

PT MERDEKA GOLD RESOURCES Tbk

(Incorporated in the Republic of Indonesia with limited liability)

(於印度尼西亞共和國註冊成立之有限公司)

Stock code 股份代號 : 6228

2026

INTERIM REPORT

中期報告



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EXPLORATION, DEVELOPMENT AND MINING ACTIVITIES REVIEW

The Group exploration activities concentrated on exploration drilling, geological mapping, surface sampling, and desktop studies. The phase 1 resource definition drilling program at the Kolokoa prospect was completed, and a maiden mineral resource was estimated.

The Maiden Mineral Resource Estimate for the Kolokoa Prospect is 42 million tonnes @ 0.33 g/t Au for 445 thousand ounces of gold, comprising 234 thousand ounces Indicated and 213 thousand ounces Inferred Mineral Resources.

Exploration drilling also commenced at the Lone Pine Prospect to test deeper exploration targets. By the end of quarter, a total of 13 drill holes had been completed, with two additional holes remaining in progress, for a total of 4,761 metres drilled.

Channel sampling and geological mapping were undertaken concurrently with the drilling program from 9 outcrop locations within the Kolokoa, Lone Pine and Iloa areas. A total of 196 samples were collected over a cumulative channel length of 387 metres.

The exploration drilling program will continue at the Kolokoa, Lone Pine and deeper targets, accompanied by continued detailed geological mapping and channel sampling.

HEAP LEACH OPERATION

Pani Gold Mine has commenced first heap leach gold production in first quarter 2026 producing 1,818 Ounces of Gold. Processing operations continued with optimisation of throughput in Ore Preparation Plant. Heap leach pad development works were completed on Cell 2 (bays 5–8) with stacking of structural zone material completed in bays 5–6 by the end of June 2026.

Ore mined reached 3.1 Mt, supported by accelerated mining activities using the larger capacity fleet to access higher grade ore by accelerating the mine plan. Ore reconciliation for the month continued to perform well and within expectations.

The Company commenced optimisation program to enhance plant reliability, ramp-up, and support improved operational performance. Ore stacked continued to ramp-up, supported by the placement of ore inventory carried over from the previous quarter following the progressive availability of additional leach pad space.

The Adsorption, Desorption, and Recovery plant continued performing well and the expectation is to bring the remainder of the circuit online as stacking and leaching continues to increase in volumes.

Production ramp-up continues with a major focus on crushing and stacking capacity and development of the additional heap leach pad space to support increased gold production throughout first half 2026. During the first half 2026, gold production totalling 17,412 ounces and gold sales totalled 6,955 ounces with an average price USD4,437 per ounces.

EXPLORATION, DEVELOPMENT AND MINING ACTIVITIES REVIEW

CARBON IN LEACH PROJECT

CIL bulk earthworks construction by PT Merdeka Mining Service (“MMS”) has progressed well. Handover of the CIL tanks and pre-leach thickener area from MMS to the project team was done in June 2026, which then is expected to be followed with milling area in second half 2026, and the remaining area by the end of December 2026. Subsequently in July 2026, the tender of the construction of CIL plant has been completed, and the work will be awarded to MCC16 and MCC-5 with a definitive work split area. Contractor mobilisation is scheduled to commence in third quarter.

On the engineering and infrastructure side, the Basic Engineering Design for CIL plant has been completed and Detailed Engineering Design has commenced in July 2026 and expected to be completed at the end of 2026.

Construction activities at the Tailing Storage Facility by Sinohydro continue to progress with embankment foundation preparation, main diversion culverts, coffer dams, and sediment control structures. As of mid-June 2026, the EPC contractor has mobilised approximately 1,758 personnel and 300 units of equipment, with the majority already commissioned and operational. Additional heavy equipment is scheduled to arrive in third quarter 2026 to support accelerated construction activities.

Initial works for the permanent camp are progressing in two phases, covering both temporary and permanent accommodation facilities.

To further optimize the construction schedule, the project plans to engage specialized drilling and blasting contractors for selected work areas, subject to the required approvals and implementation plan.

INDEPENDENT AUDITOR'S REPORT



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REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS

To the Board of Directors of PT MERDEKA GOLD RESOURCES Tbk

(incorporated in Republic of Indonesia with limited liability)

INTRODUCTION

We have reviewed the interim consolidated financial statements set out on pages 6 to 76 which comprise the consolidated statement of financial position of PT Merdeka Gold Resources Tbk and its subsidiaries (collectively referred to as the “**Group**”) as of 30 June 2026 and the related consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the six-month period then ended, and notes to the interim consolidated financial statements, including material accounting policy information (the “**interim consolidated financial statements**”). The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting” as issued by the International Accounting Standards Board (“**IAS 34**”). The directors are responsible for the preparation and presentation of the interim consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on the interim consolidated financial statements based on our review. This report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

INDEPENDENT AUDITOR'S REPORT

OTHER MATTER

The comparatives in the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the six-month period ended 30 June 2026, and the related explanatory notes have not been reviewed in accordance with HKSRE 2410 or audited.

BDO Limited

Certified Public Accountants

LEONG, Jonathan Russell

Practising Certificate no. P03246

Hong Kong

27 August 2026

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	For the six months ended 30 June	
		2026	2025
		USD'000 Unaudited	USD'000 Unaudited
REVENUE	6	30,857	84
COST OF REVENUE	9	(17,393)	(65)
GROSS PROFIT		13,464	19
OPERATING EXPENSE			
General and administrative expenses	9	(10,577)	(3,524)
PROFIT/(LOSS) FROM OPERATING		2,887	(3,505)
Finance income		606	377
Finance expenses	7	(12,491)	(10,978)
Other expenses – net	8	(5,886)	(93)
LOSS BEFORE INCOME TAX		(14,884)	(14,199)
Income tax benefit/(expense)	10a	5	(1,852)
LOSS FOR THE PERIOD		(14,879)	(16,051)
OTHER COMPREHENSIVE (LOSS)/INCOME THAT WILL BE RECLASSIFIED TO PROFIT OR LOSS:			
Exchange difference on financial statements translation		(4,494)	224
OTHER COMPREHENSIVE (LOSS)/INCOME THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS:			
Actuarial gain	27	3	13
Related income tax	17	(1)	(3)
Other comprehensive (loss)/income – net		(4,492)	234
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(19,371)	(15,817)

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	For the six months ended 30 June	
		2026	2025
		USD'000	USD'000
		Unaudited	Unaudited
LOSS FOR THE PERIOD ATTRIBUTABLE TO:			
Owners of the parent entity		(14,877)	(16,050)
Non-controlling interest		(2)	(1)
TOTAL		(14,879)	(16,051)
TOTAL COMPREHENSIVE LOSS			
FOR THE PERIOD ATTRIBUTABLE TO:			
Owners of the parent entity		(19,369)	(15,816)
Non-controlling interest		(2)	(1)
TOTAL		(19,371)	(15,817)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic (USD)	11	(0.0010)	(0.0011)

The notes on pages 12 to 76 are an integral part of these consolidated interim financial statements.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 30 June 2026 USD'000 Unaudited	As at 31 December 2025 USD'000 Audited
	Notes		
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	13	465,475	317,195
Mining properties	15	301,280	305,584
Advances and prepayments – non-current portion	16	17,900	10,628
Trade and other receivables – non-current portion	20	46,513	36,076
Deferred tax assets	17a	7,550	7,402
Other non-current assets	18	2,219	2,522
Total non-current assets		840,937	679,407
CURRENT ASSETS			
Inventories	19	55,781	10,515
Trade and other receivables – current portion	20	330	428
Advances and prepayments – current portion	16	5,140	4,980
Cash and banks	21	62,142	45,308
Total current assets		123,393	61,231
TOTAL ASSETS		964,330	740,638
LIABILITIES			
CURRENT LIABILITIES			
Trade payables, other payable and accruals	22	135,647	57,248
Borrowings	26	149,011	–
Sale and leaseback arrangement – current portion	23	13,305	9,835
Lease liabilities – current portion	24	6,791	620
Provision for mining rehabilitation – current portion	25	11	26
Total current liabilities		304,765	67,729
Total assets less current liabilities		659,565	672,909
Net current liabilities		(181,372)	(6,498)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 30 June 2026 USD'000 Unaudited	As at 31 December 2025 USD'000 Audited
	Notes		
NON-CURRENT LIABILITIES			
Borrowings	26	246,136	260,404
Sale and leaseback arrangement – non-current portion	23	20,194	16,081
Lease liabilities – non-current portion	24	19,669	2,657
Deferred tax liabilities	17b	6,849	6,705
Employment benefits liability	27	1,571	1,222
Provision for mining rehabilitation – non-current portion	25	3,578	4,901
Total non-current liabilities		297,997	291,970
TOTAL LIABILITIES		602,762	359,699
NET ASSETS		361,568	380,939
EQUITY			
Equity attributable to owners of the parent entity			
Share capital	28	139,149	152,891
Additional paid-in capital – net	29	302,463	302,463
Treasury stock	28	–	(13,742)
Translation reserve		(3,761)	733
Employment benefits reserve		53	51
Accumulated losses		(76,376)	(61,499)
Total equity attributable to owners of the parent entity		361,528	380,897
Non-controlling interest		40	42
TOTAL EQUITY		361,568	380,939
TOTAL LIABILITIES AND EQUITY		964,330	740,638

The notes on pages 12 to 76 are an integral part of these consolidated interim financial statements.

Approved and authorised for issue by the board of directors on 27 August 2026.

Boyke Poerbaya Abidin
President Director

Suryadinata Tanu
Director

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Notes	Equity attributable to owners of the parent entity								
	Share capital	Additional paid-in capital – net	Treasury Stock (note c)	Translation Reserve (note a)	Employment Benefits Reserve (note b)	Accumulated losses	Owners of the parent entity	Non-controlling interest	Total equity
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Balance as of 1 January 2025	138,115	168,264	-	575	47	(34,007)	272,994	44	273,038
Loss for the period	-	-	-	-	-	(16,050)	(16,050)	(1)	(16,051)
Other comprehensive income for the period	-	-	-	224	9	-	233	-	233
Balance as of 30 June 2025	<u>138,115</u>	<u>168,264</u>	<u>-</u>	<u>799</u>	<u>56</u>	<u>(50,057)</u>	<u>257,177</u>	<u>43</u>	<u>257,220</u>
Balance as of 1 January 2026	28,29 152,891	302,463	(13,742)	733	51	(61,499)	380,897	42	380,939
Decrease in equity through treasury stock transaction	(13,742)	-	13,742	-	-	-	-	-	-
Loss for the period	-	-	-	-	-	(14,877)	(14,877)	(2)	(14,879)
Other comprehensive loss for the period	-	-	-	(4,494)	2	-	(4,492)	-	(4,492)
Balance as of 30 June 2026	28,29 <u>139,149</u>	<u>302,463</u>	<u>-</u>	<u>(3,761)</u>	<u>53</u>	<u>(76,376)</u>	<u>361,528</u>	<u>40</u>	<u>361,568</u>

The notes on pages 12 to 76 are an integral part of these consolidated interim financial statements.

Notes:

- Translation reserve represents foreign exchange differences arising from the translation of the financial statements of the subsidiaries with functional currency other than USD.
- Employment benefits reserve of the Group represents actuarial gains or losses arising from the remeasurement of defined benefit obligations under employee benefit plans.
- Treasury stock represents the buyback of all shares previously held by PT Permata Alam Kapital, comprising 1,448,866,615 shares, for a consideration of USD141,400,000; although the repurchase amount was USD141,400,000, the original share value at the time PT Permata Alam Kapital entered the Company was USD125,000,000, which was subsequently adjusted to USD13,742,000 at a nominal price of Rp150 (equivalent to USD0.01) following a stock split and harmonization of share classes prior to the transaction and balance of USD127,658,000 was adjusted to additional paid-in capital. The treasury shares have been fully cancelled through a reduction of the Company's issued share capital on 8 January 2026.

