

INFORMATION DISCLOSURE TO SHAREHOLDERS RELATED TO AFFILIATED TRANSACTION PT MERDEKA COPPER GOLD TBK. (the “COMPANY”)

This Information Disclosure to the shareholders (as defined below) is made to provide an explanation to the public in connection with the capital expenditure bridge facility agreement made by and between the Company and PT Merdeka Tsingshan Indonesia (“MTI”), which is the Company’s Controlled Company.

The transaction is an Affiliated Transaction as stipulated in the Regulation of the Financial Services Authority of the Republic of Indonesia No. 42/POJK.04/2020 on Affiliated Transactions and Conflict of Interest Transactions.

THIS INFORMATION DISCLOSURE IS IMPORTANT TO BE READ AND CONSIDERED BY THE SHAREHOLDERS OF THE COMPANY.

IF YOU HAVE DIFFICULTIES TO UNDERSTAND THE INFORMATION AS SET FORTH IN THIS INFORMATION DISCLOSURE YOU SHOULD CONSULT WITH A LEGAL COUNSEL, A PUBLIC ACCOUNTANT, FINANCIAL ADVISOR OR ANY OTHER PROFESSIONAL.

BOARD OF DIRECTORS AND BOARD OF COMMISSIONERS OF THE COMPANY, EITHER SEVERALLY OR JOINTLY, ARE FULLY RESPONSIBLE FOR THE ACCURACY AND COMPLETENESS OF THE INFORMATION AS DISCLOSED IN THIS INFORMATION DISCLOSURE. THE BOARD OF DIRECTORS AND BOARD OF COMMISSIONERS OF THE COMPANY REPRESENTS THE COMPLETENESS OF THE INFORMATION AS DISCLOSED IN THIS INFORMATION DISCLOSURE AND AFTER GIVING DUE AND CAREFUL EXAMINATION, EMPHASIZE THAT THE INFORMATION CONTAINED IN THIS INFORMATION DISCLOSURE ARE TRUE AND THERE ARE NO IMPORTANT MATERIAL AND RELEVANT FACTS THAT HAVE NOT BEEN DISCLOSED OR REMOVED IN THIS INFORMATION DISCLOSURE CAUSING THE INFORMATION PROVIDED ON THIS INFORMATION DISCLOSURE TO BE UNTRUE AND/OR MISLEADING.

THE BOARD OF DIRECTORS AND BOARD OF COMMISSIONERS OF THE COMPANY DECLARE THAT THIS AFFILIATED TRANSACTION DOES NOT CONTAIN ANY CONFLICT OF INTEREST.



PT MERDEKA COPPER GOLD Tbk.

Business Activities

Mining of gold, silver, copper and other associated minerals, and mining services through its subsidiaries

Domiciled in South Jakarta, DKI Jakarta, Indonesia

Headquarter Office:

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This Information Disclosure is issued in Jakarta on 7 February 2022

