

28th October 2021

PT Archi Indonesia Tbk (“Archi” or the “Company”)

2021 Nine-months Earnings Results Release

KEY HIGHLIGHTS

- Ore processed reached 2.63 mn tons, 4% higher compared to 2.54 mn tons in the same period last year. Average gold head grade of ore processed decreased from 2.17 g/t to 1.81 g/t. Consequently, gold production was 15% lower at 132.0 koz compared to 155.8 koz in the same period last year.
- Consolidated revenue was 14% lower at US\$236.5mn, compared to US\$275.3mn in the same period last year, mainly driven by lower gold sold volume at 127.8 koz.
- EBITDA was 26% lower at US\$123.8mn, while net profit also recorded 31% lower at US\$57.3mn compared to same period last year.
- During the third quarter, drilling activities continued in the Bima and Arjuna deposits in the Western Corridor with some high grade intercepts.
- Total net debt was at US\$299.0mn, reflecting debt to equity (“DER”) ratio of 1.4x, a significant improvement compared to 4.1x as at 31st December 2020.
- Capex realized amounted to US\$103.6 mn. All capex spending was funded from internal cash.
- Despite the slow start to the year, the Company expect an excellent fourth quarter’s performance with Araren stage 5 Pit in production now.

PRESIDENT DIRECTOR’S STATEMENT

“Our nine-months results were generally affected by the development of our mining activities and waste removal from our higher gold grade Araren Pit. As Araren stage 5 commenced production in August, we have seen an improvement in the average gold head grade during the third quarter, and we are positioned for an excellent fourth quarter as most of the ore for the rest of the year will be coming from higher gold grade Araren Pit.

On the exploration, continuous drilling activities in the Bima and Arjuna gold deposits have resulted in some high grade intercepts, which will need further drilling next year. In addition, our dedicated exploration teams have undergone first phase Greenfields exploration in the highly prospective region of the Western Corridor, which will further enhance our gold Reserves in the coming years.

As we approach end of 2021, we have completed our development work on Araren Pit, and stage 5 is in full production. With an expanded gold processing plant capacity as well as upgraded and larger mining fleet, we look forward to a record better performance next year.

CONSOLIDATED RESULTS

Figures in US\$ mn, unless stated otherwise	Financial Results for the period ended:		
	30 th Sep 2021	30 th Sep 2020	Change %
Revenue	236.5	275.3	(14)
EBITDA	123.8	167.7	(26)
Net profit	57.3	83.1	(31)
	Financial Position as at:		
	30 th Sep 2021	31 st Dec 2020	Change %
Cash and cash equivalents ⁽¹⁾	21.4	40.2	(47)
Fixed assets	182.2	143.1	27
Mine properties	233.1	196.7	19
Exploration and evaluation assets	57.6	48.9	18
Total assets	682.1	600.2	14
Net debt ⁽²⁾	299.0	389.7	(23)
Total equity	213.8	94.3	127

The financial results for the nine-months' period ended 30th September 2021 and 2020 as well as the financial position as at 30th September 2021 have been prepared in accordance with Indonesian Financial Accounting Standards and are unaudited. The financial position as at 31st December 2020 has been prepared in accordance with Indonesian Financial Accounting Standards and audited in accordance with the auditing standards established by the Indonesian Institute of Certified Public Accountants.

Note: (1) Cash and cash equivalents excluding restricted cash in relation to Debt Service amounted to US\$7.0mn.

(2) Net Debt is calculated as the total balance of interest bearing debt deducted by current restricted cash in relation to Debt Service.

