

PT Merdeka Copper Gold Tbk.

IDX Code: MDKA
As at 30 June 2022

Capital Structure

24,110,850,771 listed shares
Share price: IDR 3,990
Market capitalisation: \$6.5 billion

Cash & Debt

Cash: \$411 million
Bank Debt: \$413 million
IDR Bond \$561 million

Board of Commissioners

Edwin Soeryadjaya
(President)
Garibaldi Thohir
Tang Honghui
Yoke Candra Katon
Muhamad Munir
(Independent)
Budi Bowoleksono
(Independent)

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David Thomas Fowler
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Gavin Arnold Caudle
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Andrew Phillip Starkey
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Executive Management

Boyke Poerbaya Abidin
Eric Rahardja
Zach 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 (“Merdeka”, “MDKA” or “the Company”) is pleased to report on its June quarter activities.

Since its IPO in June 2015, MDKA has transformed from a company with a single undeveloped gold project into a multi asset diversified producer with an exciting portfolio of long life development projects. With the successful execution of its strategy, MDKA management expects it will become a globally significant copper, nickel and gold producer, establishing itself as a leading player in the clean energy transition.

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 (“MBMA”)
- 3) Wetar / Morowali Acid Iron Metal Project (“AIM Project”)
- 4) Pani Gold Project (“Pani”)
- 5) Tujuh Bukit Gold Mine (“TB Gold Mine”)
- 6) Wetar Copper Mine (“Wetar”)

During the quarter, MDKA completed the acquisition of PT Merdeka Battery Materials, previously known as PT Hamparan Logistik Nusantara. This includes stakes in the following (collectively “MBMA”):

- (i) SCM Nickel Mine (“SCMM”), one of the world’s largest undeveloped nickel resources. A total JORC resource of over 1.1 billion dmt at 1.22% nickel, containing 13.8Mt nickel and at 0.08% cobalt containing 1.0Mt cobalt
- (ii) CSIS and BSIS, two operating and cash flow generating RKEF nickel smelters with a combined nameplate production capacity of 38ktpa of nickel
- (iii) ZHNS, currently constructing a RKEF nickel smelter with a nameplate production capacity of 50ktpa of nickel, expected to be completed in Q2 2023
- (iv) IKIP, a joint venture with Tsingshan to develop a downstream nickel processing industrial park within SCMM’s IUP

At the Tujuh Bukit Gold Mine, gold produced for the quarter was 35,816 ounces at an all-in sustaining cost (“AISC”) of \$989/oz. Year to date (“YTD”) gold production was 69,783 ounces at an AISC of \$961/oz. No Lost Time Injury (“LTI”) occurred during the quarter.

At the Wetar Copper Mine, copper produced in the quarter was 4,683 tonnes at AISC of \$2.83/lb. YTD copper produced was 9,951 tonnes at AISC of \$3.15/lb. No LTI occurred during the quarter.

At the AIM Project, construction continued with detailed design, engineering and equipment purchases of critical long lead items. A total of \$227 million has been committed to date. The project remains on budget.

On 26 April 2022, the Company completed the new shares issuance and successfully raised \$235 million. In conjunction with the equity raise, Brunp Catl became a strategic investor with a 5% shareholding in MDKA. Brunp Catl and MDKA intend to sign a collaboration agreement to develop projects in Indonesia. The parties have signed a memorandum of understanding (“MoU”) to engage in a “win-win” cooperation, focusing on the battery metals supply chain in Indonesia.

On 10 June 2022, the Company obtained private placement approval through Extraordinary General Meeting of Shareholders (“EGMS”) with maximum shares issuance up to 10% of the issued capital or equivalent to 2.29 billion shares.

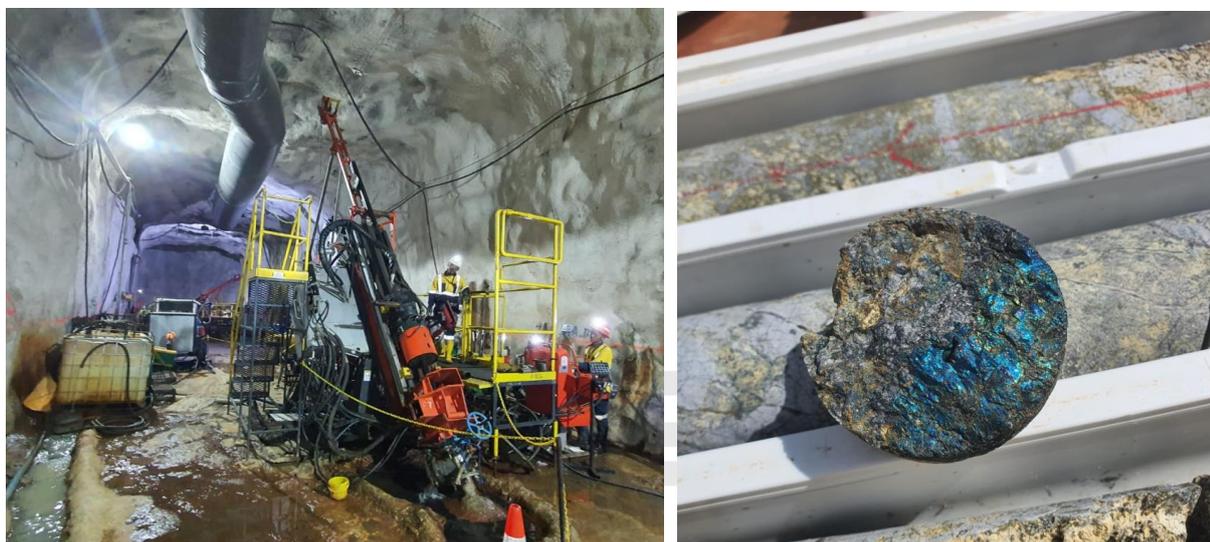
1) **TB Copper Project**

World Class Resource: TB Copper Project is 100% owned by MDKA and is 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 8.2Mt copper metal and 28.6Moz 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 372Mt at 0.61% copper and 0.68 g/t gold with the Inferred Resource containing 1,412Mt at 0.45 g/t gold and 0.42% copper.

Pre-Feasibility Study (“PFS”): MDKA has invested \$121 million to date on feasibility work, which includes the 1,890 metre 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 LTI occurred during the quarter, with the project achieving 1,281,496 LTI free man-hours.