DEFINITIONS

- “Affiliate”** : Affiliate means
1. family relations due to marriage and descent up to the second degree, both horizontally and vertically;
 2. relationship between a party and employees, directors, or commissioners of the party;
 3. relationship between 2 (two) companies where there is 1 (one) or more same members of the board of directors or board of commissioners;
 4. the relationship between a company and a party, both directly or indirectly, controlling or being controlled by the said company;
 5. relationship between 2 (two) companies that are controlled, both directly or indirectly, by the same party; or
 6. the relationship between a company and the principal shareholders.
- “Conflict of Interest”** : The difference between the economic interest of a public company and the personal economic interest of members of board of directors, members of board of commissioners, principal shareholders, or Controllers that may be harmful to the public company concerned.
- “Indonesia Stock Exchange”** : Stock exchange as defined in Article 1 point 4 Capital Market Law, in this case held by PT Bursa Efek Indonesia, domiciled in Jakarta.
- “MOLHR”** : Minister of Law and Human Rights of Republic of Indonesia.
- “MTI”** : PT Merdeka Tsingshan Indonesia, domiciled in South Jakarta, a limited liability company established and operated under the laws of the Republic of Indonesia.
- “Financial Services Authority or OJK”** : The independent institution as referred to in Law No. 21 of 2011 on Financial Services Authority (“**OJK Law**”), whose duties and authorities include the regulation and supervision of financial service activities in the sectors of banking, capital market, insurance, pension funds, financial institution and other financial institutions, whereby since 31 December 2012, OJK is an institution that replaces and accepts the rights and obligations to carry out regulatory and supervisory functions from the Capital Market and Financial Institutions Supervisory Agency in accordance with the provisions of Article 55 OJK Law.
- “Shareholders”** : Parties who have the benefit of the Company’s shares, both in the form of scripts and in collective custody which are kept and administered in the securities account at Indonesia Central Securities Depository, registered in the Shareholder Register of the Company which is administered by the Securities Administration Bureau appointed by the Company.
- “Independent Appraiser or KJPP”** : Public Appraisal Office of Iskandar and Partners, independent appraisers registered with the OJK who have been appointed by the Company to conduct an assessment of the fair value and/or fairness of the Transaction.

- “Company”** : PT Merdeka Copper Gold Tbk., domiciled in South Jakarta, a public limited company whose shares are listed on the Indonesia Stock Exchange, which is established and operated under the laws of the Republic of Indonesia.
- “POJK 17/2020”** : OJK Regulation No. 17/POJK.04/2020, enacted on 20 April 2020 regarding Material Transaction and Changes in Business Activities.
- “POJK 42/2020”** : OJK Regulation No. 42/POJK.04/2020, enacted on 1 July 2020 regarding Affiliated Transaction and Conflict of Interest Transaction.
- “Affiliated Transaction”** : Any activity and/or transaction conducted by a public company or a controlled company with an Affiliate of a public company or an Affiliate of a member of board of directors, a member of board of commissioners, the principal shareholders, or the Controller, including any activity and/or transaction conducted by a public company or controlled company for the benefit of an Affiliate of public company or an Affiliate of a member of board of directors, member of board of commissioners, principal shareholders or the Controller.
- “Conflict of Interest Transaction”** : Transactions that are carried out by public companies or controlled entities with any party, both with Affiliates and parties other than Affiliates that contain a Conflict of Interest.
- “Capital Market Law”** : Law No. 8 of 1995 dated 10 November 1995 on Capital Market, State Gazette of the Republic of Indonesia No. 64 Year 1995.

INTRODUCTION

In order to comply with the provisions of POJK 42/2020, the Board of Directors of the Company announces Information Disclosure to provide information to the Shareholders of the Company that on 4 February 2022, the Company and MTI has signed a capital expenditure bridge facility agreement (“**Agreement**”) to provide loan funds from the Company to MTI with the total amount up to USD50,000,000.00 (fifty million United States of America Dollar) to be used by MTI for its capital expenditure, construction and operating costs (“**Transaction**”).

The Transaction carried out is an Affiliated Transaction as referred to in POJK 42/2020, in which MTI is the Company’s Controlled Company and there are similarity of members of the Board of Commissioners and the Board of Directors of MTI with the Board of Directors of the Company. However, this Affiliated Transaction is not a Transaction with Conflict of Interest as set forth in POJK 42/2020.

The Affiliated Transaction carried out by the Company has complied with the procedures as set forth in Article 3 of POJK 42/2020 and has been executed in accordance with generally accepted business practices.

In accordance with the provisions of Article 4 paragraph 1 of POJK 42/2020, this Transaction is an Affiliated Transaction that is required to use an Appraiser in determining the fairness of the Affiliated Transaction in which the fairness of the transaction needs to be announced to the public. The Company has received the fairness value for this Transaction based on Appraisal Report from the Public Appraisal Service Office (*Kantor Jasa Penilai Publik* or “**KJPP**”) Iskandar and Partners No. 00062/2.0118-00/BS/02/0596/1/III/2022 dated 2 February 2022 on Fairness Opinion Report of Proposed Transaction of Loan Provision to PT Merdeka Tsingshan Indonesia by PT Merdeka Copper Gold Tbk (“**Appraiser’s Report**”).

