a primary business in the mining of gold, copper, and silver. It has four main projects: Two are currently in production stages (the Tujuh Bukit Oxide and Wetar projects), while the remaining two are under the development stages, ie Tujuh Bukit Porphyry and Pani mines. Bukit Porphyry is MDKA's most valuable mine, as it has Indonesia's second-largest copper and gold deposits – comparable to Freeport's Grasberg mine. We expect MDKA to generate 2019 EBITDA and net profit of USD221m and USD85.1m, up 40% and 62% YoY.
- Solid management team and sponsors for execution, license permitting.** Two of MDKA's key shareholders – Saratoga Capital (20.8%) and Mr Garibaldi (9.4%) – are the same key stake owners of Indonesia's leading coal producer Adaro Energy (ADRO IJ, BUY, TP: IDR1,830) – it has one of the best execution and corporate governance track records domestically. Mr Garibaldi is also the brother of Mr Erick Thohir, President Joko Widodo's (Jokowi) campaign manager during the 2019 election. MDKA's largest shareholder is Mr Winato Kartono's Provident Capital, which controls a combined 21.2% via Mitra Daya Mustika and Suwarna Arta Mandiri. Management wise, it is led by CEO Mr Richard "Rick" Ness (a former Freeport Indonesia, Newmont Indonesia, and Indika Energy executive), COO Mr Mark Andersen (30-plus years of experience with Rio Tinto), and technical director Mr Colin Moorhead (geologist with 35+ years of experience).
- Valuation rationale: Base and bull case scenarios.** We derive our IDR6,740 TP using a target FY2020F P/E of 23x, taking into account its two producing assets – our target P/E is on par with global gold players' valuation, but MDKA has a higher ROE of 19%. Our bull case valuation is based on SOP valuation, combining P/E and EV/resources, taking into account MDKA's untapped world-class resources, which implies a valuation of USD2.9bn, or IDR9,250/share – this translates into an 85% upside. For 2018-2021F, we are expecting revenue, EBITDA, and net profit CAGRs of 13%, 13%, and 19%.
- Downside risks** that could limit share price performance include weak ASPs for gold and copper, production misses due to execution or regulation problems, and an economic downturn that may lead to capital outflows.

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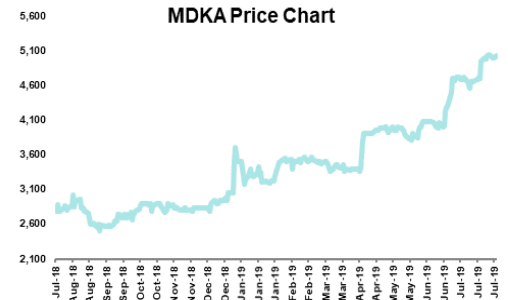
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Share Performance (%)

	YTD	1m	3m	6m	12m
Absolute	43.6	6.5	25.6	46.1	80.0
Relative	40.4	6.0	26.6	48.3	72.4
52-wk Price low/high (IDR)	2,460 – 5,100				

MDKA Price Chart



Source: Bloomberg



Forecasts and Valuation	Dec-17	Dec-18	Dec-19F	Dec-20F	Dec-21F
Total turnover (USDm)	129	294	418	433	426
Reported net profit (USDm)	43	52	85	92	89
Recurring net profit growth	NA	21.8	62.2	8.4	(3.5)
Recurring EPS (IDR)	164	183	270	293	283
DPS (IDR)	-	-	-	-	-
Recurring P/E (x)	30.5	27.4	18.5	17.1	17.7
P/B (x)	6.9	4.0	3.6	3.0	2.5
Dividend Yield (%)	-	-	-	-	-
EV/EBITDA (x)	18.1	11.4	8.2	7.8	8.0
Return on average equity (%)	22.7	17.2	18.3	16.7	13.8
Net debt to equity (%)	50.7	56.9	38.8	20.4	7.3

Source: Company data, RHB

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Financial Exhibits

Asia		Financial Summary	2017	2018	2019F	2020F	2021F
Indonesia		Recurring EPS (IDR)	164	183	270	293	283
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Merdeka Copper Gold		DPS (IDR)	-	-	-	-	-
Bloomberg	MDKA IJ	BVPS (IDR)	719	1,237	1,398	1,691	1,974
BUY		FCFPS (IDR)	84	(116)	139	235	230
Major shareholders (%)		Weighted Avg Adjusted Shares (m)	3,570	4,094	4,380	4,380	4,380
Saratoga Investama Sedaya	20.76%	Valuation Metrics	2017	2018	2019F	2020F	2021F
Mitra Daya Mustika	14.16%	Recurring P/E (x)	30.5	27.4	18.5	17.1	17.7
		P/E (x)	30.5	27.4	18.5	17.1	17.7
		P/B (x)	6.9	4.0	3.6	3.0	2.5
		FCF Yield (%)	1.7	(2.3)	2.8	4.7	4.6
		Dividend Yield (%)	-	-	-	-	-
		EV/EBITDA (x)	18.1	11.4	8.2	7.8	8.0
Valuation basis		Income Statement (USDm)	2017	2018	2019F	2020F	2021F
23x 2020F P/E, on par with its global peers		Total Turnover	129	294	418	433	426
		Gross Profit	82	139	177	188	184
Key drivers		EBITDA	99	158	221	231	226
i. Increase in gold & copper prices		Depreciation and Amortisation	25	35	62	61	60
ii. Increase in gold & copper production		Operating Profit	75	123	159	170	165
iii. Faster than expected Porphyry development		Net Interest	(9)	(16)	(18)	(18)	(17)
		Equity / Other Income	(3)	(20)	(4)	(4)	(4)
Key risks		Pre-Tax Profit	63	87	137	148	144
i. Economic downturn		Taxation	(20)	(29)	(45)	(49)	(48)
ii. Production miss		Minority Interests	(0)	(5)	(6)	(7)	(7)
iii. Lower copper & gold prices		Recurring Net Profit	43	52	85	92	89
Company Profile		Cash Flow (USDm)	2017	2018	2019F	2020F	2021F
Merdeka Copper Gold (MDKA) is a mineral and mining company. The company mines for gold and copper.		Change in Working Capital	(31)	(22)	(25)	(1)	1
		Cash Flow from Operations	72	51	122	152	151
		Capex	(50)	(84)	(78)	(78)	(78)
		Cash Flow from Investing Activities	(62)	(115)	(78)	(78)	(78)
		Proceeds from Issue of Shares	-	4	-	-	-
		Dividends Paid	-	-	-	-	-
		Cash Flow from Financing Activities	(19)	42	25	(10)	(10)
		Cash at Beginning of Period	43	35	14	83	147
		Net Change in Cash	(8)	(22)	69	64	63
		Ending Balance Cash	35	14	83	147	209
		Balance Sheet (USDm)	2017	2018	2019F	2020F	2021F
		Total Cash and Equivalents	46	24	93	157	219
		Tangible Fixed Assets	121	270	292	313	335
		Total Other Assets	204	504	547	545	538
		Total Assets	371	798	931	1,015	1,093
		Short-Term Debt	67	95	90	85	80
		Total Long-Term Debt	64	159	189	184	179
		Other Liabilities	51	121	145	146	145
		Total Liabilities	181	376	424	415	404
		Shareholders' Equity	189	355	440	533	622
		Minority Interests	0	67	67	67	67
		Total Equity	190	422	507	600	689
		Net Debt	96	240	197	123	50
		Total Liabilities & Equity	371	798	931	1,015	1,093
		Key Metrics	2017	2018	2019F	2020F	2021F
		Revenue Growth (%)	NA	127.07	42.06	3.77	- 1.76
		Recurrent EPS Growth (%)	na	11.53	47.97	8.41	- 3.50
		Gross Margin (%)	63.14	47.22	42.35	43.48	43.32
		EBITDA Margin (%)	76.83	53.74	52.91	53.33	53.06
		Net Profit Margin (%)	33.29	17.86	20.39	21.31	20.93
		Dividend Payout Ratio (%)	na	na	na	na	na
		Capex / Sales (%)	38.86	28.70	18.68	18.00	18.33
		Interest Cover (x)	8.46	7.48	8.75	9.70	9.81

Source: Company data, RHB

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Investment Thesis

Strike gold; Initiate BUY with 35% upside

We are initiating coverage on MDKA with a BUY call and 12-month TP price of IDR6,740, implying 35% upside. Our bullish thesis on the stock is premised on:

- i. Strong 62% 2019F earnings growth profile, driven by rising gold prices and production ramp-up, coupled with the Wetar turnaround story that should boost its copper production going forward;
- ii. Unlocking future value from MDKA's flagship Tujuh Bukit Porphyry mine (Indonesia's second largest copper-gold deposit after Freeport's Grasberg mine and one of the world's largest untapped copper deposit);
- iii. Strong management team and sponsors, with Provident Capital, Saratoga, and Garibaldi controlling a c.51% stake in the company.

Who is MDKA?

Established in 2012, MDKA is a holding company with its primary business in the mining of gold, copper, and silver. It has four main projects, where two are currently in the production stage (Tujuh Bukit Oxide and Wetar), with the remaining two under the development stage (Tujuh Bukit Porphyry and Pani).

The third project, Tujuh Bukit Porphyry is MDKA's most valuable mine, as it is Indonesia's second largest copper and gold deposit, comparable to Freeport's Grasberg mine. In 2018, MDKA generated EBITDA of USD158m and net profit of USD53m. We expect MDKA to generate 2019F EBITDA and net profit of USD221m and USD85m, up 40% and 62% YoY.

Solid management team; Promising execution track record

Two of MDKA's key shareholders include Saratoga Capital (20.8%) and Mr Garibaldi (9.4%), the same key shareholders of Indonesia's leading coal producer, ADRO, with one of the best execution and corporate governance track records. The latter is also the brother of Mr Erick Thohir, the campaign manager of President Jokowi during the 2019 election. MDKA's largest shareholder is Mr Winato Kartono's Provident Capital, controlling a combined 21.2% stake via Mitra Daya Mustika (14.2%) and Suwarna Arta Mandiri (7%).

Management wise, MDKA is led by CEO Mr Ness (a former executive in Freeport Indonesia, Newmont Indonesia, and Indika Energy), COO Mr Andersen (30+ years' of experience in Rio Tinto), and technical director Mr Moorhead (geologist with 35-plus years' of experience).

Valuation rationale: Base case and bull case scenarios

We derive our 12-month TP of IDR6,740 based on a target 2020F P/E of 23x. We believe the multiple, which is on par with global gold miners' valuation, is justified given MDKA's higher ROE profile of 19% vs the global peer average of 10%.

Our base case TP – based on P/E only – takes into account its current two producing assets, namely Tujuh Bukit Oxide and Wetar, and does include its underground porphyry project that has yet to commence operations. For 2018-2021F, we are expecting revenue, EBITDA, and net profit CAGR of 13%, 13%, and 19%.

Meanwhile, our bull case valuation that is based on SOP, combines its existing operational projects with its porphyry copper & gold project (taking into account MDKA's untapped world-class resources) – this bull case scenario implies a valuation of USD2.9bn or IDR9,250 per share, translating to a much higher 85% upside. Our bull case scenario implies 2019F and 2020F EV/EBITDA multiples of 13x and 13x.

What could go wrong?

Downside risks that could impact MDKA's share price performance include weak ASP for gold and copper, translating to lower-than-expected revenue and earnings, production misses due to execution or regulatory problems, and economic downturn that may lead to capital out flows from the stock market.

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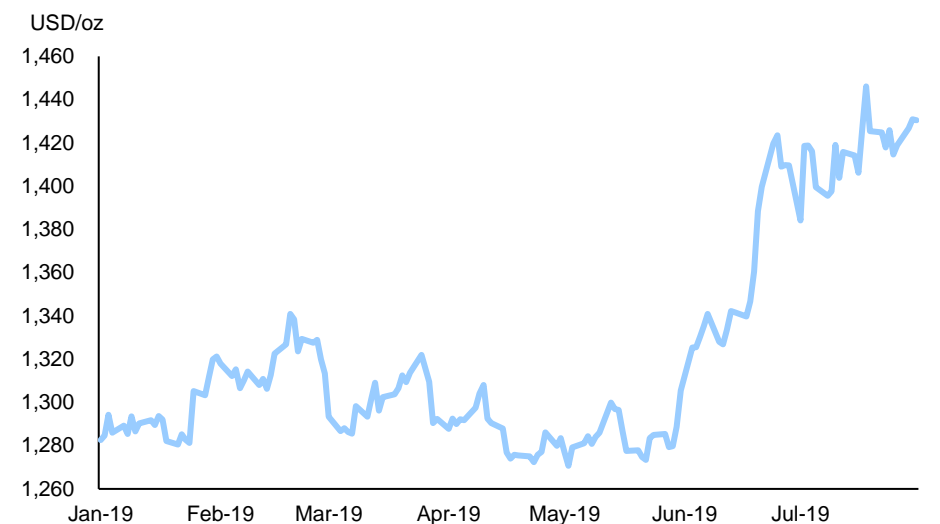
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Industry Overview

Gold prices on the uptrend

Gold price movements this year have been on the uptrend since late May 2019 (+10% since May). The YTD gold price is now at an average of USD1,323 per oz or up by 1.3% YoY.

