

# **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 parent support 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 UNDERSTANDING THE INFORMATION AS SET FORTH IN THIS INFORMATION DISCLOSURE YOU SHOULD CONSULT WITH A LEGAL COUNSEL, A PUBLIC ACCOUNTANT, A FINANCIAL ADVISOR OR ANY OTHER PROFESSIONAL.**

**THE 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 REPRESENT 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, mining services, as well as industries and other related business activities through subsidiaries of the Company

**Domiciled in South Jakarta, DKI Jakarta, Indonesia**

### **Headquarter Office:**

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This Information Disclosure is issued in Jakarta on 25 August 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 the board of directors, members of the 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.
- “Minister”** : Minister of Law and Human Rights of the Republic of Indonesia.
- “MTI”** : PT Merdeka Tsingshan Indonesia, domiciled in South Jakarta, is 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 with following 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.
<b>“Agreement”</b>	:	Parent Support Facility Agreement dated 23 August 2022 made by and between the Company and MTI.
<b>“Company”</b>	:	PT Merdeka Copper Gold Tbk, domiciled in South Jakarta, is 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.
<b>“Controlled Company”</b>	:	Any company which is directly or indirectly controlled by the Company as defined in OJK Regulation 42/2020.
<b>“POJK 17/2020”</b>	:	OJK Regulation No. 17/POJK.04/2020, enacted on 20 April 2020 regarding Material Transaction and Changes in Business Activities.
<b>“POJK 42/2020”</b>	:	OJK Regulation No. 42/POJK.04/2020, enacted on 1 July 2020 regarding Affiliated Transaction and Conflict of Interest Transaction.
<b>“Affiliated Transaction”</b>	:	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 the board of directors, a member of the 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 a public company or an Affiliate of a member of the board of directors, member of the board of commissioners, principal shareholders or the Controller.
<b>“Conflict of Interest Transaction”</b>	:	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.
<b>“Capital Market Law”</b>	:	Law No. 8 of 1995 dated 10 November 1995 on Capital Market, State Gazette of the Republic of Indonesia No. 64 the 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 23 August 2022, the Company and MTI signed the Agreement in which the Company, as an indirect shareholder of MTI agrees to provide loan funds from the Company to MTI with the total amount up to US\$60,000,000 (sixty million United States of America Dollars) to be used by MTI for its working capital and general corporate purposes, including excess costs and operational expenditure (“**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. 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 the service of an Independent 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 fair value for this Transaction based on the Appraisal Report from the KJPP No. 00314/2.0118-00/BS/02/0596/1/VIII/2022 dated 11 August 2022 on Fairness Opinion Report on the Proposed Funding Facility 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 2<sup>nd</sup> (second) business days after the date of the Transaction as referred in 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 Minister by virtue of Decree No. AHU-0019293.AH.01.01.TAHUN 2021 dated 18 March 2021 ("**Deed of Establishment of MTI**"), whose articles of association were lastly amended based on Deed of Circular Resolutions in Lieu of Extraordinary General Meeting of Shareholders No. 33 dated 9 March 2022, drawn up before Darmawan Tjoa, S.H., S.E., Notary in Jakarta, which has been approved by Minister by virtue of Decree No. AHU-0016812.AH.01.02.TAHUN 2022 dated 9 March 2022 and has been notified to the Minister as evidenced by the Receipt of Notification of the Amendment of Articles of Association No. AHU-AH.01.03-0154821 dated 9 March 2022 ("**Deed 33/2022**").

MTI is domiciled in South Jakarta, with the office address at The Convergence Indonesia, 21<sup>st</sup> Floor, Jl. H.R. Rasuna Said, Rasuna Epicentrum Boulevard, Karet Kuningan Sub-District, Setiabudi District, Administrative City of South Jakarta 12940, Special Capital Region of Jakarta Province.

Based on the provisions of Article 3 of 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; precious base metal manufacturing industry; non-iron base metal manufacturing industry, and specific telecommunications operations for its self-purposes.

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

- a. Other Inorganic Basic Chemical Industry (KBLI 20114);  
Carrying out other basic inorganic chemical industries that produce chemical substances such as phosphorus with its derivatives, sulfur with its derivatives, nitrogen with its derivatives, and basic chemical industry that produces halogen compound and their derivatives, metals except alkali metal, oxide compounds except for 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.

- b. 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.
- c. 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.
- d. 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).
- e. Specific Telecommunications Activities for Self-Purpose (KBLI 61992);  
Carrying out a telecommunications operation that is specifically used for self-purpose in terms of developing hobbies and self-training.