CONSOLIDATED STATEMENTS OF CASH FLOWS

		For the six months ended 30 June	
	Notes	2026 USD'000 Unaudited	2025 USD'000 Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(14,884)	(14,199)
Adjustments for:			
Depreciation of property, plant and equipment	9	12	29
Gain on foreign currency	8	(1,408)	(63)
Employee benefit expense		304	6
Impairment of goodwill		–	122
Finance income		(606)	(377)
Finance expenses	7	12,491	10,978
Operating cash flow before working capital change		(4,091)	(3,504)
Increase in inventories	19	(30,354)	(226)
Increase in trade and other receivables	20	(8,100)	(5,902)
Increase in advances and prepayments	16	(160)	(2,184)
(Increase)/decrease in other non-current assets	18	(4,191)	20
Increase/(decrease) in trade payables, other payable and accruals	22	22,351	(3,497)
Increase in employee benefit liabilities	27	9	215
Cash used in operations		(24,536)	(15,077)
Finance income		606	377
Income taxes paid		(1,652)	(854)
Net cash flows used in operating activities		(25,582)	(15,554)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions of exploration and evaluation assets		–	(4,330)
Additions of mining properties	15,32a	(2,672)	(8,014)
Acquisition of property, plant and equipment	13,16,32a	(83,960)	(58,820)
Net cash flows used in investing activities		(86,632)	(71,164)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from sale and leaseback arrangement		14,130	7,720
Repayment of sale and leaseback arrangement	23	(6,547)	(3,632)
Payment of interest for sale and leaseback arrangement		(1,125)	(923)
Payment of principal portion lease liabilities	24	(1,149)	(16)
Payment of interest portion of lease liabilities		(300)	(9)
Proceeds from bank borrowing		215,000	45,000
Repayment of bank borrowing		(80,000)	–
Payment of borrowing cost		(1,156)	(144)
Payment of interest on bank borrowing		(10,928)	(779)
Net cash flows provided by financing activities		127,925	47,217
NET INCREASE/(DECREASE) IN CASH AND BANKS		15,711	(39,501)
CASH AND BANKS AT BEGINNING OF THE PERIOD	21	45,308	67,334
Effect of foreign exchange translation on cash and banks		1,123	(178)
CASH AND BANKS AT END OF THE PERIOD	21	62,142	27,655

The notes on pages 12 to 76 are an integral part of these consolidated interim financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIODS ENDED 30 JUNE 2026

1. CORPORATE INFORMATION

A. ESTABLISHMENT AND GENERAL INFORMATION

PT Merdeka Gold Resources Tbk (formerly PT Pani Bersama Jaya) (the “**Company**”), was established in the Republic of Indonesia based on Deed of Establishment No. 87 dated 20 November 2015 made before Humberg Lie, S.H., S.E., M.Kn., Notary in North Jakarta. The Company’s Deed of Establishment was ratified by the Minister of Law (formerly Minister of Law and Human Rights of Republic of Indonesia) (“**MOL**”) under its Decree No. AHU-2467705.AH.01.01.TAHUN 2015 dated 20 November 2015.

The most recent amendment to the Company’s Articles of Association was based on Deed of Statement of Meeting Resolutions on the Amendment of Articles of Association of the Company No. 78 dated 12 May 2026, made before Jose Dima Satria, S.H., M.Kn., Notary in the Administrative City of South Jakarta, regarding the amendment of several articles in the Company’s Articles of Association and the restatement of all provisions therein. Such deed has been notified to the MOL based on the Notification Receipt of Amendment to the Articles of Association No. AHU-AH.01.03-0137498 dated 12 May 2026.

In accordance with Article 3 of the Company’s Articles of Association, the purpose and objective of the Company are to undertake business in holding company activities and other management consultations. Currently, the business activity carried out by the Company is as a holding company of a business group engaged in gold mining and its associated minerals, processing and other business activities that are vertically integrated.

The Company is domiciled at Treasury Tower 67th floor, District 8 SCBD Lot 28, Jl. Jenderal Sudirman Kav. 52-53, Subregency Senayan, Regency Kebayoran Baru, South Jakarta 12190, Province of DKI Jakarta, Indonesia.

The ultimate parent entity of the Company is PT Merdeka Copper Gold Tbk (“**MCG**”), which was incorporated in Indonesia and listed on the Indonesia Stock Exchange (“**IDX**”).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIODS ENDED 30 JUNE 2026

1. CORPORATE INFORMATION (CONTINUED)

B. COMPANY'S LISTED PUBLIC OFFERING

On 15 September 2025, the Company has obtained its effective statement from Financial Services Authority (“**OJK**”) in its letter No. S-99/D.04/2025 to conduct the initial public offering (“**IPO**”) in Indonesia for issuance of 1,618,023,300 ordinary shares at the nominal price of Rp150 equivalent to USD0.01 per share and offered to the public at the price of Rp2,880 (equivalent to USD0.18) per share. The Company raised gross proceeds of approximately US\$283,691,000 (before deduction of expenses) under the Indonesian IPO. Accordingly, as of 23 September 2025, the Company's shares have been officially traded on the IDX.

On 15 June 2026, the Company has obtained the in-principle approval in relation to the secondary listing of the Hong Kong Depositary Receipts (“**HDR**”) of PT Merdeka Gold Resources Tbk on the Stock Exchange of Hong Kong Limited (“**SEHK**”) in the amount of 89,668,600 HDRs, consisting of 80,701,700 HDRs through the international offering and 8,966,900 HDRs through the Hong Kong public offering, in accordance with the requirements of SEHK.

The HDRs offered under the secondary listing represent existing shares of the Company held by certain existing minority shareholders of the Company, which were deposited with the custodian and represented by HDRs issued by the depositary in accordance with the laws and regulations applicable in Hong Kong. Accordingly, the secondary listing does not involve the issuance of new shares by the Company. On 26 June 2026, the Company's HDRs commenced trading on the Main Board of SEHK, under the stock code of 6228.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIODS ENDED 30 JUNE 2026

1. CORPORATE INFORMATION (CONTINUED)

C. GROUP STRUCTURE

The Company had direct and indirect interests in its subsidiaries, the particulars of which are set out below:

			Effective percentage of ownership		Total assets (in USD'000)	
			30 June 2026	31 December 2025	30 June 2026	31 December 2025
Subsidiaries	Domicile	Nature of business				
<u>Direct ownership:</u>						
PT Gorontalo Sejahtera Mining ("GSM")	Indonesia	Mineral mining	99.99%	99.99%	290,612	270,333
PT Pani Bersama Tambang ("PBT")	Indonesia	Precious basic metals industry	99.99%	99.99%	368,486	322,199
PT Merdeka Mining Indonesia ("MMI")	Indonesia	Mining and other quarrying supporting activities, equipment rental for construction with operator, and rental and leasing of mining and quarrying machinery and equipment	99.99%	99.99%	96,324	61,778
PT Mentari Alam Persada ("MAP")	Indonesia	Wholesale trading on a fee or contract basis, other transportation support service activities, other business support services activities, leasing activities of owned or leased residential buildings and land, owned or leased real estate (buildings and land) for other non-residential activities, and roads on the ground surface construction	99.99%	99.99%	27,361	21,920
PT Pani Industri Jaya ("PIJ")	Indonesia	Industrial area management	99.96%	99.96%	146	154
<u>Indirect ownership:</u>						
PT Puncak Emas Tani Sejahtera ("PETS") through PEG and PBT	Indonesia	Ore mining	99.99%	99.99%	245,634	179,671
PT Puncak Emas Gorontalo ("PEG") through PBT	Indonesia	Holding company	99.99%	99.99%	733	10,728
PT Pani Industri Nusantara ("PIN") through PETS and GSM	Indonesia	Precious basic metals Industry	99.99%	99.99%	83,057	659

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIODS ENDED 30 JUNE 2026

2. BASIS OF PREPARATION

The interim financial report of Company as at and for the six months ended 30 June 2026 comprises the Company and its subsidiaries (together referred to as the “**Group**”). This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), including compliance with International Accounting Standard (“**IAS**”) 34, Interim financial reporting, issued by the International Accounting Standards Board (“**IASB**”).

The interim financial report has been prepared in accordance with the same accounting policies adopted in the Accountants’ Report disclosed in Appendix I of the prospectus of the Company dated 17 June 2026 (the “**Prospectus**”), except for those that relate to standards effective for periods beginning on or after 1 January 2026. Details of any changes in material accounting policies are set out in note 4.

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the consolidated financial information for the year ended 31 December 2025 included in the Accountants’ Report disclosed in Appendix I of the Prospectus. The consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with IFRS Accounting Standards.

As at 30 June 2026 and 31 December 2025, the Group had net current liabilities of approximately USD181,372,000 and USD6,498,000. In the opinion of the directors of the Company, the interim consolidated financial statements has been prepared on a going concern basis because the Group will be able to meet in full its financial obligations as and when they fall due for the next twelve months from the date of this report, taking into account of the expected cash inflows from operations, utilisation of undrawn facilities currently available to the Group and the availability of internal funding resources within the Group.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIODS ENDED 30 JUNE 2026

3. ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

The Group has not applied the following new and amended IFRS Accounting Standards, that have been issued but are not yet effective. The Group intends to apply these new and amended IFRS Accounting Standards, if applicable, when they become effective:

IFRS 18	Presentation and Disclosure in Financial Statements ¹
IFRS 19 and its amendments	Subsidiaries without Public Accountability: Disclosures ¹
IFRS 20	Regulatory Assets and Regulatory Liabilities ³
Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency ¹
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²

¹ Effective for annual periods beginning on or after 1 January 2027

² Effective date to be determined

³ Effective for annual periods beginning on or after 1 January 2029

The Group is in the process of making an assessment of the impact of these new and amended IFRS Accounting Standards upon initial application.

IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. The new requirements are expected to impact the Group's presentation of the statement of profit or loss and disclosures of the Group's financial performance for reporting period beginning on or after 1 January 2027.

So far, the Group considers that these new and amended IFRS Accounting Standards are unlikely to have a significant impact on the Group's results of operation and financial position.

4. MATERIAL ACCOUNTING POLICIES

The presentation and preparation of financial statements include the accounts of the Company and its subsidiaries mentioned in note 1(a), in which the Company maintains (directly or indirectly) equity ownership of more than 50% and is controlled by the Company.

All material intercompany transactions and account balances (including the related significant unrealised gains or losses) have been eliminated.

Subsidiaries are fully consolidated from the date of acquisitions, being the date on which the Company obtains control, and continue to be consolidated until the date such control ceases.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIODS ENDED 30 JUNE 2026

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Losses of a non-wholly owned subsidiary are attributed to the Non-Controlling Interest (“**NCI**”) even if that results in a deficit balance. In case of loss of control over a subsidiary, the Company:

- Derecognises the assets (including goodwill) and liabilities of the subsidiaries;
- Derecognises the carrying amount of any NCI;
- Derecognises the cumulative translation differences, recorded in equity, if any;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss; and
- Reclassifies the parent’s share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

NCI represent the portion of the profit or loss and net assets of the subsidiaries not attributable, directly or indirectly, to the Company, which are presented in the consolidated statement of profit or loss and other comprehensive income and under the equity section of the consolidated statement of financial position, respectively, separately from the corresponding portion attributable to the equity holders of the parent entity.

Changes in the Company ownership interest in a Subsidiary that do not result in loss of control are accounted for as equity transactions. The carrying amounts of the Company and non-controlling interest are adjusted to reflect the changes in their relative interests in the Subsidiary. Any differences between the amount by which the NCI are adjusted and the fair value of consideration paid or received is recognised directly in equity and attributed to the owners of the parent entity.

SUBSIDIARIES

The consolidated financial statements present the results of the Group as if they formed a single entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance. Non-controlling interests is presented in the consolidated statements of financial position within equity, separately from the equity of the owners of the parent.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIODS ENDED 30 JUNE 2026

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

SUBSIDIARIES (CONTINUED)

Upon the loss of control, the Group derecognise the assets and liabilities of the subsidiaries, any non-controlling interests and the other components of equity related to the subsidiaries. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiaries, then such interest is measured at fair value at the date that control is lost.

TRANSACTIONS WITH NON-CONTROLLING INTERESTS

Transactions with non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiaries.

TRANSACTIONS ELIMINATED ON CONSOLIDATION

Intercompany balances and transactions, and any unrealised income and expenses arising from intercompany transactions, are eliminated in preparing and presenting the interim consolidated financial statements. Unrealised gains arising from transactions with associates are eliminated against the investment to the extent of the Group's interest in the investee.

Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

BUSINESS COMBINATION

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

In assessing control, the Group takes into consideration of potential voting rights that are currently exercisable.

The consideration transferred does not include amounts related to the settlement of preexisting relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that occur in connection with Group's business combination are expensed as incurred. Any contingent consideration is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIODS ENDED 30 JUNE 2026

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

FOREIGN CURRENCIES TRANSACTIONS AND BALANCES

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the relevant entity operates (the **"functional currency"**). The interim consolidated financial statements are presented in United States Dollars (**"USD"** or **"US Dollars"**), which is the Company's functional currency and the Group's presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing as of the date of the transactions. As of the reporting date, monetary assets and liabilities denominated in foreign currency are adjusted to reflect the prevailing exchange rates at such date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

TRANSACTION WITH RELATED PARTIES

Related party represents a person or an entity who is related to the reporting entity:

- (1) A person or a close member of the person's family is related to a reporting entity if that person:
 - (a) Has control or joint control over the reporting entity;
 - (b) Has significant influence over the reporting entity; or
 - (c) Is member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- (2) An entity is related to a reporting entity if any of the following conditions applies:
 - (a) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - (b) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
 - (c) Both entities are joint ventures of the same third party;
 - (d) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (e) The entity is a employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity;

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIODS ENDED 30 JUNE 2026

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

TRANSACTION WITH RELATED PARTIES (CONTINUED)

- (2) An entity is related to a reporting entity if any of the following conditions applies: (Continued)
- (f) The entity is controlled or jointly controlled by a person identified in (1);
 - (g) A person identified in (1)(a) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
 - (h) The entity, or any member of a group of which it is a part, provides key management personal services to the reporting entity or to the parent of the reporting entity.

FINANCIAL INSTRUMENTS

The Group classifies its financial assets and financial liabilities in the following categories:

1. Amortised cost;
2. Fair value through profit and loss (“**FVTPL**”);
3. Fair value through other comprehensive income (“**FVOCI**”).