Figure 1: YTD gold price movements

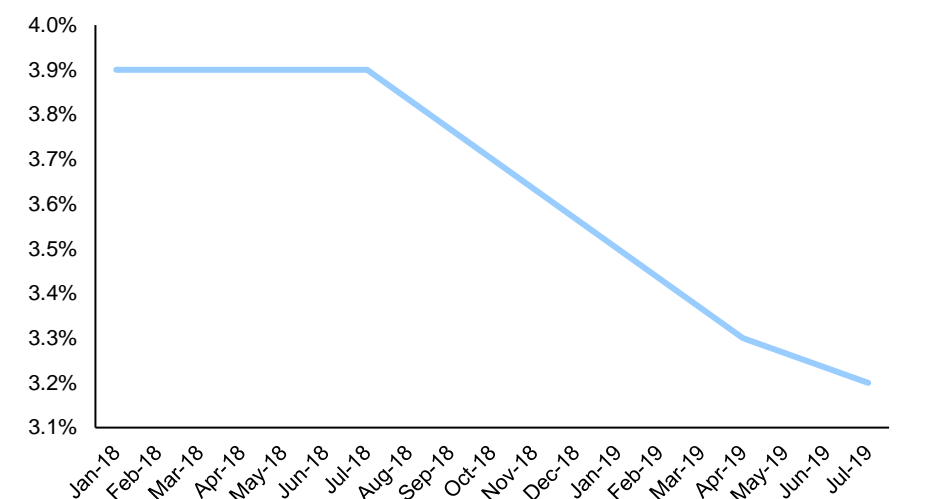


Source: Bloomberg, RHB

Gold is benefitting from signs of slowing economies globally, which is fuelling demand for the metal as a safe haven asset.

The International Monetary Fund (IMF) recently cut its global economy outlook further to the lowest level since the financial crisis, indicating that the projected pickup in 2020 is "precarious".

Figure 2: IMF's forecast for 2019 global growth

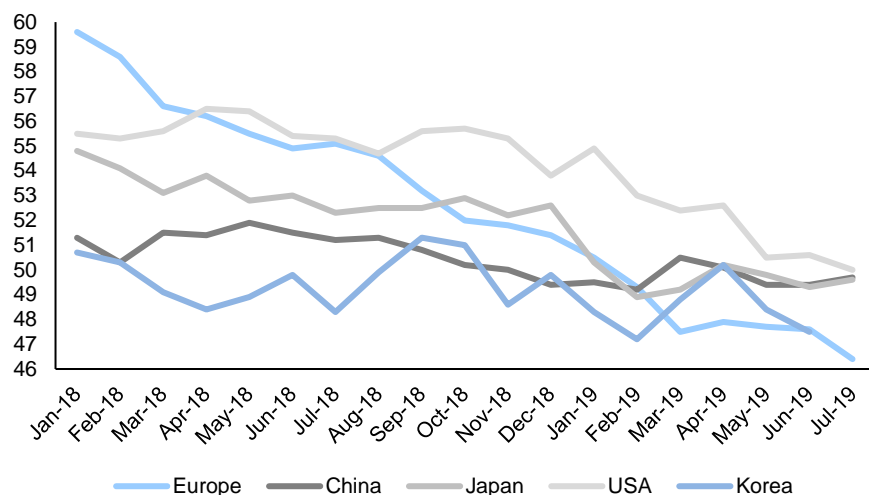


Source: IMF, RHB

Global manufacturing countries such as China and Europe are also showing signs of slower growth, which provides support to safe haven investment assets.

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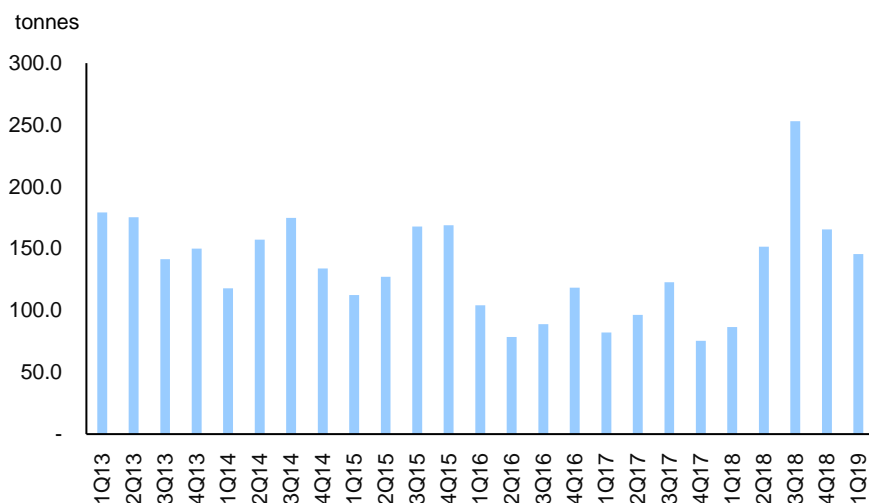
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Figure 3: PMI data for some key countries (Jan 2018-Jul 2019)

Source: Bloomberg, RHB

As central banks signal easier monetary policies, we believe it will benefit gold prices as lower interest rates would render investments in safe haven assets such as gold more attractive – this will in turn drive up prices.

Other than interest rates, we believe ongoing trade issues between the US and China would remain supportive of gold prices.

Figure 4: Central banks' quarterly net purchases of gold

Source: Bloomberg, RHB

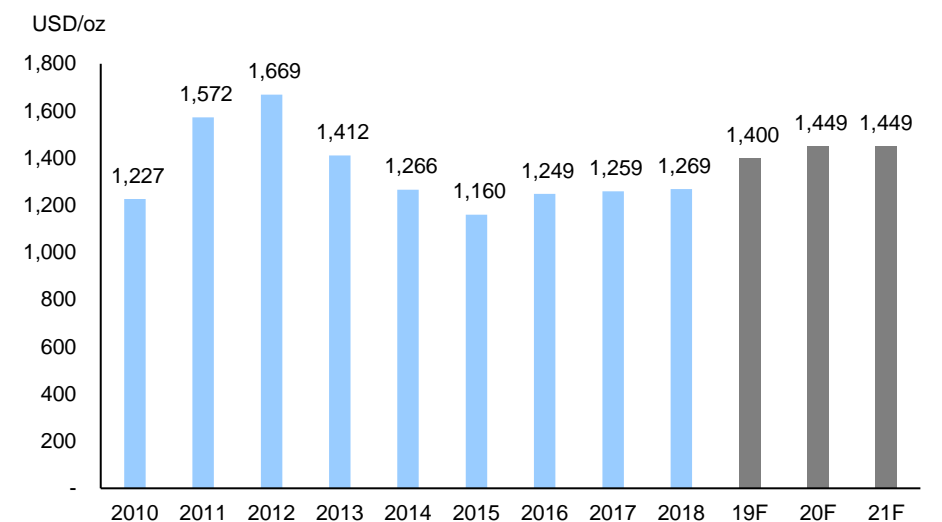
We expect gold prices to hold steady at the USD1,400 per oz level, as the global economic outlook remains bleak, and may trigger further easing from central banks, which should benefit gold prices.

We are projecting gold price to average at USD1,400 per oz in 2019F and USD1,449 per oz in 2020F, which implies YoY growth of 10.3% and 3.5%.

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Figure 5: Yearly gold prices (2010-2021F)



Source: Bloomberg, RHB

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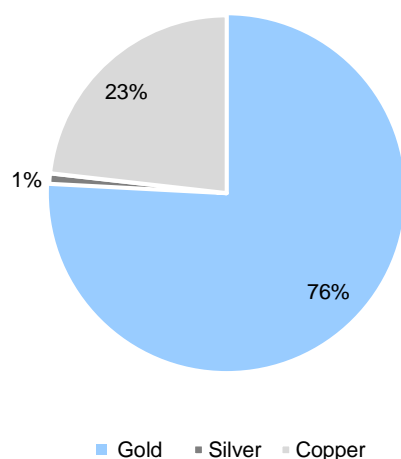
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Financial Performance

Direct proxy to higher gold prices

As the direct proxy to the increase in gold prices, we believe the recent surge in the commodity's prices should benefit MDKA. This is because gold revenue contributed 76% of the company's total revenue as at 1Q19.

Figure 6: MDKA's 1Q19 revenue breakdown



Source: Company data, RHB

Based on our sensitivity analysis, for every USD50 per oz change in gold prices, 2019F earnings increase/decrease by USD6m, or 7.5%.

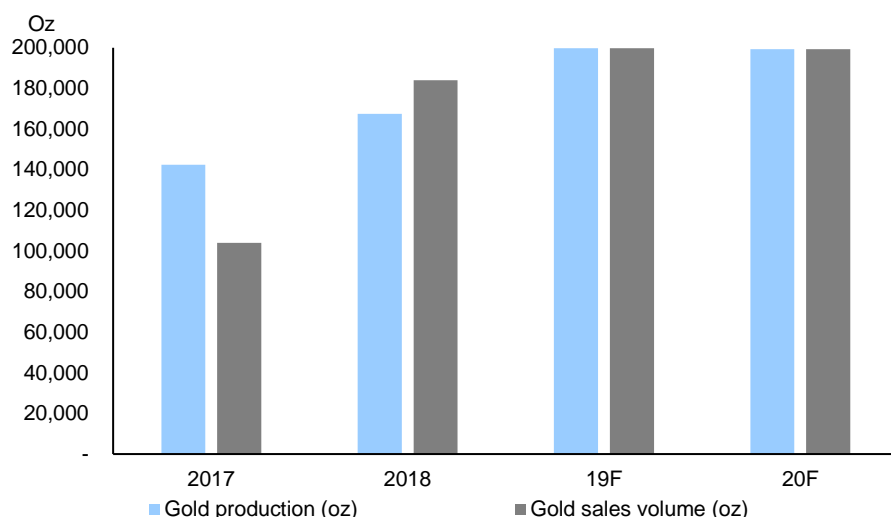
Figure 7: MDKA sensitivity to USD50 per oz increase/decrease in gold prices

Increase/decrease in gold price (USD/oz)	2019F earnings (USDm)	% change
(50)	79	(7.5%)
1,400	85	-
50	92	7.5%

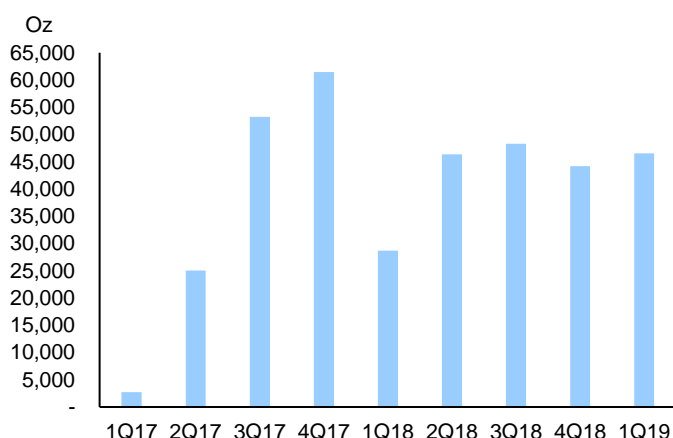
Source: RHB

Expecting higher production & sales volume in 2019

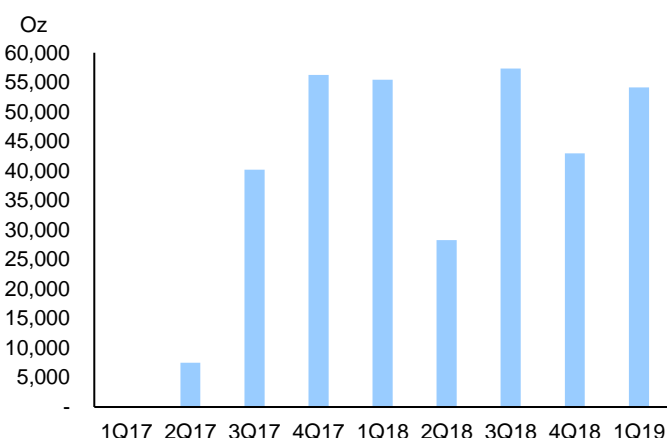
We expect MDKA's gold production to grow 19.3% YoY in 2019, while sales volume should increase 8.6% YoY. This is because the company recently finished its oxide expansion project, which increased its ore plant capacity to 8m tonnes of ore pa from 4m tonnes annually. This should boost MDKA's gold production and sales volume in 2019-2020.

