

PT Merdeka Copper Gold Tbk.

IDX Code: MDKA
As at 31 March 2022

Capital Structure

22,940,850,815 listed shares
Share price: IDR 4,520
Market capitalisation: \$7.2 billion

Cash & Debt

Cash: \$122 million
Bank Debt: \$140 million
IDR Bond \$479 million

Board of Commissioners

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(President)
Garibaldi Thohir
Richard Bruce Ness
Yoke Candra Katon
Muhamad Munir
(Independent)
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Executive Management

Boyke Poerbaya Abidin
Eric Rahardja
Gerick Mouton
Zachary Casley
Doug Jones
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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 March Quarter 2022 activities.

Since the time of its IPO in June 2015, MDKA has transformed from a company with a single undeveloped gold project 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, nickel and gold producer.

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

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

During the quarter, Merdeka announced the acquisition of a world class nickel mine project and operating nickel smelters (collectively “Nickel Assets”), this includes stakes in the following:

- SCM Nickel Mine, one of the world’s largest undeveloped nickel resource. A total JORC resource of over 1.1 billion dmt at 1.22% Ni, containing 13.8Mt Nickel and at 0.08% Co containing 1.0Mt Cobalt
- CSI and BSI, two operating and cash flow generating RKEF nickel smelters with a combined nameplate production capacity of 38ktpa of nickel
- IKIP, a joint venture with Tsingshan to develop a downstream nickel processing industrial park within SCM’s IUP

At the Tujuh Bukit Gold Mine, gold production in the quarter was 33,968 ounces at an all-in sustaining cost (“AISC”) of \$934/oz net of silver credits. No Lost Time Injury (“LTI”) occurred during the quarter and year, with the site achieving 9 million hours without an LTI.

At the Wetar Copper Mine, copper produced in the quarter was 5,267 tonnes at an AISC of \$3.27/lb. Two LTIs occurred during the quarter.

At TB Copper Project, recent drilling results have continued to return intercepts in line with, or exceeding expectations. Results for the quarter include 595 metres @ 0.9% Cu and 1.0 g/t Au from 98 metres in UHGZ-21-072 (including 496 metres @ 1.0% Cu and 1.2 g/t Au from 102 metres).

At Wetar, infill drilling to upgrade Inferred resources is on target, with updated resources released at the end of Q1 2022, including updated Mineral Resource Estimate for the Partolang deposit and the first Mineral Resource Estimate for the Partolang Barat deposit.

During the quarter, MDKA closed the transactions to increase its effective economic ownership in Pani Gold Project to 70%.

During the quarter, MDKA successfully completed an IDR bond issuance of \$207 million in two series offering one-year and three-year tenors.

Subsequent to the quarter, MDKA completed a new shares issuance and successfully raised \$235 million. In conjunction with the shares issuance, 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. Brunp Catl and MDKA intend to form a strategic partnership in Indonesia. The parties have signed a memorandum of (“MoU”) to engage in a “win-win” cooperation, focusing on the battery metals supply chain in Indonesia.

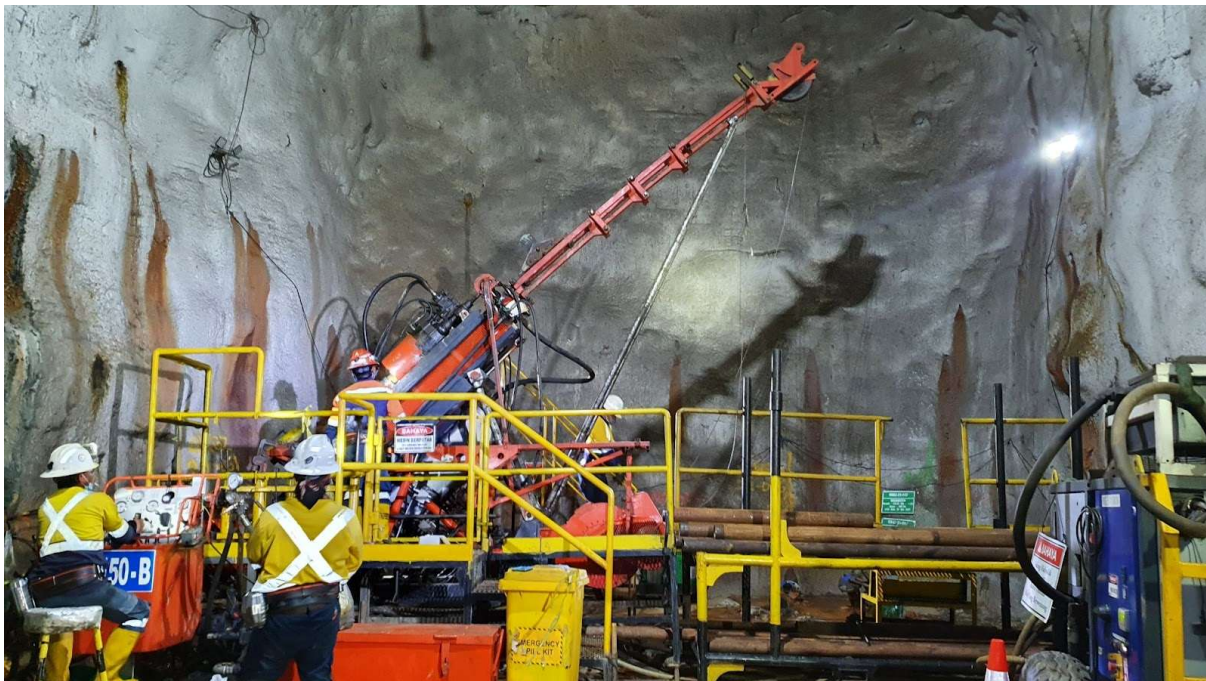
1) TB Copper Project

World Class Resource: This project is 100% owned by MDKA and located beneath the existing TB Gold Mine. Based on Updated Mineral Resource Estimate as of 31 December 2021, the total Resource contains 1.78 billion tonnes of ore at a grade of 0.46% copper and 0.50 g/t gold containing approximately 8.2 million tonnes of copper metal and 28.6 million ounces of gold.