Figure 1: Underground drilling operations at Tujuh Bukit Copper Project – diamond drilling operation and high-grade copper mineralisation (bornite and digenite)



During the quarter, eight drill rigs were operating underground with two surface rigs also drilling on the project. Fifteen holes were completed underground during the quarter, with eight holes in progress at the end of the quarter for a total of 11,410 metres drilled underground. Toward the end of the quarter, two additional underground drill rigs arrived at site and have been deployed on Resource Definition drilling. Two more underground rigs are scheduled to join the fleet in Q3 2022. The two surface rigs completed two holes during the quarter, with two holes in progress at the end of the month, for a total of 1,462.9 metres.

Selected results from the latest drilling results announced in July 2022 include:

- 616.7 metres @ 0.6 % Cu and 1.0 grams / tonne Au from 500 metres in hole UHGZ-22-083 (including 398 metres @ 0.7 % Cu and 1.2 grams / tonne Au from 600 metres)
- 542 metres @ 1.0 % Cu and 0.8 grams / tonne Au from 12 metres in hole UHGZ-22-079 (including 468 metres @ 1.1 % Cu and 0.9 grams / tonne Au from 78 metres)
- 417.2 metres @ 0.7 % Cu and 1.1 grams / tonne Au from 306 metres in hole UHGZ-21-073 (including 238 metres @ 1.0 % Cu and 1.5 grams / tonne Au from 320 metres)
- 454 metres @ 0.5 % Cu and 0.7 grams / tonne Au from 2 metres in hole UHGZ-22-078
- 340 metres @ 0.7 % Cu and 0.8 grams / tonne Au from 284 metres in hole UHGZ-21-075 (including 40 metres @ 1.1 % Cu and 1.4 grams / tonne Au from 296 metres)
- 458 metres @ 0.6 % Cu and 0.5 grams / tonne Au from 168 metres in hole UHGZ-22-082 (including 252 metres @ 0.9 % Cu and 0.6 grams / tonne Au from 260 metres)

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

Resource definition drilling will continue throughout 2022, with 35,000 to 40,000 metres of drilling scheduled after Q2 2022 from underground and surface. Surface drilling will also continue for geotechnical and hydrogeological investigations for both surface and underground infrastructure.

Figure 2: Surface drilling operations at Tujuh Bukit.



Outlook: Good progress has been made towards completion of the PFS, expected to be in Q1 2023. This will allow time for the ongoing resource drilling to be incorporated into the PFS.

Drill core from the exploration drilling is providing samples for comprehensive geotechnical and metallurgical test programs.

Project achievements and progression during the quarter include the installation of ventilation cooling for the exploration decline to allow for an increase in drilling capacity, a site visit by the technical team and consultants involved in the PFS, selection of the processing plant location and portal location for the underground twin access declines. A study of the hydrogeology concluded that groundwater inflows would be low.

Mine planning and economic assessment of caving development options continued as did processing studies and project permitting. PFS work to be progressed during the next quarter include an assessment of alternative mine designs the configuration of the processing plant, geotechnical and geometallurgical studies, permitting and other ongoing work.

2) **Merdeka Battery Materials**

Overview: During the quarter, MDKA announced its entry into the nickel sector with the acquisition of one of the world’s largest pre-production nickel resources and stakes in three RKEF nickel processing plants. Since the acquisition, Merdeka has renamed the business to PT Merdeka Battery Materials (“MBMA”).

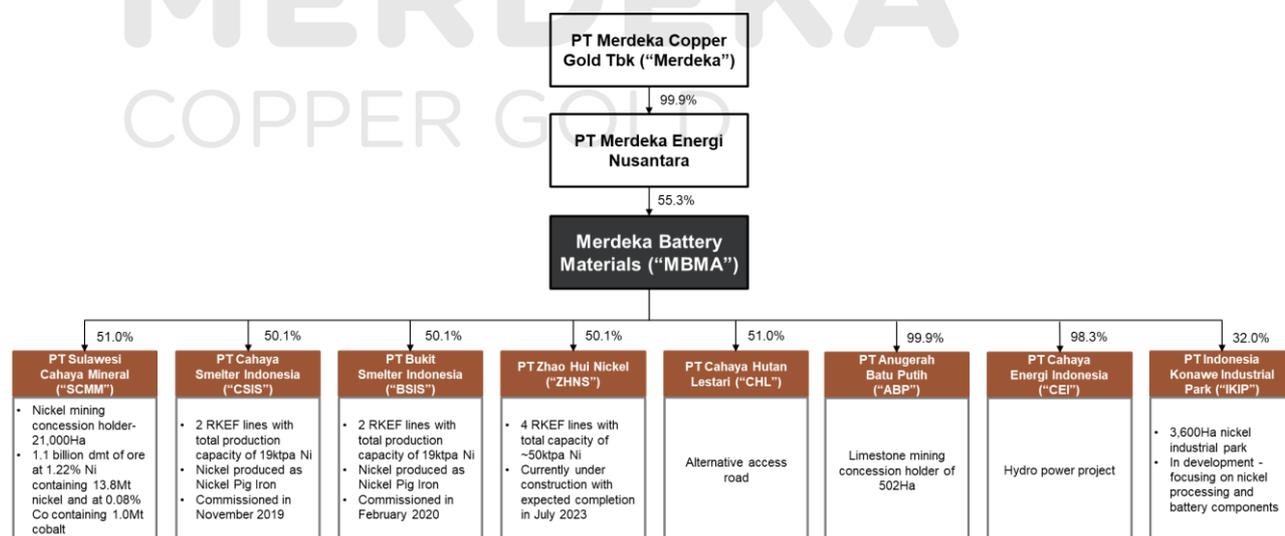
Acquisition: MDKA completed the acquisition of MBMA in May 2022. MBMA initially held a 51.0% interest in SCM mine and significant minority interests in two operating RKEF smelters. Post the initial acquisition, MBMA then increased its stake in the two smelters to 50.1% and acquired 50.1% of a third smelter that is currently in construction. The acquisitions were all fully funded through combination of cash and debt.