The classification depends on the purpose for which the financial assets and financial liabilities are acquired and is determined at initial recognition.

1) Financial assets

The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

The Group’s financial assets consist of cash and banks, trade and other receivables, and other non-current assets and are measured at amortised cost.

i. Amortised cost

A financial assets is measured at amortised cost if it meets both of the following conditions:

- Financial assets is held within a business model whose objective is to hold financial assets to collect contractual cash flows; and
- Contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

At initial recognition, financial assets that are classified as amortised cost are measured at fair value, plus directly attributable transaction costs. Interest income is calculated using the effective interest rate method and recognised in profit or loss.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIODS ENDED 30 JUNE 2026

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

FINANCIAL INSTRUMENTS (CONTINUED)

1) Financial assets (Continued)

ii. FVTPL

Financial assets measured at FVTPL are debt instruments which do not meet the criteria of amortised cost or FVOCI, equity investments which are held for trading or where the FVOCI election has not been applied, derivatives which are not designated as a hedging instrument. Fair value gains or losses from this financial assets are recorded in profit or loss.

iii. FVOCI

Financial assets measured at FVOCI are equity investments, that is not held for trading and the Group has irrevocably elected to present fair value of equity investment in other comprehensive income; debt instruments that are held to get contractual cash flows and selling the financial assets, where the assets' cash flows represent solely payment of principal and interest. Dividend from equity investments are recognised in profit or loss while the Group's right to received payment is established.

2) Financial liabilities

Financial liabilities are classified as financial liabilities at fair value through profit or loss and financial liabilities at amortised cost. As at the reporting dates, the Group's has no other financial liabilities other than those classified as amortised cost. The Group's determines the classification of its financial liabilities at initial recognition.

Other financial liabilities are subsequently measured at amortised cost, using the effective interest method. Gains and losses are recognised in profit and loss when the liabilities are derecognised, and through the amortisation process.

The Group's financial liabilities consist of trade payables, other payable and accruals, sale and leaseback arrangement, lease liabilities, and borrowings.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIODS ENDED 30 JUNE 2026

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

FINANCIAL INSTRUMENTS (CONTINUED)

3) Derecognition

A financial asset is derecognised when the rights to receive cash flows from the asset have expired.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date, which is the date that the Group commits to purchase or sell the asset.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

4) Offsetting financial instruments

Financial assets and liabilities are set-off and the net amount is presented in the consolidated statements of financial position when, and only when, the Group has the legal right to set off the amounts and intends either to settle on a net basis or realise the asset and settle the liabilities simultaneously.

Income and expenses are presented net only when permitted by accounting standards.

5) Impairment of financial assets

Impairment loss provision of financial assets measured at expected credit losses model (“**ECLs**”) and applied for financial assets which measured at amortized cost. The impairment method applied depends on whether there has been a significant increase in credit risk.

General Approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIODS ENDED 30 JUNE 2026

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

FINANCIAL INSTRUMENTS (CONTINUED)

5) Impairment of financial assets (Continued)

General Approach (Continued)

At the end of each of the reporting period, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of ECL. To make that assessment, the Group compares the risk of a default occurring on the financial instrument as at the end of each of the reporting period with the risk of a default occurring on the financial instrument as of the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions, that is indicative of significant increases in credit risk since initial recognition. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs;

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs;

Stage 3 – Financial assets that are credit-impaired at the end of each of the reporting period (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIODS ENDED 30 JUNE 2026

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

FINANCIAL INSTRUMENTS (CONTINUED)

5) Impairment of financial assets (Continued)

Simplified Approach

The Group applies the “simplified approach” to measuring ECL which uses a lifetime expected loss allowance for all trade receivables and contract assets without significant financing components. To measure the ECL, trade receivables have been grouped based on similar credit risk characteristics and the days past due. The Group establishes a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the Group and the economic environment.

CASH AND BANKS

Cash and bank consist of cash on hand and in banks that not used as collateral and not restricted in the usage.

TRADE AND OTHER RECEIVABLES

Trade receivables is amount due from customers for goods sold performed in the ordinary course of business.

Other receivables are amounts due from third parties or related parties for transactions outside of the ordinary course of business.

If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

Collectability of trade and other receivables is reviewed on an ongoing basis. Receivables which are known to be uncollectible are written off by reducing the carrying amount directly. A provision account is used when there is objective evidence that the Group will not be able to collect all or a portion of amounts due according to the original terms of the receivables.

The amount of the impairment loss recognized in profit or loss within “others – net” for trade receivables and for other receivables. When a trade and other receivable for which an impairment provision had been recognized becomes uncollectible in a subsequent year, it is written off against the provision account. Subsequent recoveries of amounts previously written off are credited against “others – net” in profit or loss.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIODS ENDED 30 JUNE 2026

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

INVENTORIES

Inventories which consist of ore in stockpiles, goods in process, finished goods, spare parts and supplies and are measure valued at the lower of cost or net realizable value.

Cost is determined based on the weighted average method which includes mining costs, direct labor costs, other direct costs and an appropriate portion of fixed and variable overheads related to mining operations. The net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Inventories are valued at cost less a provision for obsolete and slow moving inventory. Cost is determined based on the weighted average method. A provision for obsolete and slow moving inventory is determined on the basis of estimated future usage or sale of individual inventory items. Supplies of maintenance materials are charged to production costs in the period in which they are used.

PROPERTY, PLANT AND EQUIPMENTS

Components of property, plant and equipments are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs and the estimated present value of any future unavoidable costs of dismantling and removing items.

Property, plant and equipments, other than land are recognised at cost less accumulated depreciation and accumulated impairment losses.

The depreciation of property, plant and equipments is computed using straight-line method based on the estimated useful lives of the assets, as follows:

	Year
Vehicles	4–8
Office equipment	4
Machine and equipment	4
Building	10–20

Mining infrastructure and plant in mining area are depreciated using the unit-of production method.

Heavy equipment are depreciated using hourly utilization basis over their estimated operating life.

Depreciation expenses are taken to profit or loss during the financial year in which they are incurred.

The residual value, useful life and depreciation method are reviewed at the end of each reporting period, and adjusted prospectively, if appropriate. Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIODS ENDED 30 JUNE 2026

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

PROPERTY, PLANT AND EQUIPMENTS (CONTINUED)

Gains or losses on disposal of property, plant and equipments are determined by comparing proceeds with the carrying amount and are included in profit or loss from operations.

CONSTRUCTION IN PROGRESS

Construction in progress represents property, plant and equipments under construction which is stated at cost and is not depreciated. The accumulated costs are reclassified to the respective property, plant and equipments account and are depreciated when the construction is substantially complete and the asset is ready for its intended use.

EXPLORATION AND EVALUATION ASSETS

Exploration and evaluation activity involves the search for Mineral Resources after the Group has obtained legal rights to explore in a specific area, determination of the technical feasibility and assessment of the commercial viability of an identified resource.

Exploration and evaluation activity includes among others:

- Obtaining right to explore;
- Topography, geology, geochemical and geophysical studies;
- Exploratory drilling;
- Trenching;
- Sampling;
- Technical and commercial feasibility on mining of Mineral Resources.

Exploration and evaluation expenditure related to an area of interest is written off as incurred, unless it is capitalised and carried forward, on an area of interest basis, provided one of the following conditions is met:

1. The rights of tenure of an area are current and it is considered probable that the costs will be recouped through successful development and exploitation of the area of interest or, alternatively, by its sale; or
2. Exploration activities in the area of interest have not yet reached the stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in or in relation to the area of interest are continuing.

Exploration and evaluation assets are subsequently measured using the full costing method.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIODS ENDED 30 JUNE 2026

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Identifiable exploration and evaluation assets acquired in a business combination are recognised initially as assets at fair value on acquisition and subsequently at cost less impairment charges. Exploration and evaluation expenditure incurred subsequent to the acquisition of an exploration asset in a business combination is accounted for in accordance with the policy outlined above.

When technical and commercial feasibility of mining of Mineral Resources are demonstrable, exploration and evaluation assets are reclassified as “mining under development” at “mining properties” account.

Expenditure incurred before the entity has obtained the legal right to explore a specific area is expensed as incurred.

Exploration and evaluation assets are assessed for impairment when facts and conditions indicate that the carrying amounts exceed recoverable amounts.

MINING PROPERTIES

Development expenditure incurred by or on behalf of the Group is accumulated separately for each area of interest in which economically recoverable resources have been identified. Such expenditure comprises costs directly attributable to the construction of a mine and the related infrastructure and excludes physical assets and land rights (i.e. right to build, right to cultivate and right to use), which are recorded as property, plant and equipment.

No depreciation is recognized for “mining under development” until they are reclassified to “mining in production” as mining properties.

Mining properties are depreciated using the unit of production method based on gold reserves.

Amortisation is calculated by applying the ratio of contained gold in ore mined during the period to the total gold reserves, based on the latest reserve reports.

Identifiable mining properties acquired in a business combination are initially recognized as assets at their fair value. Development expenses incurred subsequent to the acquisition of the mining properties are accounted for in accordance with the policy outlined above.

“Mines under development” and “mines in production” are tested for impairment in accordance with the policy described in impairment of non-financial assets (excluding deferred tax assets).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIODS ENDED 30 JUNE 2026

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

RECLAMATION AND MINE CLOSURE

Group recognizes the present value of estimated costs of legal and constructive obligations required to restore the condition of mining area caused by mining operations in the period in which the obligation is incurred. The reclamation and mine closure activities include dismantling and removing structures, rehabilitating mines and tailings dams, dismantling operating facilities, closure of plant and waste site, and restoration, reclamation and revegetation of affected areas.

The obligation normally arises when the asset is installed or the ground/environment is disturbed in mining operations area. At the initial recognition of the liability, the present value of the estimated costs is capitalized by increasing the carrying amount of the related mining assets to the extent that it was incurred as a result of the development/construction activities in the exploration and development mining areas.

Any reclamation and mine closure obligations that arise through the production phase are expensed as incurred. Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risk specific to the liability. The periodic unwinding of the discount is recognized in the consolidated statement of comprehensive income as a finance cost.

Additional disturbances or changes in reclamation and mine closure costs are recognized as additions or changes to the corresponding assets and reclamation and mine closure liability when they occur.

Changes to estimated future costs are recognized in the consolidated statement of financial position by either increasing or decreasing the reclamation and mine closure liability and the related asset if the estimated costs of reclamation and mine closure were originally recognized as part of an asset measured. Any reduction in the reclamation and mine closure liability and deduction from the related asset may not exceed the carrying amount of that asset. If it does exceed the carrying value of the related asset, such excess is immediately recognized in the consolidated statement of profit or loss and other comprehensive income.

If the change in estimates results in an increase in the reclamation and mine closure liability and, an addition to the carrying value of the related asset, Group assesses the impairment, if there is indication of impairment of such assets.

IMPAIRMENT OF NON-FINANCIAL ASSETS (EXCLUDING DEFERRED TAX ASSETS)

IAS 36 prescribes the procedures to be employed by an entity to ensure that its assets are carried at no more than their recoverable amount. An asset is carried at more than its recoverable amount if its carrying amount exceeds the amount to be recovered through use or sale of the asset. If this is the case, the asset is described as impaired and IAS 36 requires the entity to recognise an impairment loss. This IFRS also specifies when an entity should reverse an impairment loss and prescribes disclosures.

The adoption of IAS 36 requires the impairment test of goodwill at least once a year and more frequently when indications for impairment exist.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIODS ENDED 30 JUNE 2026

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

IMPAIRMENT OF NON-FINANCIAL ASSETS (EXCLUDING DEFERRED TAX ASSETS) (CONTINUED)

The Group assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, or when annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets.

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In assessing fair value less costs to sell, an appropriate valuation model is used.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount.

Impairment losses are recognised in profit or loss unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount.

That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

TAXATION

Current tax

Current income tax assets and or liabilities comprise those obligations to, or claims from Tax Authorities relating to the current or prior reporting period, that are unpaid at the consolidated statements of financial position date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year.

All changes to current tax assets or liabilities are recognised as a component of income tax expense in the consolidated statements of profit or loss and other comprehensive income.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIODS ENDED 30 JUNE 2026

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

TAXATION (CONTINUED)

Deferred tax

Deferred tax assets and liabilities are recognised for temporary differences between the financial and the tax bases of assets and liabilities at each of the reporting date.

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilised.

Deferred tax liabilities are recognised for all taxable temporary differences. Future tax benefits, such as the carry-forward of unused tax losses, are also recognised to the extent that realisation of such benefits is probable.

The carrying amount of deferred tax assets is reviewed at each consolidated statements of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each consolidated statements of financial position date and are recognised to the extent that it has become probable that future taxable income will allow the deferred tax asset to be recovered.

The amount of the asset or liability is determined using tax rates that have been enacted, or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

Deferred tax assets and liabilities are offset when Group has a legally enforceable right to offset current tax assets and liabilities.