The updated Mineral Resource Estimate for the TB Copper Project includes a new Indicated Resource JORC classification and incorporates updated geological and mineralisation models and drilling results from the underground exploration decline and surface. The Indicated Resource contains 372 million tonnes at 0.61% Cu and 0.68 g/t Au with the Inferred Resource containing 1,412 Mt at 0.45 g/t Au and 0.42 % Cu.

Pre-Feasibility Study (“PFS”): MDKA has invested \$109 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. 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, with the Project achieved 995,942 LTI free man-hours.

Figure 1: Underground drilling operations at Tujuh Bukit Copper Project



During Q1 2022, six drill rigs were operating underground with two surface rigs also drilling on the project. Fourteen holes were completed underground during the quarter, with six in progress at the end of the quarter for a total of 9605.7 metres. During the quarter, an additional surface drill rig arrived at site, which drilled a geotechnical investigation drillhole for near surface infrastructure before moving on to Resource Definition drilling.

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Selected results from the latest drilling results announced in February 2022 include (results reported using a 0.2% Cu cut-off, and a minimum intercept length of 30 metres):

- 595.1 metres @ 0.9 % Cu and 1.0 g/t Au from 98 metres in UHGZ-21-072 (including 496 metres @ 1.0 % Cu and 1.2 g/t Au from 102 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 0.6 grams/tonne Au from 0 metres and 74 metres @ 0.6% Cu and 0.5 grams/tonne Au from 320 metres)

Full details of all the drilling results announced in February 2022 can be obtained at the following location: (<https://merdekacoppergold.com/download/tb-cp-february-2022-results-release/>).

Resource definition drilling will continue throughout 2022, with between 50,000 to 60,000 metres of drilling scheduled after Q1 2022 from underground and surface. Surface drilling will also continue for geotechnical and hydrogeological investigations for both surface and underground infrastructure.

Figure 2: Surface diamond drilling operations at Tujuh Bukit.



Outlook: While good progress has been made towards completion of the PFS it is expected to be rescheduled to Q1 2023 to allow time for additional ongoing resource drilling to be incorporated into the study. A project update providing results of work to-date will also be released during Q2 2022.

2) **Nickel Assets**

Overview: On 28 March 2022, MDKA announced it will invest \$374 million to subscribe for new shares equating to 55.67% of the total equity interest in PT Hamparan Logistik Nusantara (“HLN”) through fully controlled Merdeka subsidiary PT Batutua Tembaga Abadi (“BTA”) (“Transaction”). HLN has recently completed the acquisition of interests in PT J&P Indonesia (“JPI”) and PT Jcorps Industri Mineral (“JIM”) from PT JCorp Cahaya Semesta (“JCS”), which HLN holds a 95.3% interest in JPI and a 99.9% interest in JIM (collectively “Nickel Assets”).

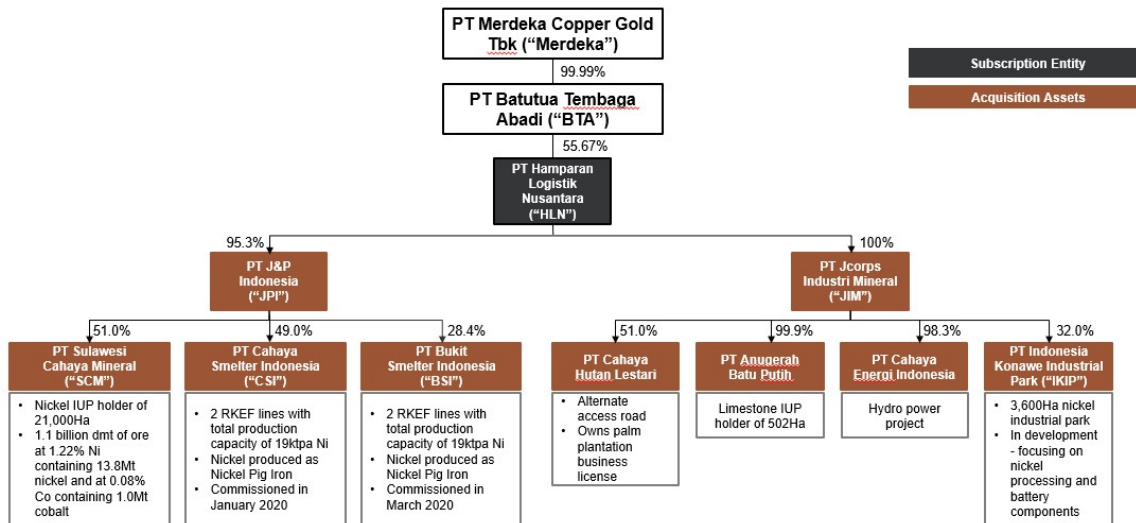
The Nickel Assets consist of the assets held by JPI and JIM:

- JPI owns a 51.0% controlling stake in PT Sulawesi Cahaya Mineral (“SCM”), which holds the mining permit (“IUP”) for one of the world’s largest pre-production nickel resources. JPI also holds stakes in two operating nickel RKEF plants, this includes a 49.0% stake in PT Cahaya Smelter Indonesia (“CSI”) and 28.4% in PT Bukit Smelter Indonesia (“BSI”). Each of the RKEF plants has a nameplate capacity to produce 19,000 tonnes of nickel per annum and each RKEF plant has been operating since early 2020
- JIM has a 32% stake in the Indonesia Konawe Industrial Park (“IKIP”), a joint venture with Tsingshan Holding Group to develop a future nickel-focused industrial estate within the SCM concession area. JIM also owns interests in several companies with projects that support the overall nickel processing chain, this includes a limestone IUP and hydro power project.

