

PT Merdeka Copper Gold Tbk.

IDX Code: MDKA

As at 31 December 2021

Capital Structure

22,904,850,815 listed shares

Share price: IDR 3,890

Market capitalisation: \$6.2 billion

Cash & Debt

Cash: \$186 million

Bank Debt: \$66 million

IDR Bond \$271 million

Board of Commissioners

Edwin Soeryadjaya (President)

Garibaldi Thohir

Richard Bruce Ness

Heri Sunaryadi*

Yoke Candra Katon**

Muhamad Munir (Independent)

Budi Bowoleksono (Independent)

Board of Directors

Albert Saputro (President)

Simon James Milroy (Vice President)

David Thomas Fowler

Titien Supeno

Gavin Arnold Caudle

Hardi Wijaya Liong

Michael W.P. Soeryadjaya*

Andrew Phillip Starkey**

Chrisanthus Supriyo

* Resigned on 27 January 2022

** Appointed on 27 January 2022

Executive Management

Boyke Poerbaya Abidin

Devin Antonio Ridwan

Gerick Mouton

Zachary Casley

Doug Jones

Peter Kevin Scanlon

Registered Office

The Convergence Indonesia, 20th

Floor, Rasuna Epicentrum

Boulevard, HR Rasuna Said

Jakarta 12940 - Indonesia

T: +62 21 – 2988 0393

PT Merdeka Copper Gold Tbk. is proudly an Indonesian owned and operated company and is listed on the Indonesian Stock Exchange.

PT Merdeka Copper Gold Tbk (“MDKA”) is pleased to report on its December Quarter 2021 activities.

Since the time of its IPO in June 2015, MDKA has transformed into a multi asset diversified group with exciting long life development projects.

With the successful execution of its strategy, MDKA management expects MDKA will become a globally significant copper and gold producer.

MDKA today consists of five main assets, which are in order of importance, as follows:

- 1) Tujuh Bukit Copper Project (“TB Copper Project”)
- 2) Wetar / Morowali Acid Iron Metal Project (“AIM Project”)
- 3) Pani Gold Project
- 4) Tujuh Bukit Gold Mine
- 5) Wetar Copper Mine

At the Tujuh Bukit Gold Mine, gold production for the 2021 year was 124,730 ounces at an all-in sustaining cost (“AISC”) of \$860/oz net of silver credits. No Lost Time Injury (“LTI”) occurred during the quarter and year, with the site achieving 7.34 million hours without an LTI.

At the Wetar Copper Mine, copper production in the full year 2021 was 19,045 tonnes at AISC of \$2.33/lb, representing a significant increase compared to copper production in the full year 2020 of 5,377 tonnes. No LTI occurred during the quarter and year, with the site achieving 14.04 million hours without an LTI.

At the Tujuh Bukit Copper Project, recent drilling results have continued to return intercepts in line with, or exceeding expectations. Results for the quarter include 510 metres @ 0.7 % Cu and 1.0 grams / tonne Au from 2 metres in UHGZ-21-063.

At the AIM Project, construction continued with detailed design, engineering and equipment purchases of critical long lead items. A total of \$149 million has been committed to date.

At Wetar, infill drilling to upgrade Inferred resources is on target, with updated resources to be released at the end of Q1 2022. During the quarter, drilling focussed on Partolang Barat and the “bridge” area between the Partolang and Partolang Barat deposits. Results to date indicate good potential for extensions to Partolang Barat, and areas of mineralisation in the “bridge” zone, which were previously thought to be unmineralized. Hole BMR067 returned an intersection of 9 metres @ 4.30% Cu and 1.56 g/t Au.

At the Pani Gold Project, as previously announced on 30 December 2021, MDKA has increased its economic interest in the project from 40% to 60%. MDKA is planning to commence drilling in Q1 2022.

As previously announced on 21 December 2021, MDKA and Brunp CATL intend to form a strategic partnership in Indonesia. The parties have signed a MoU to cooperate in relation to the battery metals supply chain in Indonesia.

During the quarter, MDKA successfully completed an IDR bond issuance of \$105 million.

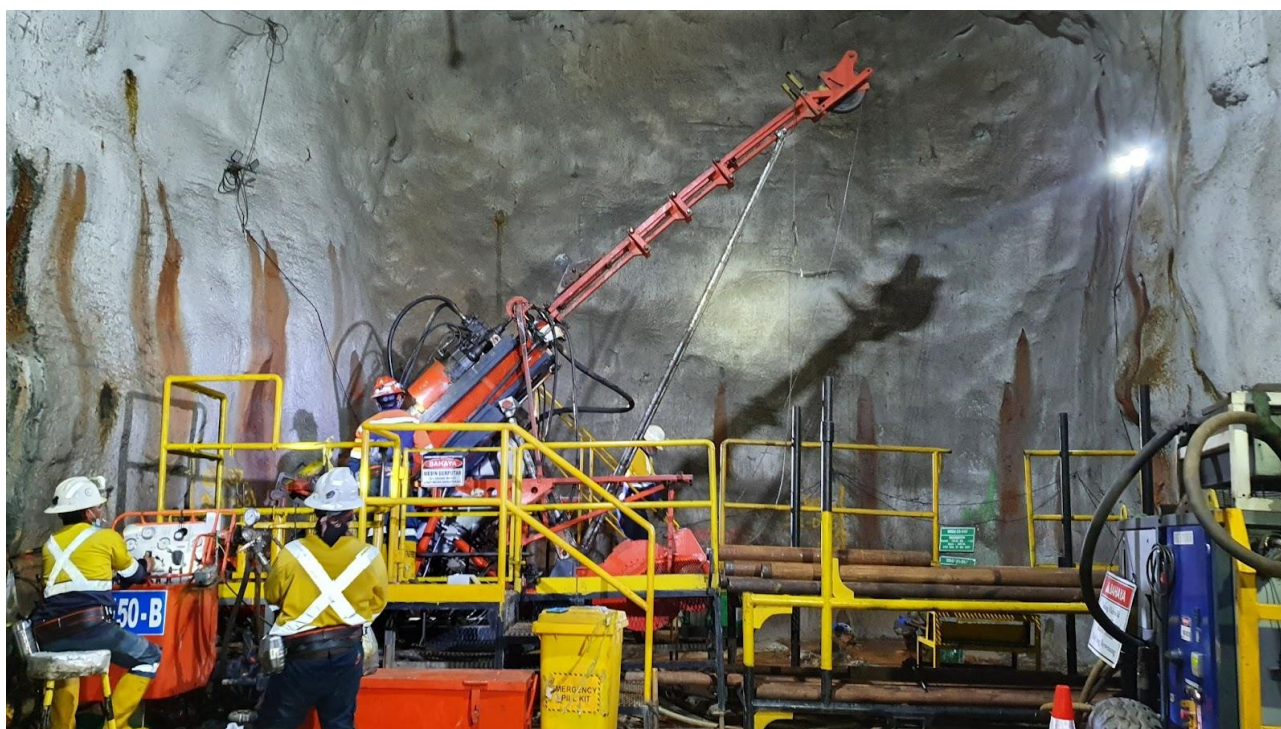
1) TB Copper Project

World Class Resource: This project is 100% owned by MDKA. Located beneath the existing Tujuh Bukit Gold Mine, the global Inferred Resource is 1.9 billion tonnes of ore at a grade of 0.45% copper and 0.45 g/t gold containing approximately 8.7 million tonnes of copper metal and 28 million ounces of gold.