Moreover, the Company is obliged to announce Information Disclosure to the public and submit the appraisal report along with other supporting documents to OJK no later than the end of the 2nd (second) business days after the date of the Transaction as referred to Article 4 of POJK 42/2020.

DESCRIPTION OF THE TRANSACTION

Information Regarding the Parties Involved

1. MTI

MTI is a limited liability company established based on Deed of Establishment No. 40 dated 18 March 2021, made before Darmawan Tjoa, S.H., S.E., Notary in Jakarta, which has been approved by MOLHR by virtue of Decree No. AHU-0019293.AH.01.01.TAHUN 2021 dated 18 March 2021, and has been registered in the Company Register at the Ministry of Law and Human Rights Republic of Indonesia under No. AHU-0050944.AH.01.11.TAHUN 2021 dated 18 March 2021 ("**Deed of Establishment of MTI**"), whose articles of association were last amended based on Deed of Circular Resolutions in Lieu of Extraordinary General Meeting of Shareholders No. 30 dated 14 December 2021, drawn up before Darmawan Tjoa, S.H., S.E., Notary in Jakarta, which has been notified to the MOLHR as evidenced by the Receipt of Notification of the Amendment of Articles of Association No. AHU-AH.01.03-0485225 dated 14 December 2021 which has been registered in the Company Register at the Ministry of Law and Human Rights Republic of Indonesia under No. AHU-0220690.AH.01.11.TAHUN 2021 dated 14 December 2021.

MTI is domiciled in South Jakarta, with the office address at The Convergence Indonesia, 21st Floor, Jl. H.R. Rasuna Said, Karet Kuningan Sub-district, Setiabudi District, South Jakarta 12940, DKI Jakarta.

Based on the provisions of Article 3 of the Articles of Association of MTI, the purpose and objective of MTI is to carry out a business in the field of other inorganic basic chemical industries; iron and steel making industry; base metal manufacturing industry; non-iron base metal manufacturing industry.

To achieve the above-mentioned purpose and objective, MTI may carry out the following business activities:

1. Other Inorganic Basic Chemical Industry (KBLI 20114);
Carrying out other basic inorganic chemical industries that produces chemical substances such as phosphorus with its derivatives, sulfur with its derivatives, nitrogen with its derivatives, and basis chemical industry that produces halogen compound and their derivatives, metals except alkali metal, oxide compounds except pigments. Including the raw material industry for explosives, including carrying out an inorganic basic chemical industry that produces chemical substances through the construction and operation of the project (Project) which includes a sulphide roast plant, crusher factory, grinder and float (CGF) factory, chloridising roast factory, acid filter plant high pressure (HPAL) and metal extraction or screening plants (as a whole, factories) and other necessary infrastructure;
2. Iron and Steel Making Industry (KBLI 24101);
Carrying out the business of making iron and steel in basic forms, such as iron ore pellets, sponge iron, pig iron and the making of iron and steel in the form of coarse steel such as ingots, steel billets, bloom steel and steel slabs. This includes the manufacture of iron and alloy steel. Including furnace, steel converter, rolling mill and finishing activities; production of pig iron in basic forms such as blocks; production of iron alloy; production of iron products that are reduced directly from iron ore and other hollow iron products; production of iron from refining by electronic processes and other chemical processes; production of iron grains and iron powder; production of ingots or other basic forms; re-smelting of scrap iron or steel ingots; and semi-finished steel production.