TRADE PAYABLES

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less after the reporting date. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

BORROWINGS

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIODS ENDED 30 JUNE 2026

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

BORROWINGS (CONTINUED)

Costs incurred to obtain loan facilities are recognized as transaction costs of the borrowing to the extent that it is probable that some or all of the facility will be drawdown. In this case, the costs of obtaining the borrowing are deferred until the loan is drawn. To the extent that there is no evidence that it is probable that some or all of the facility will be drawdown, the costs of obtaining the borrowing are capitalized as a prepayment for liquidity services and amortized over the related facility period.

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in profit or loss.

Borrowings are classified as current liabilities unless the Group has a right to defer the settlement of the liability for at least twelve months after the reporting date.

EMPLOYMENT BENEFITS LIABILITY

The Group provides post-employment defined benefit to its employees in accordance with prevailing Labor Law in Indonesia.

No funding has been made to this defined benefit plan.

The actuarial valuation method used to determine the present value of the defined benefit liability, related current service cost and past service costs is the Projected Unit Credit.

Current service costs, interest costs, vested past service costs, and effect of curtailment or settlement (if any) are charged directly to consolidated statements of profit or loss.

Past service costs which are not yet vested and actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income. Actuarial gains and losses and adjustments arising which are recognised in other comprehensive income will be immediately recognised in retained earnings. Actuarial gains/(losses) are not reclassified to profit or loss in subsequent periods.

OTHER LONG-TERM EMPLOYEE BENEFITS

Other long-term employee benefits, which consist of long service rewards and long leave benefits, are recognised in the consolidated statements of financial position at the present value of the defined benefit obligation. The actuarial gains and losses and past service costs which are not yet vested and actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income. Actuarial gains/(losses) are not reclassified to profit or loss in subsequent periods.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIODS ENDED 30 JUNE 2026

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

PROVISION, CONTINGENT LIABILITIES AND CONTINGENT ASSET

Contingent liabilities are not recognized in the interim consolidated financial statements. They are disclosed in the notes to the interim consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not recognized in the interim consolidated financial statements but are disclosed in the notes to the interim consolidated financial statements when an inflow of economic benefits to the Company is probable.

Provisions are recognized when Group has a legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate, where appropriate, to reflect the risk specific to the liability.

The increase in the provision due to the passage of time is recognized as a finance cost, when discounting is used.

STOCK ISSUANCE COSTS

Stock issuance costs are deducted from the additional paid-in capital portion of the related proceeds from issuance of shares and are not amortized.

LEASE

At the inception of a contract, the Group assesses whether the contract is, or contains a lease. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- The contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has the substantive substitution right, then the asset is not identified;
- The Group has the right to obtain substantially all the economic benefits from use of the asset throughout the period of use; and

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIODS ENDED 30 JUNE 2026

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

LEASE (CONTINUED)

- The Group has the right to direct the use of the identified asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In certain circumstances where all the decisions about how and for what purpose the asset is used are predetermined the Group has the right to direct the use of the asset if either:
 - The Group has the right to operate the asset; and
 - The Group has designed the asset in a way that predetermined how and for what purpose it will be used.

At inception or on re-assessment of a contract that contains a lease component, the Group allocates consideration in the contract to each lease component on the basis of their relative stand-alone prices.

THE GROUP AS A LESSEE

At initial recognition, the Group recorded the right-of-use asset and lease liability.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payment made at or before the commencement date, plus any initial direct cost incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset to the condition required by the terms and conditions of the lease, less any lease incentives received.

The right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not yet paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee;
- The exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option; and
- Penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIODS ENDED 30 JUNE 2026

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

THE GROUP AS A LESSEE (CONTINUED)

Lease liability remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

SHORT-TERM LEASES AND LEASES OF LOW-VALUE ASSETS

The Group has elected not to recognize right-of use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

LEASES OF PROPERTY, PLANT AND EQUIPMENT

The Group leases certain property, plant and equipment that is classified as lease assets under property, plant and equipment.

The amount of lease that is initially recognized as a property, plant and equipment is the lower of the fair value of the leased asset and the present value of the minimum lease payments payable over the term of the lease. The corresponding lease commitment is shown as a liability. Lease payments are analyzed between capital and interest. The interest element is charged to profit or loss over the period of the lease and is calculated so that it represents a constant proportion of the lease liability.

Lease assets under property, plant and equipment are depreciated using hourly utilization basis over their estimated operating life.

SALE AND LEASEBACK TRANSACTIONS

Under IFRS 16 Leases, a sales and leaseback transaction is recognized as a sale if the transfer of the asset satisfies the control criteria set out under IFRS 15 Revenue from contract with customers. The seller-lessee derecognizes the underlying asset, recognizes a right-of-use (ROU) asset, and a lease liability. The ROU asset is measured at the proportion of the previous carrying amount that relates to the rights retained. If the transfer does not qualify as a sale, the transaction is accounted for as a financing arrangement.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIODS ENDED 30 JUNE 2026

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

REVENUE AND EXPENSE

Revenue recognition

The Group has performed the following 5 (five) steps of assessment to recognize its revenue:

- Identify contracts with customers;
- Identify performance obligations in contract in relation to the transfer distinctive goods or services;
- Determine the consideration amount for the Group which expected to be entitled in exchange for transferring goods or services to customer;
- Allocate the transaction or consideration prices to each performance obligation on the basis of the relative selling prices from each goods or services in the contract;
- Recognize revenue when the performance obligation is satisfied either at a point in time or over time.

Expense recognition

Expenses are recognised when incurred (accrual basis).

OPERATING SEGMENT

An operating segment is a component of an entity:

- a. That engages in business activities from which it may earn revenues and incur expenses (including revenue and expenses related to transactions between different components within the same entity).
- b. Whose operating results are regularly reviewed by the entity's chief operating decision-maker, which we consider to be our Board of Directors to make decisions about resources to be allocated to the segment and to assess its performance, and
- c. For which discrete financial information is available.

The Group segments its financial reporting based on the financial information used by the chief operating decision-maker in evaluating the performance of segments and in the allocation of resources. The operating segments are determined based on the nature of the Group's integrated operating activities, rather than on individual legal entities.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIODS ENDED 30 JUNE 2026

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

EARNINGS PER SHARE

a. Basic earnings per share

Basic earnings per share is computed by dividing the profit for the year attributable to owners of the parent of the Company by the weighted-average number of ordinary shares outstanding during the year.

b. Diluted earnings per share

Diluted earnings per share is computed by dividing the profit for the year attributable to owners of the Company by the weighted average number of outstanding as adjusted for the effect of all dilutive potential ordinary shares.

TREASURY STOCK

When the Company purchases its share capital (treasury stock), the consideration paid, including any directly attributable incremental costs, is deducted from equity attributable to owners of the parent entity until the shares are cancelled or reissued. When the treasury stock is reissued, the consideration received, net of related attributable incremental costs, is included in the equity attributable to the owners of the parent entity.

EVENTS AFTER THE REPORTING PERIOD

Events after the reporting period that provide evidence of conditions that existed at the end of the reporting period (adjusting events) are reflected in the interim consolidated financial statements. Events after the Reporting Period that are not adjusting events are disclosed in the notes to consolidated financial statements when material.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIODS ENDED 30 JUNE 2026

5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities at the end of each of the reporting period. Uncertainty about these estimates and assumptions could result in a material adjustment to the carrying amount of the assets or liabilities affected within the next financial year.

In the process of applying Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognized in the interim consolidated financial statements:

1) INCOME TAXES

Group has exposure to income taxes. Significant judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group recognizes liabilities for expected tax issues, if any, based on estimates of whether additional taxes will be due.

Where the final tax outcome of these matters is different from the amounts that were initially recognized, such differences will impact in the period in which such determination is made.

2) USEFUL LIVES OF PROPERTY, PLANT AND EQUIPMENT

Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets.

Management estimates the useful lives of these property, plant and equipment to be between 4 to 20 years. These are common life expectancies applied in the industry. However, for heavy equipment, useful lives are estimated based on total estimated operating life (hour meter basis).

Therefore, future depreciation charges could be revised. The carrying amount of the Company's property, plant and equipments at the end of the reporting period is disclosed in note 13.

3) DEFERRED TAX ASSETS

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Tax losses in Indonesia may be carried forward for a maximum of five years.

Significant management estimate is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIODS ENDED 30 JUNE 2026

5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

4) EMPLOYMENT BENEFITS

The costs, assets and liabilities of the defined benefit schemes operated by the Group are determined using methods relying on actuarial estimates and assumptions. Details of the key assumptions are set out in Note 27.

The Group engages independent actuaries to provide advice on the appropriateness of these assumptions. Changes in the actuarial assumptions may have a material impact on the Group's consolidated statements of profit or loss and other comprehensive income, and the consolidated statements of financial position.

5) PROVISION FOR MINING REHABILITATION

The Government Regulation No. 78/2010 deals with reclamation and post-mining activities for both Mining License Permit (IUP) – Exploration, and Contract of Work and Production and the Ministerial Decree of ESDM No. 26/2018 deals with reclamation and post-mining activities in the mineral and coal mining business.

Restoration, rehabilitation and environmental expenditure to be incurred related to the remediation of disturbed areas during the production phase are charged to cost of sales when the obligation arising from the disturbance occurs as extraction progress.

The reclamation of disturbed areas and decommissioning of mining assets and other long lived assets will be undertaken during several years in the future and precise requirements are constantly changing to satisfy political, environmental, safety and public expectations. As such, the timing and amounts of future cash flows required to settle the obligation at each of the statement of financial position dates are subject to significant uncertainty. Changes in the expected future costs could have an impact on the Company's financial statements.

6) ORE RESERVES

Proven and probable reserves are estimates of the amount of ore that can be economically and legally exploited from the Group's mining properties ("**Ore Reserves**"). The Group determines and reports its Ore Reserves under the principles incorporated in the Code for Reporting of Mineral Resources and Ore Reserves (the "**JORC Code**") of the Australasian JORC.

In order to estimate Ore Reserves, assumptions are required about a range of geological, technical and economic factors, including production quantities, production techniques, strip ratio, production costs, transportation costs, demand and prices of gold and exchange rates. Estimating the quantity and/or gold content of Ore Reserves requires the size, shape and depth of orebodies to be determined by analysing geological data such as drilling samples. This process may require complex and difficult geological judgements to interpret the data.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIODS ENDED 30 JUNE 2026

5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

6) ORE RESERVES (CONTINUED)

Because the economic assumptions used to estimate Ore Reserves change from period to period and because additional geological data is generated during the course of operations, estimates of Ore Reserves may change from period to period. Changes in the reported Ore Reserves may affect the Group's financial results and financial position in a number of ways, including the following:

- a. Assets carrying values may be affected due to changes in the estimated future cash flows.
- b. Depreciation, depletion and amortisation charged to profit or loss may change where such charges are determined on the units-of-production basis, or where the useful economic lives of assets change.
- c. Decommissioning, site restoration and environmental provisions may change where changes in estimated Ore Reserves affect expectations about the timing or cost of these activities.
- d. The carrying value of deferred tax assets/liabilities may change due to changes in estimates of the likely recovery of the tax benefits.

7) ALLOWANCE FOR A DECLINE IN MARKET VALUES AND OBSOLESCENCE OF INVENTORIES

Allowance for a decline in net realizable value and obsolescence of inventories is estimated based on the best available facts and circumstances, including but not limited to, the owned inventories' physical conditions, their market selling prices, estimated costs of completion and estimated costs to be incurred for their sales. The allowance is re-evaluated and adjusted as additional information received affects the amount estimated.

6. REVENUE AND SEGMENT INFORMATION

SEGMENT INFORMATION

Based on the financial information reviewed by the chief operating decision maker, which we consider to be our Board of Directors, in evaluating the Group's performance and in allocating resources, management has determined that the Group operates in a single operating segment. Although the Group's operations include mining support services, mining, and processing activities, these are integrated and managed as one inseparable unit.

REVENUE

The Group operates solely in Indonesia. Revenue for the six-month period ended 30 June 2026 was generated from gold sales, whereas revenue for the corresponding six-month period ended 30 June 2025 was generated entirely from mining equipment rental services.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIODS ENDED 30 JUNE 2026

6. REVENUE AND SEGMENT INFORMATION (CONTINUED)

REVENUE (CONTINUED)

Revenue from the sale of goods is recognized at a point in time when control of the goods is transferred to the customer. This generally occurs when legal title, physical possession, and the significant risks and rewards of ownership are transferred to the customer, and the Group has a present right to payment for the goods.

Revenue from services is recognized overtime based on actual heavy equipment operating hours provided to customer during the reporting period. Revenue from services is generally billed on a hourly basis. Customers are granted credit terms 30 days from the invoice date pursuant to the respective contractual arrangements.

The Group has applied the practical expedient under IFRS 15 whereby information relating to the transaction price allocated to the remaining performance obligations is not disclosed for contracts in which the Group has the right to invoice customers in an amount that corresponds directly with the value of the Group's performance completed to date.