As previously reported, current resource definition drilling is focused on infill drilling the Inferred Resource to convert to Indicated classification. This exploration target is aimed to define between 250 and 300 million tonnes at 0.7% to 0.9% copper and 0.7 g/t to 0.9 g/t gold.

Pre-Feasibility Study (“PFS”): MDKA has invested \$99 million to date on feasibility work, which includes the 1,890m long exploration decline, past and current resource definition drilling, geological modelling and ongoing technical studies. Given the exceptional drill results in 2021 and changes to the overall geological model, additional mining optimizations are required for the completion of the PFS. The bulk of the PFS expenditure during the quarter was spent on Resource definition drilling and technical studies. No lost time injury (“LTI”) occurred during the quarter.

Figure 1: Underground drilling operations at Tujuh Bukit Copper Project



At the end of Q4 2021, six drill rigs were operating underground with two surface rigs also drilling on the project. Sixteen holes were completed underground during the quarter for a total of 9,032.2 metres. During the quarter, an additional surface drill rig arrived at site, which drilled a geotechnical investigation drilling for near surface infrastructure before moving on to deep Resource Definition drilling. Scheduled delivery of the seventh and eight underground rigs was delayed due to conversion of the power pack from 400 volts to 1,000 volts by the drilling contractor’s electrical supplier in Australia being behind schedule. Drilling schedules will be revised once an updated delivery date is provided by the contractor.

Selected results from the latest drilling in addition to the previously announced drill results in October 2021 include:

- 917.8 metres at 0.7 % Cu and 0.8 grams / tonne Au from 0 metres in UHGZ-21-062 (including 212 metres at 1.3 % Cu and 1.7 grams / tonne Au from 2 metres);
- 510 metres @ 0.7 % Cu and 1.0 grams / tonne Au from 2 metres in UHGZ-21-063 (including 192 metres @ 0.9 % Cu and 1.5 grams / tonne Au from 294 metres);

- 458 metres @ 0.8 % Cu and 0.9 grams / tonne Au from 64 metres in UHGZ-21-056 (including 204 metres @ 1.0 % Cu and 0.8 grams / tonne Au from 96 metres, and 114 metres @ 1.1 % Cu and 1.4 grams / tonne Au from 360 metres);
- 500 meters @ 0.6 % Cu and 0.8 grams / tonne Au from 330 metres in UHGZ-21-055/55W.
- 500 metres @ 0.6 % Cu and 0.6 grams / tonne Au from 232 metres in UHGZ-21-057 (including 100 metres @ 1.3 % Cu and 1.0 grams / tonne Au from 410 metres).
- 674 metres @ 0.6% Cu and 0.7 grams/tonne Au from 150 metres in GTD-21-679 (including 238 metres @ 0.9% Cu and 1.2 grams/tonne Au from 292 metres)
- 605.3 metres @ 0.6% Cu and 0.6 grams/tonne Au from 282 metres in UHGZ-21-069 (including 156 metres @ 0.7% Cu and 0.9 grams/tonne Au from 282 metres and 228 metres @ 0.8% Cu and 0.6 grams/tonne Au from 494 metres)
- 430 metres @ 0.7% Cu and 0.6 grams/tonne Au from 0 metres in UHGZ-21-064 (including 284 metres @ 0.8% Cu and 0.8 grams/tonne Au from 0 metres and 74 metres @ 0.6% Cu and 0.5 grams/tonne Au from 320 metres)

¹ Results reported using a 0.2% Cu cut-off, and a minimum intercept length of 30 metres.

Full details of all the drilling results announced in October 2021 can be obtained at the following location: (<https://www.merdekcoppergold.com/download/october-2021-tujuh-bukit-copper-drill-results-released/>).

Underground resource definition drilling will continue throughout 2022, with between 60,000 to 70,000 metres of drilling scheduled. Additional drilling from surface will also continue throughout the year for resource definition as well as ongoing geotechnical and hydrogeological investigations for both surface and underground infrastructure.

Figure 2: Surface diamond rig setup to commence 1,300 metres Resource Definition drillhole.



Other technical disciplines of PFS preparation work are ongoing with mine optimisation work focusing on the latest geological block model, processing options and bulk infrastructure requirements.

Outlook: Updated resources with a classification upgrade from previously Inferred Resource to Indicated classification, incorporating new drill results during 2021, will be released by 31 March 2022. Given the exceptional drill results in 2021 which resulted in increases in orebody size and changes to the overall geological model, additional mining optimisations are required to support a higher Indicated Resource which in turn supports higher throughput levels and means the PFS is now expected to be announced in Q1 2023. A project update providing preliminary technical and economic results of work to-date will also be released by the end of Q1 2022.

2) AIM Project

Summary: During this quarter, the AIM project continued with detailed design, engineering and equipment purchases of critical long lead items (including mill, roasters, acid plants, disc pelletizer and chloride rotary kiln) to support the production of first acid. The project has committed a total value of \$149 million to date.

Overview: The ore at the Wetar Copper Mine is primarily pyrite (FeS₂) which hosts Cu, Au, Ag and Zn. Since 2018, MDKA has investigated opportunities to realize additional value from the Wetar ore, as the existing heap leaching process at Wetar only recovers a portion of the Cu and does not recover any of the Au, Ag, Zn, Fe or S (a component of sulphuric acid) contained in the ore.

As part of this initiative, MDKA worked with Eternal Tsingshan Group Limited (“Tsingshan”) to conduct metallurgical test work on the Wetar ore as well as developing a preliminary process flowsheet in late 2019. Tsingshan is involved in a number of projects that have been and are being developed at the Indonesia Morowali Industrial Park (“IMIP”) located in Sulawesi, Indonesia. Some of these projects consume large amounts of sulphuric acid, steam and iron ore pellets in their production processes.

MDKA / Tsingshan Joint Venture Agreement (“JV”): On 11 February 2021, MDKA, Tsingshan and their respective affiliates signed a JV for the AIM project. The AIM project is being constructed at the IMIP and will process pyrite ore from the Wetar Copper Mine. Subsequently, on 18 March 2021 a joint venture company, MTI was established with MDKA (through its subsidiary) owning 80% and Tsingshan, through its affiliate, owning 20%.

JV Overview: The AIM Project will purchase high-grade pyrite ore from MDKA’s Wetar Copper Mine. The ore, which contains Cu, Au, Ag and Zn will be transported by barge from Wetar Island to IMIP. An agreement to supply ore from the Wetar Copper Mine to the AIM Project was signed in May 2021.

The AIM plant will be constructed at IMIP and is designed to treat the pyrite ore from the Wetar Copper Mine at a nominal rate of 1,060,000 tonnes per year. The plant will produce sulphuric acid, saturated steam, iron ore pellets, sponge copper, lead-zinc hydroxides, gold and silver doré. Significant growth in acid demand is expected as additional high pressure acid leach (“HPAL”) plants are planned to be constructed in Indonesia.