The acquisition will be fully funded through combination of cash and debt. Merdeka’s capital management framework is unchanged for existing growth assets.

Transaction Overview: The corporate structure of HLN and its subsidiaries after the completion of the Transaction is shown in Figure 3 below.

Figure 3: Corporate structure of HLN



Nickel Assets Overview: The Nickel Assets include:

- SCM Mine: 51.0% owned and operated. Current reserves of 189 million dmt of ore at 1.20% Ni containing 2.3 million tonnes nickel and at 0.10% Co containing 0.2 million tonnes of cobalt. Within total resources of 1.1 billion dmt of ore at 1.22% Ni containing 13.8Mt nickel and at 0.08% Co containing 1.0Mt cobalt.
- CSI: 49.0% owned RKEF smelter with a nameplate capacity of 19ktpa of nickel.
- BSI: 28.4% owned RKEF smelter with a nameplate capacity of 19ktpa of nickel.
- IKIP: 32.0% owned. The proposed Indonesian Konowee Industrial Park (“IKIP”) location studies are completed with early planning underway for downstream nickel processing, including new nickel plants and RKEF processing plants

The SCM mine will supply nickel saprolite ore to RKEF plants producing nickel pig iron at the Indonesia Morowali Industrial Park (“IMIP”), including the CSI and BSI smelters. The SCM mine will also supply nickel limonite ore to high pressure acid leach plants at IMIP producing battery grade nickel and cobalt precursors.



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3) **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.

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.

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 will be 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.

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 targeted to deliver first acid at the end of Q1 2023.

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Figure 4: 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”) are self-performing all project construction works, with Beijing Design being managed by an increased 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 continues in the Pyrite Plant
- Acid plant perimeter retaining walls reached 90% completion
- Piling continues at both the Acid and Chloride Plants
- Chloride Plant office construction is near complete
- QMB Acid Tank installation is progressing with jack-up methods underway for tanks 1 and 2, while tanks 3 & 4 will commence settlement tests and be ready for first acid in April
- MMS concrete batch plant installation progresses well with commissioning to take place in April. The neighbouring cement shed installation progresses with all steel erected and gantry crane installation to take place
- Plant workshop has been established and currently being used, whilst the warehouse construction has commenced
- MTI permanent camp construction reached 70% completion with 300 personnel housed in the temporary construction

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- Axis International continue to assist MTI in China with procurement for mechanical and steel fabrication, including QA QC inspections and logistics to China ports
- Ongoing China Covid locks downs are now delaying manufacturing, with delays anticipated to project schedule. Axis and MTI are weekly assessing delays and looking at ways to improve, however provinces continue to be locked down slowing all areas of the delivery network
- Design reached 75% completion while international procurement reached 30% completion

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: Detailed engineering designs are being finalized with additional shallow foundations, access bridge, ramp door & water services.

The piling barge will mobilize mid-April, ETA Wetar early May with 7 personnel from the piling contractor already on site. Mobilization of their 150 tonnes crane barge, which is estimated to depart Jakarta on the 20th of April, ETA 14 May 2022, will allow initial piling to commence. Piles have departed Jakarta via LCT, ETA Wetar in April.

Construction is underway with embankment rock revetment and tetrapod installation.



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4) Pani Gold Project

Pani Gold Project: Merdeka owns a 70% effective economic interest in the Gold Project (“Pani”, “the Project”). Pani hosts a significant undeveloped gold resource that is located across two adjacent mining tenements (Pani COW and Pani IUP) in Gorontalo Province Sulawesi. Merdeka commenced drilling and feasibility study work on Pani during Q1 2022.

A historical feasibility study, was completed for the Pani COW by J Resources in 2020, was used to permit the development of the Pani COW in 2021 at a production rate of 4 million tonnes per annum. Significant metallurgical test work has been done on both the Pani IUP and Pani COW resources. This metallurgical test work shows a 92% metallurgical recovery with a grind to P80 passing 150 microns and leaching via a conventional CIL circuit. This historical work significantly de-risks Pani and allows Merdeka to launch a fast-track project development strategy.

This strategy involves an update to the Government of Indonesia Feasibility Study (“GoIFS”) and an addendum to the existing AMDAL. Various technical studies and field work are underway to support the fast-track approach which also involves the design and construction of a new private by-pass road and bridge to allow access for heavy equipment and machinery. Critical path activities such as site establishment for the construction of the project access road, which will ultimately provide haulage access to the pit, has commenced.

The feasibility study is expected to be completed in 2023 with process plant infrastructure followed by construction. It is expected that gold production would start in H2 2025.

Significant historical drilling at Pani has defined mineral resources on both the Pani IUP and the Pani COW. These Mineral Resource Estimates (‘MRE’) are summarised in Table 1 below. More information is available at <https://merdekcoppergold.com/en/mineral-resources-ore-reserves/>.

