

QUARTERLY REPORT: SEPTEMBER 2021

PT Merdeka Copper Gold Tbk.

IDX Code: MDKA

As at 30 September 2021

Capital Structure (31-10-2021)

22,904,850,815 listed shares

Share price: IDR 3,160

Market capitalisation: \$5.1 billion

Cash & Debt

Cash: \$203 million

Bank Debt: \$83 million

IDR Bond \$167 million

Board of Commissioners

Edwin Soeryadjaya (President)

Garibaldi Thohir

Richard Bruce Ness

Heri Sunaryadi

Muhamad Munir (Independent)

Budi Bowoleksono

(Independent)

Board of Directors

Albert Saputro (President)

Simon Milroy (Vice President)

David Thomas Fowler

Titien Supeno

Gavin Arnold Caudle

Hardi Wijaya Liong

Michael W.P. Soeryadjaya

Chrisanthus Supriyo

(Independent)

Executive Management

Boyke Poerbaya Abidin

Devin Antonio Ridwan

Gerick Mouton

Zach Casley

Doug Jones

Peter 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 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 September Quarter 2021 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 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 Joint Venture (“Pani JV Project”)
- 4) Tujuh Bukit Gold Mine
- 5) Wetar Copper Mine

The majority of MDKA’s value is attributable to the TB Copper Project, however, the other projects will provide long-term stable cash flows.

At the Tujuh Bukit Gold Mine, gold produced for the quarter was 41,520 ounces at an all-in sustaining cost (“AISC”) of \$691/oz. No Lost Time Injury (“LTI”) occurred during the quarter.

At the Wetar Copper Mine, after mining operations commenced at Partolang pit in October 2020, copper production has steadily increased in line with expectations. Copper produced in the quarter was 5,896 tonnes at AISC of \$2.59/lb, representing an increase compared to copper production in Q2 2021 of 5,003 tonnes. No LTI occurred during the quarter, with the site achieving 12.83 million hours without an LTI.

At Wetar, infill drilling results to upgrade Inferred resources are in line with, or exceed the expected grades in the majority of holes. Additional high-grade results along the west/southwest and northern margins of the mineralisation indicate the potential for future resource additions in these areas. Hole PTR 154 returned an intersection of 11 metres @ 7.03 % Cu, 1.56 grams / tonne Au, 73.1 grams / tonne Ag. At the Tujuh Bukit Copper Project, recent drilling results have continued to return intercepts in line with, or exceeding expectations. These include the longest intersection of high-grade copper and gold ever recorded at TB Copper Project, with UHGZ-21-062 returning 917.8 metres @ 0.7% Cu and 0.8 g/t Au from 0 metres.

At the AIM Project, the study to expand acid production from 1.0 million tonnes to 1.2 million tonnes per annum was completed during the quarter. The execution of the AIM Project continued with detailed design/engineering and long lead procurement on critical equipment. A total of \$72 million has been committed to date.

At Pani JV Project, PT Provident Capital Indonesia, a shareholder of MDKA, through its subsidiary PT Andalan Bersama Investama signed a CSPA with PT JRN on 1 October 2021 to purchase all the share capital of PT GSM. Due to this expected ownership change, the arbitration proceedings against PT JRN have been suspended and MDKA is planning to commence drilling in Q1 2022 following the completion of the CSPA.

During the quarter, \$17 million of bank debt and an equivalent amount of \$56 million of IDR Bonds were repaid resulting in total debt at 30 September 2021 of \$250 million with \$203 million of cash.

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 the Upper High Grade Zone (“UHGZ”) exploration target (which is a subset of the global Inferred resource within the top 500 meters of the deposit) of 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 \$88 million to date on a PFS programme, which is planned for release in Q1 2022. 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 Q3 2021, six drill rigs were operating (five underground drill rigs and one surface drill rig). Eighteen holes were completed underground during the quarter for a total of 8199.5 metres. During the quarter, an additional two underground drill rigs, and one surface drill rig, were ordered from the drilling contractor. At the end of the quarter the first of the additional underground drill rigs was enroute to Indonesia and it is scheduled for commissioning on site in early November, followed by the second additional rig to be commissioned before the end of the year to bring the total to seven operating underground drill rigs. An additional surface rig will be commissioned during November 2021.

Selected results from the latest drilling announced on 18 October 2021 include¹:

- 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-21-067 (including 100 metres @ 1.3 % Cu and 1.0 grams / tonne Au from 410 metres).

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

The most recent eight holes of the current infill drilling program have returned intercepts in line with, or exceeding expectations. These latest drilling results were reported previously on 18 October 2021: (<https://www.merdekakoppergold.com/download/october-2021-tujuh-bukit-copper-drill-results-released/>).