Detailed design, engineering and the procurement of critical long lead time equipment are underway with a total commitment of \$149 million to date. The project development will focus on expediting the first stream of acid and steam production to meet off-take demand. The AIM project commenced with earthwork construction in Q2 2021 and is now targeted to deliver first acid at the end of Q1 2023.

Figure 3: AIM Acid Plant: Perimeter retaining walls, piling for 2 x Acid Trains and Gas Purification



Project Economics: Post the FS, an investigation was conducted to increase annual acid production from 1.0 million tonnes to 1.2 million tonnes. Based on capital expenditure of \$387 million including contingency, the AIM Project yields a compelling net present value (“NPV”) of \$513 million at 8% discount rate with an internal rate of return (“IRR”) of 29.5%, an increase in NPV from the original AIM project economics. Average annual Revenue and EBITDA over the first five years of the project is expected to be approximately \$280 million and \$160 million, respectively.

Construction and Progress: During the quarter, AIM construction activities increased dramatically with a change in project execution. Merdeka Mining Services (“MMS”) is self-performing all project construction works, with Beijing Design being managed by a larger MTI China team in association with Axis International for procurement assistance, quality assurance and inspection.

Site works performed during the quarter include the following:

- Earthworks ongoing at all site locations
- Acid plant perimeter retaining walls reached 60% completion
- Piling underway at both the Acid and Chloride Plants
- Chloride Plant office construction underway
- QMB Acid Tank installation is progressing with jack-up methods underway for tanks 3 and 4, with concrete works ongoing for tanks 1 and 2
- MMS concrete batch plant foundations are underway, with the batch plant scheduled to depart China late January 2022
- Plant workshop has been established and currently being used
- MTI permanent camp construction reached 25% completion with 80 personnel housed. Flat packs have been manufactured and are being delivered to site
- Axis International are now assisting MTI in China with procurement for mechanical and steel fabrication, including QA QC inspections and logistics to China ports
- Design reached 70% completion while international procurement reached 30% completion

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The project team continues to assess opportunities to optimise project capital by pre-fabricating modules in China and to ship as units for easier installation at IMIP. This will reduce overall site construction costs and improve schedule and quality.

The AIM project remains on budget and schedule, with the target to deliver first acid at the end of Q1 2023.

Wetar Barge Jetty: Hatch continue the design for the new barge jetty at the Wetar Copper Mine that will support the loading of the pyrite ore to be shipped to IMIP. Earthworks are underway for the onshore works. Order for tetrapods have been placed. Fabrication packages are expected to be released in Q1 2022, along with the award for the offshore installation. Construction of the off-shore piling works will commence in Q1 2022.



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3) Pani Gold Project

Pani Gold Project: In December 2021, MDKA invested \$80.16 million to subscribe for a 50.1% interest in PT Andalan Bersama Investama (“ABI”). ABI has recently completed the acquisition of PT Gorontalo Sejahtera Mining (“GSM”) from PT J Resources Nusantara (“JRN”), a subsidiary of PT J Resources Asia Pasifik Tbk (“PSAB”). GSM holds the Contract of Work for the Pani Project (“Pani CoW”) located in Gorontalo Province, Sulawesi.

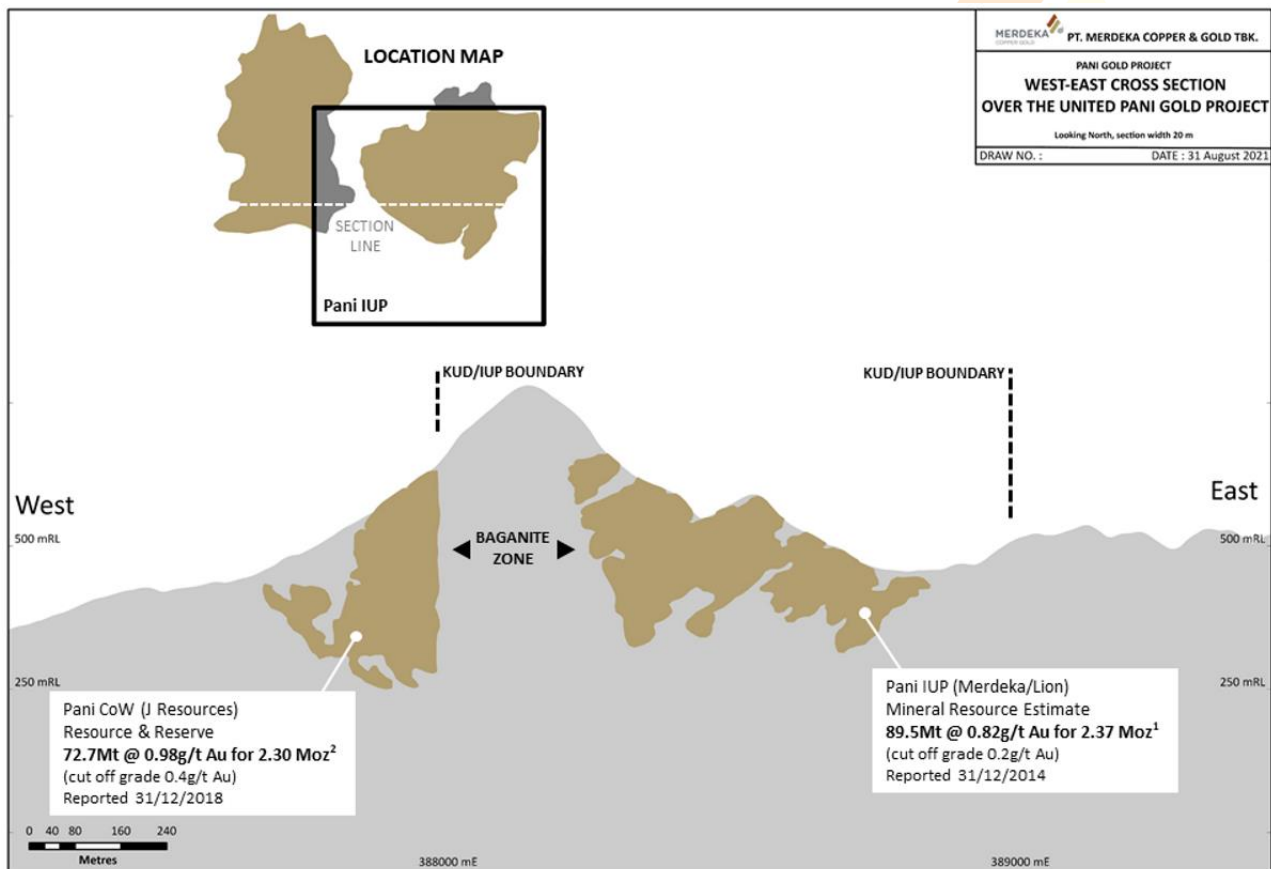
MDKA currently holds a 66.7% interest in PBJ, which holds the Pani IUP.

The Pani IUP and Pani CoW mining properties are adjacent to each other and together form the complete Pani Gold Project. Significant benefits are expected to be delivered through a joint development of the properties.

Following Merdeka’s transaction with Andalan, Merdeka will further increase its majority interest in the Pani Gold Project through controlling interests in both PBJ (~66.7%) and GSM (~50.1%). This allows Merdeka to move to a 60% economic interest in the Pani Gold Project, which will allow for the combined resources of Pani IUP and Pani CoW to be developed into one, larger gold mine project.