Merdeka Battery Materials Overview: MBMA today consist of the following assets:

- SCM Mine (“SCMM”): Holds the mining permit (“IUP”) for one of the world’s largest pre-production nickel resources. Current reserves of 189Mt of ore at 1.20% nickel containing 2.3Mt nickel and at 0.10% cobalt containing 0.2Mt cobalt. Within total resources of 1.1 billion dmt of ore at 1.22% nickel containing 13.8Mt nickel and at 0.08% cobalt containing 1.0Mt cobalt¹.
- CSI Smelter (“CSIS”) and BSI Smelter (“BSIS”): Two operating nickel RKEF plants producing Nickel Pig Iron (“NPI”). Each RKEF plant has a nameplate capacity of 19,000 tonnes of nickel per annum. Both have been operating successfully since early 2020.
- ZHN Smelter (“ZHNS”): RKEF smelter currently under construction with a nameplate capacity of 50,000 tonnes of NPI per annum. Construction is expected to be completed in July 2023
- 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.
- MBMA also has interests in several companies with projects that support the overall nickel processing chain, this includes a limestone IUP and hydro power project.

MBMA is a vertically integrated nickel producer. The SCMM will supply nickel saprolite ore to RKEF plants producing NPI at the Indonesia Morowali Industrial Park (“IMIP”), including CSIS, BSIS and ZHNS. The SCMM will also supply nickel limonite ore to high pressure acid leach (“HPAL”) plants at IMIP producing battery grade nickel and cobalt precursors. Following the development of IKIP, the SCMM will also supply limonite ore to HPAL plants within the park.

Figure 3: Corporate Structure of MBMA²



¹ Source: Mineral Resource: February 2022 JORC prepared by AMC Consultants Pty Ltd.

² Operational assets (excluding ZHNS) are held through holding companies, J&P & JIM, which are owned 99.9% and 100% by MBMA respectively

Processing: MBMA currently has two operational smelters, CSIS and BSIS. During the quarter, the smelters processed 0.8 million wmt of ore at a grade of 1.87% to produce a combined 8,890 tonnes of nickel in NPI. The combined AISC for CSIS and BSIS for the quarter and YTD was \$14,803/t and \$13,489/t, respectively.

Haul Road: MBMA is currently upgrading the haul road from the mine site to IMIP to improve access and allow the efficient delivery of saprolite ore from the mine site to the RKEF smelters. The project construction is being managed by Merdeka Mining Services (“MMS”) and significant progress has been made with 1.48 million cubic meters of material movement to date. The haul road is expected to reach a 15% grade during August 2022. This will allow the transport of saprolite ore to begin. MBMA will continue to upgrade the road further with the aim of achieving a 9% grade by Q3 2023.

Figure 4: Physical progress of haul road



Work is continuing on improving the secondary access to mine site. During the quarter a temporary bridge for logistics access (“Cahaya Bridge 1”) reached 37% completion. MMS is also supporting the Cahaya Bridge 1 installation.

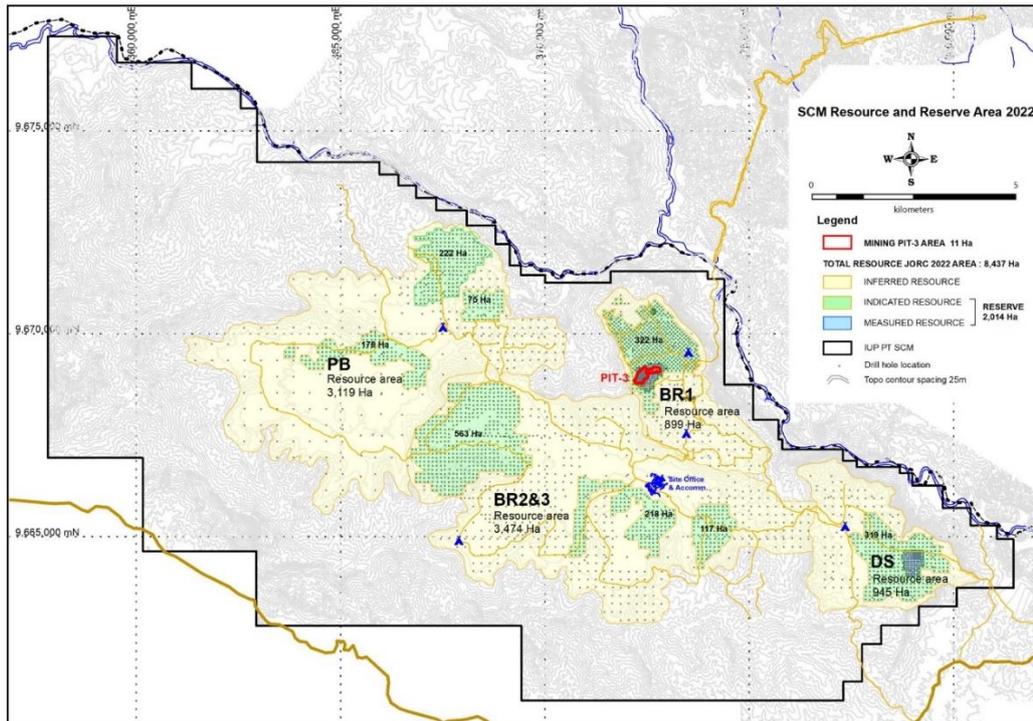
Mining: The SCMM site is expected to begin ramping up mining in the coming months. During the quarter, MBAM continued to improve site infrastructure, including developing a number of mine site roads and a new wastewater treatment plant. Some mining activities were undertaken during the quarter, with 58,670 tonnes of material mined.

Exploration: Drilling activities are currently focusing on Pit-1 in the north of the Bravo Romeo 1 area. There are a total of 10 drill rigs operating and six drill rigs currently preparing to be mobilised.

Operating Outlook: Production and cost guidance for 2022:

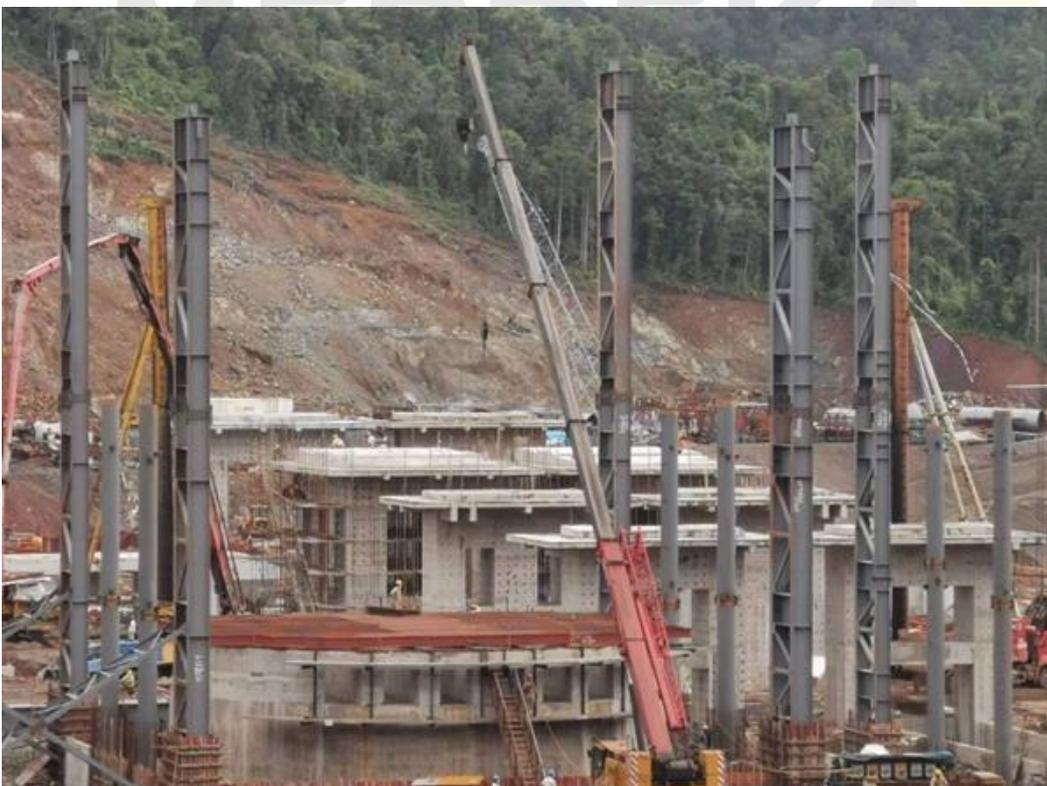
- Each of BSIS and CSIS are expected to produce in the range of 17,000 to 19,000 tonnes of nickel in NPI at an AISC of \$13,500/t to \$15,500/t. One of the major cost components of the smelters is ore, the price of which varies depending on the nickel price.
- SCMM is expected to begin ramping up mining in Q4 2022, with volumes increasing significantly in 2023.

Figure 5: SCMM IUP area



RKEF Construction: ZHNS’s RKEF is currently under construction within IMIP and has an expected completion date of July 2023. There has been significant progress made to date with construction reaching 35% of completion.

Figure 6: ZHNS RKEF construction progress



3) AIM Project

Summary: During the 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 Wetar is primarily pyrite (FeS_2) which hosts copper, gold, silver and zinc. 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 copper and does not recover any of the gold, silver, zinc, iron ore or sulphur (a component of sulphuric acid) contained in the ore.

Merdeka / Tsingshan Joint Venture Agreement (“JV”): On 11 February 2021, Merdeka, 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, PT Merdeka Tsingshan Indonesia (“MTI”) was established with Merdeka (through its subsidiary) owning 80% and Tsingshan, through its affiliate, owning 20%.

JV Overview: The AIM Project will purchase high-grade pyrite ore from Wetar. The ore, which contains copper, gold, silver and zinc will be transported by barge from Wetar Island to IMIP. An agreement to supply ore from Wetar to the AIM Project was signed in May 2021.

The AIM plant, under construction at IMIP, is designed to treat the pyrite ore from Wetar 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.

Figure 7: AIM Acid and Chloride Plants



Copper Processing Update: In the AIM feasibility study and detailed design, copper is expected to be produced in the form of copper sponge. In Q2 2022, MDKA together with BGRIMM, evaluated and confirmed that producing copper sponge then smelting/electrorefining the sponge copper is expected to generate the most attractive and feasible economic alternative. The plant is expected to be designed and constructed with a production capacity of 25ktpa anode copper for furnace refining and 20ktpa copper cathode for electrolysis.

Project Economics: Following the completion of the feasibility study, the decision was made to include a furnace and small electro-refinery to convert the sponge copper product to copper cathode. The inclusion of this process increased the capital expenditure to \$412 million including contingency. The NPV₈ increased to \$558 million from \$513 million with IRR increasing to 31.3% from 29.5%.

Construction and Progress: China Covid lockdowns that commenced in February 2022 and continued until early June 2022 have delayed construction progress. These events, outside the control of Merdeka, slowed design, procurement, fabrication, manufacturing, and delivery for many mechanical items. As a result, the AIM Project has been delayed by three months with the first acid now expected in July 2023. These delays have an associated cost of \$9.5 million, have cut into contingency, however the project currently remains on budget with \$2.5 million contingency remaining.

With lockdowns now lessened, deliveries have recommenced, with MTI Beijing Design in association with Axis International continuing to manage procurement, inspections, quality assurance and inspections.

Design reached 95% completion while international procurement reached 55% completion.

On site, AIM construction activities continue to progress well with MMS self-performing all project construction works. Site works performed during the quarter include the following:

- Pyrite Plant
 - Completion of earthworks
 - MMS concrete batch plant operational, cement shed complete
 - First mechanical installation underway with floatation cells
 - Ongoing concrete all areas
 - Commencement of wastewater and services areas
- Acid plant
 - Perimeter retaining walls 98% complete
 - Piling completion
 - Ongoing concrete all areas – major focus on first acid
- Chloride Plant
 - Last remaining piles being installed at the Chloride Plant (design creep with an additional 14,000LM of piles installed)
 - Chloride Plant office construction complete
 - Ongoing concrete all areas
 - Warehouse construction complete
 - Plant workshop complete
 - Earthworks underway
- Acid Tanks
 - QMB Acid Tank installation complete
 - Ongoing concrete works
 - First acid placement scheduled for early July by QMB
- Camp
 - MTI permanent camp construction reached 95% completion with 1,000 personnel housed in the temporary construction
 - Mess facilities complete and in operation

QUARTERLY REPORT: JUNE 2022

Progress on Financing: Discussions with a group of syndicated banks are ongoing to finance the AIM Project for an amount of \$260 million plus ~\$29 million for VAT financing. The transaction is targeted to close in August 2022.

Wetar Barge Jetty: Detailed design of the Wetar Barge Jetty (“WBJ”) is complete with procurement 85% complete. Site construction progresses with:

- Earthworks completion
- Ongoing tetrapod placement and manufacture
- Truck dump slabs complete
- Hopper foundation complete
- Ongoing pre-casting pile caps
- Piling 90% complete
- Offsite fabrication of dolphins, gantries, galleries, and bridge progresses

Works remain on budget with the out-loading conveyor scheduled to be complete mid-March 2023.