Figure 8: MDKA production & sales volume (2017-2020F)

Source: Company data, RHB

Figure 9: MDKA's quarterly gold production

Source: Company data, RHB

Figure 10: MDKA's quarterly gold sales volume

Source: Company data, RHB

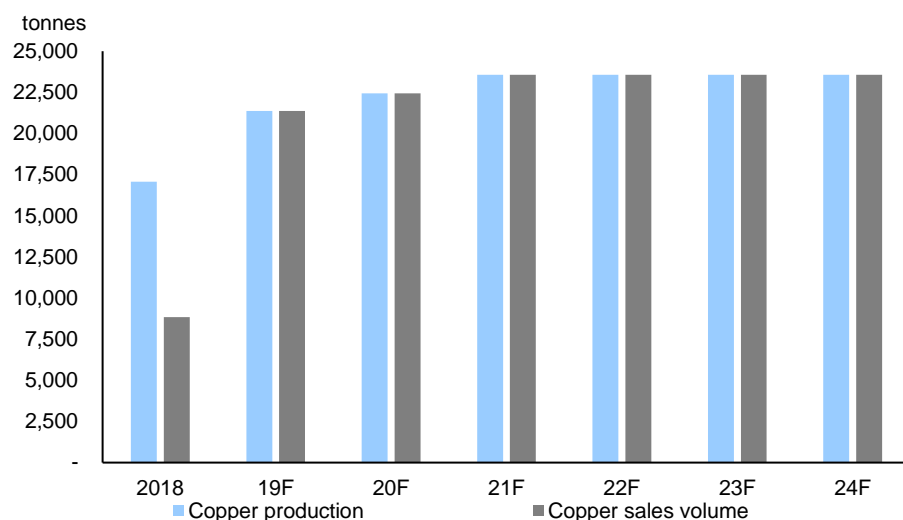
Further upside from the Wetar copper project

Aside from producing gold & silver, MDKA also owns an operating copper mine project, Wetar, which it acquired back in 2017 through a takeover bid. In May 2018, the company increased its ownership in Eastern Field Developments (EFDL) to 99.9% from 33%, which effectively provides MDKA with a 67.1% control of the Wetar copper project.

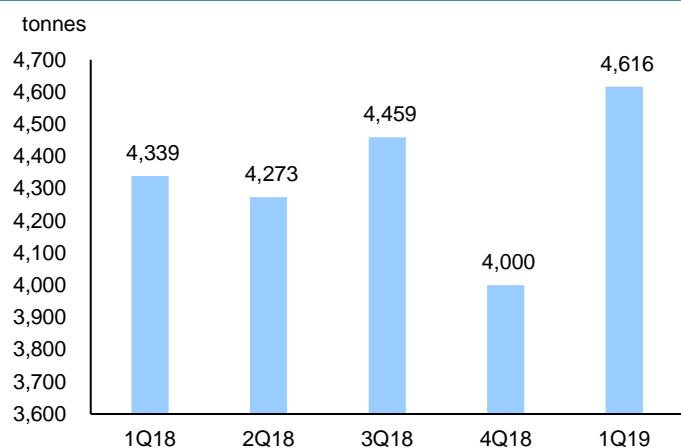
From the Wetar copper mine, the company aims to boost copper production through additional production from its new Lerokis pit. This could provide MDKA with yearly copper production of 21-25,000 tonnes – this implies a 25% YoY increase in production of this commodity.

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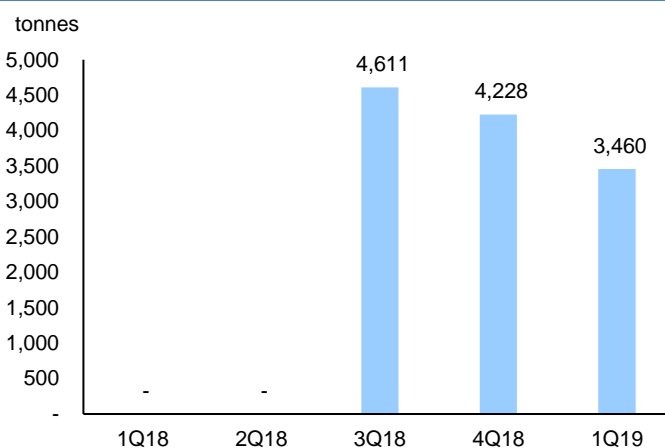
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Figure 11: Wetar's copper production and sales volume (2018-2024F)

Source: Company data, RHB

Figure 12: Wetar's quarterly copper production

Source: Company data, RHB

Figure 13: Wetar's quarterly copper sales volume

Source: Company data, RHB

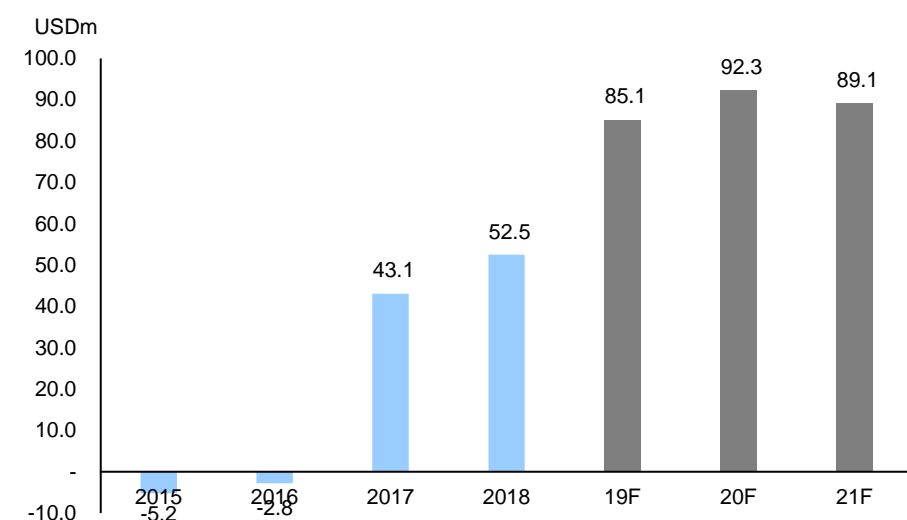
Earnings expected to jump 62% YoY in 2019

We expect MDKA's 2019 earnings estimates to increase 62% YoY this year on the increase in its gold production and sales volumes. This is as the company increases its ore mining throughput rate, coupled with the production turnaround story from its Wetar copper mine – this should boost MDKA's copper production and sales volumes going forward.

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Figure 14: MDKA's yearly net profit (2017-2021F)



Source: Company data, RHB

Figure 15: MDKA operational assumptions

	2016	2017	2018	2019F	2020F	2021F
Revenue (USDm)	-	129.4	293.9	417.5	433.2	425.6
Gross profit (USDm)	-	81.7	138.8	176.8	188.4	184.4
Operating profit (USDm)	-4.2	74.5	123.2	158.9	169.9	165.4
EBITDA (USDm)	-3.9	99.4	157.9	220.9	231.0	225.8
Net profit (USDm)	-2.8	43.1	52.5	85.1	92.3	89.1
GPM	na	63%	47%	42%	43%	43%
EBIT margin	na	58%	42%	38%	39%	39%
EBITDA margin	na	77%	54%	53%	53%	53%
Net margin	na	33%	18%	20%	21%	21%
ROE (%)	-2%	23%	15%	19%	17%	14%
ROA (%)	-1%	12%	7%	9%	9%	8%
Gold production (oz)	-	142,468	167,506	199,752	199,253	189,290
Gold sales volume (oz)	-	103,967	183,983	199,752	199,253	189,290
Copper production (tonne)	-	-	17,071	21,373	22,442	23,564
Copper sales volume (tonne)	-	-	8,839	21,373	22,442	23,564
Gold ASP (USD/oz)	-	1,273	1,267	1,400	1,449	1,449
Copper ASP (USD/tonne)	-	-	5,893	6,246	6,246	6,246

Source: Company data, RHB

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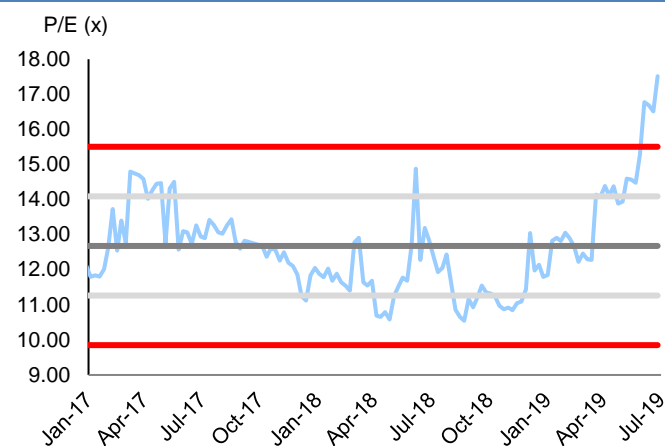
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Valuation Methodology

We derive our 12M TP of IDR6,740 using a target 23x FY2020F EPS. We believe this multiple is justified, as it is on par with global gold miners' valuations, further supported by MDKA's higher ROE profile of 19%. By comparison, the global peers average is 10%.

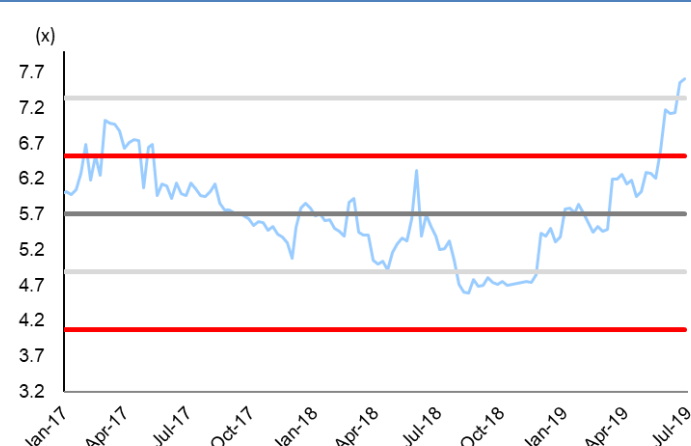
Our base case TP uses a simple P/E multiple approach – only taking into account its two current producing assets: Tujuh Bukit Oxide and Wetar. We do not take into account MDKA's other yet-to-operate mine resources. For 2018-2021F, we are expecting revenue, EBITDA, and net profit CAGRs of 13%, 13%, and 19%.

Figure 16: MDKA's P/E band



Source: Company data, RHB

Figure 17: MDKA's EV/EBITDA band



Source: Company data, RHB

Meanwhile, our bull case valuation scenario is based on SOP valuation, which is derived from the P/E valuation for MDKA's existing operation projects and EV/resources valuation for the company's untapped world-class porphyry resources. This provides us with a total valuation of USD2.9bn and IDR9,250 per share, which translates into a much higher 85% upside from the current level of IDR5,000 per share. Our bull case scenario TP implies a 2019F and 2020F EV/EBITDA multiples of 13.2x and 12.6x.

Figure 18: MDKA's SOP valuation

MDKA's existing valuation:

	In USDm	In IDR/share
2020 net income	92	
2020 EPS		293
Target P/E (x)	23	
Premium/discount to peers (%)	0%	
Total valuation	2,123	
Valuation in IDR/share		6,740

MDKA's porphyry copper valuation:

Average greenfield copper project EV/resource valuation (USD/tonne)	111	
Target EV/resource (USD/tonne)		83
Premium/discount to peers (%)	-25%	
Total inferred porphyry copper resource (m tonnes)	9.5	
Total valuation (USDm)	791	
Valuation in IDR/share		2,510
Total valuation (SOTP, in USDm)	2,914	
STOP valuation (in IDR/share)		9,250

Source: RHB

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Based on our findings, there were different copper & gold M&A over the past eight years, with valuations depending on the progress of a project. For those under pre-feasibility studies, we found the average EV/resource at USD111 per tonne. Projects that are already in operation had EV/resources that can range between USD140 and USD800 per tonne – depending on the size of the mine and copper grade obtained.