Other technical disciplines of PFS preparation work are ongoing with mine optimization work focusing on the latest geological block model. MDKA has contracted the following world-class engineering consultants to undertake the PFS and ongoing trade-off related work:

- Mining - Orewin (Pty) Ltd
- Hydrology and Hydrogeology - Piteau Associates Engineering Ltd
- Metallurgical Testwork and Infrastructure - DRA Global Ltd
- Port - PT Hatch Indonesia
- Underground/Surface Geotechnical and Tailings Storage Facility - PT Geotechnical & Environmental Services Indonesia (Golder)
- Environmental and Social - PT Lorax

MERDEKA
COPPER GOLD

2) AIM Project

Summary: During this quarter, the AIM project continued with detailed design, engineering and equipment purchases of critical long lead items (mill, roasters, acid plants, disc pelletizer and chloride rotary kiln etc.) to support the production of first acid. The project has committed a total value of US\$72m to date.

Following completion of the AIM project feasibility study ("FS"), it became known that the long-term projected demand for sulphuric acid at IMIP exceeds supply and thus PT Merdeka Tsingshan Indonesia ("MTI") was presented with an opportunity to reassess the planned acid production capacity of the AIM project. The investigation to increase annual acid production from 1.0 million tonnes to 1.2 million tonnes was completed post the FS.

This increase in acid production also translates to a direct corresponding increase in iron ore pellets and metals production. The plant process design and equipment specifications were subsequently adjusted and updated to meet this requirement.

Overview: The ore at the Wetar Copper Mine is primarily pyrite (FeS_2) 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 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 (FeS_2) 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 \$72 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 2: Aerial View of the AIM Acid Plant Earthworks and Retaining Walls Underway



Project Economics: As noted there has been an investigation to increase annual acid production from 1.0 million tonnes to 1.2 million tonnes was completed post the FS. This acid production increase to 1.2 million tonnes triggered a comprehensive review of project capital. As a result of this review the capital expenditure is now forecast to be \$387 million including contingency. The revised acid production and other enhancements yields an updated 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 EBITDA over the first five years of the project is expected to be approximately \$160 million.

Construction and Progress: During this reporting period construction activities at AIM concentrated on the bulk earthworks, piling support and retaining walls across the four project plant areas which are:

- Pyrite Plant (pyrite stockpile, crushing, milling, flotation and filtering)
- Acid Plant (roaster, calcine and acid production)
- Chloride Plant (chloride rotary kiln, iron pellets, precious and base metals production)
- Tank Farm (acid storage)

The construction of the first acid storage tank is underway with piling foundations completed. Prefabricated tank material is enroute from China with the first tank completion targeted for end-2021 to support the demand of a HPAL pilot plant. Utility services such as power, water, coal gas etc. have been agreed with IMIP and various commercial contracts executed for the supply during construction.

The project team is assessing opportunities to optimize the project capital by pre-fabricating some of the 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.

Wetar Barge Jetty: MDKA completed a study on a new barge jetty at the Wetar Copper Mine that will support the loading of the pyrite ore to IMIP. PT Hatch Indonesia has commenced with the detailed design and engineering which will support the ongoing location, construction and operational permit applications. Onshore earthworks for the jetty ore loading area are planned to commence in Q4 2021.

3) Pani JV Project

Pani Joint Venture Agreement: In November 2019 agreement was reached with PT J Resources Asia Pasifik Tbk (“PSAB”) in relation to the combination of MDKA’s Pani Mining IUP (“Pani IUP”) and one of the three mining blocks, that is the Pani block (“Pani Project”) within PT Gorontalo Sejahtera Mining’s (“GSM”, a subsidiary of PSAB) Contract of Work (“GSM COW”), together referred to as the “Pani Joint Venture”.

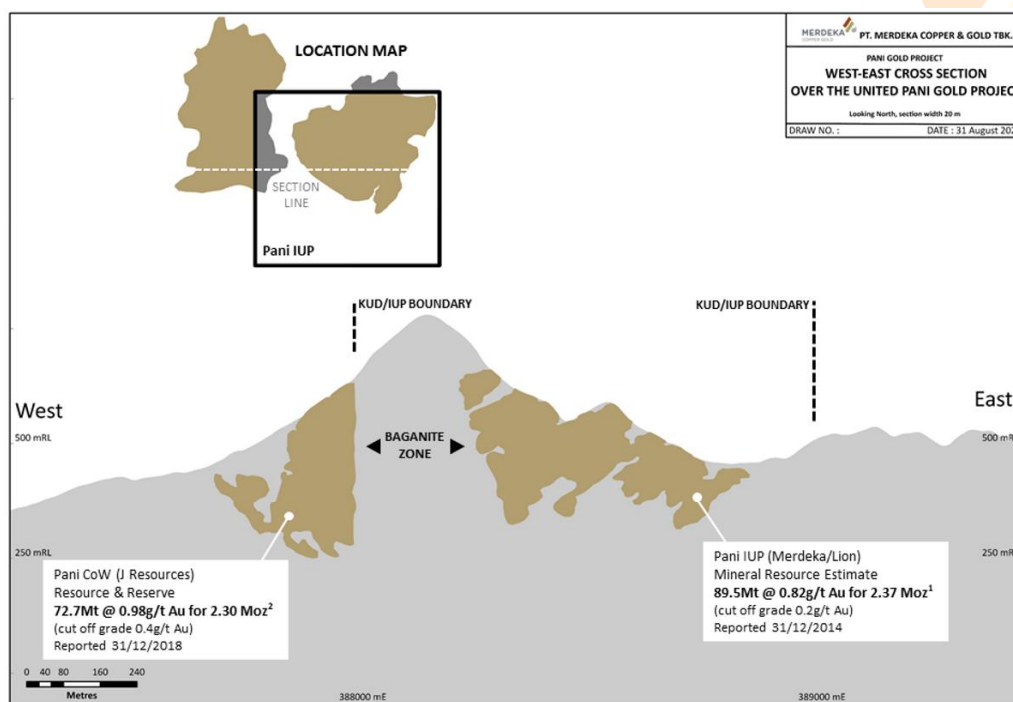
Through its 66.7% ownership of PT Pani Bersama Jaya (“PBJ”), MDKA controls the Pani IUP in Gorontalo Province, Sulawesi. Through its 99.999% ownership of PT J Resources Nusantara (“JRN”), PSAB controls a 100% interest in the Pani Project located in Gorontalo Province, Sulawesi.