FINANCIAL RESULTS PERFORMANCE

- Revenue**
 Archi's consolidated revenue for the nine-months 2021 period was 14% lower at US\$236.5mn compared with US\$275.3mn in the comparable period of 2020. The decrease was mainly driven by lower gold sold volume at 127.8 koz, despite stable average gold selling price.
- Profitability**
 Archi's EBITDA for the nine-months 2021 period was at US\$123.8mn, 26% lower compared with US\$167.7mn in the same period last year. The decrease was mainly driven by higher total absolute mining costs due to short term increase in stripping ratio as a result of development work on Araren stage 5 Pit. However, during this period, our per unit mining cost were 16% lower from US\$3.43 per ton to US\$2.89 per ton, supported from the implementation of new mining contracts. Overall, net profit decreased by 31% from US\$83.1mn to US\$57.3mn.
- Cash Flows**
 Cash flows provided from operating activities was US\$114.2mn for the nine-months 2021 period, primarily comprising cash receipts from customers of US\$240.7mn, partly offset by cash paid to contractors and suppliers of US\$61.5mn and corporate income tax payment amounted US\$32.5mn. Cash flows used for investing activities was US\$103.2mn for the period, mainly used for capex spending for mine development activities on the Araren stage 5 Pit, processing plant expansions, as well as land acquisitions in the Western Corridor area. Cash flows used in financing activities was US\$29.4mn for the period, primarily for repayment of long-term bank loans amounted to US\$110.3mn, partially offset with proceeds from Initial Public Offering ("IPO")

amounted US\$64.4mn. The Company also utilized working capital facility amounted to US\$17.5mn during the period.

Overall, as at 30th September 2021, the Company's cash and cash equivalents was at US\$21.4mn. This cash balance excluded restricted cash in relation to Debt Service amounted US\$7.0mn

LIQUIDITY & CAPITAL STRUCTURE

- *Cash Position*

Net cash position, excluding restricted cash in relation to Debt Service, was at US\$21.4mn as at 30th September 2021, lower compared to US\$40.2mn as at 31st December 2020, primarily due to significant increase in cash outflows for investing activities, mainly for addition of fixed assets and mine properties. The Company expects to continue fully support its capital expenditure requirements from cash inflows from operating activities.

- *Debt and Capital Structure*

The Company's total net debt position was at US\$299.0mn as at 30th September 2021, calculated as total interest bearing debts of US\$306.0mn reduced by the restricted cash in relation to Debt Service of US\$7.0mn. Therefore, Archi's debt to equity ratio ("DER") is now at 1.4x, a significant improvement compared to 4.1x as at 31st December 2020.

EXPLORATION PROGRESS

Toka Tindung Gold Mine, which is operated under Archi's wholly-owned Subsidiaries, PT Meares Soputan Mining ("PT MSM") and PT Tambang Tondano Nusajaya ("PT TTN"), possessed 5.5 mn ounces of Mineral Resources and 3.9 mn ounces of Ore Reserves as at the end of 2020. PT MSM and PT TTN works under two Contract of Works ("CoWs") which expire in 2041, and are extendable for another 2x10 years.

Current drilling activities continues in the Bima and Arjuna deposits in the Western Corridor with some high grade intercepts in previously unknown mineralized veins running parallel between the two deposits. These newly discovered veins will require follow up drilling during 2021-22.

To date, the Company's Exploration team has focused much of its attention on delineating resources surrounding the current open pit operation in the Eastern Corridor and more recently the Bima and Arjuna deposits in the Western Corridor. Since the commencement of exploration, more than 6 Moz of gold has been classified as resources within the areas explored in the Eastern and Western Corridors. Exploration to date equates to only 10% of the total of the two COWs.

In the third and beginning fourth quarter of 2021, 'step out' exploration has commenced within the remaining 36,000 Ha to build on the past exploration success. Dedicated exploration teams are currently undergoing first phase Greenfields exploration generating new exploration targets in this highly prospective region using the knowledge and experience of existing known geology and applying it to the remaining 36,000 Ha.

Early indications have identified multiple targets that will require a second phase of more detailed and focused exploration to validate the potential for drilling. The objective of this work is to target new discoveries of gold deposits beyond the existing known resources in the Eastern and Western Corridors. This important Greenfields exploration will be the focus of 2022 with follow up drillings are expected to be the priority for the most prospective exploration targets.