Note that, our USD83/ton EV/resources valuation for MDKA's porphyry project is at 25% lower than the average EV/resources valuation for copper projects under pre-feasibility studies. This is quite a conservative approach, in our view.

Figure 19: Latest copper M&A project and its acquisition price

	Project	Buyer	Seller	Acquisition price (USDm)	Stakes (%)	Details	Copper resources (m tonnes)	EV/resources (USD/tonne)
Jan-11	Peru	Hudbay Minerals	Norsemont Mining	520	100	Operating	1.19	436
Mar-11	Carapateena mine	OZ Minerals	Australian consortium	250	100	Pre-feasibility	2.97	84
Jul-15	Zaldivar, Chile	Anofagasta	Barrick Gold	1,005	50	Operating	2.50	804
Nov-16	Bukit Hijau	Medco Energi	Newmont Nusa Tenggara	1,300	82.2	Operating	5.87	269
Aug-17	Lubambe, Zambia	EMT Capital	Vale/African Rainbow Minerals	97	80	Pre-feasibility	1.29	94
Aug-18	Baimskaya, Chukotka	KAZ Minerals	Roman Abramovich	900	75	Pre-feasibility	9.50	126
Oct-18	Cascabel, Alpapa	BHP	SolGold	59	5.1	Exploration	8.40	138
Dec-18	Timok	Zijin Mining	Nevsun Resources	1,260	89.37	Has produced 425,000 tonnes	10.24	138
Dec-18	Quebrada Blanca copper mine	Sumitomo Metal Mining	Teck Resources	1,200	30	Received Regulatory Approval	6.25	640
Mar-19	British Columbia, Canada	Newcrest Mining	Imperial Metals	807	70	Operating	5.90	195
Jul-19	La Plata, Ecuador	Atico	Toachi Mining	49	100	High grade mine	0.05	1,064

Source: Various sources, RHB

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Figure 20: Global gold players valuation comparison

Company Name	Bloomberg Ticker	Market cap USDm	2019F					2020F				
			EPS growth (%)	P/E (x)	EV/EBITDA (x)	P/BV (x)	ROE (%)	EPS growth (%)	P/E (x)	EV/EBITDA (x)	P/BV (x)	ROE (%)
Zijin Mining Group	2899 HK Equity	11,254	17.7	13.0	9.2	1.5	11.6	9.4	11.9	8.6	1.4	11.9
Shandong Gold Mining	600547 CH Equity	11,980	48.2	63.2	17.3	4.2	6.9	23.4	51.2	15.0	3.9	8.4
Zhaojin Mining Industry	1818 HK Equity	3,522	18.0	36.2	16.2	1.7	5.6	28.4	28.2	13.7	1.6	6.9
Newcrest Mining	NCM AU Equity	17,182	10.4	28.5	11.6	2.4	8.3	11.9	25.5	10.5	2.2	8.0
Shandong Humon Smelting-A	002237 CH Equity	2,212	14.0	30.3	11.8	2.9	9.7	25.3	24.2	10.6	2.7	11.0
Northern Star Resources	NST AU Equity	5,437	126.4	17.3	11.4	6.4	24.6	4.7	16.6	9.3	5.0	29.6
Evolution Mining	EVN AU Equity	5,301	109.4	17.9	10.0	3.4	11.6	(22.9)	23.2	9.5	3.2	13.5
Saracen Mineral Holdings	SAR AU Equity	2,189	93.0	23.5	12.1	5.9	24.0	20.8	19.5	9.9	4.4	27.2
Regis Resources	RRL AU Equity	2,065	16.5	15.1	7.9	3.6	24.6	3.1	14.6	7.8	3.2	23.5
St Barbara	SBM AU Equity	1,602	(23.4)	14.2	6.8	1.9	15.4	17.1	12.2	6.2	1.8	15.2
OceanaGold	OGC CN Equity	1,611	(31.9)	21.9	6.6	1.1	5.7	59.1	13.8	5.3	1.1	8.1
Barrick Gold	ABX CN Equity	28,216	37.7	35.3	9.5	1.9	5.9	31.1	26.9	8.7	1.8	6.6
Newmont Goldcorp	NEM US Equity	31,712	(6.6)	29.9	10.1	1.4	5.1	44.2	20.8	7.7	1.4	6.5
Agnico Eagle Mines	AEM CN Equity	12,167	139.4	73.5	14.6	2.7	4.4	75.7	41.9	11.4	2.6	6.0
Newcrest Mining	NCM AU Equity	17,182	10.4	28.5	11.6	2.4	8.3	11.9	25.5	10.5	2.2	8.0
AngloGold Ashanti	ANG SJ Equity	7,554	102.4	18.0	5.8	1.3	6.7	33.1	13.5	5.1	1.3	19.9
Kinross Gold Corp	K CN Equity	5,054	125.0	19.0	5.6	1.1	3.6	15.1	16.5	5.2	1.0	3.4
Compania de Minas Buenaventura	BUENAVC1 PE Equity	4,601	753.2	31.4	10.0	1.4	6.3	30.3	24.1	8.9	1.4	6.8
Yamana Gold	YRI CN Equity	2,474	(45.8)	47.4	6.9	0.7	3.5	64.6	28.8	7.0	0.7	1.7
174,715			78.9	29.1	10.2	2.6	10.5	24.6	22.8	9.0	2.3	11.8

Source: Bloomberg, RHB

Solid Management Team And Sponsors

Within the cap table, MDKA is backed by prominent shareholders with solid execution and corporate governance track records. As at 1Q19, Provident Capital (21%), Saratoga Capital (21%), and Mr Garibaldi (9.4%) control a combined stake of over 50% in the company. Mr Winato Kartono's Provident Capital is the leading private equity in Indonesia, with an investment portfolio comprising Tower Bersama, Gojek, Provident Agro, and JD.id among others. Provident Capital's 21.2% ownership in MDKA is via two entities: Daya Mustika (14.16%) and Suwarna Arta Mandiri (7.04%).

Saratoga Capital is another leading private equity, co-founded by Mr Edwin Soeryadjaya – the son of Astra International (ASII IJ, BUY, TP: IDR9,000) founder Mr William Soeryadjaya – and former Jakarta Vice Governor Mr Sandiaga Uno. Its investment portfolio includes ADRO, Tower Bersama, and Mitra Pinasthika Mustika, among others. Mr Garibaldi, also known as "Boy Thohir", is ADRO's CEO and a shareholder in the company. His brother Mr Erick was the campaign manager for President Jokowi during the 2019 presidential election.

Outside of these three major stakeholders, other shareholders include the Regional Government of Banyuwangi District (5.5%), Srivijaya Kapital (3.9%), and Sakti Wahyu Trenggono (2.5%). The remaining shareholders own less than 1% in MDKA, with the public free float at c.37%.

On the execution side, MDKA is run by solid operational management team, led by CEO Mr Ness, who joined the company in 2017. As a former vice president with Freeport Indonesia, Mr Ness was also country head for Newmont Indonesia, and served as a director with Indika Energy. He has 38 years of experience in this sector.

Mr Ness is supported by technical director Mr Moorhead, who is a geologist with 35 years of experience and a former president of the Australasian Institute of Mining & Metallurgy. Mr Moorhead is also a former member of the Australasian Joint Ore Reserves Committee, and was previously global head & exploration with Newcrest.

Other experienced people supporting Mr Ness include COO Mr Andersen (former COO at KAZ Minerals, global head of technical evaluation at Rio Tinto, managing director for North Parks, and COO of Kennecott Utah Copper), and CFO Mr David Fowler (an accountant with over 25 years of experience in the mining sectors in Australia, Chile, and Indonesia). Mr Tri Boewono is the company's president director and former CEO of Provident Agro, an affiliated company of MDKA's largest shareholder, Provident Capital.

On the board of commissioners, the company is also backed by well-known businessmen, political figures, and household names within their focused industries. Mr Edwin and Mr Garibaldi are two well-known businessmen in Indonesia, most familiar for their affiliation with Saratoga Capital and ADRO. Their combined net worth, based on 2018 *Forbes* data, stands at USD2.3bn.

Also on the board are:

- i. Mr Dhohir Farizi: A member of the House of Representatives (2009-2014);
- ii. Mr Mahendra Siregar: Indonesian Vice Minister of Finance (2011-2013) and commissioner in various listed companies, eg Vale Indonesia, Unilever Indonesia (UNVR IJ, NEUTRAL, TP: IDR46,900), and AKR Corporindo (AKRA IJ, NR);
- iii. Mr Sakti Wahyu: President commissioner of Teknologi Global Research Investama (2010-2016);
- iv. Mr Heri Sunaryadi: Over 30 years of experience in the financial sector, including CEO of Bahana Securities, CEO of Bahana Pembina Usaha Indonesia (Persero), Kustodian Sentral Efek, and CFO of Telekomunikasi Indonesia (TLKM IJ, BUY, TP: IDR4,700), among others.

We believe MDKA is backed by a very solid management operational team, board members, and group of shareholders. This should provide better comfort to investors, especially with regards to licensing and permit processes, as well as the execution of future mine projects that have yet to begin production.

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Company Profile

MDKA acts as a holding company with operating subsidiaries that are engaged in the mining industry. These include activities like the exploration and production of gold, silver, copper, and other related minerals.

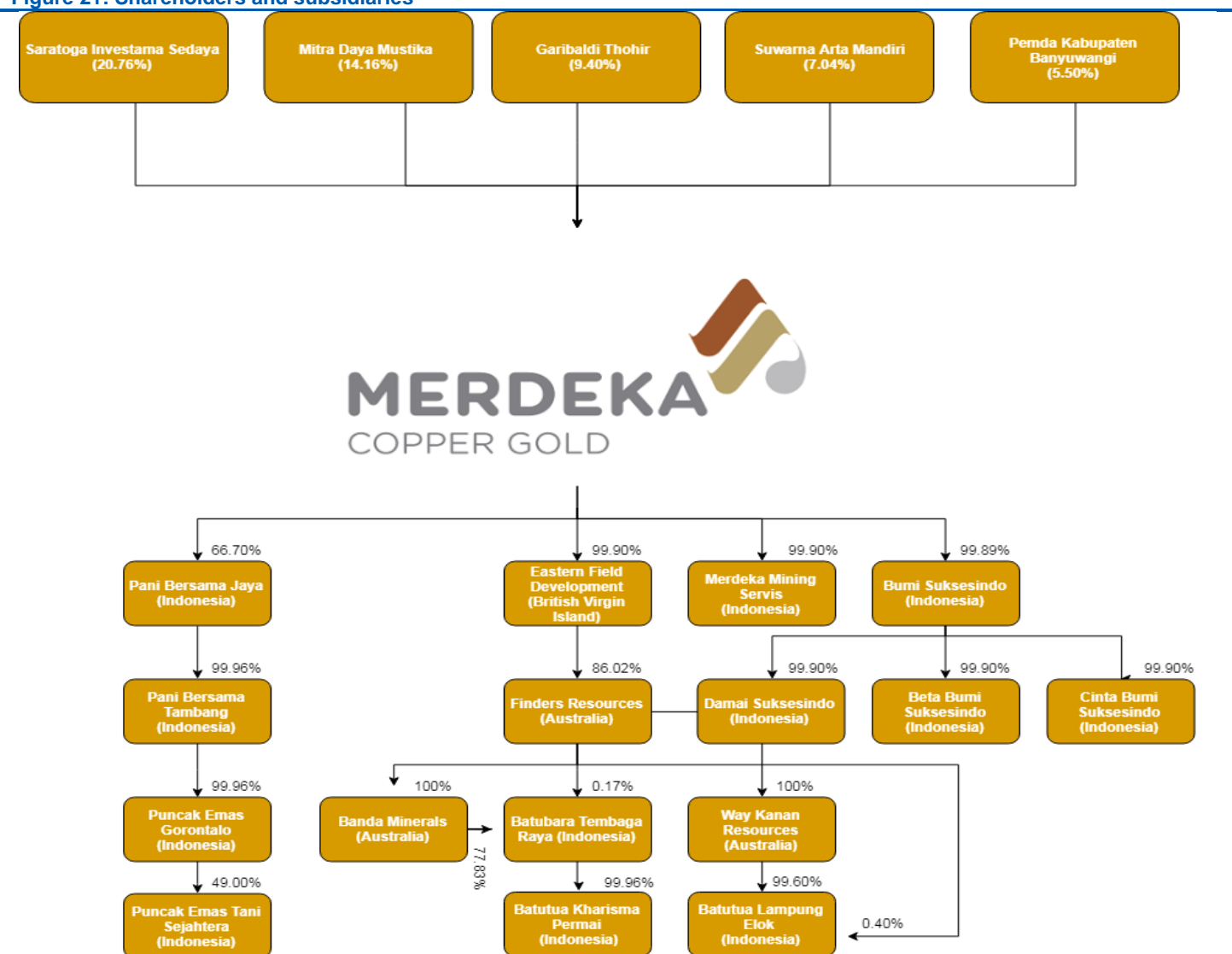
Its operating subsidiaries include:

- i. Bumi Suksesindo (BSI), which has held a mining operations and production business license since Jul 2012;
- ii. Damai Suksesindo, which has held an exploration license since Dec 2012;
- iii. Cinta Bumi Suksesindo;
- iv. Merdeka Mining Servis.