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4) Pani Gold Project

Overview: Merdeka owns a 70% effective economic interest in Pani. 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.

Merdeka's objective is to expeditiously develop Pani into a low cost, long life, sustainable gold mining operation, capable of producing more than 250koz of gold per annum over a mine life of 15 years.

The feasibility study program for Pani continues to ramp up and remains focused on optimising the mining schedule and maximising milling throughput opportunity from the early mining years.

An additional metallurgical test work program has commenced to further optimise the processing flow sheet and maximise gold recoveries.

The feasibility study is scheduled for completion in 2023 with a subsequent investment decision for the project construction.

Predevelopment construction support activities have commenced on site, with the initial focus on developing independent access roads to the site and establishing infrastructure and facilities to ensure construction ramp up from mid-2023.

Pani remains on track to achieve the first gold target of H2 2025.

Exploration Activities: 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://merdekacoppergold.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 | | | |
|--|--------------|----------------|-----------------|
| Category | Tonnage (Mt) | Grade (g/t Au) | Au (Million Oz) |
| Measured | 10.8 | 1.13 | 0.39 |
| Indicated | 62.4 | 0.81 | 1.63 |
| Inferred | 16.2 | 0.67 | 0.35 |
| Subtotal | 89.5 | 0.82 | 2.37 |
| Pani CoW Resources at 0.4g/t Au Cu cut-off | | | |
| Category | Tonnage (Mt) | Grade (g/t Au) | Au (Million Oz) |
| Measured | 15.49 | 1.03 | 0.51 |
| Indicated | 41.34 | 0.98 | 1.31 |
| Inferred | 15.91 | 0.93 | 0.48 |
| Subtotal | 72.74 | 0.98 | 2.30 |

By the end of Q2 2022, eight drill rigs were operating at Pani targeting the central Baganite zone (shown in Figure 8 below), with a total of 5,797m of diamond drilling completed. Fourteen drillholes were completed (including one sterilisation hole), with six in progress. Drilling operations were routinely operating on a 24-hour basis (two rig shifts per day) at the end of the period.

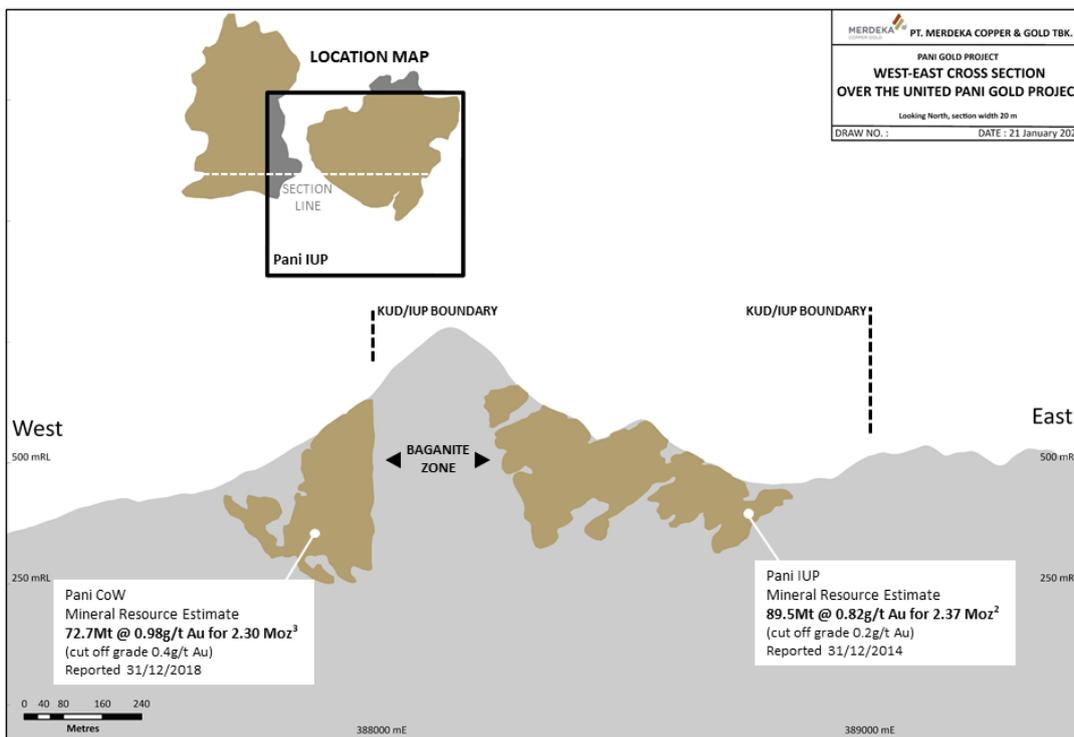
Preparations for the mobilisation of a further five diamond drilling rigs are currently underway. These additional rigs are expected to be on-site during Q3 and Q4 2022. Two of these rigs will be focused on sterilisation drilling of planned mine infrastructure areas, with three rigs added to the existing Resource Definition drilling program targeting the central Baganite zone.

QUARTERLY REPORT: JUNE 2022

At the end of the June quarter, results had been received for the first seven holes drilled in the new campaign. Selected results from the latest drilling include:

- 292m @ 1.46 g/t Au from 0 metres in hole ILD293;
- 277m @ 0.47 g/t Au from 28 metres in hole ILD294;
- 148m @ 0.38 g/t Au from 0 metres and 52m @ 1.48 g/t Au from 172 metres in hole ILD295;
- 295m @ 1.27 g/t Au from 0 metres and 41m @ 0.49 g/t Au from 309 metres in hole ILD296;
- 232m @ 0.66 g/t Au from 0 metres and 76m @ 0.56 g/t Au from 278 metres in hole ILD297;
- 62.9m @ 0.40 g/t Au from 34 metres and 50m @ 2.68 g/t Au from 186 metres in hole ILD298; and
- 206m @ 0.87 g/t Au from 96 metres in hole NND312

Figure 8: Combined Pani gold project schematic section



5) Tujuh Bukit Gold Mine

Summary: Production for the quarter was in line with plan. Gold produced during the quarter was 35,816 ounces at an AISC of \$989/oz, net of silver credits.

Mining: Ore mined for Q2 2022 was 2,431,957 tonnes with waste mined of 1,209,710 tonnes. Mining operations achieved total material movement of 3,761,275 tonnes including rehandling ore stockpiles during the quarter.