Adjacent Resources: The Pani IUP and the Pani Project are located adjacent to each other in Gorontalo. One Asia Resources Limited has previously reported that the Pani IUP contains mineral resources of 89.5 million tonnes at a gold grade of 0.82 g/t for 2.37 million contained ounces of gold and PSAB has previously reported that the Pani Project contains a mineral resource of 72.7 million tonnes at a gold grade of 0.98 g/t for 2.3 million contained ounces of gold.

Figure 4: Combined “Whole Pani” gold project schematic section



The area between the Pani IUP and Pani CoW (“Baganite Zone”) has had two holes drilled by Utah International in 1982, which assayed 406m @ 0.5g/t (GPD-04) and 154m@0.57g/t (GPD-05).

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Reserves for both projects would have been constrained by the need to maintain pit walls within the respective tenements. By combining the projects into one, larger gold mine project, the overall reserves are likely to be materially larger than the expected reserves would have been if the projects were developed separately. Combining both projects optimises the development of the combined resources. One combined project will provide significant economies of scale with ore processed through one larger process plant.

During the quarter, planning commenced for early ground works to facilitate a rapid start to resource definition drilling in Q1 2022.

MDKA will make a further announcement during Q1 2022 on the strategy to complete the feasibility study work and develop the project.



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4) Tujuh Bukit Gold Mine

Summary: Gold produced during the quarter was 28,846 ounces. Gold production for the full year 2021 was 124,730 ounces at an AISC of \$860/oz net of silver credits compared to guidance of 100,000 to 120,000 ounces of gold at an AISC of \$825 to \$900/oz net of silver credits.

Leaching across both pad A and B continued during the quarter. Construction commenced on the new PLS and ILS ponds on plan. Commissioning of the PLS and ILS ponds are expected in Q1 2022.

Insurance Claim from Heap Leach Slump Incident: \$19.5 million, as part of an interim payment of \$20 million, was received in September and October 2021, with the remaining \$0.5 million of interim payment expected to be received in Q1 2022. MDKA expects to reach final settlement on the insurance claim in Q1 2022.

Mining and Processing: Total tonnes moved of 3.5 million for the Q4 2021 included 2.1 million tonnes ore, 1.3 million tonnes waste and ore stockpile rehandle. The ore preparation plant (“OPP”) operated in line with expectation with throughput of 1.9 million tonnes of crushed and agglomerated ore, at a grade of 0.63 g/t Au (containing 38,682 ounces of gold), stacked onto the HLP for the quarter.

After the resumption of processing activities, the HLP has continued to perform as per design with project to date gold recoveries of 75.6%. The adsorption, desorption and recovery (“ADR”) plant continued to operate at full throughput design rates after the resumption of processing activities.

Environmental, Safety and Social Performance: By the end of the Quarter, Tujuh Bukit Operations had achieved 7,340,680 man-hours without Lost Time Injury (“LTI”) with the end of year Total Recordable Injury Frequency Rate (“TRIFR”) per million hours finished at 0.28.

A total of 5,600 environmental samples were taken during Q4 2021, encompassing statutory based sampling requirements as well as company driven internal monitoring and consultant requirements. In addition, mined land reclamation program for 2021 was completed which planted an area of 1.77 ha.

BSI handed over the catchment rehabilitation program for IPPKH to the government with a total of 1,070 ha in October 2021. The program was verified complete according to government criteria through meetings with the respective government representatives.

A milestone achievement for BSI during Q4 2021 was the successful conclusion of the external and independent ISO (*International Standard Organisation*) audits leading to the award of ISO14001 (*Environmental Management System*) and ISO45001 (*Occupational Health and Safety Management System*) certification. The ISO14001 and ISO45001 certification covers processes with the scope of Gold Mining, Processing, Exploration and Supporting Activities.

The workforce at the mine, including all employees and contractors, is currently 2,660 people, comprising 99.5% Indonesian nationals and 0.5% expatriates. Of the workforce, 1,800 (68%) are residents of Banyuwangi, with 1,200 (65%) of the number hailing from the local sub-district of Pesanggaran.

Operational Cost Summary: Full year 2021 cash cost was \$506/oz and the AISC was \$860/oz net of silver credits.

Operating Outlook: Guidance for 2022 is expected to be in the range of 100,000 to 120,000 ounces of gold at an AISC of \$1,000 to \$1,100/oz net of silver credits.

Exploration: In the near mine region, surface exploration was completed in the Zone D area. The Zone D area has the potential to contribute near surface gold resources. A total of 55 RC holes and 12 Diamond Drilling holes were completed totalling 7,499m and 1,664m respectively.

A comprehensive review and update of the resource for the Tujuh Bukit Gold Mine was commenced during the quarter, and this review has identified several extensional targets in the immediate vicinity of the current operating pits. Extra surface drilling rigs have been mobilised to enable drilling of these targets to be started early in Q1 2022.

During the first half of 2022 drilling is scheduled for the Candrian prospect, targeting both high sulphidation epithermal gold mineralisation, and potential deeper porphyry Cu-Au mineralisation, and the Katak prospect, targeting near surface high sulphidation Au mineralisation. Both prospects have the potential to provide additional ore feed for the current Tujuh Bukit Gold Mine.