MINING & PROCESSING UPDATES

Below are the summary of mining and processing activities at Toka Tindung Gold Mine during the nine-months 2021 period:

	YTD Sep 2021	YTD Sep 2020
Ore mined (mn tons)	3.2	3.8
Waste mined (mn tons)	30.5	11.7
Material mined (mn tons)	33.7	15.5
Strip ratio (x)	9.6	3.1
Ore processed (mn tons)	2.63	2.54
Avg. gold head grade (g/t)	1.81	2.17
Gold recovery rate (%)	87.5	87.9
Gold production (koz)	132.0	155.8

Source: Company Information

Total material mined during the period increased significantly due to higher waste removal from the higher grade Araren Pit transitioning from stage 3 to the new stage 5 (completed in August 2021).

The Company was able to process higher volume of ore but at lower average gold head grade at 1.81 g/t, resulting in lower gold produced of 132.0 koz compared to 155.8 koz in the same period last year. For the rest of the year, the Company expects to fully mine ore from higher grade Araren stage 5.

DOWNSTREAM BUSINESS

In 2019, Archi has started to penetrate downstream business by establishing a 51%-owned JV company, PT Elang Mulia Abadi Sempurna (“PT EMAS”), which its main business to produce and sell gold minted bars under brand name “Lotus Archi” directly to domestic retailer market. During the first nine months of 2021, PT EMAS recorded US\$6.6mn of revenue, 154% higher compared to the same period last year, which reflects c.3% of the total consolidated revenue for the period.

SUBSEQUENT EVENT(S)

The Company and its wholly-owned Subsidiaries, PT MSM and PT TTN, have signed working capital facility with PT Bank Syariah Indonesia Tbk (“PT BSI”) which is effective in October 2021. Total working capital facilities are US\$24.5mn, with the purpose to support the increasing of mining and production activities.

FULL YEAR 2021 PROSPECT

The achievement of gold production target for this year is supported by:

- Current full access of higher grade Araren stage 5 Pit as well as Alaskar Pit, which will be the major source of Archi's ore supply to be processed for the rest of the year;
- Higher efficiency of our expanded processing plant capacity; and
- Continuous mobilization of our additional mining fleet (including 18 new 100-ton trucks and 2 new units of 120-ton excavators).

In addition, the Company is committed to maintain its strong balance sheets position, with a priority to preserve cash as well as to reduce its debt.

Lastly, despite the decreasing Covid-19 cases nationally, the Company will continue to implement anti-pandemic restrictive measures across all of its operations to ensure the health and safety of the employees as well as to ensure the business continuity.

- End -

About Us

Archi Indonesia ("Archi") is one of the largest pure-play gold mining companies in Indonesia and Southeast Asia, with more than 10 years' experience and an uninterrupted operational track record at the Toka Tindung Gold Mine, which is located in North Sulawesi.

Since its establishment in 2010, Archi through its wholly owned subsidiaries, PT Meares Sopotan Mining ("PT MSM") and PT Tambang Tondano Nusajaya ("PT TTN"), has been able to produce more than 200 kilo ounces (equivalent to 6,2 tons) of gold per year for the last five years and possess 3.9 mn ounces of Ore Reserves as at the end of December 2020. In running its business, Archi always upholds its commitment to ESG best practice values and provides supports in developing and improving socio-economic aspects of the near-mine surrounding community.

Behind Archi's success story is a solid management team and a team of technical experts with extensive experience in the mining, exploration, and production of the gold and minerals industry. Archi is supported by Rajawali Group ("Rajawali") as the controlling shareholder, an investment holding company in Indonesia that has a portfolio of various businesses in different industries and has a proven track record in building world-class operations and creating value to shareholders.

For more information, please visit www.archiindonesia.com.

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