The company has also held a 99.9% interest in EFDL since May 2018. In turn, the latter owns a majority controlling interest in ASX-listed Finders Resources (FND AU, NR), which controls the Wetar copper project on Wetar Island, Maluku, through its subsidiary. MDKA also acquired 66.7% of a gold project in Gorontalo in Nov 2018, along with JV partner Lion Selection Pty Ltd.

This counter has been listed on the IDX since Jun 2015. It currently has a USD1.5bn market cap with a 37% free float.

Figure 21: Shareholders and subsidiaries



Source: Company data, RHB

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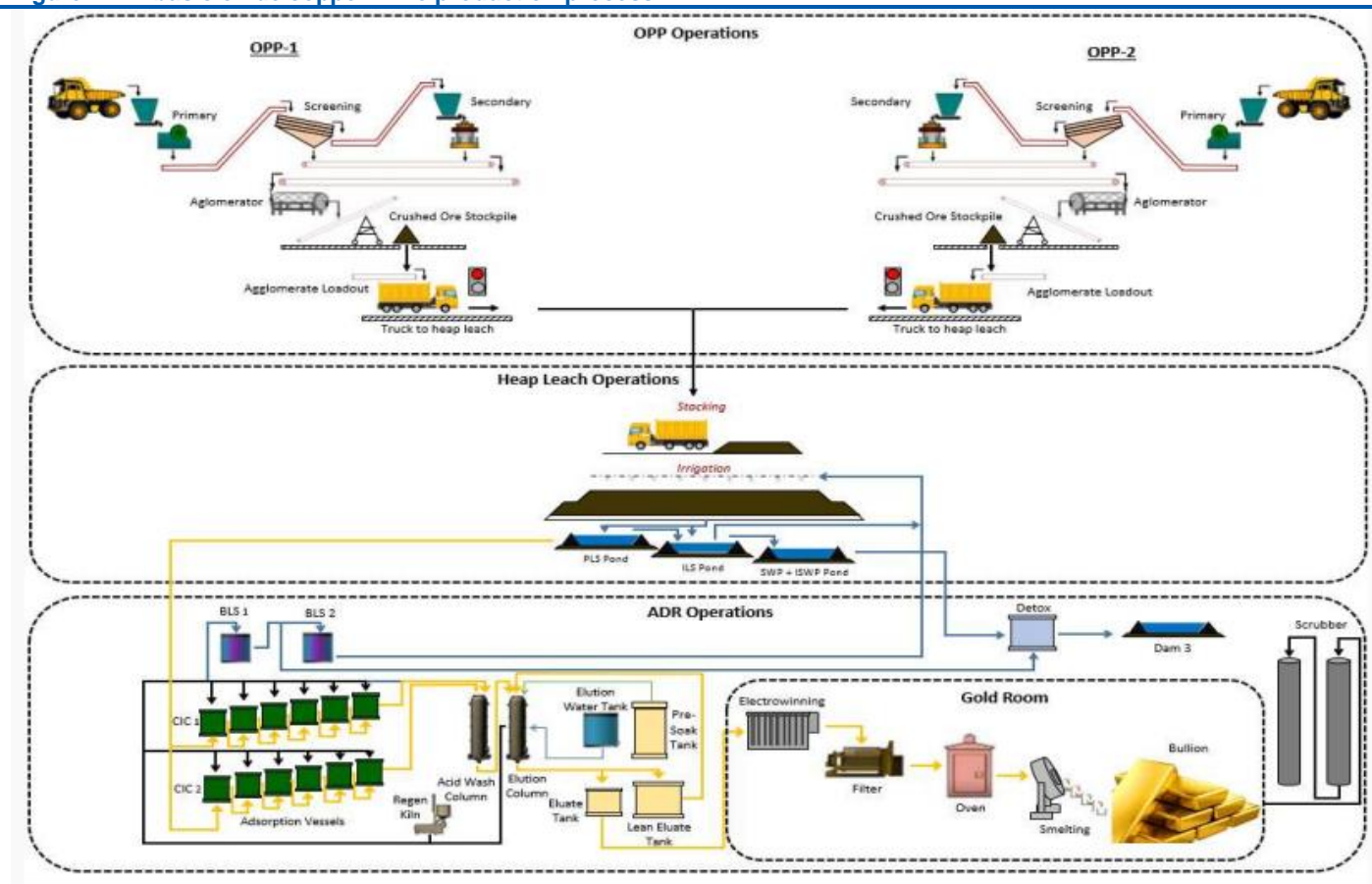
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Production process of an oxide mine

Ore is initially dug out from an open-cut mine. The proceeds are then transported downhill by dump trucks to an ore preparation plant. Within the plant, the large ore is crushed into small clumps no larger than 75mm in diameter. These clumps are then agglomerated with cement and transported by truck into heap leach pads.

Within these pads, the agglomerated ore will be evenly stacked across the bays and sprayed with a diluted sodium cyanide solution. This solution application process is called "leaching". Once leached, gold and silver are finally extracted at processing plants.

Figure 22: A basic oxide copper mine production process



Source: Company, RHB

Figure 23: Indonesia's copper and gold mines



♦ Tumbuh Bukit Porphyry is shown as the second-largest copper mine after the Grasberg mine in Papua

Source: Company, RHB

The Tujuh Bukit Oxide project

The Tujuh Bukit Oxide project is a conventional open pit gold mine that has been operating since Dec 2016. The mine has a total measured, indicated, and inferred resource of 102m tonnes – it currently produces 167,506oz. MDKA is currently expanding the capacity for Tujuh Bukit Oxide's crushing process, while its dilution stands at 8.2m tonnes per year. The project has 2,328 workers and contractors on its books. The mine made its first production contribution in 2017, adding gold and copper to MDKA's portfolio.

The company owns the Tujuh Bukit project through PT Bumi Suksesindo (BSI), which owns an operations and production mining business licence (IUP). In addition, the latter's license covers 4,998ha of the total Tujuh Bukit project. BSI's wholly-owned subsidiary owns an adjoining exploration IUP covering 6,558ha.

The Tujuh Bukit Oxide project's operations will conclude by 2025, making way for MDKA's much larger project, the Tujuh Bukit Porphyry project.

Figure 24: Tujuh Bukit Oxide's mineral resources

Total Mineral Resources	Unit	Measured	Indicated	Inferred	Total
Tonnes	kilo-tonne	51,000	31,082	19,744	101,826
Gold Grade	Au g/t	0.84	0.54	0.53	0.69
Silver Grade	Ag g/t	18.71	14.64	11.49	16.07
Contained Gold Metal	Au koz	1,375	540	334	2,249
Contained Silver Metal	Ag koz	30,682	14,629	7,292	52,603

Source: Company data, RHB

Figure 25: Tujuh Bukit Oxide's ore reserves

Total Open Pit Ore Reserves	Unit	Proved	Probable	Total
Tonnes	kilo-tonne	34,481	8,380	42,862
Gold Grade	Au g/t	0.87	0.62	0.82
Silver Grade	Ag g/t	24.66	16.36	23.03
Contained Gold Metal	Au koz	965	166	1,131
Contained Silver Metal	Ag koz	27,333	4,408	31,741

Source: Company data, RHB

Figure 26: Tujuh Bukit Oxide's historical operational results

Open pit mining	Unit	2017	2018	1Q19
Ore mined	m tonnes	3.3	5.3	1.7
Waste mined	m tonnes	4.1	9.4	2.1
Mined gold grade	Au g/t	2.11	1.53	1.42
Mined silver grade	Au oz	224.784	261.14	76,836
Heap leach production				
Ore crushed and stacked	m tonnes	3.2	4.9	1.5
Grade stacked	Au g/t	2.16	1.58	1.5
Recovered gold	Au oz	141.468	167.506	46,515
Financials				
Operating costs	USD/tonne	15.8	16.5	16
Cash Costs	USD/lb cu ft	297	374	392
All-in Sustaining Costs	USD/lb cu ft	425	596	656
Sales	USDm	133	235	71
Operating EBITDA	USDm	100	155	53

Source: Company data, RHB

Figure 27: Tujuh Bukit Oxide's pit



Source: Company

Figure 28: Tujuh Bukit Oxide's heap leach



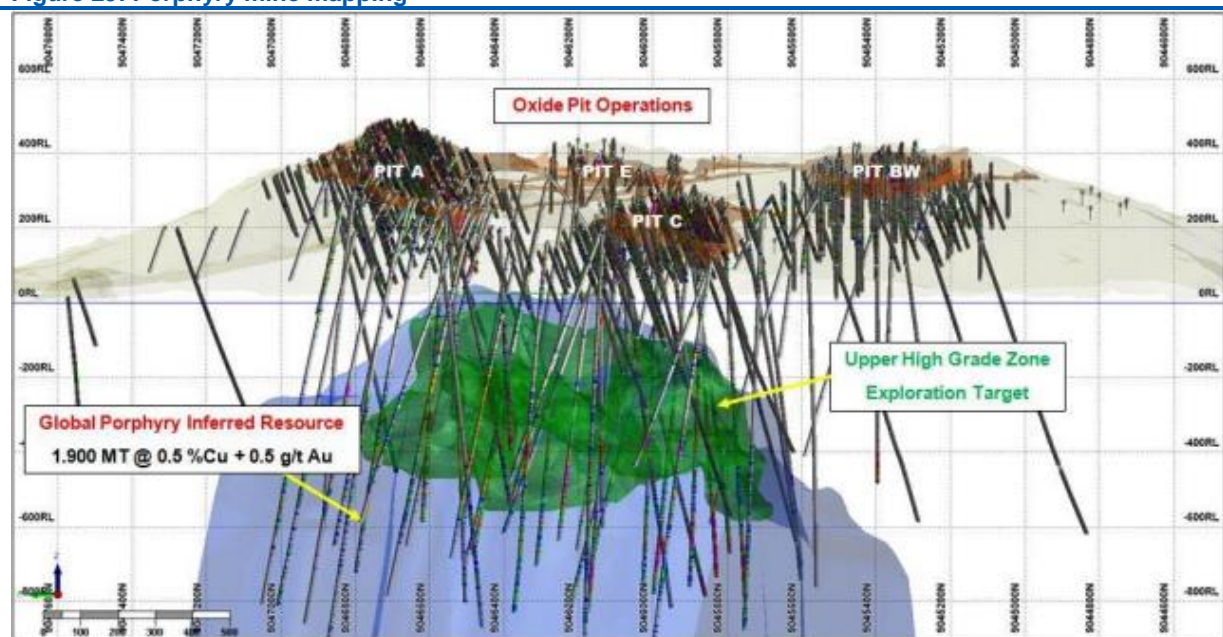
Source: Company

Tujuh Bukit Porphyry project

The Tujuh Bukit Porphyry is an upcoming mine, which has one of the largest undeveloped copper/gold deposits in the world. It has an inferred resource of 1.9bn tonnes of minerals, estimated at 0.45% cu and 0.45% Au g/t – approximately 8.7m tonnes of copper and 28m oz of gold.

The Tujuh Bukit Porphyry is located directly below the ongoing open pit oxide, approximately 1km below sea level. The mine is slated to begin operations by 2025. This project is currently undergoing a feasibility process after which will be followed by a 3 to 3.5-year construction process. Hence, production should commence by 2025.