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2026	2025
	USD'000	USD'000
	Unaudited	Unaudited
Gold sales	30,857	–
Mining equipment rental	–	84
Total	30,857	84

Detail of revenue transactions to major customers which greater than 10% of revenue is as follows:

	For the six months ended 30 June	
	2026	2025
	USD'000	USD'000
Customer A	30,857	–
Customer B	–	84
	30,857	84

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIODS ENDED 30 JUNE 2026

7. FINANCE EXPENSE

	For the six months ended 30 June	
	2026	2025
	USD'000	USD'000
	Unaudited	Unaudited
Interest on related party borrowings	–	8,785
Interest on bank borrowings	11,587	780
Interest on sale and leaseback arrangement (<i>note 23</i>)	1,125	923
Interest on lease liabilities (<i>note 24</i>)	300	2
Others	39	–
Amortized borrowing cost	1,376	488
Less: Interest capitalized	(1,936)	–
	12,491	10,978
Capitalisation rate – per annum	6.83%	–

8. OTHER EXPENSES – NET

	For the six months ended 30 June	
	2026	2025
	USD'000	USD'000
	Unaudited	Unaudited
Secondary listing expenses	7,280	–
Gain on foreign currency – net	(1,408)	(63)
Other expenses – net	14	156
	5,886	93

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIODS ENDED 30 JUNE 2026

9. LOSS BEFORE INCOME TAX

The Group's loss before tax is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2026	2025
	USD'000	USD'000
	Unaudited	Unaudited
Operating and production costs:		
Mining costs	19,329	–
Processing costs	15,301	–
Depreciation of property, plant and equipment (<i>note 13</i>)	8,239	19
Amortization expenses (<i>note 15</i>)	6,672	–
Overhead costs	5,406	46
Refining costs	60	–
Royalty	5,000	–
Inventories (<i>note 19</i>)		
Beginning balance	5,601	–
Ending balance	(48,215)	–
Total cost of revenue	17,393	65
Depreciation of property, plant and equipment (<i>note 13</i>)	12	10
Professional fee and community development program ^(a)	9,493	3,200
Salaries and allowances	755	165
Auditor's remuneration:		
– Assurance	131	10
Others	186	139
Total general and administrative expenses	10,577	3,524
Total	27,970	3,589

- (a) Professional fees include management consulting fees paid to MCG, while community development program mainly represent a commitment by the Group to implement social responsibility programs to support social and economic development in mining areas.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIODS ENDED 30 JUNE 2026

10. INCOME TAX EXPENSE

A. INCOME TAX (BENEFIT)/EXPENSE

Income tax is calculated based on tax rates prevailing under the Indonesian tax laws and regulations. For the Group, except GSM, in accordance with Article 17 paragraph (1) letter b of Law No. 7 of 2021 concerning the Harmonization of Tax Regulations, the applicable Corporate Income Tax rate is 22%.

Based on Agreement Letter with Government of the Republic of Indonesia (Government) No. B-188/Pres/7/1994 regarding Agreement for 5 (five) Contract of Works in order of Penanaman Modal Asing ("PMA") in the General Mining sector as last amended based on the Work Contract Amendment dated 23 December 2015, GSM is obliged to pay income tax by 35%.

	For the six months ended 30 June	
	2026	2025
	USD'000	USD'000
	Unaudited	Unaudited
Current income tax	-	257
Deferred tax (<i>note 17</i>)	(5)	1,595
	<u>(5)</u>	<u>1,852</u>

The taxation for the six months period ended 30 June 2026 and 2025 can be reconciled to the loss before income tax per the consolidated statements of profit or loss and other comprehensive income as follows:

	For the six months ended 30 June	
	2026	2025
	USD'000	USD'000
	Unaudited	Unaudited
Loss before income tax	(14,884)	(14,199)
Income tax at prevailing rates	(3,274)	(3,124)
Income tax effects of:		
Non-deductible expenses	1,996	3,802
Non-taxable income	(118)	(86)
Tax loss not recognised	1,391	1,260
Income tax (benefit)/expense	<u>(5)</u>	<u>1,852</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIODS ENDED 30 JUNE 2026

10. INCOME TAX EXPENSE (CONTINUED)

B. TAX STATUS

In June 2026, MGR received Overpaid Tax Assessment Letter for Corporate Income Tax (“CIT”) for year 2024 amounting to US\$56,000. PBT also received Tax Assessment Letter Nil for CIT, this PBT tax audit result will be submitted to Tax Objection process.

As of the issuance date of this consolidated financial statements, the MMI is in the process of Tax audit on CIT for fiscal year 2024.

C. TAX ADMINISTRATION

The taxation laws in Indonesia require that each company in the Group calculate, pay and report the income tax on individual basis under self-assessment principle. Under the prevailing obligations, the Directorate General of Taxation may issue underpayment tax assessment (that is normally done through tax audit process) within five years of the time the tax becomes due, which may be extended to ten years in cases involving tax fraud or tax crimes.

11. LOSS PER SHARE

Data used in determining loss per share are presented below:

	For the six months ended 30 June	
	2026	2025
	Unaudited	Unaudited
Loss for the period		
Loss for the period attributable to the owners – of the parent entity (USD'000)	<u>(14,877)</u>	<u>(16,050)</u>
Number of shares		
Weighted average number of ordinary shares excluding treasury shares from buyback shares for the purposes of calculating basic loss per share ('000)	<u>14,731,366,060</u>	<u>14,562,209,375</u>

- a) Based on Deed of Statement of Shareholders' Resolution on Amendment to the Articles of Association No. 46 dated 8 July 2025 and Deed of Statement of Shareholders' Resolution on Amendment to the Articles of Association No. 58 dated 10 July 2025, both drawn up before Jose Dima Satria, S.H., M.Kn., Notary in the Administrative City of South Jakarta, which has obtained approval and/or acknowledgment from the MOL, the Company changed the classification of its shares into a single class of ordinary shares and amended the par value of its shares to Rp150 per share (equivalent to USD0.01). In connection with these changes each shareholder of each class of share (company class A, B and C shares) was given 130,165 ordinary shares for each share held, and the number of issued and fully paid shares increased to 14,562,209,375 shares.
- b) No diluted loss per share during the period ended were presented as there were no potential ordinary shares in issue.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIODS ENDED 30 JUNE 2026

12. DIVIDEND

No dividends were declared or distributed by the Company in the six month periods ended 30 June 2026 and 2025.

13. PROPERTY, PLANT AND EQUIPMENT

	Direct acquisition								Right-of-use			Total USD'000
	Land USD'000	Building USD'000	Office equipment USD'000	Machinery and equipment USD'000	Plant USD'000	Vehicles USD'000	Heavy equipment USD'000	Mining infra- structure USD'000	CIP USD'000	Heavy equipment USD'000	Building USD'000	
Cost												
At 1 January, 2025 (Audited)	51	4,014	239	104	-	237	31,938	-	117,054	-	102	153,739
Additions	-	-	-	-	-	-	11,976	-	163,157	3,403	53	178,589
Disposal	-	(30)	(146)	(34)	-	-	-	-	-	-	(102)	(312)
Reclassification	-	15,906	-	-	32,015	-	-	76,865	(124,786)	-	-	-
At 31 December, 2025 (Audited)	<u>51</u>	<u>19,890</u>	<u>93</u>	<u>70</u>	<u>32,015</u>	<u>237</u>	<u>43,914</u>	<u>76,865</u>	<u>155,425</u>	<u>3,403</u>	<u>53</u>	<u>332,016</u>
Additions	-	-	-	-	-	-	21,662	-	114,935	24,332	-	160,929
Reclassification	-	711	-	-	68,649	-	-	94,633	(163,993)	-	-	-
At 30 June, 2026 (Unaudited)	<u>51</u>	<u>20,601</u>	<u>93</u>	<u>70</u>	<u>100,664</u>	<u>237</u>	<u>65,576</u>	<u>171,498</u>	<u>106,367</u>	<u>27,735</u>	<u>53</u>	<u>492,945</u>
Accumulated depreciation												
At 1 January, 2025 (Audited)	-	(1,026)	(218)	(85)	-	(237)	(3,405)	-	-	-	(44)	(5,015)
Charge for the year	-	(2,511)	(21)	(19)	(23)	-	(6,806)	(667)	-	-	(27)	(10,074)
Disposal	-	30	146	34	-	-	-	-	-	-	58	268
At 31 December, 2025 (Audited)	<u>-</u>	<u>(3,507)</u>	<u>(93)</u>	<u>(70)</u>	<u>(23)</u>	<u>(237)</u>	<u>(10,211)</u>	<u>(667)</u>	<u>-</u>	<u>-</u>	<u>(13)</u>	<u>(14,821)</u>
Charge for the period	-	(1,018)	-	-	(1,868)	-	(4,530)	(4,475)	-	(747)	(11)	(12,649)
At 30 June, 2026 (Unaudited)	<u>-</u>	<u>(4,525)</u>	<u>(93)</u>	<u>(70)</u>	<u>(1,891)</u>	<u>(237)</u>	<u>(14,741)</u>	<u>(5,142)</u>	<u>-</u>	<u>(747)</u>	<u>(24)</u>	<u>(27,470)</u>
Carrying amounts												
At 31 December 2025 (Audited)	51	16,383	-	-	31,992	-	33,703	76,198	155,425	3,403	40	317,195
At 30 June 2026 (Unaudited)	<u>51</u>	<u>16,076</u>	<u>-</u>	<u>-</u>	<u>98,773</u>	<u>-</u>	<u>50,835</u>	<u>166,356</u>	<u>106,367</u>	<u>26,988</u>	<u>29</u>	<u>465,475</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIODS ENDED 30 JUNE 2026

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The depreciation expenses for the six months period ended have been allocated as at 30 June 2026 and 2025 as follow:

	For the six months ended 30 June	
	2026	2025
	USD'000	USD'000
	Unaudited	Unaudited
Charged/capitalized to:		
Property, plant, and equipment	4,398	–
Exploration and evaluation assets	–	4,389
Mining properties	–	25
Cost of revenue	8,239	19
General and administrative expense	12	10
Total	12,649	4,443

CONSTRUCTION IN PROGRESS

Construction in progress represents property, plant and equipment that are still under construction or installation and have not yet been completed and placed into operation. As at 30 June 2026, the Group's construction in progress mainly comprised the Carbon In Leach ("CIL") processing plant, infrastructure, buildings and other equipment for its mining operations. The projects were approximately 9% to 99% complete, with accumulated costs of approximately US\$106,419,000, and are expected to be completed between 2026 and 2028. The Group is not aware of any material obstacles that would affect the completion of these projects.

RIGHT-OF-USE ASSETS

For the period or year ended 30 June 2026 and 31 December 2025, the Group leases heavy equipment and building for its operations. Lease contracts are entered into for fixed term of two to four years.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIODS ENDED 30 JUNE 2026

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

PROPERTY, PLANT AND EQUIPMENT

As of 30 June 2026 and 31 December 2025, the Group entered into several sale and leaseback arrangements in respect of heavy equipments of USD21,662,000 and USD11,976,000, respectively, further details of which are set out in note 23.

As of 30 June 2026 and 31 December 2025, the Group's property, plant and equipment were insured adequately against all risks of damage with total coverage of approximately US\$309,429,000 and US\$318,770,000. The Group's management believes that the property, plant and equipment were adequately insured.

Management has reviewed the estimated economic life, depreciation methods and residual values at the end of each of period/year and has opinion that there was no change from the previous year.

There were no indicators of impairment of the Group's non-financial assets such as property, plant and equipment at the level which independent cash inflows are generated as of 30 June 2026 and 31 December 2025.

14. EXPLORATION AND EVALUATION ASSETS

	30 June 2026 USD'000 Unaudited	31 December 2025 USD'000 Audited
Cost		
At 1 January	–	182,258
Addition	–	8,218
Reclassification	–	(190,476)
	<u>–</u>	<u>–</u>
	<u>–</u>	<u>–</u>

During the year ended 31 December 2025, exploration and evaluation assets amounting to USD190,476,000 was reclassified to mining properties when the project reached its technical and commercial feasibility for development.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIODS ENDED 30 JUNE 2026

15. MINING PROPERTIES

	Mining under Development USD'000	Mining in Production USD'000	Total USD'000
Costs			
At 1 January, 2025 (Audited)	82,923	–	82,923
Reclassification from exploration and evaluation assets	190,476	–	190,476
Reclassification from mining under development	(82,923)	82,923	–
Addition	6,141	26,849	32,990
At 31 December, 2025 (Audited)	196,617	109,772	306,389
Addition	2,368	–	2,368
At 30 June, 2026 (Unaudited)	198,985	109,772	308,757
Accumulated amortisation			
At 1 January, 2025 (Audited)	–	–	–
Charge for the year	–	(805)	(805)
At 31 December, 2025 (Audited)	–	(805)	(805)
Charge for the period	–	(6,672)	(6,672)
At 30 June, 2026 (Unaudited)	–	(7,477)	(7,477)
Carrying Amounts			
At 31 December 2025 (Audited)	196,617	108,967	305,584
At 30 June 2026 (Unaudited)	198,985	102,295	301,280

Mining under development represents mining properties for which mining operations have not yet commenced. Mining in production represents mining properties where mining operations have started and the operations have entered the production phase.

During the year ended 31 December 2025, exploration and evaluation assets amounting to USD190,476,000 has been reclassified from exploration and evaluation assets when the project reach its commercial and technical feasibility of development.