On 1 October 2021, PT Provident Capital Indonesia, a shareholder of MDKA, through its subsidiary PT Andalan Bersama Investama (“Andalan”) signed a Conditional Shares Sale and Purchase Agreement (“CSPA”) with JRN to purchase all the share capital of GSM. Due to the expected ownership change, the arbitration proceedings instituted by MDKA’s subsidiary, PT Pani Bersama Tambang (“PBT”) against a subsidiary of PSAB, JRN, to enforce PBT’s rights under the CSPA against JRN have been suspended.

Joint development of the Pani project is the most feasible route and MDKA continues to pursue this outcome. MDKA expects to commence drilling and other feasibility related activities at the Pani Joint Venture on completion of the Andalan CSPA.

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 3: Combined “Whole Pani” gold project schematic section



During the quarter, technical work continued on the geological and structural model for the Pani project, with a “whole Pani” working model in the advanced stages of construction. Planning and early ground works were also underway to facilitate a rapid start to resource definition activity once approval was granted to recommence activity at the project. Correspondingly it is expected that considerable effort and associated expenditure will be devoted to the Pani project in the near term in order to advance this early stage feasibility work.

4) Tujuh Bukit Gold Mine

Summary: Mining and ore stacking remained in line with the life-of-mine plan that shows a production rate of up to 8.4 million dry tonnes per annum of ore. Heap leach recoveries were in accordance with expectations. Gold produced during the quarter was 41,520 ounces at an AISC of \$691/oz net of silver credits, representing a significant increase compared to gold production in Q2 2021 of 37,778 ounces. YTD gold production was 95,883 ounces at an AISC of \$808/oz net of silver credits.

Insurance Claim from Heap Leach Slump Incident: Insurance claim is ongoing with a final claim in excess of \$100 million to be lodged in Q4 2021. \$16.9 million, as part of an interim payment amounting to \$20 million, was received in September 2021. A further \$2.6 million was received in October 2021 with the remaining \$0.5 million expected to be received in Q4 2021.

Mining: Ore mined for Q3 2021 was 2,172,590 tonnes with waste mined of 1,597,198 tonnes. Mining operations achieved total material movement of 3,878,647 tonnes including rehandling ore stockpiles during the quarter.

Processing: During Q3 2021 the ore preparation plant (“OPP”) was operated in line with expectation with throughput of 2,103,108 tonnes of crushed and agglomerated ore, at a grade of 0.71 g/t Au (containing 47,796 ounces of gold), hauled and stacked onto the HLP for the quarter. Leaching across both pads A and B continued as planned during the quarter.

The HLP continued to perform as per design with project to date gold recoveries of 76.5%. 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 had achieved 5,394,423 man-hours without Lost Time Injury (“LTI”), whilst the mine’s total year-to-date recordable injury frequency rate per million hours worked was 0.38 at the end of September 2021, with two medical treatment injuries and nil lost time injury cases.

The workforce at the mine, including all employees and contractors is currently 2,615 people, comprising over 99% Indonesian nationals and less than 1% expatriates. Of the workforce 1,741 (67%) are residents of Banyuwangi, with 1,144 (44%) of this number hailing from the local sub-district of Pesanggaran.

During Q3 2021, External Affairs Department (“EA”) focused on several compliance matters, such as handing over 857 Ha in Sukabumi, West Java as part of the land compensation programme. EA continued to work closely with the Covid-19 task forces of Pesanggaran Subdistrict and Banyuwangi Regency, in addition to campaigning health protocols through Banyuwangi’s most popular radio stations and print media. The biggest infrastructure project, construction of Pulau Merah - Rowojambe road, kicked off during this quarter.

A total of 4,208 environmental samples were taken during Q3 2021, encompassing statutory based sampling requirements as well as company driven internal monitoring. In addition, tree planting of native species was completed, covering 3.42 ha.

