

28 March 2022

Major acquisition in the nickel mining and refining sectors

Overview

PT Merdeka Copper Gold Tbk (IDX: MDKA, “Merdeka” or the “Company”) is pleased to announce it will invest Rp5,359,637,883,165 (US\$374 million equivalent) 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 “Acquisition Assets”).

The Acquisition 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 Assets add a world class nickel business to Merdeka’s impressive growth profile. This further diversifies Merdeka’s revenue and cashflow and should generate incremental organic growth opportunities in the globally significant Indonesian nickel sector. SCM holds 1.1 billion dmt of ore at 1.22% Ni containing 13.8Mt of nickel and at 0.08% Co containing 1.0Mt of cobalt to Merdeka’s well-diversified existing Mineral Resource of 1.9 billion tonnes of ore at 0.45% Cu containing 9Mt of copper, 2.3 billion tonnes of ore at 0.48 g/t Au containing 35Moz of Gold and 172 million tonnes of ore at 15 g/t Ag containing 85Moz of Silver^{2,3}.

Further investments in nickel, cobalt and copper are expected to be made in line with the new strategic partnership between Merdeka and Brunp CATL, the world’s largest electric vehicle battery supplier.

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

¹ Details of the transaction are set out in the Company’s release dated 28 March 2022, available on the Company’s website at: <https://merdekacoppergold.com/en/investment/idx-announcement/>

² Resources and reserves information as at 31 December 2020 (<https://merdekacoppergold.com/en/mineral-resources-ore-reserves/>)

³ Mineral Resource: February 2022 JORC prepared by AMC Consultants Pty Ltd

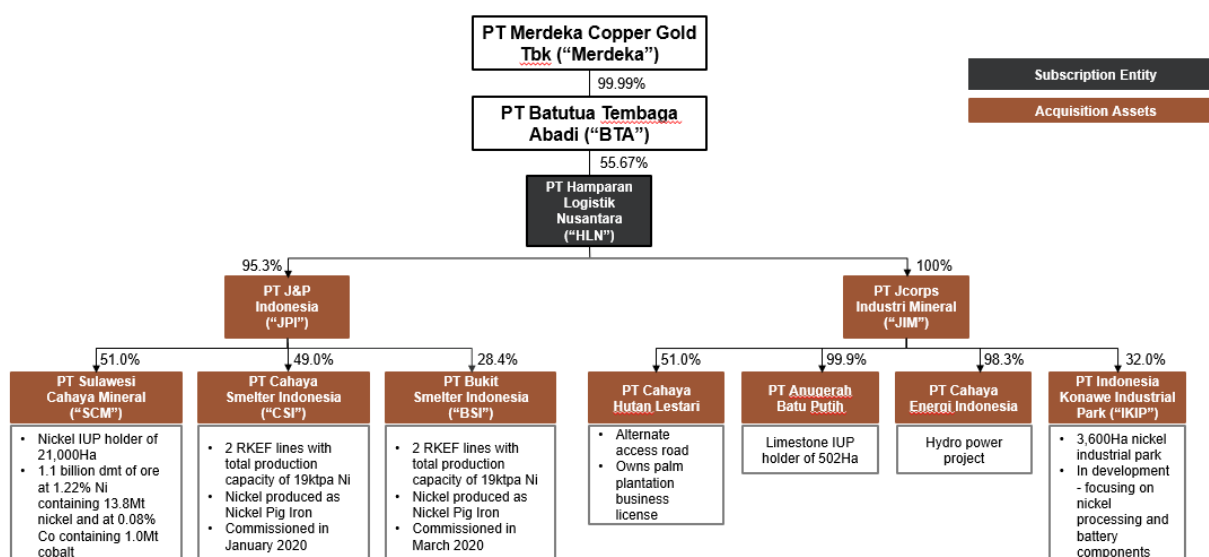
Merdeka Vice President Director and CEO Simon Milroy said “The acquisition of HLN marks a decisive move by Merdeka into the battery metals sector, which is complemented by our existing copper, gold and acid projects. The SCM deposit is one of the world’s largest pre-production nickel-cobalt deposits containing resources of 1.1 billion dmt of Ni-Co laterite ores, at 1.22% Ni containing 13.8Mt nickel and at 0.08% Co containing 1.0Mt cobalt.

The RKEF smelters, held through BSI and CSI, generate positive cashflow from day one through nickel pig iron sales. Nickel ore sales from the SCM mine to both RKEF and HPAL customers located within the Indonesian Morowali Industrial Park are planned to commence later this year.