3. Base Metal Manufacturing Industry (KBLI 24201);
Carrying out the business of refining, smelting, alloying and casting precious metals in basic forms (ingots, billets, slabs, rods, pellets, blocks, sheets, pigs, alloys and powders) such as silver ingots, gold ingots, platinum pellets and so on.
4. Non-Iron Base Metal Manufacturing Industry (KBLI 24202);
Carrying out a refining, smelting, alloying and casting business of non-ferrous metals in basic forms (ingots, billets, slabs, rods, pellets, blocks, sheets, pigs, alloys and powders) such as brass ingots, aluminum ingots, zinc ingots, copper ingots, tin ingots, brass billets, aluminum billets, brass slabs, aluminum slabs, brass rods, aluminum bars, brass pellets, aluminum pellets, bronze alloys, nickel alloys and bearing metals and rare earth metals and alloys rare earth metals (15 elements lanthanides plus elements scandium and yttrium).

Capital Structure and Shareholders Composition of MTI

Description	Total Shares	Nominal Value per Share (Rp)	Total Value of Share (Rp)	%
Authorized Capital				
	1,260,000	1,000,000	1,260,000,000,000	
Issued and Paid-up Capital				
PT Batutua Pelita Investama	703,360	1,000,000	703.360.000.000	80
Wealthy Source Holding Limited	175,840	1,000,000	175.840.000.000	20
Total	879.200		879.200.000.000	100
Portfolio Shares	380.800		380.800.000.000	

Composition of the Board of Commissioners and Board of Directors of MTI

Based on Deed of Establishment of MTI, the composition of the Board of Directors and the Board of Commissioners of MTI is as follows:

Board of Commissioners

President Commissioner : Winato Kartono
 Commissioner : Gavin Arnold Caudle
 Commissioner : Simon James Milroy
 Commissioner : Xin Zhi
 Commissioner : Renhui Wang

Board of Directors

President Director : Albert Saputro
 Director : Gerick Mouton
 Director : David Thomas Fowler
 Director : Fan Zhang
 Director : Cheng Li

2. The Company

The Company, established under the name of PT Merdeka Serasi Jaya, pursuant to the Deed of Establishment No. 2 dated 5 September 2012, made before Ivan Gelium Lantu, S.H., M.Kn., Notary in Depok City, which has been ratified by MOLHR by virtue of its Decree No. AHU-48205.AH.01.01.Tahun 2012 dated 11 September 2012, has been registered in the Company Register in the Ministry of Law and Human Rights of the Republic of Indonesia under No. AHU-

0081346.AH.01.09.Tahun 2012 dated 11 September 2012, and has been published in the State Gazette of the Republic of Indonesia No. 47 dated 11 June 2013, Supplement No. 73263.

The Company's Articles of Association has been amended several times, most recently by the Deed of Statement of Meeting Resolution on Amendment to Articles of Association No. 125 dated 25 May 2021, made before Jose Dima Satria, S.H., M.Kn., Notary in South Jakarta, which has been notified to MOLHR by virtue of the Letter of Notification Receipt of Amendment of the Articles of Association No. AHU-AH.01.03-0336093 dated 28 May 2021 and has been registered in the Company Register in the Ministry of Law and Human Rights of the Republic of Indonesia under No. AHU-0094735.AH.01.11.TAHUN 2021 dated 28 May 2021.

The Company is domiciled at The Convergence Indonesia Building, 20th Floor, Jl. HR. Rasuna Said, Karet Kuningan, Setiabudi, South Jakarta 12940, DKI Jakarta.

According to Article 3 of the Company's Articles of Association, the purposes and objectives of the Company is as follows:

1. carrying out activities of holding companies where the main activity is ownership and/or control of assets of a group of subsidiary companies both domestic and overseas among others including but not limited to, those engaged in the mining sector; and
2. conducting other management consulting activities, to provide advice, guidance and business operations for various management functions, strategic and organizational scheming, human resources planning, practices and policies, management consulting of agronomist processing and agricultural economist including but not limited to mining, agriculture, and the like, design of accounting methods and procedures, cost accounting programs, budget control supervision procedures, providing advice and assistance to businesses and community services in planning, organizing, efficiency and control, management information, processing and tabulating all types of data covering all stages processing and writing reports from data provided by customers, or only part of the processing stages and others.