Figure 29: Porphyry mine mapping



Source: Company

Figure 30: Porphyry mine inferred resources

Porphyry Mineral Resources	Unit	Measured	Indicated	Inferred	Total
Tonnes	bn tonnes	-	-	1.94	1.94
Copper Grade	Cu %	-	-	0.45	0.45
Gold Grade	Au g/t	-	-	0.45	0.45
Contained Copper Metal	Cu Blbs	-	-	19.3	19.3
Contained Gold Metal	Au Moz	-	-	28.3	28.3

Source: Company data, RHB

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Wetar Copper project

MDKA owns 67.03% of the Wetar Copper project as at May 2018. This project is located at the Kali Kuning pit on Wetar Island, Maluku Province, and produced 17,071 tonnes of copper in 2018. The Wetar project uses a conventional open pit, while the processing process uses the sulphide heap leach method. The irrigation and aeration of the ores mined takes ± 720 days. Moreover, MDKA's plant has a targeted capacity of 2m tonnes pa for crushing and 25,000 tonnes pa for solvent extraction.

The copper is shipped to Eastern Java and sold later on. The bulk of the copper from Wetar is exported.

Figure 31: Wetar's mineral resources

Total mineral resources	Unit	Measured	Indicated	Inferred	Total
Tonnes	m tonnes	9.4	0.4	0	9.81
Copper Grade (In-situ and Pads)	Cu %	1.99	2.19	0.95	1.99
Contained Copper Metal	Cu kt	187	187	0	196

Source: Company data, RHB

Figure 32: Wetar's ore reserves

Total ore reserves	Unit	Proved	Probable	Total
Tonnes	kt	3,168	154	3,322
Copper Grade	%	2.85	2	2.81
Copper	kt	90	3	93

Source: Company data, RHB

Figure 33: Wetar's historical operational results

Open pit	Unit	2017	2018	1Q19
Ore mined	m tonnes	1.884	1.588	0.198
Waste mined	m tonnes	1.366	1.409	0.369
Mined gold grade	Cu %	2.09	2.98	2.57
Mined silver grade	Cu t	39.384	47.272	5.106
Heap leach production				
Ore crushed and stacked	m tonnes	1.944	1.692	0.237
Grade stacked	Cu %	2.00	2.58	2.66
Recovered metal	Cu t	23.16	17.071	4.616
Financials				
Operating cost	USD/tonne	29.84	35.35	34.9
Cash costs	USD/lb cu	1.05	1.49	0.85
All-in sustaining costs	USD/lb cu	1.56	1.73	1.25
Sales	USDm	153.6	112.3	21.5
Operating EBITDA	USDm	73	38.3	12.8

Source: Company data, RHB

Figure 34: Wetar's open pit mine



Figure 35: Wetar's heap leach



Source: Company data, RHB

Wetar copper project's expansion plans

MDKA is planning to expand its operations in Wetar, dismissing the Kali Kuning pit for the Lerokis pit – the latter is slated to start within 2019. Recent reports disclosed the completed designs for construction and machines en route from Canada – they will soon be commissioned and run shortly after.

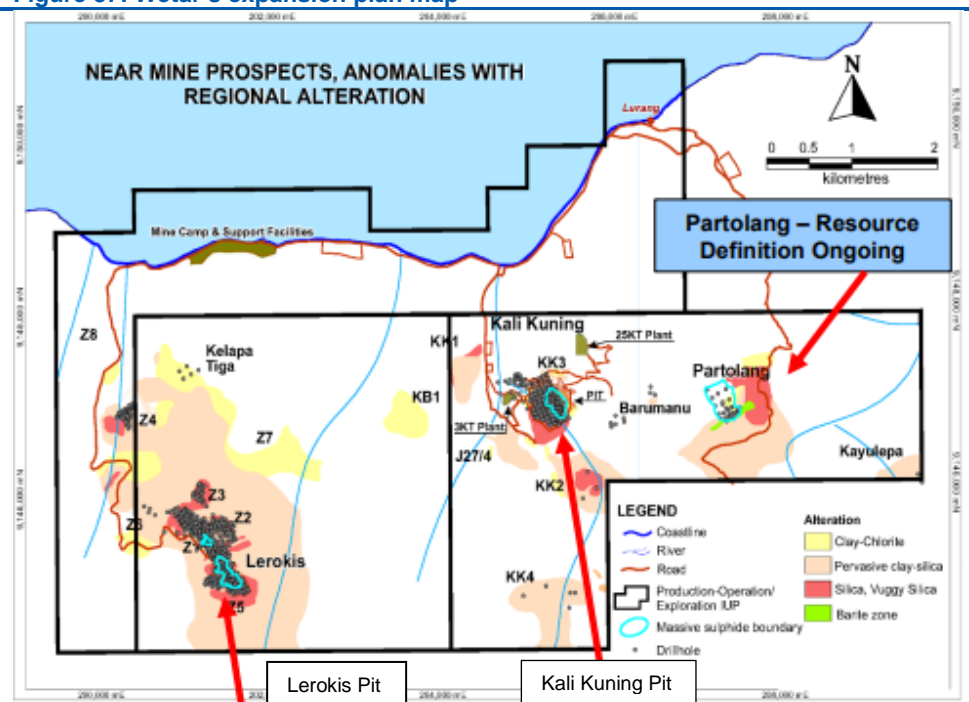
In addition, MDKA has completed its first drilling at Partolang, which resulted in new significant potential resources of 8.69m tonnes. The reserves will be soon defined by 2H19. The company targets an increase of 2-3 years of mine life for Wetar through expansions.

Figure 36: New discoveries from Partolang drilling

Classification	Tonnes (m)	Grade (Cu %)	Cont. Metal (Cu tonne)
Measured	-	-	-
Indicated	3.45	1.4	48,100
Inferred	5.24	1.1	58,600
Total	8.69	1.2	106,700

Source: Company data, RHB

Figure 37: Wetar's expansion plan map



Source: Company data

Pani Gold project

The Gorontalo project is an upcoming gold mine currently within the exploration stage. The project is located in the township of Hulawa in Buntulia Province within the Pohowatu Regency in Gorontalo Province. This project is expected to provide opportunities for gold mining with a total measured, indicated, and inferred resource of up to 2.37m tonnes of this commodity. The Gorontalo "Pani" project was acquired by MDKA in Nov 2018. The company paid USD55m for a 66.7% interest in Pani Bersama Tambang.

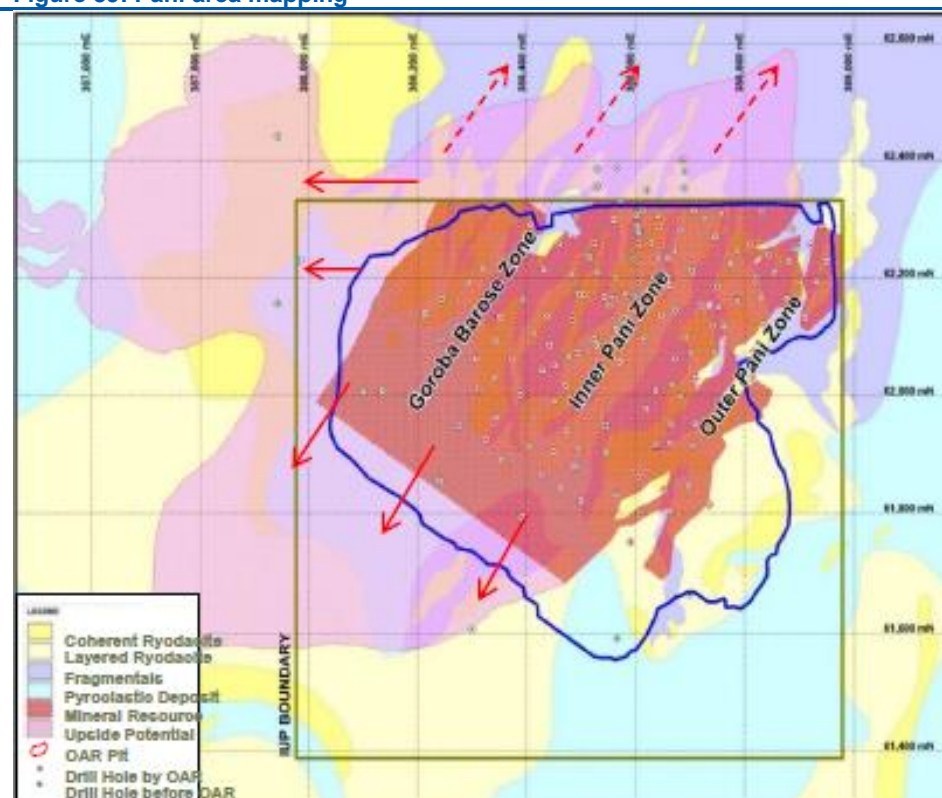
The Pani project is located within a development owned by J Resources Asia Pasifik (PSAB IJ, NR). Management disclosed that it was hoping to develop a JV to explore the untapped regions within MDKA's IUP area. In addition, the company is targeting something similar to Tujuh Bukit's operational scale after the Pani gold project is up and running.

Figure 38: MDKA's Pani project details

Estimated mineral resource	Tonnes (m)	Au Grade (g/t)	Metal Au (oz)
Measured	10.8	1.13	390,000
Indicated	62.4	0.81	1,630,000
Inferred	16.2	0.67	350,000
Total	89.4	0.82	2,370,000

Source: Company data, RHB

Figure 39: Pani area mapping



- ◆ The area within the square indicates MDKA's IUP boundaries
- ◆ The dark red zones within the yellow square are areas explored by MDKA, whereas the areas within the yellow square show areas untapped by the company
- ◆ To minimise costs, MDKA is hoping to develop a JV with PSAB to explore the lighter shade of red in the image

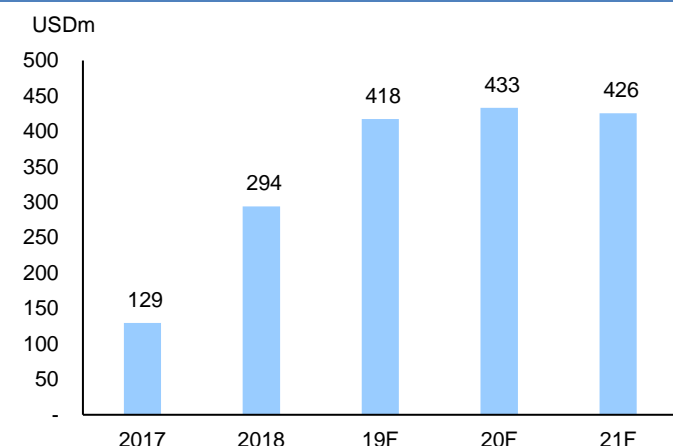
Source: Company data

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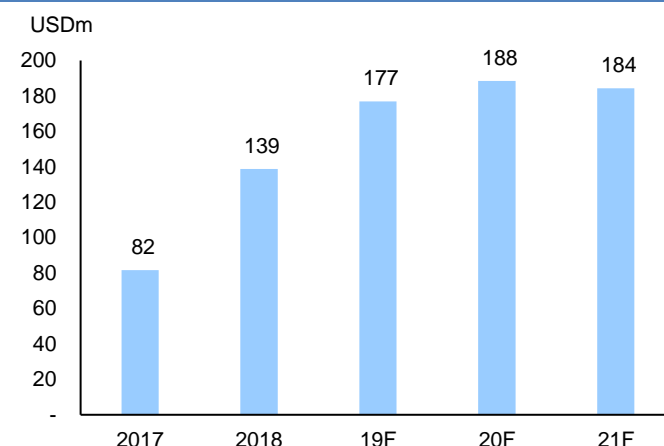
Financials

Figure 40: MDKA's yearly revenue (2017-2021F)



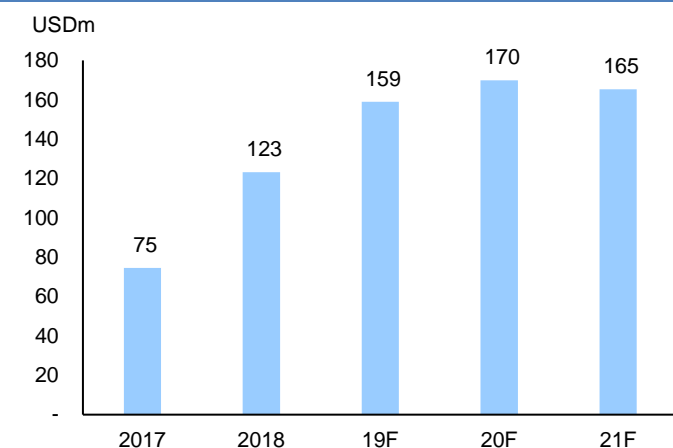
Source: Company data, RHB

Figure 41: MDKA's yearly gross profit (2017-2021F)