#### Capital Structure and Shareholders' Composition of MTI

In accordance with Deed of Circular Resolutions in Lieu of Extraordinary General Meeting of Shareholders No. 42 dated 10 May 2021, drawn up before Darmawan Tjoa, S.H., S.E., Notary in Jakarta, which has been approved by Minister by virtue of Decree No. AHU-0028507.AH.01.02.TAHUN 2021 dated 10 May 2021 and has been notified to the Minister as evidenced by the Receipt of Notification of the Amendment of Articles of Association No. AHU-AH.01.03-0301259 dated 10 May 2021 *juncto* Deed 33/2022, capital structure and composition of shareholders of MTI are as follows:

Description	Total Shares	Nominal Value per Share (Rp)	Total Value of Share (Rp)	%
<b>Authorised Capital</b>	1,260,000	1,000,000	1,260,000,000,000	
<b>Issued and Paid-up Capital</b>				
PT Batutua Pelita Investama	1,008,000	1,000,000	1,008,000,000,000	<b>80</b>
Wealthy Source Holding Limited	252,000	1,000,000	252,000,000,000	<b>20</b>
<b>Total</b>	<b>1,260,000</b>		<b>1,260,000,000,000</b>	<b>100</b>
<b>Portfolio Shares</b>	-		-	

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

Based on Deed of Establishment of MTI *juncto* Deed of Circular Resolutions in Lieu of Extraordinary General Meeting of Shareholders No. 66 dated 20 June 2022, drawn up before Darmawan Tjoa, S.H., S.E., Notary in Jakarta, which has been notified to the Minister as evidenced by the Receipt of Notification of the Change of Data No. AHU-AH.01.09-0023789 dated 20 June 2022, 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 : 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 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 Minister by virtue of its Decree No. AHU-48205.AH.01.01.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 have been amended several times as lastly amended by Deed of Statement of Meeting Resolution on Amendment to Articles of Association No. 9 dated 12 May 2022, drawn up before Jose Dima Satria, S.H., M.Kn., Notary in Administrative City of South Jakarta, which has been notified to the Minister by virtue of the Letter of Notification Receipt of Amendment of the Articles of Association No. AHU-AH.01.03-0237201 dated 13 May 2022 ("**Deed 9/2022**").

The Company is domiciled at The Convergence Indonesia Building, 20<sup>th</sup> Floor, Rasuna Epicentrum Boulevard, Jl. H.R. Rasuna Said, Karet Kuningan Sub-District, Setiabudi District, Administrative City of South Jakarta, 12940, Special Capital Region of Jakarta Province.

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

- a. 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
- b. 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 business activities as follows:

- a. providing funding and/or financing required by the companies in which the Company participates its equity, both directly and indirectly; and
- b. providing 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 Deed of Statement of Meeting Resolution of the Amendment of Articles of Association No. 69 dated 25 September 2019 made before Liestiani Wang, S.H., M.Kn., Notary in South Jakarta which has been notified to the Minister based on Receipt of Notification of the Amendment of Articles of Association No. AHU-AH.01.03-0339775 dated 2 October 2019 *juncto* Deed 9/2022, the Company's capital structure and shareholding composition as of the date of this Information Disclosure is as follows:

Authorised Capital	:	IDR1,400,000,000,000
Issued Capital	:	IDR482,217,015,420
Paid up Capital	:	IDR482,217,015,420

The Company's authorised capital is divided into 70,000,000,000 (seventy billion) shares each with a par value of Rp20 (twenty Rupiah).

According to the Shareholders Register of the Company dated 31 July 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)	(%)
A. Authorized Capital	70,000,000,000	1,400,000,000,000	
B. Issued and Paid up Capital			
1) PT Saratoga Investama Sedaya Tbk	4,423,174,297	88,463,485,940	18.345
2) PT Mitra Daya Mustika	2,907,302,421	58,146,048,420	12.058
3) Garibaldi Thohir	1,774,021,214	35,480,424,280	7.358
4) PT Suwarna Arta Mandiri	1,347,254,738	26,945,094,760	5.588
5) Hongkong Brunp & Catl Co., Limited	1,205,542,539	24,110,850,780	5.000
6) Gavin Arnold Caudle	80,066,431	1,601,328,620	0.332
7) Hardi Wijaya Liong	69,596,728	1,391,934,560	0.289
8) Andrew Phillip Starkey	527,000	10,540,000	0.002
9) Albert Saputro	177,800	3,556,000	0.001

Description	Nominal Value of Rp20 per Shares		
	Number of Shares	Nominal Value (Rp)	(%)
10) Simon James Milroy	521,403	10,428,060	0.002
11) Titien Supeno	88,900	1,778,000	0.000 <sup>(*)</sup>
12) Public (respectively under 5%)	12,234,280,500	244,685,610,000	50.742
Treasury Stock	68,296,800	1,365,936,000	0.283
Total of Issued and Fully Paid up Shares	<b>24,110,850,771</b>	<b>482,217,015,420</b>	<b>100.000</b>
C. Portofolio Shares	<b>45,889,149,229</b>	<b>917,782,984,580</b>	