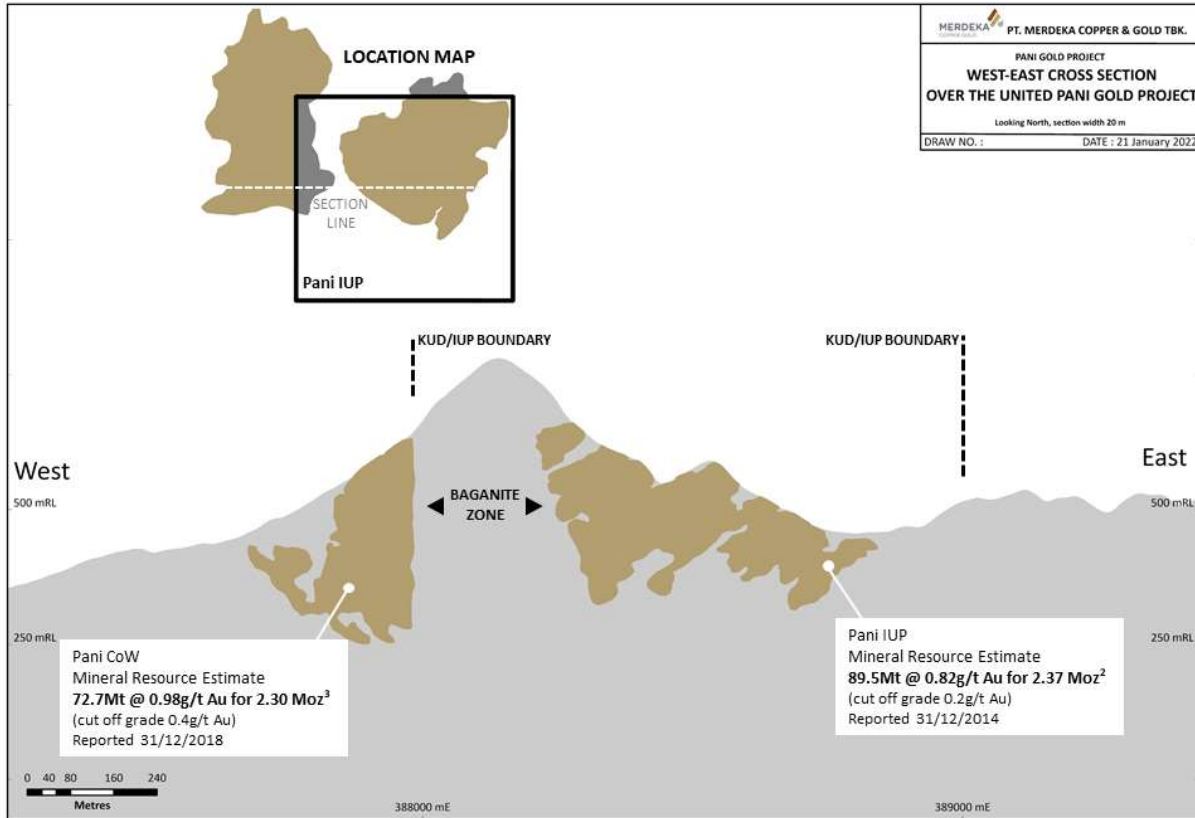
Table 1: Current Pani Mineral Resource Estimates Results (Historical Cutoff of > 0.2 g/t for Pani IUP MRE, and 0.4 g/t for Pani CoW MRE)

Pani IUP Resources at 0.2g/t Au Cu cut-off				Pani CoW Resources at 0.4g/t Au Cu cut-off			
Category	Tonnage (Mt)	Grade (g/t Au)	Au (million Oz)	Category	Tonnage (Mt)	Grade (g/t Au)	Au (million Oz)
Measured	10.8	1.13	0.39	Measured	15.49	1.03	0.51
Indicated	62.4	0.81	1.63	Indicated	41.34	0.98	1.31
Inferred	16.2	0.67	0.35	Inferred	15.91	0.93	0.48
Total	89.5	0.82	2.37	Total	72.74	0.98	2.30

Preparations for the commencement of drilling at the Pani Gold Project were ongoing during the quarter and are on schedule. An initial program of ~50,000m has been designed, targeting the central Baganite zone (shown in Figure 6 below) which to date has been sparsely drilled.

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 5: Combined Pani gold project schematic section



Dams for drilling water supply have been constructed. Preparations for sterilisation drilling of potential tailings storage facilities were also made during the quarter.

At the end of the quarter, twenty two drill pads had been constructed, and the first drill rig had been mobilised to its initial drilling location.

Figure 6: Collaring of first drillhole in Baganite Zone at Pani Gold Project



Renovations and upgrades continued at all the project camps to support both the ramp up of drilling activity, and upcoming initial construction activity.

5) Tujuh Bukit Gold Mine

Summary: Production for the quarter was in line with planned lower grades. Gold produced during the quarter was 33,968 ounces at an AISC of \$934/oz net of silver credits.

Mining: Ore mined for Q1 2022 was 2,146,982 tonnes with waste mined of 995,168 tonnes. Mining operations achieved total material movement of 3,237,148 tonnes including rehandling of ore stockpiles during the quarter.

Processing: During Q1 2022 the ore preparation plant (“OPP”) was operated in line with expectation with throughput of 2,057,843 tonnes of crushed and agglomerated ore, at a grade of 0.63 g/t Au (containing 41,968 ounces of gold), hauled and stacked onto the HLP for the quarter.

The HLP continued to perform as per design with project to date gold recoveries of 80.1%. 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 quarter, Tujuh Bukit Operations achieved 9,066,958 man-hours without Lost Time Injury (“LTI”), whilst the mine’s total year-to-date recordable injury frequency rate per million hours worked was 1.16 at the end of March 2022, with 2 medical treatment injuries and 0 lost time injury case.

The workforce at the mine, including all employees and contractors, is currently 2,662 people, comprising over 99.4% Indonesian nationals and 0.6% expatriates. Of the workforce, 1,845 (69.3%) are residents of Banyuwangi, with 1,216 (45.7%) of the number hailing from the local sub-district of Pesanggaran.