Exploration: In the near mine region, surface exploration commenced for the “Zone D” area. The Zone D area has the potential to contribute near surface gold resources which will add to the mine life of the existing Tujuh Bukit gold mine. A program of 51 reverse circulation holes totaling ~7,100m is planned for Zone D and 19 holes for 2,561 metres were drilled during the quarter using a reverse circulation drill rig. To accelerate the drilling in Zone D and ensure the updated data is incorporated into the next resource update (target completion Q4 2021) for the Tujuh Bukit Gold Mine, two diamond drill rigs have also been mobilised to drill the area.

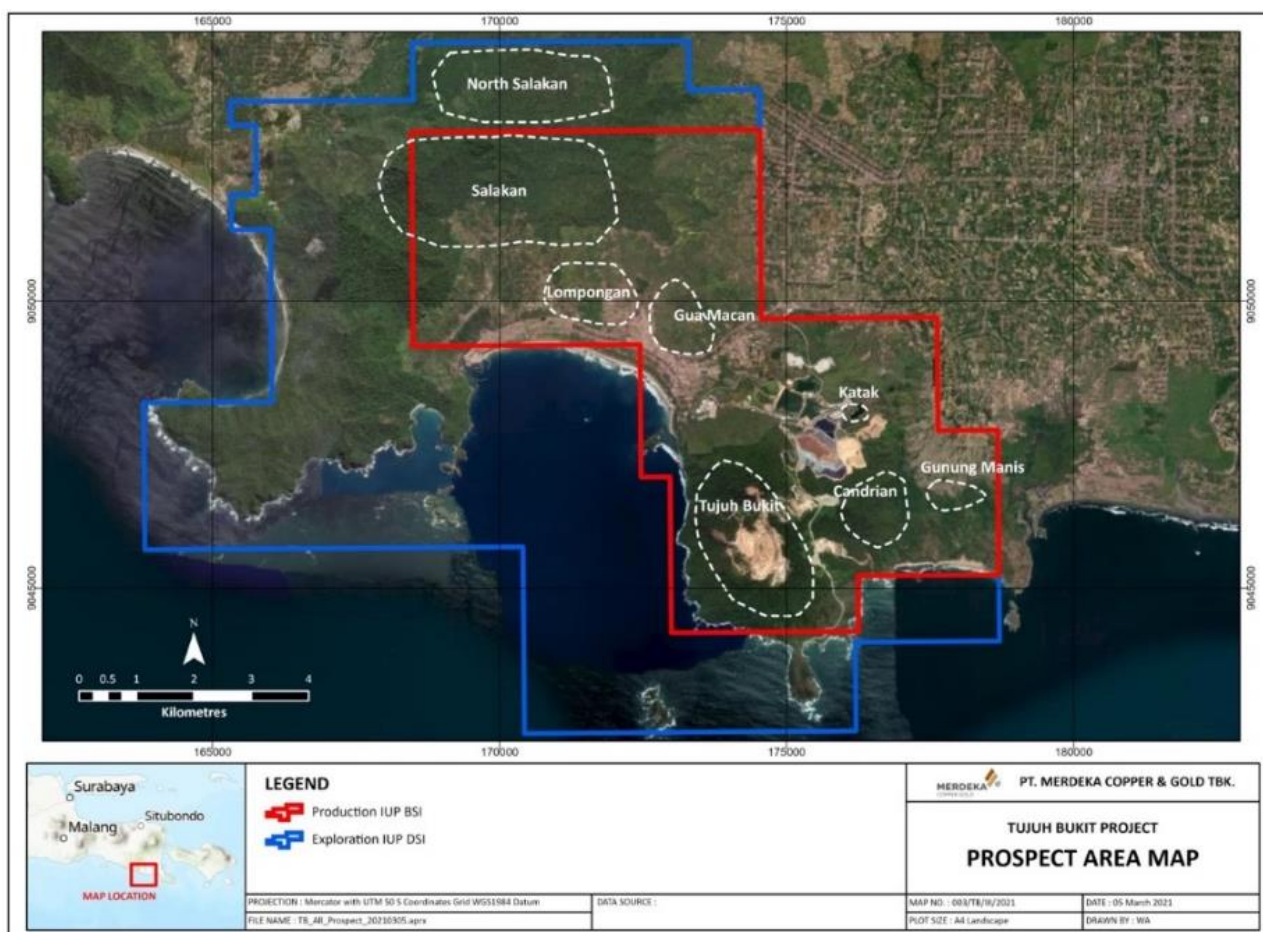
Following completion of the Zone D drilling, rigs will relocate during the next quarter to drill (a) the Candrian prospect, targeting both high sulphidation epithermal gold mineralisation, and potential deeper porphyry Cu-Au mineralisation, and (b) the Katak prospect, targeting near surface high sulphidation Au mineralisation. Both of these prospects have the potential to provide additional ore feed for the current Tujuh Bukit Gold Mine.

Figure 4: Reverse circulation drilling 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.

Figure 5: Tujuh Bukit regional exploration areas and IUP areas



Operational Cost Summary: The Q3 2021 cash cost was \$428/oz and the AISC was \$691/oz. YTD cash cost was \$489/oz and the AISC was \$808/oz net of silver credits.