Processing: During Q2 2022 the ore preparation plant (“OPP”) was operated in line with expectation with throughput of 2,130,630 tonnes of crushed and agglomerated ore, at a grade of 0.66 g/t gold (containing 45,238 ounces of gold), hauled and stacked onto the Heap Leach Pad (“HLP”) for the quarter.

The HLP continued to perform as per design with project to date gold recoveries of 79.9%. 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: As of the end of the quarter, Tujuh Bukit Operations had achieved 10,981,619 man-hours without LTI with a Total Recordable Injury Frequency Rate (“TRIFR”) per million hours to date at 0.54.

A total of 7,326 environmental samples were taken as of end of Q2 2022, encompassing statutory-based sampling requirements as well as company-driven internal monitoring and third-party requirements.

Year-to-date reclamation progress stands at 0.5 ha of a 4.19 ha target, noting that the effort was still within a planned schedule.

Operational Cost Summary: The Q2 2022 total cash cost was \$730/oz and the AISC was \$989/oz. YTD cash cost was \$693/oz and AISC was \$961/oz.

Operating Outlook: Site cost increases due to international inflation pressures have impacted second quarter results and are expected to increase overall AISC for the full year. Guidance for 2022 is expected to be 100,000 to 120,000 ounces of gold at an AISC of \$1,000 to \$1,200/oz net of silver credits.

Exploration: Recent drilling and updated geological interpretation for controls on the gold and silver epithermal mineralisation has identified multiple near mine targets to the current operations. Merdeka has commenced an aggressive drilling program aimed at testing these new targets which are near the existing open pit operations with the aim of extending mine life.

A low-level UAV magnetic survey utilising drone technology were flown during the quarter as a part of the near mine Resource Definition program. This survey was designed to provide higher resolution geophysical data to identifying potentially mineralised Cu-Au mineralised intrusives and assist with structural interpretation of the mineralised system.

Four diamond drill rigs and one RC rig drilled 12 diamond holes for 2,866.4 metres, and 37 RC holes for 5,847 metres during the quarter. This program is currently ramping up, with an additional two diamond rigs and one RC rig scheduled to arrive in the September quarter, with 14,000 metres of diamond drilling and 23,000 metres of RC drilling planned for the second half of 2022.

At the end of the quarter, clearances had been received for initial surface exploration to commence on the Salakan and Lompongan prospects, 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 copper-gold mineralisation at depth. The current UAV geophysical survey in the mine area will be expanded to cover the regional areas during the upcoming quarter, along with initial field surveys.

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.

Figure 9: Additional RC rig undergoing site commissioning at Tujuh Bukit.



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6) Wetar Copper Mine

Summary: Copper produced during the quarter was 4,683 tonnes with YTD production reaching 9,951. This is the fourth consecutive quarters Wetar has successfully maintained its copper production level of at least 4,500 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: 4,500,576 tonnes of material was mined during the quarter comprising 756,569 tonnes of ore and 3,743,907 tonnes of waste. Contained copper in ore mined totalled 9,908 tonnes, 11% higher than the corresponding ore in the reserve model of 8,890 tonnes with higher copper grades offsetting lower tonnes mined.

Processing: During the quarter, 761,130 tonnes of ore were crushed and stacked on to the heap leach pad at a grade of 1.32% copper. The ore crushed was 20% higher than the previous quarter. The 4,683 tonnes of copper produced was 11% lower than the March quarter.

Environmental, Safety and Social Performance: As of end of the June quarter, Wetar achieved 1,945,246 man-hours without LTI, whilst the mine's year-to-date TRIFR per million hours was 1.34, with two recordable injuries (Medical Treatment Injury cases) during the quarter.

As part of Wetar's AMDAL a watershed rehabilitation target to re-habilitate surrounding areas outside of the IUP has been established. The target involves rehabilitating 154.5 ha. A contractor has been engaged to visit the area in preparation to meeting this target with tree planting expected to commence in H2 2022. The mine reclamation target inside of the IUP for 2022 is to rehabilitate 1.02 ha. As of June 2022, the reclamation had surpassed this target to reach 1.26 ha.

Water Treatment Plant ("WTP"): WTP upgrade at Wetar will be done in two stages. The first phase is upgrading the neutralisation plant. Detailed design is complete with procurement 85% complete.

MMS site teams have cooperated with Operational teams to get the new plant operational to 70% capacity in November 2022. The full plant will be operational in January 2023.

Site construction progresses with:

- Tanks foundations
- Retaining walls
- Tank foundation steel placement is underway
- Offsite fabrication of tanks and fuel tanks are complete and being delivered to site

The second phase of the WTP upgrade is to complete metals precipitation plant, which will recover metals. The design of the plant is in progress, with fabrication planned to commence in Q4 2022 for site delivery and commissioning in Q4 2023.

Historical Waste Dump Geotechnical Event: During the quarter, a land slip occurred in a historic reclaimed waste dump which had been constructed during earlier gold mining operations at Wetar, approximately 25 years ago. The land slip area was not within current operational areas but did damage some infrastructure including the access road to the processing operations and the power supply cable to the processing operations.

An alternative access road was constructed, and backup generators were used to continue the leaching operations until full power was restored to the processing site. Mining operations were unaffected during the period of power loss.

Geotechnical monitoring at the site detected the land movement several weeks before the event, and all personnel were cleared from the vicinity prior to the slip occurring. This incident caused only minor disruption to copper production and the full year copper production guidance for Wetar remains in place.

An area on the top of the waste dump was used to stockpile 670kt of ore. This ore will be completely recovered and moved to a new storage location before being shipped to the AIM Project in the future.

Remediation work to stabilise the old waste dump, buttress the base of the dump and re-establish infrastructure is expected to cost \$12 to 14 million. This will be spent in the second half of 2022.

Operational Cost Summary: Q2 2022 total cash cost was \$2.51/lb of copper produced and the AISC was \$2.83/lb of copper produced. YTD 2022 total cash cost was \$2.39/lb of copper produced and the AISC was \$3.15/lb of copper produced.

Operating Outlook: Guidance for 2022 is expected to be 18,000 to 22,000 tonnes of copper at an AISC \$3.20/lb to \$3.60/lb. This cost guidance excludes rehabilitation costs of \$12 to 14 million.

Exploration: Activities during the quarter focused on scout diamond drilling in the Lerokis area, diamond drilling at Partolang, reverse circulation (RC) drilling in the Partolang Bridge area and ground EM data acquisition.