For the six-month period ended 30 June 2026 and year ended 31 December 2025, the Group capitalised depreciation of property, plant and equipment to mining properties amounting to Nil and USD3,476,000.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIODS ENDED 30 JUNE 2026

16. ADVANCES AND PREPAYMENTS

	30 June 2026 USD'000 Unaudited	31 December 2025 USD'000 Audited
Advances for property, plant, and equipment purchase (<i>note a</i>)	17,900	10,628
Advances for operational purchase (<i>note b</i>)	4,545	3,824
Prepayments	595	1,156
Total	23,040	15,608
Less: Non-current portion	(17,900)	(10,628)
Current	5,140	4,980

- a. Advance for purchase of property, plant and equipment mainly relate to advances paid by PBT and PIN to domestic and overseas suppliers for acquisition of property, plant and equipment used in the Group's heap leach, carbon in leach and processing operations.
- b. Advance for operational purchase represents payments made to supplier for purchase of inventory and consumables which are expected to be realised within three months.

17. DEFERRED TAXATION

The movements in deferred tax assets and liabilities during the period or year ended are as follows:

A. DEFERRED TAX ASSETS

	Employment Benefits Liability USD'000	Sale and Leaseback Arrangement USD'000	Depreciation of PPE USD'000	Fiscal Losses USD'000	Total USD'000
At 1 January, 2025 (Audited)	152	–	(8)	8,478	8,622
Credited/(charged) to consolidated statement of profit or loss	130	–	9	(1,359)	(1,220)
At 31 December, 2025 (Audited)	282	–	1	7,119	7,402
Credited/(charged) to consolidated statement of profit or loss (<i>note 10</i>)	8	(5,400)	3,173	2,368	149
Other comprehensive income	(1)	–	–	–	(1)
At 30 June, 2026 (Unaudited)	289	(5,400)	3,174	9,487	7,550

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIODS ENDED 30 JUNE 2026

17. DEFERRED TAXATION (CONTINUED)

B. DEFERRED TAX LIABILITIES

	Employment Benefits Liability USD'000	Mining Properties USD'000	Sale and Leaseback Arrangement USD'000	Depreciation of PPE USD'000	Fiscal Losses USD'000	Total USD'000
At 1 January, 2025 (Audited)	9	(6,058)	(1,144)	737	52	(6,404)
(Credited)/charged to consolidated statement of profit or loss	12	46	(1,727)	1,420	(52)	(301)
At 31 December, 2025 (Audited)	21	(6,012)	(2,871)	2,157	–	(6,705)
(Credited)/charged to consolidated statement of profit or loss (note 10)	68	323	2,871	(3,801)	395	(144)
At 30 June, 2026 (Unaudited)	89	(5,689)	–	(1,644)	395	(6,849)

18. OTHER NON-CURRENT ASSETS

	30 June 2026 USD'000 Unaudited	31 December 2025 USD'000 Audited
Restricted time deposit	1,664	1,670
Security deposit	555	852
	<u>2,219</u>	<u>2,522</u>

For the six-month period ended 30 June 2026 and the year ended 31 December 2025, restricted time deposit consists of collateral in relation to bank guarantee issuance for the Group's reclamation and post-mine guarantee (note 25) amounting to USD1,664,000 and USD1,670,000 respectively and security deposits to supplier amounting to USD555,000 and USD852,000 respectively.

Average interest rate during the period or year ended is around 0.75%–4.00%.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIODS ENDED 30 JUNE 2026

19. INVENTORIES

	30 June 2026 USD'000 Unaudited	31 December 2025 USD'000 Audited
Ore in stockpiles	23,613	4,633
Goods in process	13,325	968
Finished Goods	11,277	–
Spare parts and supplies	7,566	4,914
	<u>55,781</u>	<u>10,515</u>

Ore in stockpiles, goods in process, and finished goods represent gold and silver inventories arising from the Group's mining and processing activities. These balances comprise accumulated mining and processing costs, including direct production costs and attributable overheads, incurred to bring the inventories to their current condition.

20. TRADE AND OTHER RECEIVABLES

	Notes	30 June 2026 USD'000 Unaudited	31 December 2025 USD'000 Audited
Trade receivables (<i>note a</i>) – related parties	30	–	9
Other receivables – current portion			
Amounts due from related parties	30	–	89
Claims for tax refund		330	330
Sub-total		<u>330</u>	<u>428</u>
Prepaid taxes (<i>note b</i>)		46,513	36,076
Total		<u>46,843</u>	<u>36,504</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIODS ENDED 30 JUNE 2026

20. TRADE AND OTHER RECEIVABLES (CONTINUED)

Notes:

- a. An aging analysis of trade receivables as of 30 June 2026 and 31 December 2025 based on invoice dates were as follows:

	30 June 2026 USD'000 Unaudited	31 December 2025 USD'000 Audited
1–30 days	–	9

No ECL allowance was recognised as the trade receivables due from related parties were immaterial. The trade receivables from related parties are unsecured and interest free.

- b. Prepaid taxes consist of Value Added Tax (VAT), prepaid tax article 22, prepaid tax article 23, prepaid tax article 25 and prepaid tax article 28a, which will be credited, offset, or refunded in accordance with prevailing tax regulations.

21. CASH AND BANKS

	30 June 2026 USD'000 Unaudited	31 December 2025 USD'000 Audited
Cash on hand	8	7
Cash in banks	62,134	45,301
	<u>62,142</u>	<u>45,308</u>

The carrying amounts of cash and cash equivalents are denominated in the following currencies:

	30 June 2026 USD'000 Unaudited	31 December 2025 USD'000 Audited
United States Dollar	30,662	39,507
Indonesian Rupiah	31,272	5,661
Australian Dollar	208	140
	<u>62,142</u>	<u>45,308</u>

The carrying amount of the Group's cash and bank approximate to its fair value as at 30 June 2026 and 31 December 2025. Cash at bank earns interest at floating rates based on daily bank deposit rates. The average interest rate of cash in banks as of 30 June 2026 and 31 December 2025 was 0.15%–5.00%, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIODS ENDED 30 JUNE 2026

22. TRADE PAYABLES, OTHER PAYABLE AND ACCRUALS

	30 June 2026 USD'000 Unaudited	31 December 2025 USD'000 Audited
Trade payable		
– Third parties	15,125	860
– Related parties (note 30)	3,892	489
Sub-total	19,017	1,349
Payable for purchases of property, plant and equipment and mining properties		
– Third parties	4,833	13,657
– Related parties (note 30)	651	12,738
Operation, construction, and projects accrual		
– Third parties	74,849	25,108
– Related parties (note 30)	32,073	–
Borrowings interest		
– Third parties	1,984	1,325
Tax payables	1,364	1,404
Employee allowances	750	1,617
Consultant services accrual	126	50
Sub-total	116,630	55,899
Total	135,647	57,248

An aging analysis of trade payables as of 30 June 2026 and 31 December 2025, based on the invoice dates, are as follows:

	30 June 2026 USD'000 Unaudited	31 December 2025 USD'000 Audited
1–30 days	16,041	383
31–60 days	1,233	477
61–90 days	460	–
More than 90 days ^(a)	1,283	489
	19,017	1,349

(a) Aging more than 90 days mostly represent payables from related parties that will be repaid gradually.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIODS ENDED 30 JUNE 2026

23. SALE AND LEASEBACK ARRANGEMENT

A. AMOUNT DUE UNDER SALES AND LEASEBACK ARRANGEMENT

The movement and amount due under sale and leaseback arrangement are as follows:

	USD'000	
1 January 2025 (Audited)	22,341	
New arrangement	12,174	
Interest accrued during the period	1,957	
Repayment	(10,556)	
31 December 2025 (Audited)	25,916	
New arrangement	14,130	
Interest accrued during the year	1,125	
Repayment	(7,672)	
30 June 2026 (Unaudited)	33,499	

	30 June 2026 USD'000 Unaudited	31 December 2025 USD'000 Audited
Analysed into:		
Current portion	13,305	9,835
Non-current portion	20,194	16,081

For the six-month period ended 30 June 2026 and for the year ended 31 December 2025, the Group entered into new sales and leaseback arrangements in respect of certain heavy equipment in the amounts of USD14,100,000 and USD12,174,000, respectively. All of the sales and leaseback arrangements give the Group the right to purchase the asset at a predetermined price at the end of the arrangement.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIODS ENDED 30 JUNE 2026

23. SALE AND LEASEBACK ARRANGEMENT (CONTINUED)

B. The maturity analysis of the amount due under sale and leaseback arrangement are as follows:

	30 June 2026 USD'000 Unaudited	31 December 2025 USD'000 Audited
Within one year	13,305	9,835
More than one year, but not exceeding two years	11,096	9,773
More than two years, but not exceeding five years	9,098	6,308
Total	33,499	25,916

As of 30 June 2026 and 31 December 2025, the average rate of interest on sales and leaseback arrangements are 6.57%–7.24% and 6.75%–7.52% per annum, respectively.

24. LEASE LIABILITIES

A. LEASE LIABILITIES

The carrying amounts of lease liabilities and the movements are as follows:

	Heavy Equipment USD'000	Building USD'000	Total USD'000
1 January 2025 (Audited)	–	58	58
Additions	3,234	58	3,292
Disposal	–	(58)	(58)
Accretion of interest recognised during the year	–	9	9
Lease payments	–	(24)	(24)
31 December 2025 (Audited)	3,234	43	3,277
Additions	24,332	–	24,332
Accretion of interest recognised during the period	293	7	300
Lease payments	(1,433)	(16)	(1,449)
30 June 2026 (Unaudited)	26,426	34	26,460

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIODS ENDED 30 JUNE 2026

24. LEASE LIABILITIES (CONTINUED)

A. LEASE LIABILITIES (CONTINUED)

	30 June 2026 USD'000 Unaudited	31 December 2025 USD'000 Audited
Analysed into:		
Current portion	6,791	620
Non-current portion	<u>19,669</u>	<u>2,657</u>

B. THE AMOUNTS RECOGNISED IN PROFIT OR LOSS IN RELATION TO LEASES ARE AS FOLLOWS:

	For the six months period ended 30 June 2026 USD'000 Unaudited	2025 USD'000 Unaudited
Interest on lease liabilities	300	2
Depreciation charge of right-of-use assets	<u>758</u>	<u>10</u>

The maturity analysis of lease liabilities is disclosed in note 31 to the interim consolidated financial statements.

As of 30 June 2026 and 31 December 2025, the incremental borrowing rate of 9.82% are used for lease agreements that doesn't have implicit interest rate.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIODS ENDED 30 JUNE 2026

25. PROVISION FOR MINING REHABILITATION

The provision for mining rehabilitation consists of reclamation provision and mine closure provision.

Movement in the reclamation and mine closure reserve as follows:

	31 December 2025 USD'000 Audited
At 1 January	–
Addition	4,413
Accretion of expense recognised during the year	514
At 31 December	4,927
Analysed into:	
Current portion	26
Non-current portion	4,901
	30 June 2026 USD'000 Unaudited
At 1 January	4,927
Realizations	(126)
Assumptions adjustment	(1,212)
At 30 June 2026	3,589
Analysed into:	
Current portion	11
Non-current portion	3,578

On 20 December 2010, the Government of Indonesia released an implementing regulation for Law No. 4 of 2009 regarding Mineral and Coal Mining as amended by Law No. 3 of 2020 and Law No. 11 of 2020, i.e Government Regulation No. 78 of 2010 regarding Reclamation and Post-Mining that deals with reclamations and post-mining activities for both IUP-Exploration and IUP-OP holders.

An IUP-Exploration holder, among other requirements, must include a reclamation plan in its exploration work plan and budget and provide a reclamation guarantee in the form of a time deposit placed at a state-owned bank.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIODS ENDED 30 JUNE 2026

25. PROVISION FOR MINING REHABILITATION (CONTINUED)

An IUP-OP holder, among other requirements, must (1) prepare a five-year reclamation plan; (2) prepare a post-mining plan; (3) provide a reclamation guarantee which may be in the form of a joint account or time deposit placed at a state-owned bank, a bank guarantee, or an accounting provision; and (4) provide a post-mine guarantee in the form of a time deposit at a state-owned bank.

The requirement to provide reclamation and post-mine guarantees does not release the IUP holder from the requirement to perform reclamation and post-mine activities.

On 7 May 2018, the Ministry of Energy and Mineral Resources released the Minister's Decree No. 1827K/30/MEM/2018 on the Guidance for the Implementation of Good Mining Technic Methods which further regulates the reclamation plan, consideration of future value from the post-mining costs and accounting reserve determination.

The Group's mine reclamation and closure plan was approved in 2025 by the Indonesian Government. Accordingly, the recognition of the related provision commenced in 2025.

For the six-month period ended 30 June 2026 and for the year ended 31 December 2025, GSM and PETS have deposit in relation to the reclamation and post-mine activities amounting to USD1,664,000 and USD1, and USD1,670,000 (note 18).