In Q1 of 2022, External Affairs Department (“EA”) completed a significant infrastructure project, the 1.7 km concrete road spanning from Pulau Merah to Rowojambe, in addition to kicking off the construction of Pantai Mustika in Pancer as part of the Integrated Tourism Development plan to support the local economy.

The quarter also marked an important milestone as EA obtained the Forest Area Borrow-Use Permit (IPPKH) for advanced exploration for BSI, renewal of Groundwater Utilization Permit for five drills, as well as the signing of Cooperation Agreement with the National Vital Object Security under the East Java Police. EA also provided assistance for site-30 geotechnical drilling for Tujuh Bukit Copper Project.

EA conducted the first BSI online town hall meeting, branded Tujuh Bukit Intermezzo, to increase employee engagement. During the quarter, EA continued its focus on engaging the residents of the five villages in the Pesanggaran sub-district surrounding its operations, especially those in Pancer hamlet regarding the company’s exploration plans in Salakan, Genderuwo, and Lompongan.

A total of 3,932 environmental samples were taken during Q1 2022, encompassing statutory based sampling requirements as well as company driven internal monitoring. In addition, 0.5 ha of pioneer trees and 1,984 trees of indigenous species were planted; and 1.2 ha of cover crops were planted during the quarter.

Exploration: Two surface rigs operated during the quarter on near mine resource definition drilling, and at the end of the quarter, 51 drill holes had been completed, with 4 drill holes were in progress for a total of 8,730.3 metres.

An updated Mineral Resource Estimate (MRE) of the gold (Au) and silver (Ag) for the epithermal related mineralisation at Tujuh Bukit was completed during the quarter incorporating the results of recent near mine Resource Definition and updated geological interpretation for the mineralisation.

Table 2: Tujuh Bukit Gold Mine updated MRE (reported at $\geq 0.1\text{g/t}$ and within a US\$2,150 constraining pit).

Category	Tonnage (Mt)	Grade (g/t Au)	Grade (g/t Ag)	Au (Koz)	Ag (Moz)
Measured	-	-	-	-	-
Indicated	73.4	0.45	24	1071	57.7
Inferred	7.2	0.28	14	65	32.2
Total	80.5	0.44	24	1,136	60.9

The updated MRE incorporates sixty-seven completed drill holes in the Zone D area. Inclusion of these holes and subsequent changes to the geological interpretation has resulted in a +20%, +8% and +25% increase in contained gold ounces for Pit A, C and Zone D, respectively, for the global model at a $\geq 0.1\text{g/t}$ cut-off grade and reported within a constraining \$2,150 pit shell.

With the inclusion of new drilling at Zone D, most of the contained gold mineralisation in the Zone D area of the updated resource is classified as Indicated Resource. There was also a 39% increase in gold grade for Zone D versus the previously reported Mineral Resource Estimate.

More information is available at <https://merdekacoppergold.com/en/mineral-resources-ore-reserves/>.

During the remainder of 2022 drilling is scheduled to test extensions of the resources in the Pit A and Pit C areas (~8,000m) targeted at adding near term resources to the current life of mine plan. Drilling at the Candrian prospect, targeting both high sulphidation epithermal gold mineralisation, and potential deeper porphyry Cu-Au mineralisation was starting up at the end of the quarter, with pad construction completed for the initial program, and drilling expected to commence early in the second quarter.

Previously planned drilling on the Katak prospect targeting near surface high sulphidation Au mineralisation has been delayed to focus drilling on the higher priority (and more prospective) near mine extensional drilling in Pits A and C.

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 and Lompongan prospects (following clearances), 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.

Operational Cost Summary: The Q1 2022 cash cost was \$655/oz and the AISC was \$934/oz.

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 \$825 to \$1,054/oz net of silver credits.

6) Wetar Copper Mine

Summary: Copper produced in Q1 2022 was 5,267 tonnes. This is the fourth consecutive quarters Wetar has successfully maintained its copper production level of at least 5,000 tonnes per quarter.

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: 4.3 million tonnes of material was mined in Q1 2022; 0.6 million tonnes of ore and 3.7 million tonnes waste. Contained copper in ore mined totalled 7,947 tonnes, 11% higher than the reserve model of 7,188 tonnes with higher copper grades offsetting lower tonnes mined.

Processing: During Q1 2022, 0.6 million tonnes of ore were crushed and stacked on to the heap leach pad at a grade of 1.36% Cu. The 0.6 million tonnes of ore crushed was 19% lower than the previous quarter. 5,267 tonnes of copper were produced.

Environmental, Safety and Social Performance: Wetar Copper Mine had 2 LTIs during the quarter. Before the LTI, 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 1.46, with 2 recordable injuries during the quarter.

In the Q1 2022, Wetar Operation has successfully carried out revegetation activities covering an area of 0.61Ha of new plantings and 2.60Ha replanting. A total of 2000 seedlings were planted. Slope erosion control was applied by installing jute net covering an area of 1.38 Ha. The total seeds production in the nursery was 8,443 seedlings.

During January-March 2022, water and air monitoring has been carried out in accordance with the AMDAL. The average rainfall during Q1 was 344.02 mm per month. The highest monthly rainfall in January was 536 mm.

The Wetar operation has 1,236 total direct and contract employees comprising of 4 expatriates and 1,232 Indonesian nationals. Indonesian employees of Batutua comprise of 705 local (Maluku) and 527 non-local employees, while contractors' employees comprise of 311 local (Maluku) and 757 non-local.

Water Treatment Plant: The detail design and engineering of the Wetar Water Treatment Plant ("WTP"), which includes an upgrade to the existing neutralization plant, has been completed with procurement underway.