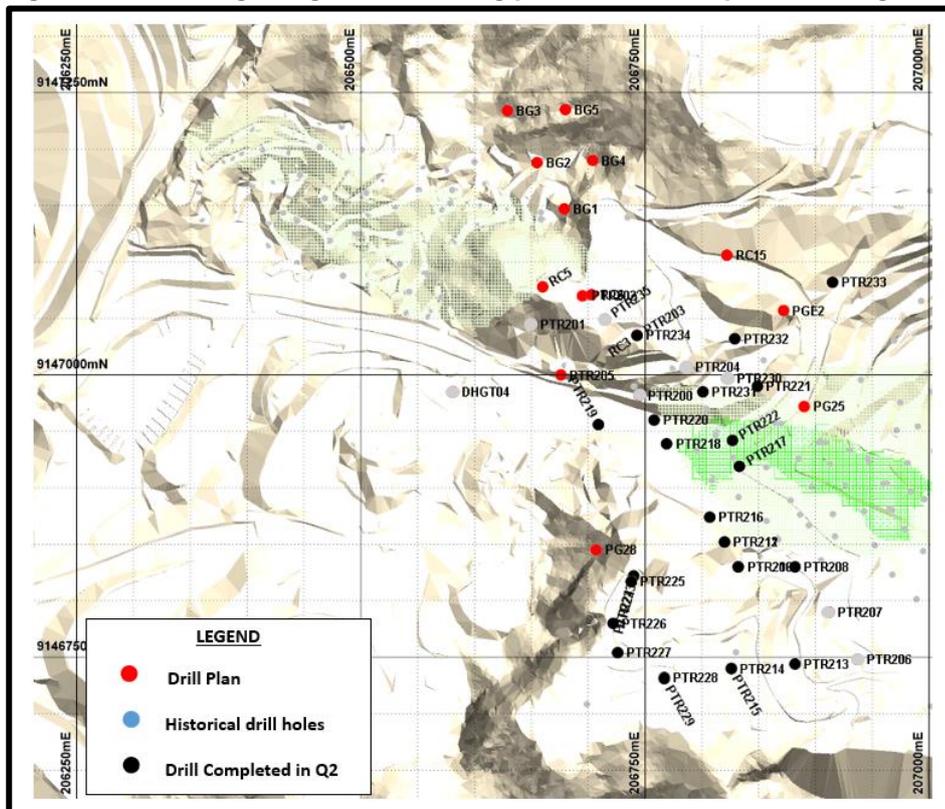
A total of 56 drill holes were completed during the quarter for 9,372.3 metres drilled, with selected results from the latest drilling including³:

- 26.5 metres @ 1.71% Cu, 0.57g/t Au and 40.5g/t Ag from 46.5 metres in BMD027
- 18.6 metres @ 1.20% Cu, 0.48g/t Au and 23.4g/t Ag from 115.4 metres in BMD042
- 6 metres @ 3.04 % Cu, 1.03 g/t Au and 70.97 g/t Ag from 85 metres in PTR209
- 12 metres @ 1.85% Cu, 20.83g/t Ag from 109 metres in PTR210

At Partolang Barat, results received from diamond drilling undertaken in the first quarter of 2022 (BMD027 and BMD042 above), continue to support the geological interpretation of the Partolang Barat deposit.

At Partolang Bridge, RC drilling continued throughout the quarter with 26 drill holes completed for 4,400 metres. Initial results returned from this drilling continue to identify a connection between the Partolang and Partolang Barat resources, with 6 metres at 3.04% copper in PTR209 and 12 metres @ 1.85% copper in PTR210 as reported above. Further step out and infill drilling is ongoing in the Bridge area to enable an updated mineral resource estimate incorporating the Partolang Bridge zone to be completed in the last quarter of this year.

Figure 10: Partolang Bridge area showing planned and completed drilling at end of June 2022.



³ Results reported using a 0.4% Cu cut-off, and a minimum intercept length of 2 metres.

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In the Lerokis area, scout diamond drilling continued with 20 holes completed in Zones 1 to 4 during the quarter and a further three diamond holes in the Kelapa Tiga area for 4,342.3 metres in total. This drilling followed up on previous assays results and tested electromagnetic (EM) targets defined from aerial and ground surveys, as well as gold-silver anomalism associated with barite mineralisation. Results from this drilling include:

- 8.0 metres @ 1.15% Cu, 0.56g/t Au, 73.6g/t Ag, 5.66% Zn and 1.97% Pb from 24 metres in LKD089
- 11.5 metres @ 1.93% Cu, 0.11g/t Au, 4.17g/t Ag from 20.5 metres in LKD097
- 42.5 metres @ 6.14 g/t Au and 335.7g/t Ag from 0 metres in LKD084
- 25.0 metres @ 2.73 g/t Au and 90.4 g/t Ag from 0 metres in LKD085

The results in LKD089 and LKD097 confirm an extension to the shallow, relatively flat lying polymetallic zone intersected previously at Zone 1 North, which is hosted by clay-pyrite altered andesitic breccia units with sulphide veinlets.

The results from LKD084 and LKD085 confirm significant Au-Ag mineralisation is associated with remnants of near-surface barite around the historic PLM pit at Zone 4.

Surface exploration continued throughout the quarter aimed at confirming targets generated from airborne geophysical surveys. A fixed loop ground electromagnetic geophysical survey program was completed in the Kelapa Tiga area, and a new survey started in the block A1.



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7) Sustainability & Environment, Social and Governance Planning

As of end of June 2022, MDKA year to date safety performance as measured by the TRIFR was 0.98, improving from 1.30 compared to the March quarter. There were no LTI during the June quarter, resulting in a YTD LTIFR of 0.22.

Health & Safety activities during the June quarter included the implementation of a Critical Risk Management (“CRM”) program across the Merdeka Group of companies, the development of a Contractor Management System and the delivery of Incident Cause Analysis Method (“ICAM”) training for Senior Management representatives from each site.

Merdeka’s Sustainability Report was also finalised during the June quarter. The Sustainability Report was compiled according to the GRI (Global Reporting Initiative) standard and was assured by a third party, TUV Rheinland. The Sustainability Report is available to the public on the Merdeka website.

In commemoration of Earth Day, a photography and essay competition were conducted across Merdeka. The competition was open to all employees with the theme “my workplace is my beautiful earth”.

The tendering process for a service to conduct TCFD (Task Force on Climate relate Financial Disclosures) assessments across the Merdeka Group of Companies was completed. Initiation of the TCFD assessment will be held in the September quarter.