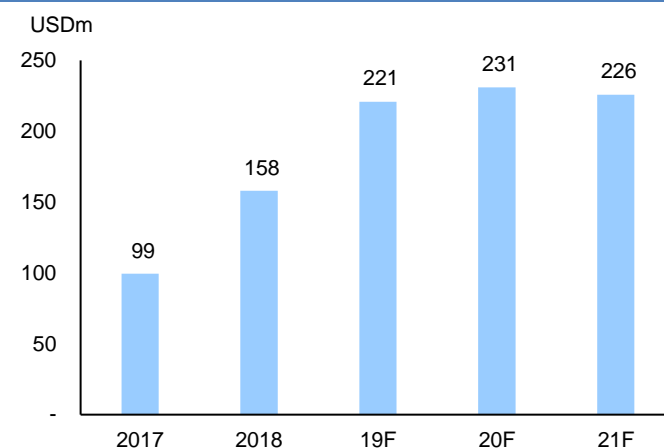
Source: Company data, RHB

Figure 42: MDKA's yearly EBIT (2017-2021F)



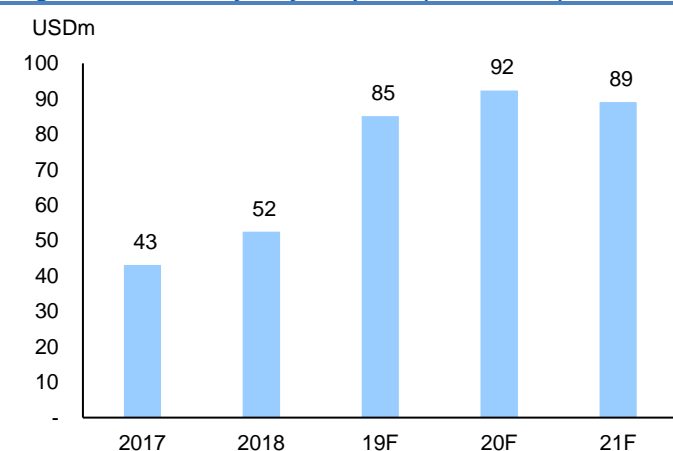
Source: Company data, RHB

Figure 43: MDKA's yearly EBITDA (2017-2021F)



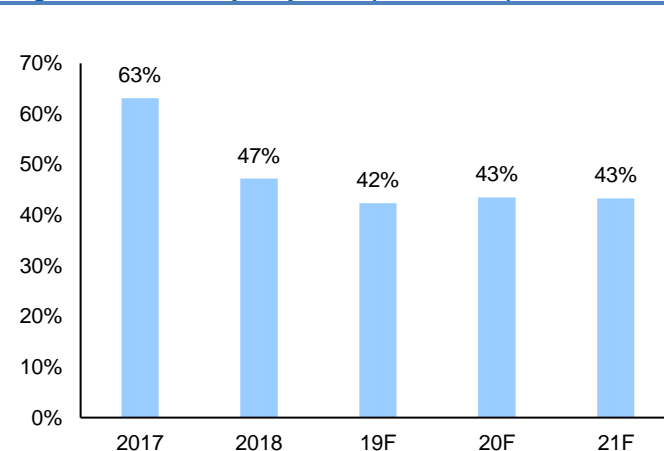
Source: Company data, RHB

Figure 44: MDKA's yearly net profit (2017-2021F)



Source: Company data, RHB

Figure 45: MDKA's yearly GPM (2017-2021F)

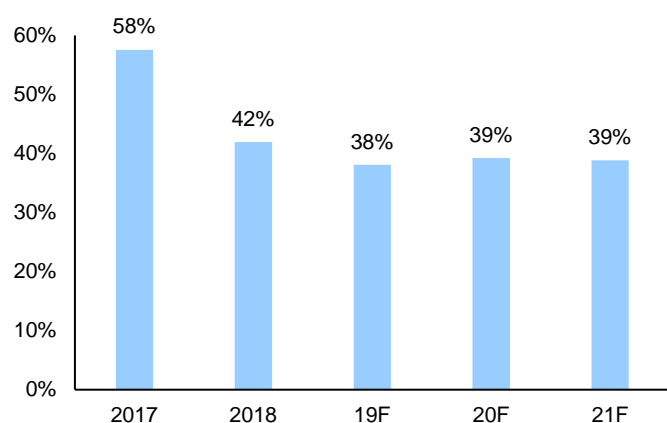


Source: Company data, RHB

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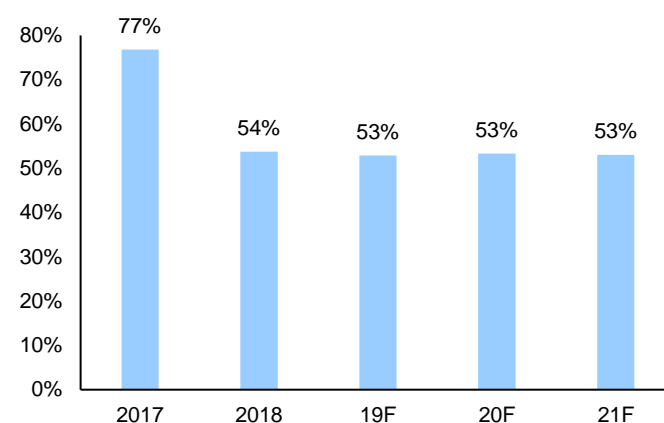
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Figure 46: MDKA's yearly EBIT margin (2017-2021F)



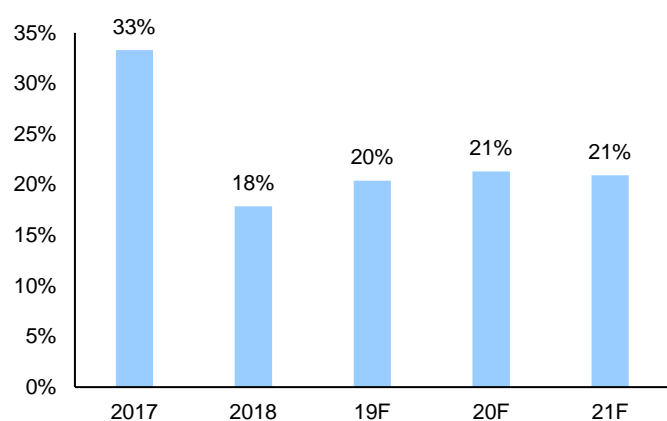
Source: Company data, RHB

Figure 47: MDKA's yearly EBITDA margin (2017-2021F)



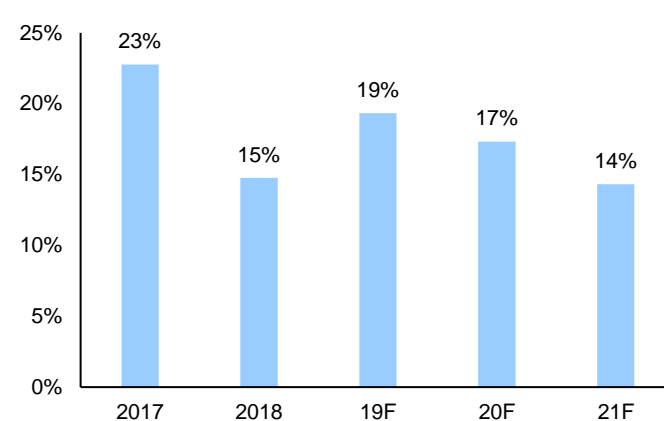
Source: Company data, RHB

Figure 48: MDKA's yearly net margin (2017-2021F)



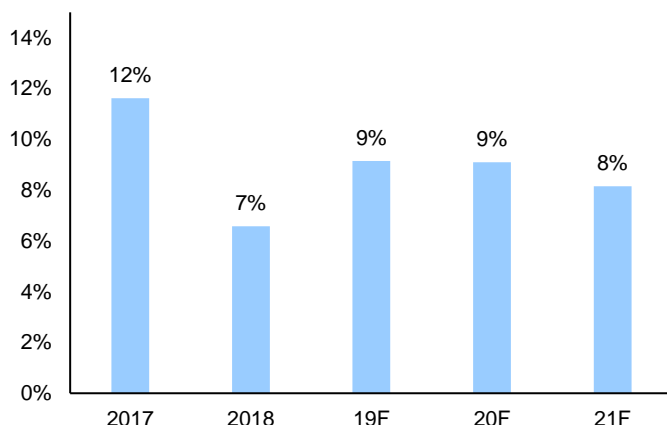
Source: Company data, RHB

Figure 49: MDKA's yearly ROE (2017-2021F)



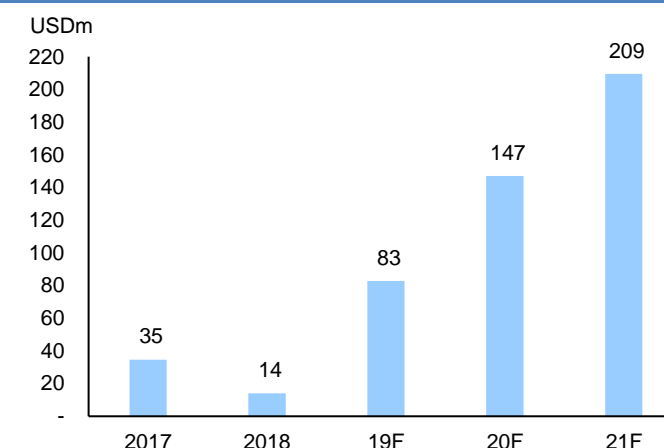
Source: Company data, RHB

Figure 50: MDKA's yearly ROA (2017-2021F)



Source: Company data, RHB

Figure 51: MDKA's yearly cash (2017-2021F)

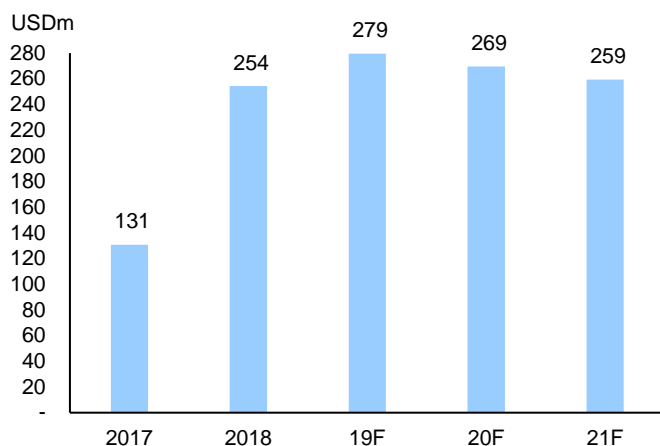


Source: Company data, RHB

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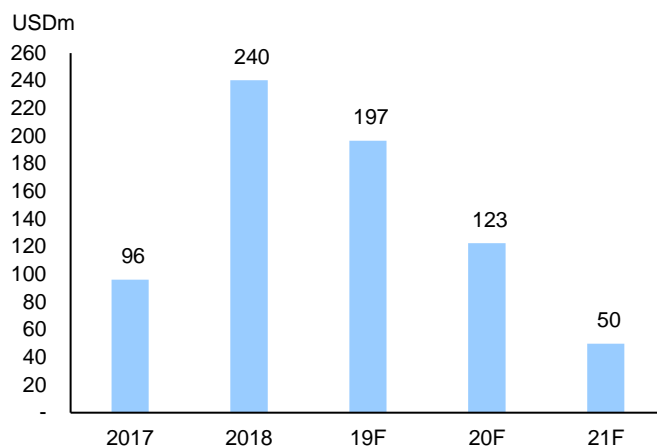
Commodity | Mining

Figure 52: MDKA's yearly debt (2017-2021F)