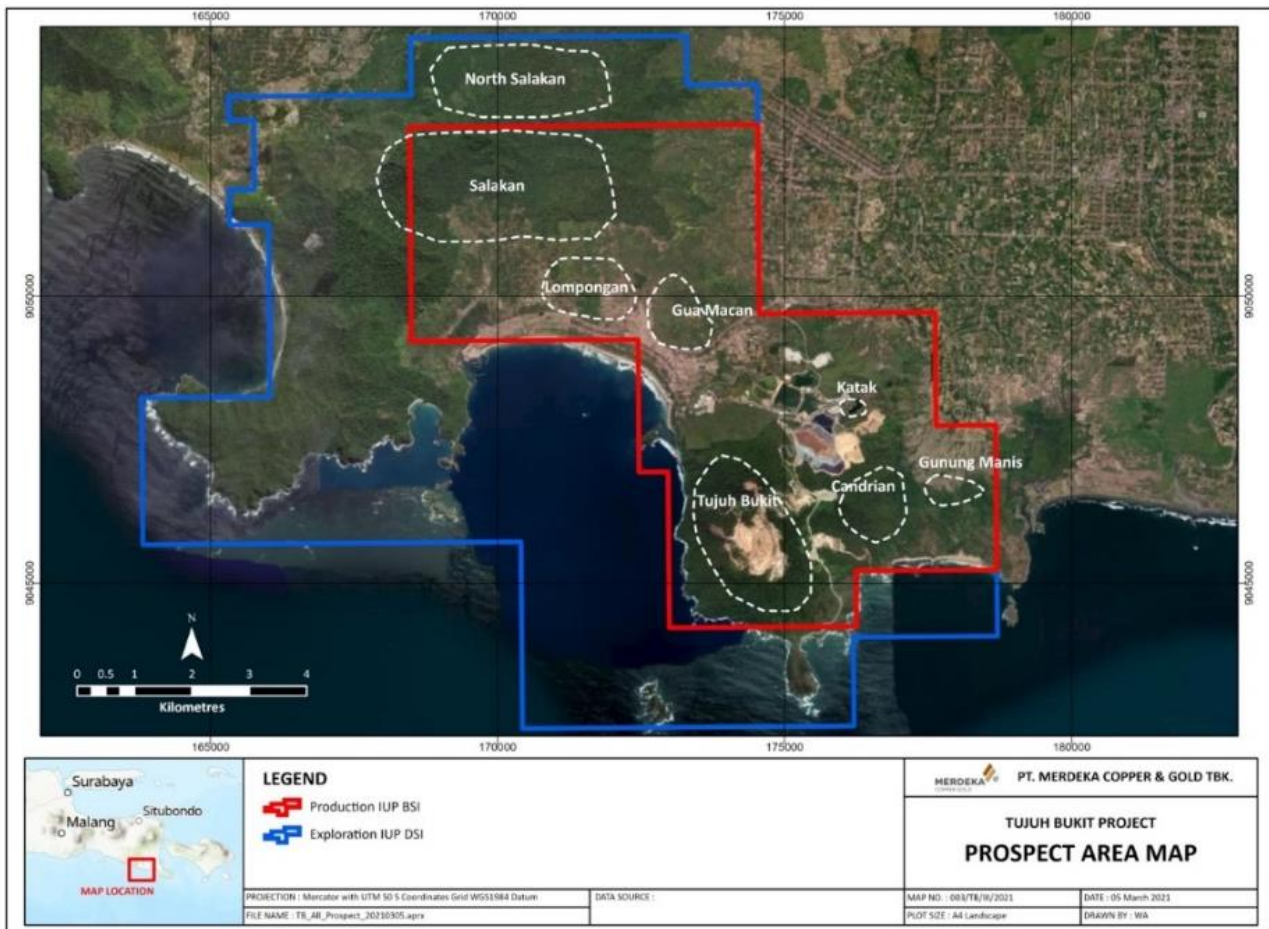
Figure 5: Completed drilling locations in Zone D



The region surrounding the Tujuh Bukit mining operations is highly prospective along a well-defined “mineralised corridor” for both oxide and sulphide hosted gold and copper-gold resources, and MDKA is budgeting an expenditure of \$4 million during the 2022 year on regional and surface exploration at Tujuh Bukit. Initial surface exploration will commence on the Salakan prospect, where the program will follow up historic surface soil and stream geochemical sampling, looking for both near surface high sulphidation gold mineralisation, as well as potential porphyry Cu-Au mineralisation at depth.

Recent advances in the understanding of the geology, structural setting and mineralisation controls of the Tujuh Bukit system from both surface operations and underground resource definition provide excellent analogues for potential mineralisation elsewhere in the “mineralised corridor” for use in exploration targeting and ranking.

Figure 6: Tujuh Bukit regional exploration areas and IUP areas



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5) Wetar Copper Mine

Summary: Since mining operations commenced at the Partolang pit in October 2020, copper production has steadily increased. Copper produced in Q4 2021 was 5,658 tonnes, taking the full year 2021 copper production to 19,045 tonnes.

With the development of the AIM project, the focus going forward will be on extracting maximum value from the Wetar ore including production of copper at Wetar and the sale of ore to the AIM Project to be used to produce acid, iron, steam, copper, gold and silver.

Mining: 4 million tonnes of material was mined in Q4 2021; 0.66 million tonnes ore and 3.3 million tonnes waste. Based on grade control model project to date, contained copper in ore mined totalled 53,000 tonnes, 18 % higher than the corresponding ore in the reserve model of 45,000 tonnes with higher copper grades offsetting lower tonnes mined.

Processing: During Q4 2021, 0.78 million tonnes of ore were crushed and stacked on to the heap leach pad at a grade of 1.70 % Cu. The 0.78 million tonnes of ore crushed was 16% higher than the previous quarter. 5,658 tonnes of copper were produced.

Environmental, Safety and Social Performance: By the end of the Q4 2021, Wetar Copper Mine achieved a record of 14 million man-hours without LTI since the last LTI in January 2018, whilst the mine's year-to-date Total Recordable Injury Frequency Rate (TRIFR) per million hours was 0.99, with 2 recordable injuries (Medical Treatment Injury cases) during the quarter.

The land reclamation activities exceeded its 2021 plan with 8 ha of rehabilitation. Reclamation activities include the slope stability protection in final pit walls, sediment pond embankments, road cuts, and waste dump slopes, using jute-net and cover crops.

A Milestone achievement for Wetar during this last Quarter was the successful conclusion of the external and independent ISO (International Standard Organisation) audits leading to the award of ISO14001 (Environmental Management System) and ISO45001 (Occupational Health and Safety Management System) certification. The ISO14001 and ISO45001 certification covers processes with the scope of Copper Mining and Copper Cathode Production.

As required by the environmental permit (AMDAL), environmental monitoring was conducted for water quality, air ambient monitoring and air emission monitoring. In-situ water quality monitoring for Q4 2021 was conducted in November 2021, with a total of 33 water samples sent to PT Intertek for laboratory analysis. A total of 4,200 water samples were taken for daily and weekly water quality monitoring during the period. Air ambient monitoring for the 2021 dry season was conducted at the end of December 2021. Wetar Site has planted 4,600 plants for covering an area of 7.4 Ha and 12,000 seeds have been produced this quarter.

The Wetar operation has 1,140 total direct and contract employees comprising of 5 expatriates and 1,135 Indonesian nationals. Indonesian employees of Batutua comprise of 640 local (Maluku) and 500 non-local employees, while contractors' employees comprise of 240 local (Maluku) and 580 non-local.

Water Treatment Plant: The detail design and engineering of the Wetar Water Treatment Plant ("WTP"), which include an upgrade to the existing neutralization plant, has been completed with procurement underway. The project is planned to be commissioned in Q4 2022. The detail design and engineering of the metal precipitation module of the WTP will commence in Q1 2022.

Operational Cost Summary: Full year 2021 total cash cost was \$1.76/lb of copper produced and the AISC was \$2.33/lb of copper produced.

Operating Outlook: Guidance for 2022 is expected to be in the range of 18,000 to 22,000 tonnes of copper at an AISC \$3.10/lb to \$3.40/lb. Production rates should increase further in subsequent years following the commissioning of the WTP.

Exploration: During the quarter, drilling focussed on the “bridge” area between Partolang and Partolang Barat deposits, and extensions to the Partolang Barat mineralisation. Results to date indicate good potential for extensions to Partolang Barat, and areas of mineralisation the “bridge” zone, which were previously thought to be unmineralized. Selected results from the latest drilling include¹:

- 9 metres @ 4.30% Cu, 1.56 g/t Au from 70 metres in BMR067;
- 16 metres @ 2.77% Cu, 0.98 g/t Au from 44 metres in BMR055;
- 22 metres @ 2.06% Cu, 0.49 g/t Au from 18 metres in BMR056;
- 15 metres @ 4.36% Cu, 1.62 g/t Au from 60 metres in BMR062; and
- 8 metres @ 1.73% Cu, 0.64 g/t Au from 103 metres in BMR052

¹ Results reported using a 0.4% Cu cut-off, and a minimum intercept length of 2 metres.