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Appendix 1: Finance and Corporate

Cash and Cash Equivalents: Cash and cash equivalents, net of restricted cash, at 30 June 2022 was \$411 million. In addition to this, MDKA has \$100 million in undrawn debt facilities.

Debt:

Tujuh Bukit - PT Bumi Suksesindo ("BSI") Prepayment Facility

As of 30 June 2022, the balance of Secured Bullion Forward Hedge and Financing Transaction ("BSI Prepayment Facilities") was \$63 million, with details below:

- July 2021: Prepayment amount of \$100 million with a total of 54,069 oz gold was hedged with scheduled monthly settlements from July 2021 to December 2022, at an average price of \$1,902/oz. The facility has an effective interest rate of ~3.42% per annum.
- 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 including interest charges. 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 including interest charges. The facility has an effective interest rate of ~4.64% per annum.

BSI RCF

BSI has fully drawn \$50 million of 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.

MDKA IDR Bonds

On 28 April 2022, the Company successfully completed the issuance of 2nd tranche of Year 2022 IDR bonds 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.

Interest and debt obligations for this facility are expected to be swapped into USD during the September quarter. The outstanding balance of IDR Bonds at 30 June 2022 was \$561 million.

MDKA RCF

Merdeka has an undrawn \$100 million of Merdeka Revolving Credit Facility ("MDKA RCF") in June 2022. The MDKA RCF has an applicable interest rate of 3.85% per annum plus SOFR with a final repayment on 31 March 2023.

MBMA Loan

MBMA entered into a \$300 million loan with ING and Barclays on 19 May 2022 ("MBMA Senior Loan"). The loan was used, among others, to finance for MBMA's acquisition of its interest in JPI and JIM, funding the subscription of shares by JPI in BSIS and CSIS, and for general working capital of the MBMA's group companies. The loan has an applicable interest rate of 4.25% per annum plus SOFR with final maturity date on 30 September 2026. Subsequent to the end of the quarter on 29 July 2022 Merdeka provided debt funding of \$150 million to MBMA to repay \$ 150 million of the MBMA Senior Loan.

Finance Lease

The finance lease balance outstanding on 30 June 2022 was \$39 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 TB Gold Mine, a total of 35,620 ounces of gold and 192,904 ounces of silver were sold at an average price of \$1,868/oz and \$22/oz, respectively, for total revenue of \$71 million. Furthermore, 14,798 ounces of gold hedging with a strike price of \$1,863/oz was closed out at a price of \$1,866/oz resulting in a net loss on hedging for the quarter of \$0.05 million.

At Wetar, 5,376 tonnes of copper were sold at an average price of \$9,691/tonne for total revenue of \$52 million.

During the quarter, at CSIS and BSIS, a total of 9,039 tonnes of NPI were sold at an average price of \$19,037/tonne. Merdeka started to consolidate MBMA from 17 May 2022, as a result, only 5,041 tonnes of NPI sales were consolidated by Merdeka this quarter, at an average price of \$18,669/tonne for total revenue of \$94 million.

Mark to market position for gold and copper hedge changed from liability of \$7 million at 31 March 2022 to an asset of \$2 million at 30 June 2022.

Table 2: Gold, Silver, Copper and Nickel Sales for June 2022 Quarter

| | Ounces | \$/oz | \$m |
|-----------------|---------|----------|------------|
| Gold | 35,620 | 1,868 | 67 |
| Silver | 192,904 | 22 | 4 |
| | Tonnes | \$/tonne | \$m |
| Copper | 5,376 | 9,691 | 52 |
| | Tonnes | \$/tonne | \$m |
| Nickel Pig Iron | 5,041 | 18,669 | 94 |
| Total | | | 217 |

Table 3: Details of Gold and Copper Hedge Profile as at 30 June 2022

| Period | Gold Hedged | | Copper Hedged | |
|--------------------------|-------------|-------|---------------|--------|
| | oz Au | \$/oz | t Cu | \$/t |
| 2022 (July to September) | - | - | 1,500 | 10,000 |
| 2022 (July to December) | 23,810 | 1,864 | - | - |
| 2023 (January to June) | 10,609 | 1,842 | - | - |

Insurance Claim for Tujuh Bukit Heap Leach Incident: The final claim value approved by the insurers amounted to \$80 million, with \$19.5 million received in 2021 and \$55.0 million received in H1 2022. The remaining is expected to be received in Q3 2022.

Capital Structure: Total issued and paid-up capital of MDKA is 24,110,850,771 shares.

Table 4: Major Shareholders as at 30 June 2022

| Shareholders | No. of shares | % |
|---|-----------------------|---------------|
| PT Saratoga Investama Sedaya Tbk | 4,071,912,411 | 16.888 |
| PT Mitra Daya Mustika | 2,907,302,421 | 12.058 |
| Garibaldi Thohir | 1,948,831,357 | 8.083 |
| PT Suwarna Arta Mandiri | 1,347,254,738 | 5.588 |
| Hongkong Brunp & Catl Co., Limited | 1,205,542,539 | 5.000 |
| Total Major Shareholders | 11,480,843,466 | 47.617 |
| Treasury Stock | 6,949,600 | 0.029 |
| Others | 12,623,057,705 | 52.354 |
| Total shares on issue as at 30 June 2022 | 24,110,850,771 | 100.00 |

On 26 April 2022, the Company completed the issuance of 1,205,999,956 new shares through a pre-emptive rights issuance ("PRI") with an exercise price of Rp2,830 and successfully raised Rp3.4 trillion (or equivalent to \$235 million). In conjunction with the PRI, Hongkong Brunp Catl Co. Ltd., an affiliate of Contemporary Amperex Technology Co., Limited ("Brunp Catl") become a strategic investor establishing a 5% shareholding in Merdeka. In addition to making this strategic investment in Merdeka, Brunp Catl and Merdeka intend to form a strategic partnership in Indonesia. The parties have signed a memorandum of understanding ("MoU") to engage in a "win-win" cooperation, focusing on the battery metals supply chain in Indonesia.

As at 30 June 2022, the Company has completed the buyback of 33,718,400 shares.

On 10 June 2022, the Company obtained private placement approval through EGMS with maximum shares issuance up to 10% of the issued capital or equivalent to 2.29 billion shares.

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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, nickel (and other related minerals); and (iii) mining services.

The Company’s major assets are the: (i) Tujuh Bukit Copper Project; (ii) Merdeka Battery Materials; (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 8.2Mt of copper and 28.6Moz 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

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