

4 March 2022

PT Merdeka Copper Gold Tbk moves to 70% economic interest in the Pani Gold Project

Overview

PT Merdeka Copper Gold Tbk (IDX: MDKA, “Merdeka” or the “Company”) is pleased to announce it has closed the transaction by entering into a Shares Transfer Deed dated 1 March 2022 (“Shares Transfer Deed”) with Lion Selection Asia Limited (“LSA”), to purchase 50% (fifty percent) of LSA’s interest in PT Pani Bersama Jaya (“PBJ”).¹ Prior to the execution of Shares Transfer Deed, Merdeka held a 66.7% interest in PBJ, subsidiary of which holds the Pani IUP, with the remaining 33.3% owned by LSA. As a result of the transaction, Merdeka now owns 83.35% of PBJ. LSA is a subsidiary of Lion Selection Group Limited (“Lion”), an Australian Stock Exchange listed company.

In addition, Merdeka is also pleased to confirm that it has now completed its previously announced acquisition of 50.1% interest in PT Andalan Bersama Investama (“ABI”). Prior to the Transaction between Merdeka and ABI, ABI has 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”) in December 2021. GSM holds the Contract of Work for the Pani Project (“Pani CoW”) located in Gorontalo Province, Sulawesi.²

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 the joint development of the properties.

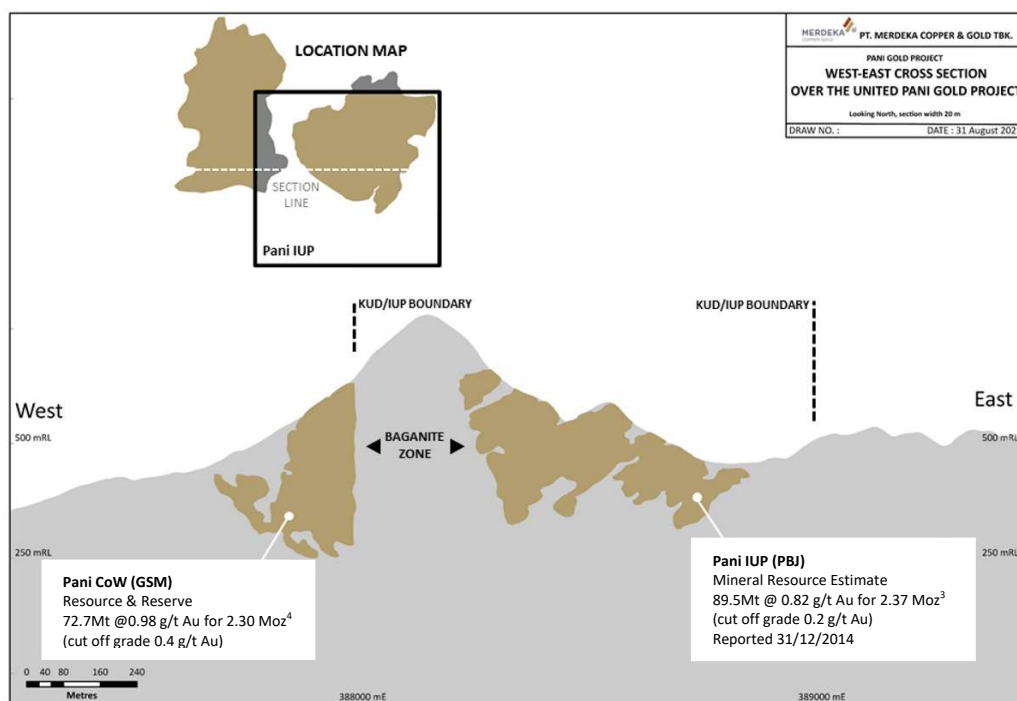
Following Merdeka’s transactions with LSA and ABI, Merdeka’s effective economic ownership in Pani Gold Project is 70% through controlling interests in both PBJ (~83.35%) and GSM (~50.1%). The Pani Gold Project will allow for the combined resources of Pani IUP and Pani CoW to be developed into one, larger gold project.

Merdeka Vice President Director and CEO Simon Milroy said “We are pleased with the transaction which allows Merdeka to move to a 70% of the economic interest in the Pani Gold Project. This project is expected to become a long-life and low-cost gold mine with the potential to have annual production in excess of 250,000 ounces of gold for more than 15 years. This ranks the project as one of the largest by annual gold production in the Asia-Pacific region. With an existing combined resource of 4.7 million ounces of gold, and an active exploration programme in 2022, we expect the resources to grow rapidly.”

¹ Details of the LSA transaction are set out in the Company’s release dated 4 March 2022, available on the Company’s website at: <https://merdekacoppergold.com/en/download/disclosure-of-information-on-the-purchase-of-partial-shares-owned-by-lion-selection-asia-limited-shares-in-pt-pani-bersama-jaya-by-the-company/>

² Details of the ABI transaction are set out in the Company’s release dated 4 March 2022, available on the Company’s website at: <https://merdekacoppergold.com/en/download/disclosure-of-information-on-completion-of-conditional-shares-subscription-agreement-dated-28-december-2021/>

Combined “Whole Pani” Gold Project schematic section



As shown in figure above, the Pani IUP and the Pani CoW are located adjacent to each other in Gorontalo, Sulawesi. 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 ounces of gold³ and PSAB has previously reported that the Pani CoW contains a mineral resource of 72.7 million tonnes at a gold grade of 0.98 g/t for 2.3 million ounces of gold⁴.

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).

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.

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

³ Company filings. Resources and reserves information as at 31 December 2020 (<http://www.merdekacoppergold.com/en/assets/resources-and-reserves>)

⁴ PSAB Resource reported 31/12/2018, Mineral Resource Estimate reported 3/12/2014

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About PT Merdeka Copper Gold Tbk.

PT Merdeka Copper Gold Tbk (“Merdeka”), 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 current 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 to the Annual Statements of Mineral Resources and Ore Reserves on www.merdekacoppergold.com