During the quarter exploration in the near mine region focused on infill and extension RC and diamond drilling for resource work and metallurgical sampling at Partolang Barat and Partolang. Scout RC drilling also commenced in the “Partolang Bridge” area to define the extent of mineralisation between these deposits. Diamond drilling on regional exploration targets continued, west and north of the Lerokis pit, and drilling on the heap leach pads to support the AIM project also resumed. In total 63 drill holes were completed in these programs for 8,043.9 metres. Geological mapping, surface rock sampling and ground geophysical surveys on multiple near mine and regional targets continued during the quarter to define future drill targets.

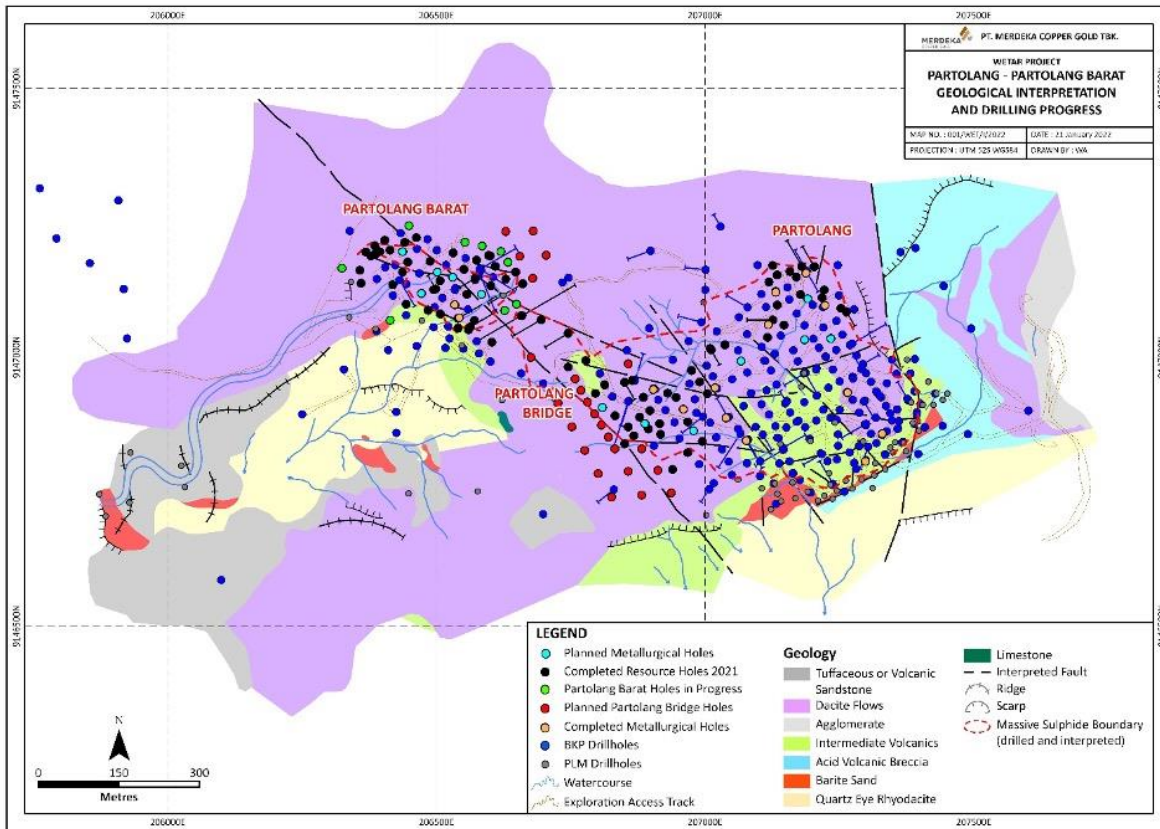
The objective of the resource drilling at Partolang is to convert Inferred resources to Indicated to support an upgrade of ore reserves, as well as extending the known Partolang resources to the west/northwest. During the quarter, an additional 7 diamond twin holes for 949.3 metres were completed as part of the resource drill program, with another six diamond holes completed for 653.8m from a planned 14-hole program for metallurgical sampling.

At Partolang Barat, drilling continued with the objective of delineating a maiden resource. Potential extensions to the deposit based on geophysics in the north-west and south-east were also drilled. To date, fifty-three drillholes have been completed as part of the previously planned 50-hole program for 7,031.5 metres, including sixteen reverse circulation (RC) holes for 3,009 metres and six diamond twin holes for 650.5 metres during the quarter. An additional 2 diamond holes were completed for 120 metres from a planned 7-hole program for metallurgical sampling.

Results have been received from forty-one (41) of the Partolang Barat holes, and have largely confirmed geological interpretations and assays are in line with the expected grades. High-grade results along the south-east margin remain open and geological observations from newly completed holes in this area, and drilling further south in the Partolang Bridge area, indicate potential for further additions to the mineralisation. Assay results from the latest drilling will be reported in a separate announcement in quarter 1 2022 once the final assay results from the program have been received.

Following on from the Partolang and Partolang Barat drilling programs, step out drilling commenced in the “Partolang Bridge” zone to the immediate west and northwest of Partolang. Late in the quarter, four RC holes were completed for 791 metres. The planned drill program includes 29 holes for around 5100m, with the objective of defining any mineralisation in this area to assist with long term mining and infrastructure planning.

Figure 7: Partolang to Partolang Barat Geological Interpretation and Drilling Progress