To carry out the main business activities above, the Company may carry out the supporting activities as follows:

1. provide funding and/or financing required by the companies in which the Company participates its equity, both directly and indirectly; and
2. provide funding and/or financing required by other companies in order to carry out the equity participation in such company or group companies or in the investment framework of any other assets in such company or group companies.

Capital Structure and Shareholders Composition of the Company

Pursuant to the Deed of Statement of Meeting Resolution No. 38 dated 5 March 2021, drawn before made before Jose Dima Satria, S.H., M.Kn., Notary in South Jakarta, which has been notified to MOLHR by virtue of the Letter of Notification Receipt of Amendment of the Articles of Association No. AHU-AH.01.03-0144571 dated 5 March 2021, and has been registered in the Company Register in the Ministry of Law and Human Rights of the Republic of Indonesia under No. AHU-0042187.AH.01.11.TAHUN 2021 dated 5 March 2021, the Company's capital structure and shareholding composition are as follows:

Authorized Capital	:	IDR1,400,000,000,000
Issued Capital	:	IDR458,097,016,300
Paid up Capital	:	IDR458,097,016,300

Authorized capital of the Company is divided into 70,000,000,000 shares each with a par value of Rp20.00.

According to the Shareholders Register of the Company dated 31 January 2022 issued by PT Datindo Entrycom as Share Registrar of the Company, the shareholders of the Company are as follows:

Description	Nominal Value of Rp20 per Shares		
	Number of Shares	Nominal Value (Rp)	(%) ⁽¹⁾
A. Authorized Capital	70,000,000,000	1,400,000,000,000	
B. Issued and Paid up Capital			
1) PT Saratoga Investama Sedaya Tbk	4,189,971,184	83,799,423,680	18.293
2) PT Mitra Daya Mustika	2,948,833,595	58,976,671,900	12.875
3) Garibaldi Thohir	2,028,836,137	40,576,722,740	8.858
4) PT Suwarna Arta Mandiri	1,386,733,708	27,734,674,160	6.055
5) Gavin Arnold Caudle	79,526,728	1,590,534,560	0.347
6) Hardi Wijaya Liong	69,276,728	1,385,534,560	0.302
7) Andrew Phillip Starkey	500,000	10,000,000	0.002
8) Richard Bruce Ness	1,633,500	32,670,000	0.007
9) Simon James Milroy	157,700	3,154,000	0.001
10) Public (respectively under 5%)	12,198,784,435	243,975,688,700	53.260
	22,904,253,715	458,085,074,300	100.000
Treasury Stock	597,100	11,942,000	-
Total of Issued and Fully Paid up Shares	22,904,850,815	458,097,016,300	100.000
C. Portofolio Shares	47,095,149,185	941,902,983,700	

Note:

(1) Calculation is based on voting rights.

Composition of the Board of Commissioners and Board of Directors of the Company

Pursuant to the Deed of Statement of Meeting Resolution No. 142 dated 27 January 2022, made before Jose Dima Satria, S.H., M.Kn., Notary in South Jakarta, which has been notified to MOLHR as reflected in the Letter of Acceptance of Notification of Amendment of the Companies Data No. AHU-AH.01.03-0067009 dated 28 January 2022 and has been registered in the Company Register in the Ministry of Law and Human Rights of the Republic of Indonesia under No. AHU-0020622.AH.01.11.TAHUN 2022 dated 28 January 2022, the composition of the Company's Board of Directors and Board of Commissioners on the issuance date of this Disclosure of Information are as follows:

Board of Commissioners

President Commissioner : Edwin Soeryadjaya
 Commissioner : Garibaldi Thohir
 Commissioner : Richard Bruce Ness
 Commissioner : Yoke Candra
 Independent Commissioner : Muhamad Munir
 Independent Commissioner : Budi Bowoleksono

Board of Directors

President Director	:	Albert Saputro
Vice President Director	:	Simon James Milroy
Director	:	Gavin Arnold Caudle
Director	:	Hardi Wijaya Liong
Director	:	Andrew Phillip Starkey
Director	:	David Thomas Fowler
Director	:	Titien Supeno
Director	:	Chrisanthus Supriyo