Operational Cost Summary: Q1 2022 total cash cost was \$2.28/lb of copper produced and the AISC was \$3.27/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: Activities during the quarter focused on scout diamond drilling in the Lerokis area, completion of infill diamond drilling at Partolang Barat, the resumption of Reverse Circulation drilling in the Partolang Bridge area, ground EM data acquisition, and resource estimation. A total of 36 drill holes were completed during the quarter, with 2 in progress at the end of the quarter for 5,570.7 metres drilled. Selected results from the latest drilling include¹:

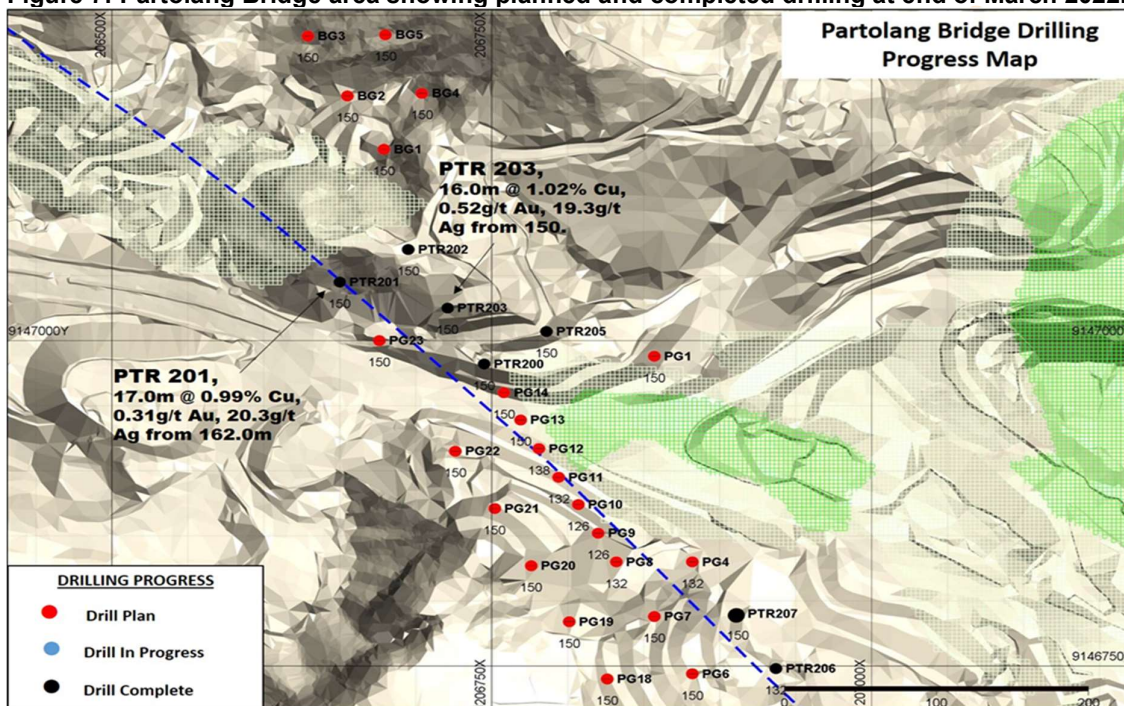
- 9 metres @ 4.30% Cu, 1.56 g/t Au from 70 metres in BMR067
- 16 metres @ 2.77% Cu, 0.98 g/t Au from 44 metres in BMR055
- 22 metres @ 2.06% Cu, 0.49 g/t Au from 18 metres in BMR056
- 15 metres @ 4.36% Cu, 1.62 g/t Au from 60 metres in BMR062
- 8 metres @ 1.73% Cu, 0.64 g/t Au from 103 metres in BMR052

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

At Partolang Barat, infill drilling along the southern margin of the resource intersected massive sulphides at the edge of the currently defined resource, with assaying was still in progress at the end of the quarter.

At Partolang Bridge, Reverse Circulation drilling resumed on the 27th of March following an extended shut down. Two holes were completed during the quarter for 264m, with results still outstanding at the end of the quarter.

Figure 7: Partolang Bridge area showing planned and completed drilling at end of March 2022.



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. In total 38 drill holes were completed in these programs for 5,570.7.