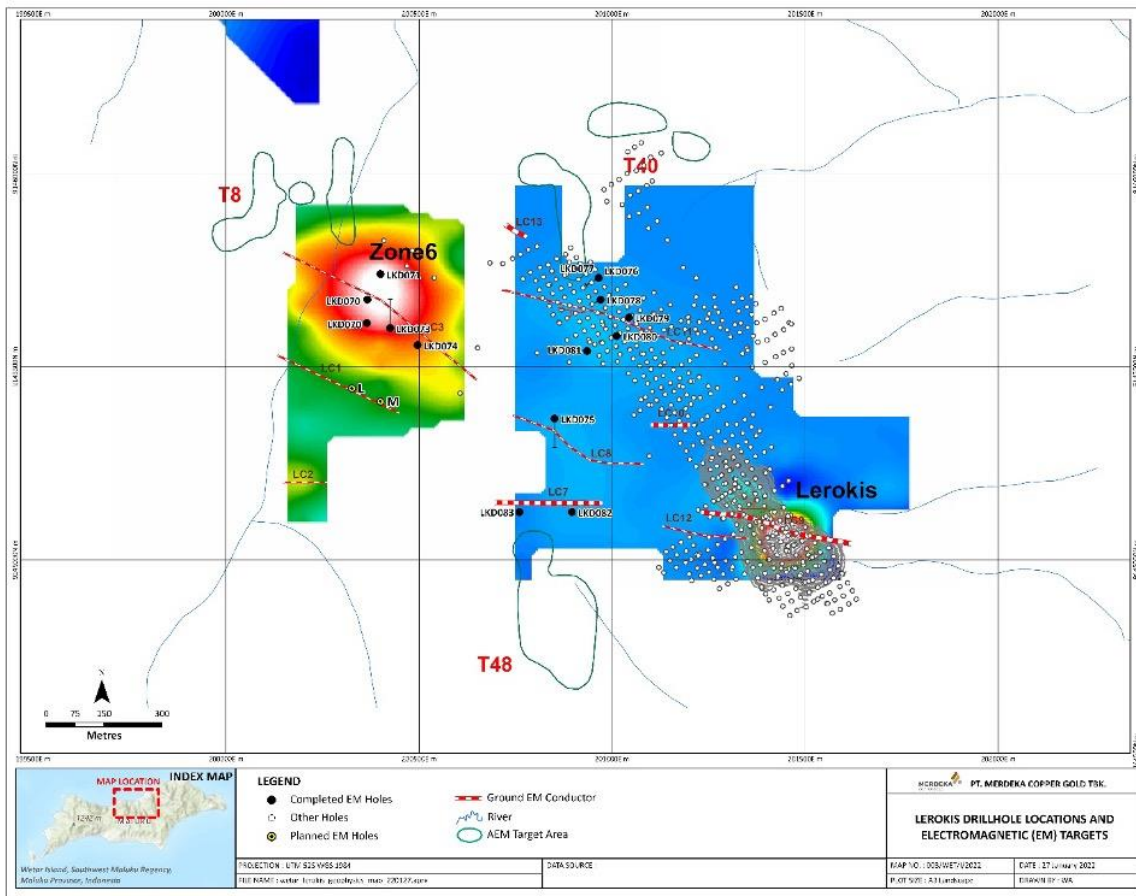


Regional exploration drilling continued at Lerokis, testing geophysical anomalies west and north of the current pit (see Figure below). During the quarter, 14 diamond drill holes for 1816.8 metres (in LKD070-083) were completed with one diamond drill rig, with a second rig scheduled to commence work in the next quarter on known and emerging targets.

The regional exploration program is currently focused on areas which can be mined using the existing operations infrastructure at Wetar. West of the Lerokis pit, drilling targeted previously defined, but untested, geophysical anomalies with coincident rock anomalism, whilst drilling north of the pit targeted anomalous results from scout drilling completed in late 2017, with coincident, but largely untested, ground geophysical anomalies.

Assays were received for 8 of the regional holes. West of the pit, LKD070-075 were not mineralised. North of the pit, LKD076 and LKD077 returned anomalous polymetallic mineralisation comprised of Zn, Cu, Ag, Au Pb, hosted by clay pyrite altered volcanics with pyrite veining near areas mined historically for gold and silver. Analysis of the data is ongoing, with follow-up drilling planned.

Figure 8: Lerokis Regional Drilling overlain on Ground and Airborne Electromagnetic Targets

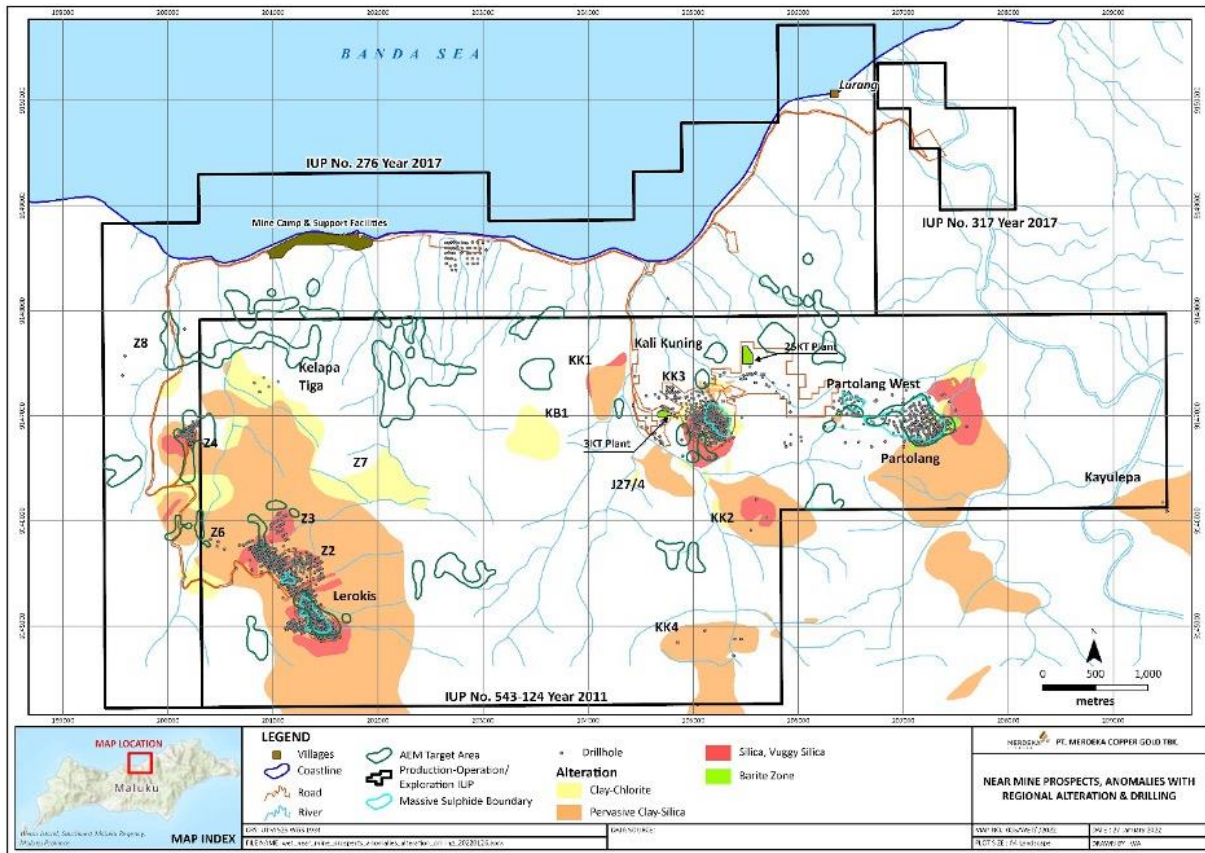


The detailed ground geophysical electromagnetic survey continued during the quarter, with stations and lines planned for 119 line-kilometres covering 1,173ha. By the end of the quarter, 23.6 line-kilometres of the survey had been completed. The survey is designed to provide more detailed targeting information around previously defined anomalies from airborne electromagnetic surveys for near mine resource delineation and regional exploration drill planning.

Initial results from the survey have confirmed an expanded northwest trending anomaly along strike from airborne targets T4 and T46, north of the Kali Kuning processing plant and pit (see figures below) The ground electromagnetic anomaly is still open and additional survey lines have been added around the anomaly.

Regional exploration mapping and surface rock sampling continued at Z4, Z6, and around the margins of the Lerokis and Partolang pit area near airborne electromagnetic anomalies defined previously (see figure below).

Figure 9: Near Mine Prospects & Anomalies with Regional Alteration and Drilling



Previously, exploration activity at Wetar ceased for the majority of February to April during the monsoonal wet season. Due to the increased commitment by Merdeka to exploration and resource definition activity at Wetar, the intention is to continue drilling throughout the upcoming wet season, particularly in areas which can be logistically supported from the existing operations.