Transaction Value

Pursuant to the Agreement, the total value of the Transaction is at amount of up to USD50,000,000.00 (fifty million United States of America Dollar). Therefore, the Transaction is not a material transaction as referred to POJK 17/2020 considering that the value of Transaction does not reach 20% (twenty percent) of the Company's equity value in accordance with the Company's Interim Consolidated Financial Statements for period ended on 30 June 2021 which was audited by Tanubrata Sutanto Fahmi Bambang & Partners as Public Accountant Firm and Consolidated Financial Statements for the period ended on 30 September 2021 which limitedly reviewed by Tanubrata Sutanto Fahmi Bambang & Partners as Public Accountant Firm.

Nature and Affiliated Relation

As for the nature of the affiliation relationship between the Company and MTI is as follows:

- a. MTI is a Controlled Company of the Company with shares owned indirectly by the Company through PT Batutua Pelita Investama in the amount of 80% (eighty percent); and
- b. There are similar members of the Board of Commissioners and the Board of Directors of MTI with the Board of Directors of the Company.

Summary of Transaction Agreement

Capital Expenditure Bridge Facility Agreement dated 4 February 2022

Parties:

1. MTI; and
2. The Company.

Hereinafter shall be collectively referred to as the "**Parties**".

Scope of the Agreement:

Under the Agreement, the Company, as the indirect shareholder of MTI, have agreed to provide loan funds to MTI to be used for its capital expenditure, construction and operating costs.

In accordance with the Agreement, financing funds will have interest rate at amount of LIBOR (or other interest rates as internationally determined as its substitute) plus 5% (five percent) per annum.

Moreover, this Agreement is one of the prerequisites for MTI to secure a secured capital expenditure term loan from onshore and/or offshore bank(s) ("**Senior Term Loan Facility**").

The financing funds period is commenced from the date of execution of the Agreement and will expire on the 5th (fifth) business day after the funds from first utilisation of the Senior Term Loan Facility received by MTI, or such later date agreed in writing by the Parties.

Transaction Value:

The Transaction Value is up to USD50,000,000.00 (fifty million United States of America Dollar).

Applicable Law:

Laws of the Republic of Indonesia

Dispute Resolution:

Indonesian National Arbitration Board (BANI)

SUMMARY OF APPRAISER'S REPORT

KJPP Iskandar and Partners who has been appointed by the Company's Board of Directors as independent appraisers in accordance with the proposal letter/contract work agreement No. 158.11/IDR/DO.2/Pr-BFO/IX/2021 dated 6 September 2021, has been requested to provide an assessment of and provide an opinion of the Transaction's fairness.

Fairness Assessment Report on Transaction

The following is summary of the KJPP's fairness assessment on the Transaction as stated in its report No. 00062/2.0118-00/BS/02/0596/1/II/2022 dated 2 February 2022 as follows:

a. Transaction Parties

The transacting Parties are the Company, as the lender, and MTI, as the borrower.

b. Appraisal Object

The Appraisal Object is the proposed loan facility transaction to MTI (Borrower) from the Company (Lender) for capital expenditure with maximum amount of USD USD50,000,000.00 (fifty million United States of America Dollar) with period until the 5th (fifth) business day after the funds are received from the bank(s) with interest rate LIBOR (or other interest rates indexes determined in international level as its substitute) plus 5% (five percent) per annum.

c. Purpose and Objective of Appraisal

The purpose of appraisal is to provide a fairness opinion on the proposed Transaction for the purpose of proposed Transaction's implementation.

d. Assumptions and Main Limit Conditions

1. This Appraisal report is a non disclaimer opinion.
2. The appraiser has reviewed the documents used in the appraisal process.
3. The data and information obtained come from trustworthy sources.
4. The financial projection used are adjusted financial projection that reflects the fairness of the financial projections made by management with the ability to achieve (fiduciary duty), if the appraisal uses financial projections.
5. The appraiser is responsible for the implementation of appraisal and fairness of the financial projections.
6. This appraisal report is disclosed to public, except for confidential information, which may affect the Company's operations.
7. The appraiser is responsible upon this Appraisal Report and the conclusion of the Final Score.
8. The appraiser has obtained information on the legal status of the Appraisal Object from the assignor.
9. This opinion should be viewed as a whole and that the use of any part of analysis and information without considering the entirety of information and analysis may cause a misleading view of the process where the opinion is based. The arrangement of this opinion is a complex process and may not be possible through incomplete analysis.