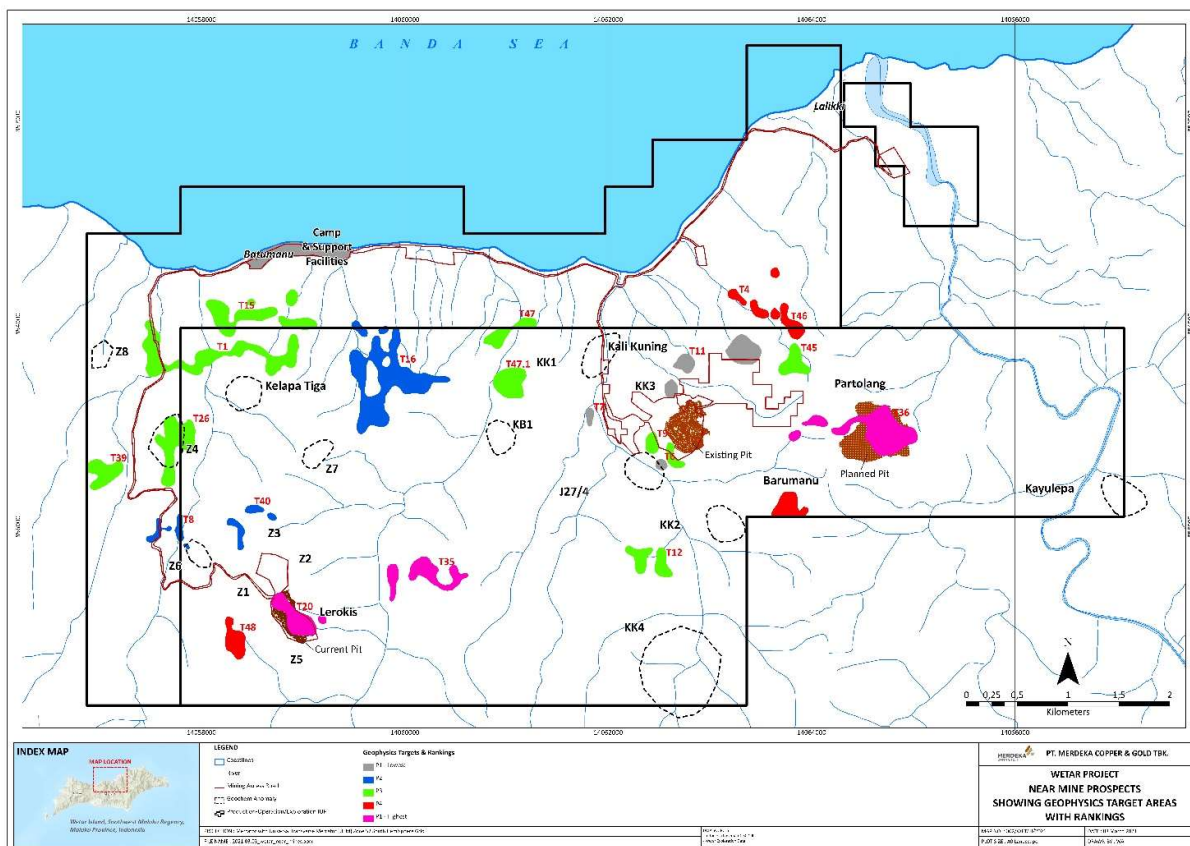
Results have been received from forty-one (41) of the Partolang Barat holes and have largely confirmed geological interpretations and assays are in line with the expected grades. Assay results from the latest drilling were reported in a separate announcement during quarter 1.

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 264 metres. The planned drill program includes 29 holes for around 5,100 metres, with the objective of defining any mineralisation in this area to assist with long term mining and infrastructure planning.

At Lerokis, scout diamond drilling continued with 14 holes completed and an additional 3 holes were in progress at the end of the quarter. The drilling targeted previously defined EM Targets and gold-silver anomalism associated with barite mineralisation in the Zone 4 area, as well as drilling at Zone 1 North to follow up on previous assay results. At the end of the quarter, assaying was still in progress, and significant results will be released when available.

Surface exploration continued throughout the quarter aimed at confirming targets generated from airborne geophysical surveys. A ground electromagnetic geophysical survey program was ongoing with fixed loop surveying completed in the A6 & B2 Blocks at Kelapa Tiga. Preliminary processing of the fixed loop data over this area in conjunction with re-evaluation of the raw airborne data, has identified several anomalies which have been modelled for drill testing.

Figure 8: Wetar near mine prospects showing airborne geophysics targets.



The maiden resource report for Partolang Barat was completed during the quarter. The Mineral Resource estimate is presented in Table 2 and is quoted above a cut-off grade of 0.4% Cu. A Mineral Resource is also reported for Au, reported from the Barite zone above a cut-off grade of 1.0 g/t Au, and is presented in Table 3.

More information is available at <https://merdekacoppergold.com/en/mineral-resources-ore-reserves/>.

Table 3: Partolang Barat Mineral Resource Estimate, SBX, MPY, PBX2, QPD, INV and CLP zones. CU>0.4%. Reported as of 28 Feb 2022

Category	Tonnage (Mt)	Cu%	Cu (T)	Fe (%)	S (%)
Measured	-	-	-	-	-
Indicated	1.04	2.3	23,500	27.5	33.7
Inferred	0.55	1.0	5,500	18.3	19.9
Total	1.59	1.8	29,000	24.3	28.9

Following an exploration review and target ranking analysis, Merdeka has applied for a number of IUP Exploration which cover most of the geological formations on Wetar Island which are prospective for copper and gold mineralisation. Preparation started during the quarter for a regional exploration program which will commence once the IUP applications have been granted.



7) **Sustainability & Environment, Social and Governance Planning**

MDKA's 2021 Sustainability Report compilation was initiated during this first quarter with ESG content being compiled from MDKA's respective sites. The Sustainability Report development plan includes an independent review to verify content against GRI Standards, with the final Sustainability Report expected to be released during Q2 2022.

Merdeka's ESG & Sustainability Committee meeting was held on 10 March 2022 and chaired by the CEO. The meeting agenda included updates to the ESG plan with activities throughout 2022. Key activities planned during the year include a Task Force on Climate Related Financial Disclosures ("TCFD") assessment and workshop sessions compiling Greenhouse Gas ("GHG") reduction opportunities from each site towards contributing to MDKA's net zero targets.

A photography and essay competition was launched during this quarter as part of Earth Day (22 April). The competition is open to all MDKA employees with the theme "my workplace is my beautiful earth".

The notable achievements during this quarter:

- Finalisation of the independent GHG calculation across MDKA's operations. The results were presented to members of the MDKA ESG Committee and included an interactive session on ways to reduce GHG and mining industry comparisons.
- An independent Environmental Consultant, Behre Dolbear Australia ("BDA"), completed their Environmental and Social Monitoring assessment against 2021 activities for both Mining Operations.



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Appendix 1: Finance and Corporate

Cash and Cash Equivalents: Cash and cash equivalents, net of restricted cash, at 31 March 2022 was \$122 million. In addition to this, MDKA has \$100 million in undrawn debt facilities.