Operating Outlook: Guidance for 2021 is expected to be in the range of 100,000 to 120,000 ounces of gold at an AISC of \$825 to \$900/oz net of silver credits.

5) Wetar Copper Mine

Summary: Since mining operations commenced at Partolang pit in October 2020, copper production has steadily increased. Copper produced in Q3 2021 was 5,896 tonnes representing a significant improvement compared to copper production in Q1 2021 and Q2 2021 of 2,489 tonnes and 5,003 tonnes, respectively.

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: Ore mined for Q3 2021 was 0.74 million tonnes with waste mined of 3.12 million tonnes. Mining operations achieved total material movement of 3.86 million tonnes during the quarter. Based on the grade control model project to date, Partolang ore mined totalled 1.70 million tonnes or approximately 18% lower material against reserve model of 2.07 million tonnes. On the other hand, contained copper mined totalled 35,482 tonnes or approximately 14% higher against reserve model of 31,103 tonnes with higher copper grades more than offsetting lower tonnes mined.

Processing: During Q3 2021, 0.66 million tonnes of ore were crushed, hauled and stacked on to the HLP at a grade of 1.98% Cu. The 0.66 million tonnes of ore crushed was 16% higher than the previous quarter. Total copper leached was 6,144 tonnes with 5,896 tonnes of copper produced.

Environmental, Safety and Social Performance By the end of the Q3 2021, Wetar Copper Mine achieved a record of 12,838,476 man-hours without Lost Time Injury since the last LTI in January 2018, whilst the mine's total year-to-date recordable injury frequency rate per million hours worked, was 0.84, with 1 recordable injury during the quarter.

In preparation for the next wet season, sediment removal continues in all catchments including wetlands, sumps, sediment ponds, and heap leach pad areas. Major additional water storage capacity for the upcoming wet season is being constructed in the mined-out KK pit, consisting of placement of engineered fill and progressively higher HDPE liner installation.

More than 5 Ha of slope protection was completed with jute net and cover cropping in selected upper final pit walls, sediment pond embankments, road cuts, and KK waste dump slope.

Internal health, safety, and environmental audits were conducted during the Q3 2021 as part of preparation activities towards ISO certification. The external ISO certification audits are scheduled to start during November 2021. Certification in ISO 14001 Environmental Management System and ISO 45001 Occupational Health and Safety Management System are expected by Q1 2022.

The Wetar Copper Mine operation has 1,048 total direct and contract employees comprising of 3 expatriates and 1,045 Indonesians. National employees comprise of 535 local (Maluku) and 513 non-local employees, while contractors' employees comprise of 189 local (Maluku) and 540 non-local.

During the quarter, Wetar continued to implement the Community Development and Empowerment Program, which includes education, health, social and culture, cash income generating or occupation, local institutional development and infrastructure development. One program, related to Covid-19 prevention, involved Wetar donating more than 250 antigen test kits to the public health centre of Lurang Village in order to help local government Covid-19 testing.

Exploration: Exploration during the quarter focused on infill and resource expansion RC drilling at Partolang and Partolang Barat and commencement of regional exploration drilling in the area to the west of the Lerokis pit. Drilling on the heap leach pads to support the AIM project was also completed during the quarter. Geological mapping and surface rock sampling at multiple near mine and regional targets and ground geophysical surveys of near mine exploration targets continued during the quarter to define future drill targets.

The objective of the resource definition RC drilling at Partolang is to convert Inferred resources to higher resource categories to support an upgrade of ore reserves, as well as extending the known Partolang resources to the west and north-west. At the end of the quarter, 33 holes for 3,965 metres had been completed, with all holes returning encouraging results from geological logging.

The majority of drilling results from Partolang thus far have confirmed previous interpretations of the Partolang mineralisation, with grade being either in line with, or exceeding the expected grades in the majority of the holes. Additional high-grade results along the west/southwest and northern margins of the mineralisation indicate the potential for future resource additions in these areas. The information obtained from the drilling program is supportive of an eventual update of ore reserves.

Selected results from the latest drilling include¹:

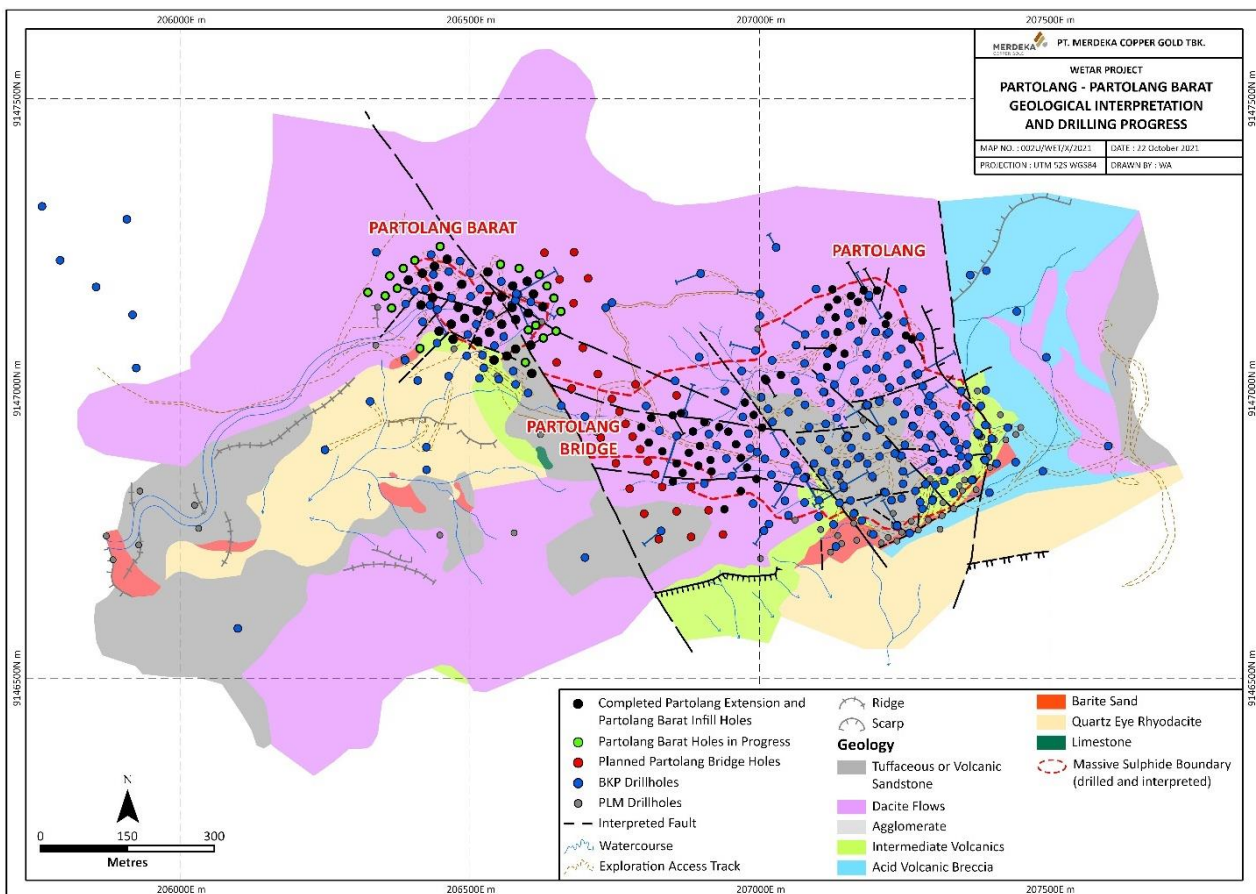
- 11 metres @ 7.03 % Cu, 1.56 grams / tonne Au, 73.1 grams / tonne Ag from 80 metres in PTR154;
- 19 metres @ 2.75 % Cu, 0.51 grams / tonne Au, 20.4 grams / tonne Ag from 82 metres in PTR155;
- 11 metres @ 2.56 % Cu, 0.83 grams / tonne Au, 32.9 grams / tonne Ag from 106 metres in PTR171;
- 27 metres @ 2.90 % Cu, 0.84 grams / tonne Au, 26.2 grams / tonne Ag from 54 metres in PTR186; and,
- 18 metres @ 1.75 % Cu, 0.87 grams / tonne Au, 34.9 grams / tonne Ag from 77 metres in PTR199.

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

These latest drilling results were reported previously on 29 October 2021: (<https://www.merdekaoppergold.com/download/october-2021-wetar-exploration-results-release/>)

At Partolang Barat, drilling continued with the objective of defining an initial resource estimate in the coming quarter. During the month, 32 holes for 3,456 metres were completed (50 hole program), with initial results from geological logging indicating that the geological features and lithology is similar to that in the western extent of the Partolang orebody. Initial interpretation is that Partolang Barat is a fault displaced extension of the main Partolang orebody. Following up on this interpretation, the drilling will relocate to the “Bridge” zone between Partolang and Partolang Barat, with the aim of determining if the area linking the two zones is mineralised. This drilling will commence on completion of the current Partolang Barat drilling.

Figure 6: Partolang to Partolang Barat Geological Interpretation and Drilling Progress



Regional exploration drilling in the Lerokis area commenced at the end of the quarter, with the initial focus being geophysical anomalies to the immediate west of the existing Lerokis pit. At the end of the quarter, one diamond drill rig was in operation, with a second to commence in Q4 2021.

Figure 7: Diamond drilling operations for Regional Exploration to the west of the existing Lerokis pit.



The regional exploration program is initially focused on areas which can be mined using the existing operations infrastructure at Wetar. The drilling in the area to the west of Lerokis is targeting a previously defined, but untested, geophysical anomaly with coincident rock and soil anomalism.