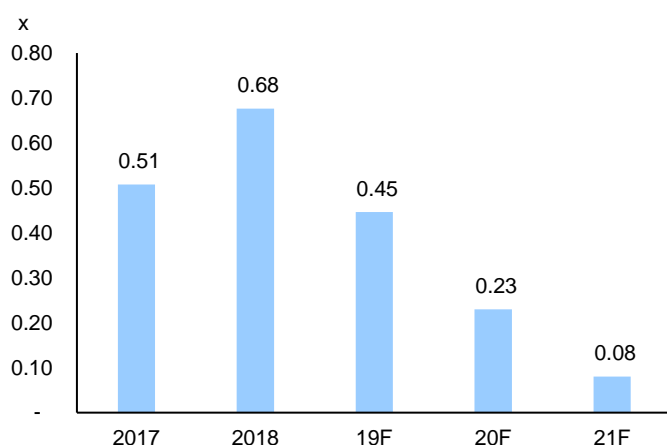
Source: Company data, RHB

Figure 53: MDKA's yearly net debt (2017-2021F)



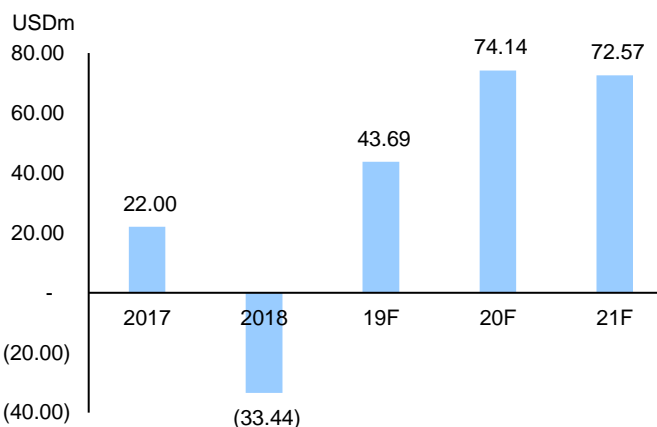
Source: Company data, RHB

Figure 54: MDKA's yearly net debt/equity (2017-2021F)



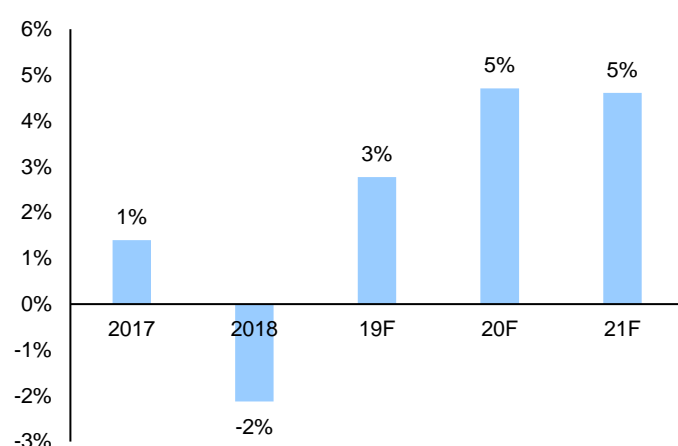
Source: Company data, RHB

Figure 55: MDKA's yearly FCF (2017-2021F)



Source: Company data, RHB

Figure 56: MDKA's yearly FCF yield (2017-2021F)



Source: Company data, RHB

Appendices

Figure 57: MDKA's company milestones

Year	Description
2012	July: Bumi Suksesindo, a subsidiary of the company, was granted an operation production IUP by Banyuwangi Regent.
2012	September: The company was established under the previous name of Merdeka Serasi Jaya.
2014	April: Bumi Suksesindo, a subsidiary of the company obtained the Clean & Clear Certificate from the Ministry of Energy & Mineral Resources.
2014	September: Bumi Suksesindo, a subsidiary of the company, was granted the first borrow-to-use forest area permit (IPPKH) for an area totalling 194.72ha mining production by the Ministry of Environment & Forestry.
2014	December: Shareholders' resolution approved the name change to Merdeka Copper Gold.
2015	March: Fulfilment of land acquisitions for land compensation obligations of width: 2,152ha.
2015	June: Merdeka Copper Gold completes the IPO process with a listing ceremony at the IDX..
2015	July: Bumi Suksesindo, a subsidiary of the company, received the extension of its borrow-to-use forest area permit until 15 Jul 2017.
2015	August: Change of status of Bumi Suksesindo into a domestic investment company. Bumi Suksesindo received AMDAL approval and successfully obtained the environmental license for the increased of production capacity from 24m tonnes of ore to 36m tonnes of ore.
2015	October: Approval of feasibility study of Bumi Suksesindo, which indicated the increased of production capacity from 24m tonnes of ore to 36m tonnes of ore.
2016	February: Bumi Suksesindo signs a credit agreement with consortium of three international banks (HSBC, BNP Paribas, and Societe Generale) for USD130m to fund the construction of the heap leach project.
2016	September: Signing of a facility agreement amounting to USD25m between the company and Pierfront Capital Mezzanine for the financing of the Tujuh Bukit project
2016	December: Bumi Suksesindo, a subsidiary of the company, begins ore mining.
2017	March: Bumi Suksesindo, a subsidiary of the company, undertakes its first strip and pour of gold, marking the company's transition into the production phase.
2017	December: Establishment of subsidiary Merdeka Mining Servis.
2018	March: Completion of a prefeasibility study to expand production from 4mtpa to 8mtpa.

Source: Company, RHB

Figure 58: Board of commissioners

Name	Position	Description
Edwin Soeryadjaya 	President commissioner	Appointed as president commissioner of the company in Jun 2016, he was the vice president commissioner in 2014. Mr Edwin is one of Indonesia's leading businessmen with a solid track record in the automotive, coal mining, plantation, banking, and retail industries. He served for 15 years with Astra International, one of Indonesia's largest diversified conglomerates founded by his father, with the last position of vice president director. He currently serves as president commissioner of Saratoga Investama Sedaya, Adaro Energy (coal & energy), and Tower Bersama Infrastructure (telecommunication towers), as well as the chairman (non-executive) in Interra Resources Ltd (oil and gas). A long-time proponent of education, he remains active in the community through his role as co-founder of the William Soeryadjaya Foundation, and is a member of the Board of Trustees of Ora Et Labora Foundation.
Garibaldi Thohir 	Commissioner	Mr Thohir was appointed as commissioner of the company in Dec 2014, after being its president director from 2012. He is a renowned entrepreneur and executive in the Indonesian business circle, most prominently as the president director of Adaro Energy, the largest coal mine company in Indonesia.
Dhohir Farizi 	Independent commissioner	Appointed as the independent commissioner of the company in Jun 2016. He was most recently the director of Accreditation, INASGOC 2018 (the organising committee of the Indonesia Asian Games 2018), and member of the House of Representatives of the Republic of Indonesia (2009-2014). He was previously a professional in both print and electronic media, documentary film producer, writer, environmentalist, and student leader among many other activities. He graduated with a degree in Philosophy from Gadjah Mada University, Yogyakarta, Indonesia in 1983.
Heri Sunaryadi 	Commissioner	Appointed as commissioner of the company in May 2018. Having more than 30 years of experience in the financial sector. He has worked in various companies, including Bahana Securities with his last position as president director (2007-2009). He was also president director of Bahana Indonesian Business Development (2009-2013), commissioner of KSEI (2009-2012) and president director of KSEI (2013), finance director of Telekomunikasi Indonesia (2014-2016) and commissioner of Telekomunikasi Selular (2015-2016). He currently serves as KSEI commissioner, independent commissioner of Sahabat Keluarga Keluarga, independent commissioner of Integra Indocabinet and commissioner of Indo Premier Securities.
Sakti Wahyu Trenggono 	Commissioner	Appointed as commissioner of the company in May 2018. He currently serves as president commissioner of Solusindo Kreasi Pratama and is a member of the Bandung Institute of Technology's School of Business and Management Board. He started his career at Federal Motor (now Astra Honda Motor) as a system analyst in 1986 with his last position as general manager of Management Information System and Business Development (1992-1995). He subsequently served as director of the Village Unit Cooperative Parent Planning and Development (INKUD) (1995-1997), president director of Solusindo Kreasi Pratama (2000-2009), general chair of the Telecommunications Infrastructure Developer Association (2005-2016) and president commissioner of Teknologi Global Research Investama (2010-2016).
Mahendra Siregar 	Independent commissioner	Appointed as independent commissioner of the company in Sep 2018. Mr Siregar has served on several key governmental positions including the expert staff of Financial Coordinating Minister from 2001 to 2004, Deputy Minister of the International Trade of Financial Coordinating from 2004 to 2009, Vice Trading Minister from 2009 to 2011, then Vice Finance Minister from 2011 to 2013, the Special Advisor to The Minister on Priority Programs Strengthening from 2017 until present. He currently serves as the independent commissioner or commissioner in the several public-listed companies including Vale Indonesia, Unilever Indonesia, and AKR Corporindo.



Source: Company, RHB

Figure 59: Board of directors

Name	Position	Description
Tri Boewono 	President director	He is appointed as the President Director of the company in Sep 2018. He earned a bachelor of Economics and a degree in Accounting from Universitas Trisakti, Indonesia, in 1993. Mr Boewono has more than 25 years of professional experience in the economics sector, working in major companies such as Astra International from 1997 to 2005 as head of Budget and head of Accounting. He is also commissioner of Provident Agro and all its subsidiaries from 2007 until present, as well as commissioner of Jingdong Indonesia Pertama from 2015 until present.
Richard Bruce Ness 	Vice president director and CEO	He is appointed as the vice president director in Sep 2018. Mr Ness has more than 38 years of professional experience in the energy, mineral resources and mining sectors, having been a senior executive at Newmont Indonesia and Freeport Indonesia. He currently serves as the president commissioner of Petrosea and commissioner of Indika Energy, two leading companies in the Indonesian energy and oil and gas sectors.
Gavin Arnold Caudle 	Director	He is appointed as a director in Jun 2016; and is responsible for operations, safety-health, environment, and assets development of the company. With more than 20 years of professional experience in finance, Mr Caudle began his career with the public accounting firm of Arthur Andersen Australia, and subsequently became a partner at Arthur Andersen Indonesia. He then moved to Citigroup Indonesia, as head of Investment Banking and head of Mergers and Acquisitions, prior to joining Saratoga Capital as managing director. He currently also serves as director of Provident Capital Partners, and non-executive director of Sihayo Gold, and Finders Resources.
Hardi Wijaya Liong 	Director	He was appointed as a director in Dec 2014; and is responsible for strategic planning. He began his career as an auditor with Arthur Andersen in Jakarta, and moved to Citigroup Indonesia where he became vice president for Investment Banking, and director of Citigroup Securities. He went on to become director of Provident Capital Indonesia and commissioner of Provident Agro. He currently also serves as vice president director of Tower Bersama Infrastructure and president director of Provident Capital Indonesia.
Michael W.P. Soeryadjaya 	Director	He was appointed as a director in Dec 2014; and is responsible for business development. He is concurrently president director of Saratoga Investama Sedaya and commissioner of Unitas Pertama. He also sits on the Board of commissioners of Provident Agro.
Colin Francis Moorhead 	Director	He was appointed as a director in Sep 2018. Prior to joining Merdeka Copper Gold, he served as EGM Minerals, Newcrest Mining Ltd, Australia (2008- 2015), GM Resources & Reserves of the same company (2006-2008), Geology manager, Nusa Halmahera Minerals, Gosowong Gold Mine, Indonesia (2003-2006), Technical Services manager, Cadia Holdings, NSW, Australia (1997-2003), and various other positions in the mining industry in a career spanning 29 years since 1987.

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<p>David Thomas Fowler</p> 	<p>Director</p>	<p>He was appointed as a Director in Dec 2014; and is responsible for finance, accounting and taxation. Mr Fowler has had more than 25 years of professional experience in the mineral resources industry, with expertise in finance, operations, and development. He started with the Arthur Andersen in Perth, Australia, and went on to pursue a career in the mining business, serving in various managerial capacities with Etin Ltd and Western Metals Ltd, both in Australia and then with Orusur Mining Incorporated in Chile.</p>
<p>Chrisanthus Supriyo</p> 	<p>Independent director</p>	<p>He was appointed as an independent director in Dec 2014; and is responsible for human resources. Mr Supriyo has more than 39 years of professional experience in accountancy and other fields including the mining industry. He started as an accountant with Atlantic Richfield Indonesia and moved on to serve in various finance and accounting capacities with Dual Perkasa O Shore, JOB Pertamina–Bow Valley Industries (OK). Patra Drilling Contractor, Sejahtera Leisure Holiday, and Wahana Makmur Sejati.</p>

Source: Company, RHB

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