Debt:

BSI Prepayment Facility

PT Bumi Suksesindo (“BSI”) successfully entered into an additional Secured Bullion Forward Hedge and Financing Transaction (“BSI Prepayment Facility”) with details below:

- January 2022: Prepayment amount of \$27.7 million with a total of 15,431 oz gold was hedged with scheduled monthly settlements from February to September 2022, at an average price of \$1,798/oz includes interest charge. The facility has an effective interest rate of ~3.46% per annum.
- March 2022: Prepayment amount of \$19.5 million with a total of 10,609 oz gold was hedged with scheduled monthly settlements from January to June 2023, at an average price of \$1,842/oz includes interest charge. The facility has an effective interest rate of ~4.64% per annum.

On 31 March 2022, the balance of BSI Prepayment Facility was \$89.7 million.

BSI RCF

BSI has drawn \$50 million of Revolving Credit Facility (“BSI RCF”) in March 2022. 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.

MDKA IDR Bonds

On 8 March 2022, the Company successfully completed the issuance of 1st tranche of Year 2022 IDR bond for a total amount of Rp3.0 trillion (or equivalent to \$207 million), offered in two series with details as follow:

- Series A: Bond principal amounting to Rp959,000,000,000 with coupon rate of 5.00% per annum for a one-year tenor; and
- Series B: Bond principal amounting to Rp2,041,000,000,000 with coupon rate of 7.80% per annum for a three-year tenor.
- Cross currency swap was entered in several transactions with details below:
 - \$56 million of one-year tenor swapped to USD Secured Overnight Financing Rate (“SOFR”) + 87 basis points
 - The remaining \$11 million of the one-year tenor IDR bond expected to be hedged in Q2 2022
 - \$120 million of three-year tenor swapped to USD SOFR + 285 basis points
 - \$10 million of three-year tenor swapped to USD 5.25%
 - The remaining \$10 million of the three-year tenor IDR bond expected to be hedged in Q2 2022

The balance of the IDR Bond at 31 March 2022 was equivalent to \$479 million.

Subsequently, on 28 April 2022, the Company successfully completed the issuance of 2nd tranche of Year 2022 IDR bond for a total amount of Rp2.0 trillion (or equivalent to ~\$140 million), offered in two series with details as follow:

- Series A: Bond principal amounting to Rp310,000,000,000 with coupon rate of 7.80% per annum for a three-year tenor; and
- Series B: Bond principal amounting to Rp1,690,000,000,000 with coupon rate of 9.25% per annum for a five-year tenor.

MDKA RCF

On 31 March 2022, the Company entered into a Merdeka Revolving Credit Facility (“MDKA RCF”) agreement in the amount of \$100 million with PT Bank UOB Indonesia, The Korea Development Bank and PT Bank Mizuho Indonesia. The MDKA RCF has an applicable interest rate of 3.85% per annum plus SOFR with a final repayment on 31 March 2023. The Company has drawn US\$100 million of MDKA RCF on 8 April 2022.

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Finance Lease

The finance lease balance outstanding on 31 March 2022 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 38,320 ounces of gold and 215,570 ounces of silver were sold at an average price of \$1,871/oz and \$23/oz, respectively, for total revenue of \$76.7 million. Furthermore, 12,869 oz of gold hedging with a strike price of \$1,875/oz was closed out at a price of \$1,914/oz resulting in a net loss on hedging for the quarter of \$0.5 million.

At Wetar, 4,649 tonnes of copper were sold at an average price of \$9,920/tonnes for total revenue of \$46.1 million.

Mark to market position for gold and copper hedge changed from an asset of \$1 million at 31 December 2021 to a liability of \$7 million at 31 March 2022.

Table 4: Gold, Silver and Copper Sales for March 2022 Quarter

	Ounces	\$/oz	\$m
Gold	38,320	1,871	71.7
Silver	215,570	23.2	5.0
	Tonnes	\$/tonne	\$m
Copper	4,649	9,920	46.1
Total			122.8

Table 5: Details of Gold and Copper Hedge Profile as at 31 March 2022

Period	Gold Hedged		Copper Hedged	
	oz Au	\$/oz	t Cu	\$/t
2022 (April to September)	-	-	3,000	9,934
2022 (April to December)	49,217	1,864	-	-
2023 (January to June)	10,609	1,842	-	-

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Capital Structure: Total issued and paid-up capital of MDKA is 22,940,850,815 shares.

Table 6: Major Shareholders as at 31 March 2022

Shareholders	No. of shares	%
PT Saratoga Investama Sedaya Tbk	4,189,971,184	18.29
PT Mitra Daya Mustika (Provident Capital)	2,948,833,595	12.87
Garibaldi Thohir	2,010,647,705	8.78
PT Suwarna Arta Mandiri (Majority owned by Saratoga and Provident Capital)	1,386,733,708	6.05
Pemda Kabupaten Banyuwangi	973,250,000	4.25
Total Major Shareholders	11,509,436,192	50.25
Treasury Stock	597,100	0.00
Others	11,394,817,523	49.75
Total shares on issue as at 31 March 2022	22,904,850,815	100.00

Subsequent to Q1 2022, on 26 April 2022, the Company completed the new shares issuance of 1,205,999,956 through pre-emptive rights issuances (“PRI”) with an exercise price of Rp2,830 and successfully raised Rp3.4 trillion (or equivalent to \$235 million). In conjunction with the 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 making this strategic investment in MDKA, Brunp Catl and MDKA intend to form a strategic partnership in Indonesia. The parties have signed a memorandum of (“MoU”) to engage in a “win-win” cooperation, focusing on the battery metals supply chain in Indonesia.

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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) Nickel Mining and Refining Assets; (iii) Pani Gold Project; (iv) Wetar / Morowali Acid Iron Metal Project; (v) Tujuh Bukit Gold Mine and; (vi) 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 8.2 million tonnes of copper and 28.6 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