10. The Fairness Opinion is arranged by considering the market and economic conditions, general business and financial conditions, as well as government regulations on the issued date of this Opinion. This Fairness Opinion is only conducted upon the Transaction as described above.
11. The Fairness Opinion is prepared in accordance with the principle of information and data integrity. In arranging this Fairness Opinion, KJPP bases and is based on information and data as provided by the Company's management according to the nature of fairness is true, complete, reliable, and not misleading. KJPP does not carry out audits and compliance test in details upon the explanations and data provided by the Company's management, both verbally and in writing, and thus KJPP can not provide guarantees or be responsible for the correctness and completeness of the informations or explanations.
12. This Fairness Opinion is only arranged by considering the perspective of the Company's Shareholders and does not consider the viewpoints of other stakeholders and other aspects.

e. Approach and Methods

In accordance with the scope of appraisal, the approach and methods used are as follows:

1. Conduct transaction analysis.
2. Conduct qualitative analysis of the Proposed Transaction.
3. Conduct quantitative analysis of the Proposed Transaction.
4. Conduct analysis of the fairness of the transaction value.
5. Conduct analysis of other relevant factors.

f. Conclusion

The amount of the object of transaction in the form of loan facility from the Company to MTI is able to be repaid on maturity date, therefore it can be concluded that the amount of the object of transaction is **fair**.

The analysis result on the interest rate from the Company, as the lender, which imposed to MTI, as the borrower, as working capital loan is higher than interest rate range in the market from bank(s) and for capital expenditure loan is within the range of interest rate in the market of similar loan(s). Therefore, it can be concluded that the interest rate of loan imposed by the Company to MTI is **fair**.

The analysis result of the financial impact from the Transaction that will be conducted for the Company's interest is that MTI is able to conclude the construction of the refinery and concentrator plant in order for MTI to operate commercially hence it will increase the Company's profit, therefore it is aligned with the Company's interest.

In accordance with the conclusion of analysis result above, KJPP is of the opinion that the Transaction is **fair** for the Company.

THE EFFECT OF THE TRANSACTION ON THE COMPANY'S FINANCIAL CONDITION (PRO-FORMA).

The Effect of the Transaction on the Company's Financial Condition

The table below shows an overview of the financial condition of the Company and its subsidiaries as of 30 June 2021 before and after carrying out the Affiliated Transaction, where this Affiliated Transaction does not have a consolidated impact on the Company since the Transaction is a transaction between subsidiaries which is eliminated on a consolidated basis by the Company.

Description	Before Transaction Execution	Adjustment	After Transaction Execution
ASSETS			
Current Assets			
Cash or cash equivalents	278.165	-	278.165
Trade receivables	7.700	-	7.700
Other receivables	24.887	-	24.887
Inventories - current portion	104.248	-	104.248
Claims for tax refund	21.995	-	21.995
Advances and prepayments - current portion	14.527	-	14.527
Derivative financial instrument - current portion	5.811	-	5.811
Total Current Assets	457.333	-	457.333
Non-Current Assets			
Advances and prepayments - non-current portion	2.058	-	2.058
Investment in shares	2.320	-	2.320
Loan to related party	6.736	-	6.736
Inventories - non-current portion	58.959	-	58.959
Prepaid taxes	11.161	-	11.161
Property, plant and equipments	285.753	-	285.753
Right-of-use assets	6.863	-	6.863
Mining properties	99.637	-	99.637
Exploration and evaluation assets	232.519	-	232.519
Deferred tax assets	21.250	-	21.250
Derivative financial instrument - non-current portion	1.435	-	1.435
Other non-current assets	5.034	-	5.034
Total Non-Current Assets	733.725	-	733.725
TOTAL CURRENT ASSETS	1.191.058	-	1.191.058
LIABILITIES AND EQUITY			
Current Liabilities			
Trade payables	21.770	-	21.770
Accrued expenses	22.641	-	22.641
Taxes payable	5.101	-	5.101
Borrowings - current portion		-	
Bank loans	66.442	-	66.442
Bonds payable	95.016	-	95.016
Lease liabilities	20.115	-	20.115
Provision for mining rehabilitation - current portion	170	-	170
Total Current Liabilities	231.255	-	231.255