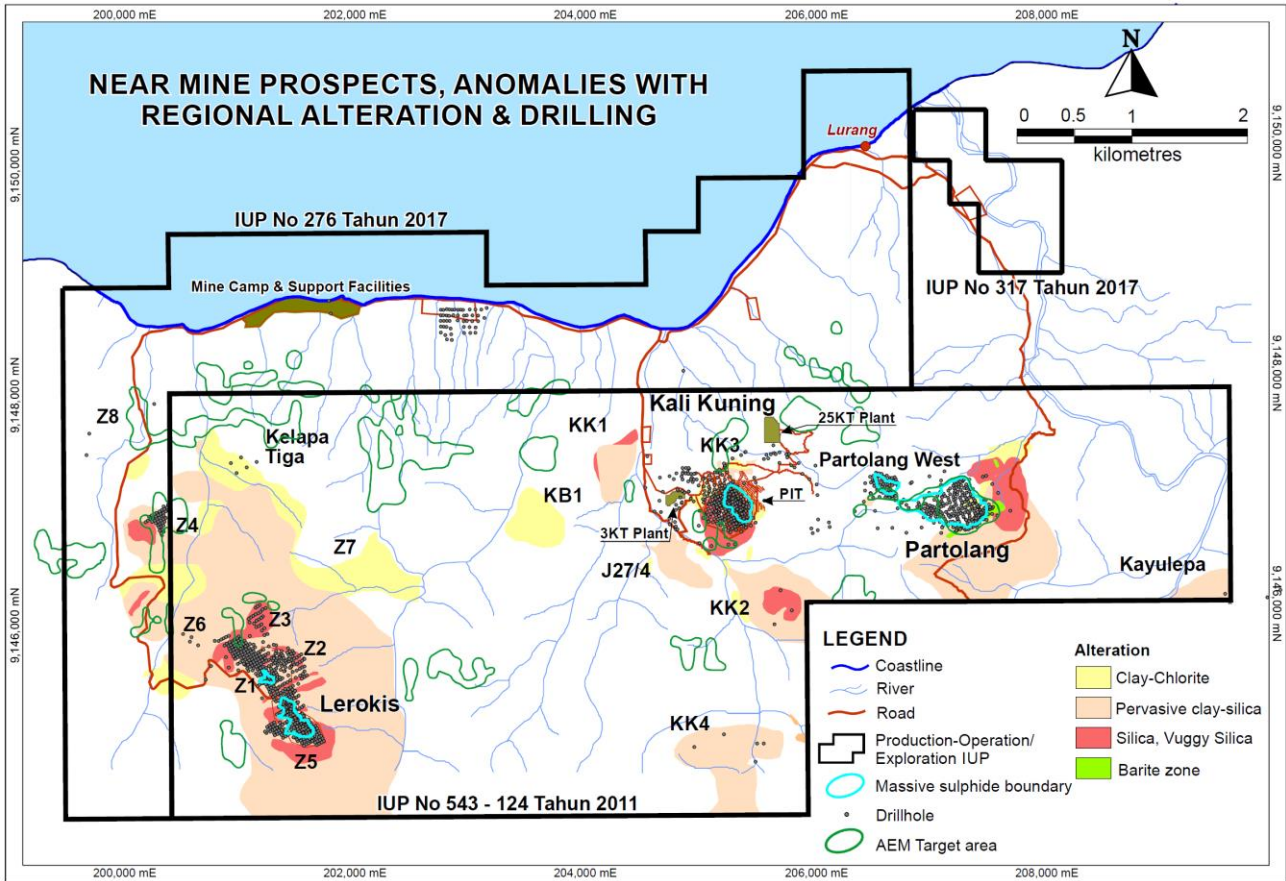
Final results from the RC resource definition drilling conducted at the Lerokis deposit during Q1 and Q2 were received, and an updated Resource estimate was undertaken for use in mine planning for the AIM project. Results for this updated estimate confirmed the previously reported estimates for Lerokis, while providing updated estimates of elements not required in previous models (iron and sulphur). The updated results will be released with the consolidated 2021 Resource and Reserve statement.

Sonic drilling of the heap leach pads was completed during the quarter, with 29 holes drilled for 327.9 metres. An updated stockpile model using the results from the sonic drilling was completed and provided to the AIM project engineers for scheduling and financial modelling. Updated stockpile model results are planned to be released once Reserve reporting for AIM is complete.

A detailed ground geophysical electromagnetic survey was commenced during the quarter, with stations and lines planned for 119 line km covering around 1,173ha. The survey is designed to provide more detailed targeting information around previously defined anomalies from airborne electromagnetic surveys for near mine resource definition and regional exploration drill planning.

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

Figure 8: Near Mine Prospects & Anomalies with Regional Alteration and Drilling



COPPER GOLD

Figure 9: Regional Geophysical (EM) Survey activity



Previously, exploration activity at Wetar ceased for the majority of December to March 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.

Operational Cost Summary: The total cash cost in Q3 2021 was \$1.84/lb of copper produced and the AISC cost was \$2.59/lb of copper produced. Year to date total cash cost was \$1.70/lb and the AISC was \$2.43/lb.

Operating Outlook: Guidance for 2021 is expected to be in the range of 15,500 to 18,500 tonnes of copper at an AISC \$1.90/lb to \$2.40/lb. Production rates should increase further in subsequent years following the commissioning of the water treatment plant.