6) Sustainability & Environment, Social and Governance Planning

MDKA progressed well against the 2021 Environment, Social and Governance (“ESG”) plan. The policy of environment incorporating Climate Change, Emissions, Energy, Waste and Biodiversity commitment statements had been finalised and socialised.

An independent assessment for MDKA’s carbon footprint is in progress and will establish a baseline for CO2 emissions. The result of this study would be encompassing the GHG management and its strategies.

MDKA has prepared and finalised the GHG reduction commitment and net zero statement. This is now available on the MDKA webpage.

The MDKA webpage content has expanded to further cover Sustainability and ESG initiatives and content to provide ESG information to stakeholders and interested parties.

To enable understanding of Sustainability Report preparation, and as part of an ESG initiative, relevant MDKA personnel attended Sustainability Report training with content in accordance with GRI standards.

The notable achievements during this quarter:

- The ISO Certification achievement for MDKA and its subsidiaries covering ISO14001 (*Environmental Management System*) and ISO45001 (*Occupational Health and Safety Management System*), and specifically for MMS, the ISO9001 (*Quality Management Systems*).
- Wetar Copper mine has initiated the installations of solar panels as part of a green energy pilot plant. The six hundred solar modules were installed in three rows and are currently being commissioned to feed into the Wetar power grid. These Solar Panels will contribute to a reduction in power generated from diesel generators, which in turn will reduce Wetar’s GHG emissions.

Figure 10: Installation of solar panels at Wetar



Appendix 1: Finance and Corporate

Cash and Cash Equivalents: Cash and cash equivalents, net of restricted cash, at 31 December 2021 was \$186 million. In addition to this, MDKA has \$75 million in undrawn debt facilities.

Debt: On 31 December 2021, the balance of PT Bumi Suksesindo's ("BSI") Secured Bullion Forward Hedge and Financing Transaction ("BSI Prepayment Facility") was \$66 million. The facility has an effective interest rate of 3.42% per annum with a maturity date of 21 December 2022. On top of this, BSI has an undrawn \$50 million Revolving Credit Facility ("BSI RCF"). The BSI RCF has an applicable margin of 3.0% per annum plus LIBOR with a final repayment date of 365 days from drawdown, subject to extension options.

On 26 March 2021, MDKA successfully completed an IDR bond raise for a total amount of Rp1.5 trillion (or equivalent to \$105 million) with tenor of 1 year. Hedging in the form of cross currency swap was entered with detail as follows:

- Principal: Rp1.5 trillion swapped to \$105 million
- Coupon rate: IDR 5.00% swapped to USD 1.95%

The balance of the IDR Bond at the end of the quarter was equivalent to \$271 million.

The finance lease balance outstanding on 31 December 2021 was \$44 million. This resulted from the acquisition of owner mining equipment and implementation of new Statements of Financial Accounting Standards no. 73 related to leases.

Sales and Hedging: During the quarter, at Tujuh Bukit Gold Mine, a total of 28,097 ounces of gold and 155,449 ounces of silver were sold at an average price of \$1,768/oz and \$22/oz, respectively, for total revenue of \$53 million. Furthermore, 9,012 oz of gold hedging with a strike price of \$1,901/oz was closed out at a price of \$1,806/oz resulting in a net gain on hedging for the quarter of \$0.9 million.

At Wetar, 6,805 tonnes of copper were sold at an average price of \$9,641/tonne for total revenue of \$66 million. Furthermore, 1,200 tonnes of copper hedging with a strike price of \$10,129/tonne were closed out at a price of \$9,948/tonne resulting in a net gain on hedging for the quarter of \$0.2 million.

Mark to market position for gold and copper hedge improved from a liability of \$0.4 million at 31 December 2020 to an asset of \$1 million at 31 December 2021.

Table 1: Gold, Silver and Copper Sales for December 2021 Quarter

	Ounces	\$/oz	\$m
Gold	28,097	1,768	49.7
Silver	155,449	22	3.4
	Tonnes	\$/tonne	\$m
Copper	6,805	9,641	65.6
Total			118.7

Table 2: Details of Gold and Copper Hedge Profile as at 31 December 2021

Period	Gold Hedged		Copper Hedged	
	oz Au	\$/oz	t Cu	\$/t
2022 (January to July)	-	-	3,500	9,950
2022 (January to December)	51,477	1,879	-	-

Capital Structure: Total issued and paid-up capital of MDKA is 22,904,850,815 shares.

As approved at Extraordinary General Meeting of Shareholders ("EGMS") held on 27 January 2022, MDKA is planned to have a capital increase with pre-emptive rights issuances ("PRI"), with completion expected by end Q2 2022. In conjunction with the upcoming PRI, Hong Kong Brunp CATL Co. Ltd., an affiliate of Contemporary Amperex Technology Co., Limited ("Brunp CATL") aims to become a strategic investor with up to a 5% shareholding in MDKA. In addition to this strategic investment, Brunp CATL and MDKA intend to form a strategic partnership in Indonesia. The parties have signed a memorandum of understanding ("MoU") to cooperate in relation to the battery metals supply chain in Indonesia.

Table 3: Major Shareholders as at 31 December 2021

Shareholders	No. of shares	%
PT Saratoga Investama Sedaya Tbk	4,189,971,184	18.29
PT Mitra Daya Mustika	2,948,833,595	12.87
Garibaldi Thohir	2,028,836,137	8.86
PT Suwarna Arta Mandiri	1,386,733,708	6.05
Pemda Kabupaten Banyuwangi	973,250,000	4.25
Total Major Shareholders	11,527,624,624	50.33
Treasury Stock	597,100	0.00
Others	11,376,629,091	49.67
Total shares on issue as at 31 December 2021	22,904,850,815	100.00



For further information, please contact:

Mr. David Fowler (Director)
The Convergence Indonesia, 20th Floor,
Rasuna Epicentrum Boulevard, HR Rasuna Said
Jakarta 12940 - Indonesia
T: +62 21 2988 0393

E: investor.relations@merdekacoppergold.com

About PT Merdeka Copper Gold Tbk.

PT Merdeka Copper Gold Tbk (“Merdeka” or “the Company”), a holding company with operating subsidiaries engaging in mining business activities, encompassing: (i) exploration; (ii) production of gold, silver, copper (and other related minerals); and (iii) mining services.

The Company’s major assets are the: (i) Tujuh Bukit Copper Project; (ii) Pani Gold Project; (iii) Wetar / Morowali Acid Iron Metal Project; (iv) Tujuh Bukit Gold Mine and; (v) Wetar Copper Mine.

The Tujuh Bukit Copper Project deposit is one of the world’s top ranked undeveloped copper and gold mineral resources, containing approximately 8.7 million tonnes of copper and 28 million ounces of gold.

As a world-class Indonesian mining company, Merdeka is owned by prominent Indonesian shareholders including: PT Saratoga Investama Sedaya Tbk., PT Provident Capital Indonesia and Mr. Garibaldi Thohir. Merdeka’s three major shareholders have exceptional track records in successfully identifying, building and operating multiple publicly listed companies in Indonesia.

Refer Annual Statements of Mineral Resources and Ore Reserves on www.merdekacoppergold.com