Non-Current Liabilities			
Borrowings - non-current portion			
Bank loans	32.631	-	32.631
Bonds payable	125.160	-	125.160
Lease liabilities	16.476	-	16.476
Post-employment benefits liability - non-current portion	16.346	-	16.346
Provision for mining rehabilitation - non-current portion	33.193	-	33.193
Total Non-Current Liabilities	223.806	-	223.806
TOTAL LIABILITIES	455.061	-	455.061
Equity			
Share capital	36.112	-	36.112
Additional paid-in capital	454.864	-	454.864
Treasury stock	(283)	-	(283)
Cash flows hedging reserve	5.682	-	5.682
Other equity components	35.167	-	35.167
Retained earnings	194.090	-	194.090
Non-controlling interests	10.365	-	10.365
Total Equity	735.997	-	735.997
TOTAL LIABILITIES AND EQUITY	1.191.058	-	1.191.058

(*) Expressed in US Dollars and refers to the Company's Interim Consolidated Financial Statements dated 30 June 2021.

DESCRIPTION, CONSIDERATIONS AND REASONS FOR THE TRANSACTION COMPARED WITH OTHER SIMILAR TRANSACTIONS WHICH ARE NOT PERFORMED WITH AFFILIATED PARTIES

By conducting the Transaction, the Company is able to provide funding facility that will be utilized by MTI for its capital expenditure, construction and operating costs hence MTI is able to conduct its business activities optimally and provide positive impact to the Company as the indirect shareholder of MTI.

Documents related to the Transaction between the Company and MTI, have been made using similar terms and conditions which if done with an unaffiliated party, that the terms and conditions of the Transaction are carried out on an arm's length basis.

STATEMENT OF THE BOARD OF COMMISSIONERS AND BOARD OF DIRECTORS OF THE COMPANY

The Board of Commissioners and Board of Directors of the Company, either individually or jointly, state that all material information related to the Transaction has been disclosed and the information is not misleading and the Transaction is not considered a Conflict of Interest Transaction as referred to POJK 42/2020 and is not a material transaction as referred to POJK 17/2020 considering that (i) the Transaction value does not reach 20% (twenty percent) of the Company's equity value in accordance with the Company's Interim Consolidated Financial Statements for period ended on 30 June 2021 which was audited by Tanubrata Sutanto Fahmi Bambang & Partners as Public Accountant Firm and Consolidated Financial Statements for the period ended on 30 September 2021 which limitedly reviewed by Tanubrata Sutanto Fahmi Bambang & Partners as Public Accountant Firm.

The Board of Directors of the Company stated that the Transaction was carried out in accordance with the procedures owned by the Company as required in POJK 42/2020 to ensure that Affiliated Transactions have been carried out in accordance with prevailing regulations and generally accepted business practices.

ADDITIONAL INFORMATIONS

For further information, you can contact the Company with the following address:

**PT Merdeka Copper Gold Tbk.
Corporate Secretary**

The Convergence Indonesia, 20th Floor
Jl. HR. Rasuna Said, Karet Kuningan, Setiabudi, South Jakarta 12940
Telephone: (021) 2988 0393
Facsimile: (021) 2988 0392
Email: corporate.secretary@merdekacoppergold.com
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