6) Sustainability & Environment, Social and Governance Planning

MDKA is progressing well against the 2021 Environment, Social and Governance (“ESG”) plan. As of Q2 2021, the MDKA ESG Committee structure was established to oversee ESG improvements and ESG rating performance. Leading into Q3 2021, a noteworthy activity included the review and update of the MDKA Environmental Policy incorporating Climate Change, Emissions, Energy, Waste and Bio-Diversity commitment statements.

The ESG committee also confirmed the GRI Standards for MDKA sustainability reports and as a reference for ESG guidance. This continued with introductory briefing sessions for Senior MDKA Management and Executive Committee members, facilitated by the GRI Indonesia representative.

Preparation for an independent review on MDKA’s Health, Safety and Environmental Management Systems utilising ISO45001 (Health & Safety) and ISO14001 (Environment) continued through the quarter with completion of ISO auditor training for key staff and completion of internal audits. The external ISO certification audit is scheduled for Q4 2021.

As a primary source of ESG disclosure, the MDKA webpage was also updated during Q3 2021 to reflect current ESG information. Further webpage developments are progressing through to Q4 2021 involving web design upgrades and functionality to display ESG related information and initiatives.

To determine MDKA’s baseline carbon footprint through Scope 1 and Scope 2 emissions, potential vendors were sourced and one shortlisted during Q3 2021. The carbon footprint assessment will be conducted during Q4 2021.

Notable Environment, Social and Governance related initiatives include:

- **Wetar Copper Mine Generator Efficiency:** Due to its remote location, Wetar electricity is generated from a series of generators operated and maintained by a vendor. In collaboration with the vendor to improve generator efficiency, reduce CO2 emissions and benefit on lower costs, Wetar will be progressively changing to generator models providing greater efficiency. The first generators have arrived on site with an expectation of a 10% fuel saving on these new models. As part of this transition Merdeka will also be trialling a 277 kva solar facility on site.
- **Workplace Diversity:** Mining is a traditionally male-dominated industry. In providing opportunities to potential female employees, operational sites are actively encouraging local females to apply for roles as operators and apprenticeships within their operations.
- **Tujuh Bukit Gold Mine Land Reclamation:** Representatives from the Department of Mines and Energy Resources visited Tujuh Bukit in October 2021 to validate the 2020 land reclamation program as complete. The visiting team included representatives from the local Mine and Energy Resources Office and the Environmental Forestry Office of East Java. The delegation were satisfied with the reclamation achievement and validated it as 100% in compliance with the 2020 land reclamation plan. The successful land reclamation reduces erosion, increases carbon removal from the atmosphere, improves the hydro-ology system of the land and conserves the biodiversity and its habitats.

99% of MDKA’s employees and contractors are now fully vaccinated and there are currently no active Covid-19 cases within the Merdeka Copper Gold group of companies. Given the reduced risk, rosters have been returned to normal and quarantine requirements before entering sites have now been dropped.

Appendix 1: Finance and Corporate

Cash and Cash Equivalents: Cash and cash equivalents, net of restricted cash, at 30 September 2021 was \$203 million. In addition to this, MDKA has \$75 million in undrawn debt facilities.

Debt: On 30 September 2021, the balance of PT Bumi Suksesindo's ("BSI") Secured Bullion Forward Hedge and Financing Transaction ("BSI Prepayment Facility") was \$83 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.

A total debt repayment of equivalent to \$56 million was made on the MDKA IDR Bond. The balance of the IDR Bond at the end of the quarter was equivalent to \$167 million.

The finance lease balance outstanding on 30 September 2021 was \$45 million. This resulted from the acquisition of owner mining equipment and implementation 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 39,799 ounces of gold and 249,972 ounces of silver were sold at an average price of \$1,799/oz and \$24/oz, respectively, for total revenue of \$78 million. Furthermore, 9,012 oz of gold hedging with a strike price of \$1,900/oz was closed out at a price of \$1,784/oz resulting in a net gain on hedging for the quarter of \$1 million.

At Wetar, 4,892 tonnes of copper were sold at an average price of \$9,385/tonne for total revenue of \$46 million. Furthermore, 1,200 tonnes of copper hedging with a strike price of \$10,129/tonne was closed out at a price of \$9,423/tonne resulting in a net gain on hedging for the quarter of \$0.8 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 \$4.9 million at 30 September 2021, resulting in comprehensive income of \$5.2 million.

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

	Ounces	\$/oz	\$m
Gold	39,799	1,799	71.6
Silver	249,972	24	6.0
	Tonnes	\$/tonne	\$m
Copper	4,892	9,385	45.9
Total			123.5

Table 2: Details of Gold and Copper Hedge Profile as at 30 September 2021

Period	Gold Hedged		Copper Hedged	
	oz Au	\$/oz	t Cu	\$/t
2021 (October to December)	9,012	1,901	1,200	10,129
2022 (January to December)	36,046	1,903	-	-

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

Table 3: Major Shareholders as at 30 September 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 30 September 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 Joint Venture; (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