This acquisition provides the base for continuing the growth of Merdeka’s portfolio by adding further opportunities for investment in downstream processing to upgrade SCM’s nickel ores at site to produce a variety of nickel and cobalt products which are in strong demand from the battery metals industry.”

Transaction Overview

BTA has entered into a conditional share subscription agreement for a 55.67% equity interest in HLN to invest in the total amount of Rp5,359,637,883,165 (US\$374 million equivalent). The structure of HLN after the completion of the Transaction is as follows:



Acquisition Assets Overview

The Acquisition Assets include the large SCM nickel mine project, the two BSI and CSI operating RKEF plants, the IKIP nickel industrial park joint venture and several other project companies that support the overall nickel processing chain. Key assets include:

- SCM Mine: 51.0% owned and operated. Current reserves⁴ of 189 dmt of ore at 1.20% Ni containing 2.3Mt nickel and at 0.10% Co containing 0.2Mt cobalt. Within total resources³ 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. Location studies completed with early planning underway for downstream nickel processing industrial park, 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 CSI and BSI smelters. The SCM mine will also supply nickel limonite ore to nickel high pressure acid leach plants at IMIP producing battery grade nickel precursors.

Further Information

Further details regarding the Transaction and Acquisition Assets are set out in the Investor Presentation that has been lodged on the Merdeka website today (<https://merdekacoppergold.com/download/mdka-nickel-presentation-march-2022/>).

³ Mineral Resource: February 2022 JORC prepared by AMC Consultants Pty Ltd

⁴ Ore Reserve: March 2020 JORC Technical Report of Ore Reserves Estimate of SCM

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This announcement may or may not contain certain “forward-looking statements”. All statements, other than statements of historical fact, which address activities, events, or developments that Merdeka believes, expects, or anticipates will or may occur in the future, are forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as “seek”, “anticipate”, “believe”, “plan”, “estimate”, “targeting”, “expect”, and “intend” and statements that an event or result “may”, “will”, “can”, “should”, “could”, or “might” occur or be achieved and other similar expressions. These forward-looking statements, including those with respect to permitting and development timetables, mineral grades, metallurgical recoveries, potential production reflect the current internal projections, expectations or beliefs of Merdeka based on information currently available to Merdeka. Statements in this document that are forward-looking and involve numerous risks and uncertainties that could cause actual results to differ materially from expected results are based on the Company’s current beliefs and assumptions regarding a large number of factors affecting its business. Actual results may differ materially from expected results. There can be no assurance that (i) the Company has correctly measured or identified all of the factors affecting its business or the extent of their likely impact, (ii) the publicly available information with respect to these factors on which the Company’s analysis is based is complete or accurate, (iii) the Company’s analysis is correct or (iv) the Company’s strategy, which is based in part on this analysis, will be successful. Merdeka expressly disclaims any obligation to update or revise any such forward-looking statements.

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Competent Person's Statement

SCM Nickel Mine

The information in this report that relates to Mineral Resources is based on information compiled by Mr. Mick Elias and Mr. Dmitry Pertel. Mr. Elias is a part-time employee of CSA Global Pty Ltd and Mr. Pertel is a full-time employee of AMC. Mr. Elias is a Fellow of the Australian Institute of Mining and Metallurgy, and a CPI (Competent Person Indonesia; CPI-182; Nikel PHE-ESM) of IAGI (Indonesian Association of Geologists); Mr. Pertel is a Member of the Australian Institute of Geoscientists. Both have sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2012 Edition of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code). Subject to review and modification (as required) of any relevant public reports prior to release, Mr. Elias and Mr. Pertel will provide Competent Person consents for disclosure of information from this report if it adequately matches the form and context in which it appears in this report.

Merdeka

The information in this report which relates to Exploration Activities and Exploration Results is based on, and fairly represents, information compiled by Mr Zach Casley, BSc (Hons). Mr Casley is full-time employee of PT Merdeka Copper Gold Tbk. Mr Casley is a certified Competent Person Indonesia (#CPI-199), a Member of the Indonesian Geologists Association (ID: 7083B), a Member of a Masyarakat Geologi Ekonomi Indonesia (ID: B-1173), a Fellow of the Australian Institute of Mining and Metallurgy (ID: 112745), and a Member of the Australian Institute of Geoscientists (ID: 1451). Mr Casley has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2017 Kode KCMi for Reporting of Exploration Results, Mineral Resources and Mineral Reserves, and the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Casley consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

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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