26. BORROWINGS

		30 June 2026			31 December 2025		
	Note	Effective interest rate	Maturity	Balance USD'000 Unaudited	Effective interest rate	Maturity	Balance USD'000 Audited
Non-current							
Bank borrowings							
– secured	(3)	SOFR + 3.20% for Onshore, SOFR + 3.00% for Offshore	2030	246,136	SOFR + 3.20% for Onshore, SOFR + 3.00% for Offshore	2030	260,404
Current							
Bank borrowings							
– Unsecured	(4)	SOFR + 2%	2027	149,011	–	–	–
Total				395,147			260,404

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIODS ENDED 30 JUNE 2026

26. BORROWINGS (CONTINUED)

At the end of the period or year, the borrowings are scheduled to repay as follows:

	30 June 2026 USD'000 Unaudited	31 December 2025 USD'000 Audited
Bank borrowings repayable:		
On demand or within one year	149,011	–
More than one year, but not exceeding two years	–	–
More than two years, but not exceeding five years	246,136	260,404
	<u>395,147</u>	<u>260,404</u>

Analysed as:

	30 June 2026 USD'000 Unaudited	31 December 2025 USD'000 Audited
Secured syndicated loan ⁽³⁾	246,136	260,404
Unsecured syndicated loan ⁽⁴⁾	149,011	–
	<u>395,147</u>	<u>260,404</u>

Notes:

- (1) On 13 September 2024, the Company entered into a (i) Revolving Credit Facility Agreement, with a facility limit of USD50,000,000 with, amongst other, the financial institutions listed in the facility agreement as lenders, PT Bank HSBC Indonesia as facility agent, security trustee, and security agent and (ii) a Combined Loan Prepay Framework Agreement with, amongst others, GSM and PETS as obligors, PT Bank HSBC Indonesia as facility agent, security trustee, and security agent. The final maturity date of the Revolving Credit Facility Agreement is 13 March 2026. This facility bears interest at a compounded cumulative reference rate based on the SOFR plus a 3% margin per annum, with an interest period of one month, three months, or any other period as agreed between the Company, the facility agent, and all lenders. This financing facility is secured by pledges over MCG's shares in the Company and GSM, pledges over Company's shares in GSM, PBT, and PETS, pledges over shares owned by PEG and PBT in PETS, as well as pledges over the bank accounts of the Company, GSM and PETS.

All of the securities granted under this facility was released on 14 July 2025, and the facility agreement was terminated on 15 July 2025.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIODS ENDED 30 JUNE 2026

26. BORROWINGS (CONTINUED)

Notes: (Continued)

- (2) On 8 April 2022, 20 December 2023, and 1 December 2025 the Company and MCG entered into Loan Agreement, with a facility limit of USD260,000,000, USD175,000,000 and USD50,000,000, respectively.

The USD260,000,000 Loan Agreement has been amended several times, as lastly amended by the Second Amendment to the Loan Agreement dated 21 August 2024. The facility under the USD260,000,000 Loan Agreement is repayable on 8 April 2027, and bearing interest at a rate of (i) 3-months LIBOR plus 5.50% margin per annum and (ii) for the interest period after 30 June 2023, being 3-months Term SOFR plus a 5.76% margin per annum.

The USD175,000,000 Loan Agreement has been amended, as lastly amended by the Amendment and Restatement to Loan Agreement dated 21 August 2024. The facility under the USD175,000,000 Loan Agreement is repayable on 27 December 2028 (or such later date as may be agreed by MCG and the Company) and the facility under the USD50,000,000 Loan Agreement is repayable on 31 December 2026 (or any other date as agreed in writing by the Company and MCG). Both facilities under the USD175,000,000 Loan Agreement and the USD50,000,000 Loan Agreement bear interest at a rate of 3-months Term SOFR plus a 5.67% margin per annum.

In 2025, the Company made an early repayment of its outstanding loan to MCG in accordance with the terms of the loan agreement.

The outstanding principle of these facilities as of 31 December 2025 and 30 June 2026 amounting to Nil.

- (3) On 4 December 2025, PBT, GSM, and PETS entered into a (i) Revolving Credit Facility Agreement, with a facility limit of USD350,000,000, with, amongst other, PBT, PETS, and GSM as borrowers, financial institutions listed as lenders, PT Bank UOB Indonesia as facility agent, security trustee and security agent and (ii) a Combined Loan Prepay Framework Agreement with, amongst others, the Company as security provider, financial institutions listed as lenders, PT Bank UOB Indonesia as facility agent, security trustee and security agent. The final maturity date of this facility agreement is 5 December 2030. This facility bears interest at a compounded cumulative reference rate based on the SOFR plus a 3.00% margin per annum for offshore lender and a 3.20% margin per annum for onshore lender, with an interest period of one month, three months, or any other period as agreed between the borrowers, the facility agent, and all lenders. This financing facility is secured by pledges over Company's shares in PBT, GSM and PETS, pledges over shares owned by PBT in PETS, as well as pledges over the bank accounts of PBT, GSM and PETS.

The outstanding principle of this facility as of 31 December 2025 and 30 June 2026 amounting to US\$265,000,000 and US\$250,000,000.

- (4) On 10 April 2026, the Company entered into a Facility Agreement for a Single Currency Revolving Credit Facility with a principal amount of US\$150,000,000 with (i) Kasikornbank Public Company Limited, PT Bank Central Asia Tbk, PT Bank CIMB Niaga Tbk, PT Bank Danamon Indonesia Tbk, PT Bank Maspion Indonesia Tbk as mandated lead arrangers, (ii) financial institutions listed in the facility agreement as original lenders, and (iii) PT Bank Central Asia Tbk as agent of the financing parties (other than itself). This facility bears interest at a compounded cumulative reference rate based on the SOFR plus a certain margin per annum. The maturity date of this facility is 10 April 2027, subject to the extension option. This loan facility is not specifically secured by assets owned by the Company.

The outstanding principle of this facility as of 31 December 2025 and 30 June 2026 was Nil and US\$150,000,000.

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27. EMPLOYMENT BENEFITS LIABILITY

	30 June 2026 USD'000 Unaudited	31 December 2025 USD'000 Audited
Employment benefit plan	<u>1,571</u>	<u>1,222</u>

The Group provides employment benefit plan for the employees in Indonesia as required under Indonesian Labor Law. In addition, the Group also provides certain other long-term employee benefits comprising long service awards and long service leave awards.

These plans exposes the Group to the following actuarial risks:

Interest rate risk	A decrease in the bond interest rate will increase the present value of the defined benefit obligation.
Longevity risk	The present value of the defined benefit obligation is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the present value of the defined benefit obligation.
Salary risk	The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The employee benefit liabilities and employee benefit expenses are based on the calculations prepared by the Group's management for 30 June 2026, while those as of 31 December 2025 are based on the calculations made by KKA Riana & Rekan, independent actuaries, carried at USD1,571,000 and USD1,222,000, respectively.

(A) ACTUARIAL ASSUMPTIONS

The principal actuarial assumptions used in determination of employee benefits are as follows:

	30 June 2026 Unaudited	31 December 2025 Audited
Discount rate:	6.75%	6.75%
Salary increment:	6.00%	6.00%
Mortality rate:	100% TMI4	100% TMI4
Disability rate:	5% TMI4	5% TMI4
Normal retirement age:	56	56

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27. EMPLOYMENT BENEFITS LIABILITY (CONTINUED)

(B) SENSITIVITY ANALYSIS

The impact to the value of the defined benefit obligation of a reasonably possible change to one actuarial assumption, holding all other assumption constant, is presented in the table below:

	Reasonably possible change	Defined benefit obligation	
		Increase in assumptions USD'000	Decrease in assumptions USD'000
Discount rate	1%	(1,132)	1,313
Salary increment	1%	1,318	(1,126)

(C) RECONCILIATION OF DEFINED BENEFIT OBLIGATION AND FAIR VALUE OF SCHEME

	Net defined scheme liability	
	30 June 2026 USD'000 Unaudited	31 December 2025 USD'000 Audited
Beginning balance of the year/period	1,222	645
Service cost – current	344	505
Service cost – past	–	10
Interest cost	8	52
Effects of movements in exchange rates	–	(47)
Included in profit or loss	352	520
Gain from change in financial assumption and adjustments	(3)	(4)
Included in other comprehensive income	(3)	(4)
Mutation	–	95
Benefits paid	–	(34)
Other movements	–	61
Ending balance	1,571	1,222
Charged/capitalized to:		
Property, plant and equipment	30	144
Mining properties	23	370
General and administrative expense	299	6
	352	520

Employment benefits expenses are charged to consolidated statements of profit or loss and capitalized to mining properties.

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FOR THE SIX MONTH PERIODS ENDED 30 JUNE 2026

28. SHARE CAPITAL

Issued and fully paid:	Number of shares	Amount USD'000
At 1 January 2025	111,875	138,115
Share split ^(a)	14,562,097,500	–
Issue of new shares in connection with the IPO ^(b)	1,618,023,300	14,776
At 31 December 2025 (Audited)	16,180,232,675	152,891
Capital reduction ^(c)	(1,448,866,615)	(13,742)
At 30 June 2026 (Unaudited)	14,731,366,060	139,149

- (a) Based on Deed of Statement of Shareholders' Resolution on Amendment to the Articles of Association No.58 dated 10 July 2025, drawn up before Jose Dima Satria, S.H., M.Kn., Notary in the Administrative City of South Jakarta, which has obtained approval and/or acknowledgment from the MOL, the Company changed the classification of its shares into a single class of ordinary shares and amended the par value of its shares to Rp150 per share (equivalent to USD0.01). In connection with these changes each shareholder of each class of share (comprising A, B and C shares) were given certain number of ordinary shares in exchange for each shares held and the number of issued and fully paid shares increased to 14,562,209,375 shares.
- (b) Based on Deed of Statement of Shareholders' Resolution on Amendment to the Articles of Association No. 49 dated 7 October 2025, drawn up before Jose Dima Satria, S.H., M.Kn., Notary in the Administrative City of South Jakarta, which has obtained acknowledgment from the MOL, the Company issued new shares in connection with the IPO in Indonesia with the number of new shares issued by 1,618,023,300 shares with offering price Rp2.880 (equivalent to USD0.18) per share. Thus, the issued and fully paid-up capital of the Company increased from 14,562,209,375 shares to 16,180,232,675 shares.
- (c) Based on Deed of Statement of Shareholders' Resolution on Amendment to the Articles of Association No. 23 dated 8 January 2026, drawn up before Jose Dima Satria, S.H., M.Kn., Notary in the Administrative City of South Jakarta, which has obtained approval and acknowledgment from the MOL, the Company carried out a reduction in its issued and fully paid-up capital by withdrawing the shares buyback of the Company amounting to 1,448,866,615 treasury shares or approximately 8.955% of the Company's total issued and fully paid-up capital. Thus, the Company's issued and fully paid-up capital decreased from 16,180,232,675 shares to 14,731,366,060 shares. On 23 February 2026, the Indonesia Stock Exchange announced the capital reduction, which took effect on 24 February 2026.

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29. ADDITIONAL PAID-IN CAPITAL – NET

	30 June 2026 USD'000 Unaudited	31 December 2025 USD'000 Audited
Additional paid-in capital from IPO	268,915	268,915
Shares premium	168,681	168,681
Restructuring of an entity under common control	(417)	(417)
Share issuance costs	(7,058)	(7,058)
Treasury stock	(127,658)	(127,658)
	<u>302,463</u>	<u>302,463</u>

On 10 July 2025, the Company has undertaken a number of material corporate actions, including:

- The reclassification of the Company's shares into a single class of common shares;
- The change of the nominal value of the Company's shares to Rp150 (equivalent to USD0.01) per share.

30. RELATED PARTY TRANSACTIONS

- In conducting its business, the Group's entered into certain business and financial transactions with its related parties.

