

14 June 2021

PT Merdeka Copper Gold Tbk Completes Successful Debt Refinancing

PT Merdeka Copper Gold Tbk (IDX: MDKA, “Merdeka” or the “Company”) announced that the Company’s subsidiary, PT Bumi Suksesindo (“BSI”), has entered into a US\$ 100 million Secured Bullion Forward Hedge and Financing Transaction (“Prepayment Facility”) and Revolving Credit Facility (“RCF”) Agreement in the amount of US\$ 10 million (with an accordion option of up to US\$ 40 million) with ING Bank N.V., Singapore Branch (“ING”) on 10 June 2021.

BSI is the holder of the operation production mining business license for the Tujuh Bukit Gold Mine.

Simon Milroy, Vice President Director of Merdeka commented “We are pleased with this vote of confidence and support from ING, who have recognised the progress made to resume full production at the Tujuh Bukit Gold Mine and Merdeka’s future potential at Tujuh Bukit. This refinancing further strengthens our balance sheet, while enhancing our financial flexibility as Merdeka enters an exciting growth phase”.

TUJUH BUKIT PROJECT OVERVIEW

The Tujuh Bukit (“TB”) Project, located in Banyuwangi Regency, East Java Province, comprises current gold and silver production from open pit heap-leaching operation, and the development of a world class copper gold resources TB Copper Project.

As of 31 December 2020, reserves of TB Gold Mine were estimated at 0.7 million ounces of gold and 29.4 million ounces of silver, with an estimated oxide mineral resources of 2.0 million ounces of gold and 77.8 million ounces of silver. The gold and silver ore reserves do not include the heap leach pad working inventory of 0.23 million ounces of gold and 9.2 million ounces of silver.

Located beneath the TB Gold Mine is the world-class TB Copper Project with estimated global inferred resources of 8.7 million tonnes of copper and 28.3 million ounces of gold. Up to 31 March 2021, Merdeka has invested US\$ 77 million to date on a Pre-feasibility study (“PFS”) program, which is planned for release in Q1 2022.

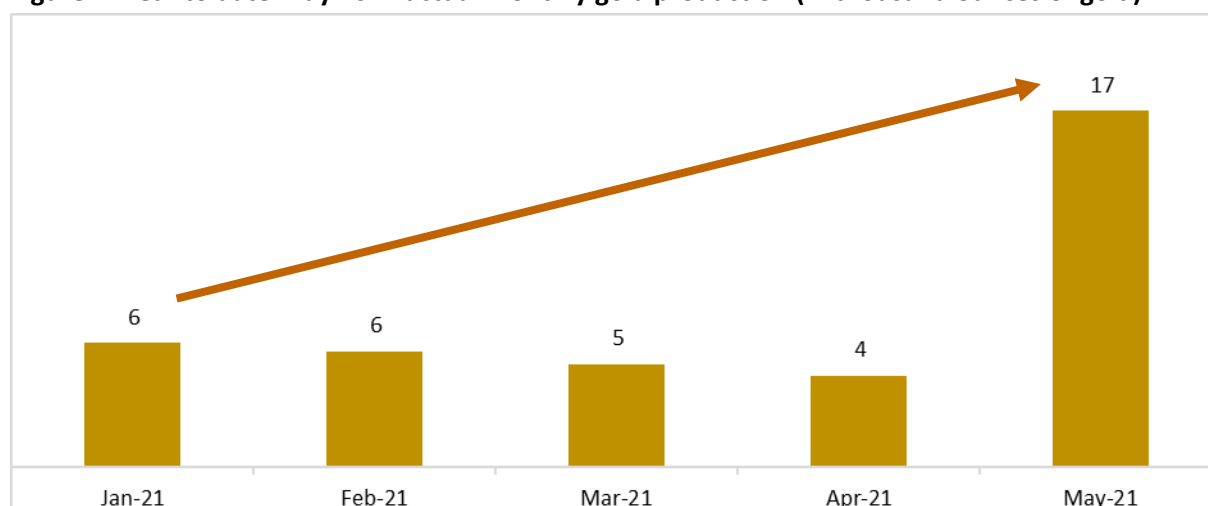
UPDATE ON TUJUH BUKIT GOLD MINE OPERATIONS

Reinstatement of the heap leach pad has been progressing ahead of schedule, with full construction expected to be completed by end of Q2 2021 allowing normal operations to resume.

The gold production during the first four months of the year resulted from irrigation of the undamaged portion of pad B, which started on 31 December 2020. Subsequently, fresh ore stacking on the new liner on pad A commenced in April 2021 and this ore was irrigated in May 2021, resulting in a significant production increase.

The outlook for the full year 2021 remains on track at 100,000 to 120,000 ounces of gold production at an all-in sustaining cost (“AISC”) of US\$ 825 to 900 / ounces net of silver credits.

Figure 1: Year to date May 2021 actual monthly gold production (in thousand ounces of gold)



COMPLETION OF FINANCING TRANSACTION

BSI has entered into new financing arrangement with ING Bank N.V., Singapore Branch (“ING”), with the signing of common terms agreement dated 10 June 2021 between (i) BSI as Borrower, (ii) ING as Arranger, Original Lender upon accession and Original Hedge Counterparty, (iii) The Hong Kong and Shanghai Banking Corporation Limited (“HSBC”) as Facility Agent and (iv) PT Bank HSBC Indonesia (“HSBC Indonesia”) as Security Agent.

The new financing arrangement comprises two secured credit facilities as follows:

- i. Secured Bullion Forward Hedge and Financing Transaction (“Prepayment Facility”) of US\$ 100 million; and
- ii. Revolving Credit Facility (“RCF”) of US\$ 10 million with an accordion option of up to US\$ 40 million.

The aforementioned facilities are obtained, among others, (i) to refinance BSI’s current indebtedness to the Company and (ii) fund BSI’s general corporate purposes in carrying out business activities.

The Prepayment Facility has an embedded derivative of gold price forward hedging. Therefore, a total of 54,069 ounces of gold will be delivered over 18 months from July 2021 to December 2022 (monthly gold delivery of 3,004 ounces) at an average forward price of US\$1,902/oz. The effective interest rate on the Prepayment Facility is 3.42%.

The RCF has a final repayment date of 365 days from drawdown, subject to extension options. Each extension option can extend the final repayment date by an additional period of 12 months, provided that only two extension requests may be issued by BSI. The rate of interest for each interest period is the aggregate of the applicable margin of 3.0% per annum plus LIBOR.

BSI has repaid its outstanding Senior Secured Facility of US\$ 85 million in May 2021.

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