Name of related parties	Relationship
1. MCG	Shareholder of the Company
2. PT Merdeka Mining Servis ("MMS")	Fellow subsidiary
3. PT Merdeka Teknik Servis ("MTS")	Fellow subsidiary
4. PT Merdeka Indonesia Mandiri ("MIM")	Fellow subsidiary
5. PT Bumi Suksesindo ("BSI")	Fellow subsidiary
6. PT Batutua Tembaga Raya ("BTR")	Fellow subsidiary
7. PT Batutua Kharisma Permai ("BKP")	Fellow subsidiary
8. Key management personnel	Board of Commissioners and Directors

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30. RELATED PARTY TRANSACTIONS (CONTINUED)

- B. In addition to the transactions detailed elsewhere in the interim consolidated financial statements, the Group had the following transactions with related parties during the period or year ended:

	For the six months period ended 30 June	
	2026	2025
	USD'000	USD'000
	Unaudited	Unaudited
Mining heavy equipment purchase and rental to a related party		
BTR	8,474	–
BSI	2,501	–
	<u>10,975</u>	<u>–</u>
Employee temporary assignment service to a related party		
BKP	91	–
BTR	356	–
Design engineering and mining construction service to a related party		
MMS	<u>19,905</u>	<u>6,456</u>
Service provision which includes sustainability and environment, technical services, asset management, geoscience, tailing and/or other consulting to a related party		
MTS	<u>1,505</u>	<u>–</u>
Management consulting services to a related party		
MCG	<u>5,267</u>	<u>3,782</u>
Office lease to a related party		
MIM	<u>34</u>	<u>51</u>
Interest expense on interest-bearing borrowing to a related party		
MCG	<u>–</u>	<u>8,785</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIODS ENDED 30 JUNE 2026

30. RELATED PARTY TRANSACTIONS (CONTINUED)

C. OUTSTANDING BALANCES WITH RELATED PARTIES

	30 June 2026 USD'000 Unaudited	31 December 2025 USD'000 Audited
Trade and other receivables		
MMS	–	52
MCG	–	25
BSI	–	21
Total trade and other receivables	–	98
Trade payables, other payable and accruals		
BTR	8,830	–
MCG	3,680	3,656
MMS	19,905	8,997
MTS	1,608	574
MIM	1	–
BSI	2,501	–
BKP	91	–
Total trade payables, other payable and accruals	36,616	13,227

(D) LEASE LIABILITIES

	30 June 2026 USD'000 Unaudited	31 December 2025 USD'000 Audited
Lease liabilities		
MIM	34	43

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIODS ENDED 30 JUNE 2026

30. RELATED PARTY TRANSACTIONS (CONTINUED)

(D) LEASE LIABILITIES (CONTINUED)

Period ended 30 June 2026

	Category of leased assets	Rental Payments USD'000	Interest expenses of lease liabilities USD'000	Increase in right-of-use assets USD'000
MIM	Office buildings	<u>16</u>	<u>7</u>	<u>–</u>

(E) Remuneration of key management personnel of the Group:

	For the six months ended 30 June	
	2026	2025
	USD'000	USD'000
	Unaudited	Unaudited
Salaries and allowances (<i>Note i</i>)	<u>321</u>	<u>155</u>

- i. The Company provides remuneration of short-term employee benefits in the form of salaries and allowances for the operational duties of the Board of Commissioners and Board of Directors. There is no compensation in the form of other long-term benefits and termination benefits for the six-month period ended 30 June 2026 and for the year ended 31 December 2025.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIODS ENDED 30 JUNE 2026

31. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Group is exposed to various risks in relation to financial instruments in its daily operations, mainly credit risk, liquidity risk and market risk (including interest rate risk, exchange rate risk and commodity price risk). The Group's major financial instruments include cash and bank, trade and other receivables, other non-current assets, trade payables, other payables and accruals, borrowings and lease liabilities. Interest to manage this risk has significantly increased by considering the changes and volatility in financial market both in Indonesia and international. Risks in connection with such financial instruments, and the risk management strategies adopted by the Group to mitigate such risks are summarised as follows.

A. CREDIT RISK

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to cash and bank, trade and other receivables and other non-current assets.

Since counterparties of cash and bank balances are banks with good reputation and high credit ratings, credit risk arising from these financial instruments is insignificant.

The Group's other financial assets comprise trade and other receivables, as well as other non-current assets. The credit risk associated with amounts due from related parties within trade receivables is considered immaterial, given the positive repayment history. Restricted time deposits included in other non-current assets are placed with reputable banks with high credit ratings, credit risk arising from these financial instruments is insignificant.

For other receivables and security deposit in non-current assets, the credit risk arises from potential defaults by counterparties, with the maximum exposure being equal to the carrying amounts of these financial instruments. The Group continue to minimize the credit risk by monitoring on an ongoing basis with the objective that the Group's exposure to expect credit loss is not significant.

Group is confident in its ability to control and sustain minimal exposure of credit risk. The maximum credit risk exposure as at 30 June 2026 and 31 December 2025 is USD64,691,000 and USD48,258,000.

The Group applies the simplified approach in measuring ECL allowance for trade receivables, which uses a lifetime ECL allowance. As the balances due from related parties are immaterial, no ECL allowance has been recognised.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIODS ENDED 30 JUNE 2026

31. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

B. LIQUIDITY RISK

Liquidity risk is the risk that Group will encounter difficulty in meeting financial obligations due to shortage of funds.

The Group monitor their liquidity needs by closely monitoring debt servicing payment schedule for financial liabilities, particularly the related party borrowings and their cash outflows due to day-to-day operations. Management also continuously assesses conditions in the financial markets for opportunities to obtain optimal funding sources.

The maturity profile of the Group's financial liabilities as at the end of each of the period/year are as follows:

	As at 30 June 2026				
	Carrying amount	Within 1 year	1 to 2 years	2 to 5 years	Contractual cash flows
	USD'000	USD'000	USD'000	USD'000	USD'000
Trade payables, other payable and accruals	135,647	135,647	-	-	135,647
Borrowings	395,147	151,984	-	250,000	401,984
Sale and leaseback arrangement	33,499	15,183	12,333	9,537	37,053
Lease liabilities	26,460	8,435	8,051	13,640	30,126
	<u>590,753</u>	<u>311,249</u>	<u>20,384</u>	<u>273,177</u>	<u>604,810</u>

	As at 31 December 2025				
	Carrying amount	Within 1 year	1 to 2 years	2 to 5 years	Contractual cash flows
	USD'000	USD'000	USD'000	USD'000	USD'000
Trade payables, other payable and accruals	57,248	57,248	-	-	57,248
Borrowings	260,404	1,325	-	265,000	266,325
Sale and leaseback arrangement	25,916	11,435	10,414	6,715	28,564
Lease liabilities	3,277	919	919	1,841	3,679
	<u>346,845</u>	<u>70,927</u>	<u>11,333</u>	<u>273,556</u>	<u>355,816</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIODS ENDED 30 JUNE 2026

31. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

C. CURRENCY RISK

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign currency exchange rates.

The Group has transactional exchange rate risk exposures mainly arising from purchases by subsidiaries in currencies other than their functional currencies. The Group has subsidiaries using USD and Rp as their functional currencies. These subsidiaries have transactions in currencies other than their functional currencies. The Group manages its foreign exchange exposure and, where necessary, mitigates the risk through appropriate hedging strategies in line with market conditions.

The following table demonstrates the sensitivity to a reasonably possible change in foreign currencies' exchange rate against US Dollar with all other variables held constant, to the loss before tax for the year ended. Five percent (5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management assessment of a reasonably possible change in foreign exchange rates.

	Increase/ (decrease) in exchange rate USD'000	Increase/ (decrease) in loss before tax USD'000
30 June 2026		
If USD weakens against Indonesian Rupiah	5%	(7,416)
If USD strengthens against Indonesian Rupiah	(5%)	7,416
If USD weakens against Australian Dollar	5%	6
If USD strengthens against Australian Dollar	(5%)	(6)
If USD weakens against Euro	5%	1
If USD strengthens against Euro	(5%)	(1)
If USD weakens against Chinese Yuan	5%	27
If USD strengthens against Chinese Yuan	(5%)	(27)
31 December 2025		
If USD weakens against Indonesian Rupiah	5%	(3,102)
If USD strengthens against Indonesian Rupiah	(5%)	3,102
If USD weakens against Australian Dollar	5%	5
If USD strengthens against Australian Dollar	(5%)	(5)

The impact of the above change in exchange rate of US Dollar to other currencies is mainly the result of change in the value of foreign currencies denominated monetary assets and liabilities.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIODS ENDED 30 JUNE 2026

31. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

D. INTEREST RATE RISK

The Group's interest rate risk mostly arises from borrowings. Borrowings issued at floating rates expose the Group to cash flow interest rate risk.

The Group's policy is to manage its cash flows interest rate risk by refinancing borrowings at a lower interest rate.

The following table demonstrates the sensitivity to a reasonably possible change in interest rate, with all other variables held constant, of the Group's loss after tax (through the impact on floating rate borrowings).

	Increase/ (decrease) in basis points	Increase/ (decrease) in loss before tax USD'000
30 June 2025		
United States dollar	10/(10)	86/(86)
30 June 2026		
United States dollar	10/(10)	93/(93)

E. COMMODITIES PRICE RISK

The Group's primary focus encompasses the mining and production of gold. The market prices of these commodities are subject to volatility, driven by various factors beyond the Company's control. These factors include, among others, speculative positions taken by investors, global economic conditions, changes in global mining capacity and production levels, as well as prevailing demand and consumption patterns.

A sustained period of gold price volatility may adversely affect the Group's ability to evaluate the feasibility of undertaking new capital projects or continuing existing operations or to make other long-term strategic decisions.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIODS ENDED 30 JUNE 2026

31. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

F. FAIR VALUE ESTIMATION OF FINANCIAL INSTRUMENT

The fair value of financial assets and liabilities must be estimated for recognition and measurement or for disclosure purposes.

Financial Instruments: Disclosures requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- (a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- (b) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2), and
- (c) Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

Specific valuation techniques used to value financial instrument include:

- (a) The use of quoted market prices or dealer quotes for similar instrument, and
- (b) Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instrument.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIODS ENDED 30 JUNE 2026

31. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

F. FAIR VALUE ESTIMATION OF FINANCIAL INSTRUMENT (CONTINUED)

The following table sets forth the carrying values and estimated fair values of the Group's financial instruments:

	30 June 2026		31 December 2025	
	Carrying amount USD'000	Fair value USD'000	Carrying amount USD'000	Fair value USD'000
Financial assets				
Cash and banks	62,142	62,142	45,308	45,308
Trade and other receivables	330	330	428	428
Other non-current assets	2,219	2,219	2,522	2,522
	<u>64,691</u>	<u>64,691</u>	<u>48,258</u>	<u>48,258</u>
Financial liabilities				
Trade payables, other payable and accruals	135,647	135,647	57,248	57,248
Borrowings	395,147	395,147	260,404	260,404
Sale and leaseback arrangement	33,499	33,499	25,916	25,916
Lease liabilities	26,460	26,475	3,277	3,277
	<u>590,753</u>	<u>590,768</u>	<u>346,845</u>	<u>346,845</u>

Management has assessed the fair values of cash and banks, trade and other receivables, other non-current assets, trade payables, other payable and accruals, borrowings, sale and leaseback arrangement and lease liabilities approximate to their carrying amounts largely due to the short-term maturities of these instruments and the floating interest rates on the liabilities.

The fair values of sale and leaseback arrangement and lease liabilities were determined by discounting the expected future cash flows using market rates of return currently available for other financial instruments with similar terms, credit risk and remaining maturities, incremental borrowing rate. The Group's own non-performance risk for short-term and long-term borrowings was assessed to be insignificant.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIODS ENDED 30 JUNE 2026

32. FINANCIAL INSTRUMENTS BY CATEGORY

The categories of financial instruments as at the end of the period or year are as follows:

	30 June 2026 USD'000	31 December 2025 USD'000
Financial assets at amortised cost		
Cash and banks	62,142	45,308
Trade and other receivables	330	428
Other non-current assets	2,219	2,522
	<u>64,691</u>	<u>48,258</u>
Financial liabilities at amortised cost		
Trade payables, other payable and accruals	135,647	57,248
Borrowings	395,147	260,404
Sale and leaseback arrangement	33,499	25,916
Lease liabilities	26,460	3,277
	<u>590,753</u>	<u>346,845</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIODS ENDED 30 JUNE 2026

33. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(A) NON-CASH TRANSACTIONS

	30 June 2026 USD'000	30 June 2025 USD'000
Addition of exploration and evaluation assets:		
– Unpaid	–	281
– Capitalization depreciation expense of property, plant and equipment	–	4,388
Addition of property, plant and equipment:		
– Unpaid	75,617	32,391
– Lease liabilities	24,332	–
– Capitalization of borrowing cost	1,003	–
– Capitalization depreciation expense of property, plant and equipment	4,398	–
Addition of mining properties:		
– Unpaid	234	1,028
– Capitalization depreciation expense of property, plant and equipment	–	25
– Capitalization of borrowing cost	932	–
– Reclassification from exploration and evaluation assets	–	1,816

(B) CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Interest-bearing bank borrowings and other borrowings USD'000	Sale and leaseback arrangement USD'000	Lease liabilities USD'000	Total USD'000
As at 1 January 2026	260,404	25,916	3,277	289,597
Changes from financing cash flows	122,916	(7,672)	(1,449)	124,723
New lease	–	14,130	24,332	38,462
Interest expenses	10,451	1,125	300	1,425
Borrowing cost	1,376	–	–	899
As at 30 June 2026	395,147	33,499	26,460	455,106

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIODS ENDED 30 JUNE 2026

34. CAPITAL MANAGEMENT

The Group's objective when managing capital is to ensure that the Group maintains healthy capital ratios in order to support its business and maximize shareholder value.

The Group regularly reviews and manages its capital structure to optimize the use of the Group's resources, takes into consideration the future capital requirements of the Group and projected strategic investment opportunities.

The Group has enter into the credit facility agreement with banks and a related party and details of which are described in note 26 of this consolidated financial statements.

35. EVENTS AFTER THE REPORTING PERIOD

- a. On 23 July 2026, the Company announced via the Hong Kong Exchanges and Clearing Limited and IDX websites that the over-allotment option had been partially exercised in respect of 3,039,000 HDRs, representing approximately 3.4% of the total offer HDRs initially available under the global offering. The listing of and dealings in these over-allotment HDRs commenced on the Main Board of SEHK on 30 July 2026.
- b. As of the issuance date of these financial statements, GSM, PBT and PETS have made principal withdrawals under the US\$350,000,000 Revolving Syndicated Facility Agreement amounting to US\$30,000,000, US\$10,000,000 and US\$60,000,000, respectively.

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