<sup>(\*)</sup> Zero caused by a rounding

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

Pursuant to Deed of Statement of Meeting Resolution No. 57 dated 10 June 2022, drawn up before Jose Dima Satria, S.H., M.Kn., Notary in Administrative City of South Jakarta, which has been notified to the Minister as reflected in the Letter of Notification Receipt of Change of the Company's Data No. AHU-AH.01.09.0022717 dated 16 June 2022, the composition of the Company's Board of Directors and Board of Commissioners on the issuance date of this Information Disclosure are as follows:

##### **Board of Commissioners**

President Commissioner : Edwin Soeryadjaya  
 Commissioner : Garibaldi Thohir  
 Commissioner : Tang Honghui  
 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 the amount of up to US\$60,000,000 (sixty million United States of America Dollars). Therefore, the Transaction is not a material transaction as referred to POJK 17/2020 considering that the value of the Transaction does not reach 20% (twenty per cent) of the Company's equity value in accordance with the Company's Interim Consolidated Financial Statements as of 31 March 2022 which was limitedly reviewed by Tanubrata Sutanto Fahmi Bambang & Rekan as Public Accountant Firm.



### **Nature and Affiliated Relation**

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 79.99% (seventy-nine-point nine nine per cent); and
- b. there are members of the Board of Commissioners and Board of Directors of MTI who also serve as members of the Board of Directors of the Company.

### **Summary of Transaction Agreement**

#### **Parent Support Facility Agreement dated 23 August 2022**

##### Parties:

- a. MTI; and
- b. The Company.

##### Scope of the Agreement:

Under the Agreement, the Company, as the indirect shareholder of MTI, has agreed to provide financing funds to MTI with a total amount of up to US\$60,000,000 (sixty million United States of America Dollars) ("**Financing Funds**") to be used by MTI for its working capital and general corporate purposes, including excess costs and operational expenditure.

Financing Funds under the Agreement will have an interest rate at the amount of 3 (three) months LIBOR (or its replacement which is determined in accordance with the provision in the senior facility intended to be entered by MTI and with onshore and/or offshore banks (hereinafter referred as the "**Senior Facility**") plus 5% (five per cent) per annum.

The Agreement period commences from the date of execution of the Agreement and will expire: (i) on the 5<sup>th</sup> (fifth) year after the date of execution of the Agreement; and (ii) the date falling 5 (five) business days after the final maturity date as defined in the Senior Facility, whichever is the later.

##### Transaction Value:

The Transaction Value is up to US\$60,000,000 (sixty million United States of America Dollars).

##### Applicable Law:

Laws of the Republic of Indonesia

##### Dispute Resolution:

Indonesian National Arbitration Board (BANI)

## **SUMMARY OF APPRAISER'S REPORT**

KJPP Iskandar and Partners has been appointed by the Company's Board of Directors as independent appraisers in accordance with the proposal letter/contract work agreement No. 130.5/IDR/DO.2/Pr-FO/VII/2022 dated 25 July 2022, 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 a summary of the KJPP's fairness assessment of the Transaction as stated in its report No. 00314/2.0118-00/BS/02/0596/1/VIII/2022 dated 11 August 2022 as follows:

### 1. Transaction Parties

The Transacting parties are MTI acts as the borrower and the Company acts as the lender.

### 2. Appraisal Object

The Appraisal Object is the proposed transaction plan for working capital loan facilities for general corporate purposes, including excess costs and operational expenditure with a maximum amount of US\$60,000,000 (sixty million United States of America Dollars) with the period until the 5<sup>th</sup> (fifth) year with interest rate LIBOR (three months) + 5.00% (five per cent) per annum.

### 3. Purpose and Objective of Appraisal

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

### 4. Assumptions and Main Limit Conditions

- a. This Appraisal Report is a non-disclaimer opinion.
- b. The appraiser has reviewed the documents used in the appraisal process.
- c. The data and information obtained come from trustworthy sources.
- d. The financial projection used is an 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.
- e. The appraiser is responsible for the implementation of appraisal and fairness of the financial projections.
- f. This appraisal report is disclosed to the public, except for confidential information, which may affect the Company's operations.
- g. The appraiser is responsible for this Appraisal Report and the conclusion of the final score.
- h. The appraiser has obtained information on the legal status of the appraisal object from the assignor.
- i. This opinion should be viewed as a whole and 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.
- j. 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.
- k. 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 tests in detail 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 information or explanations.

- I. 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.

## 5. Approach and Methods

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

- a. conducting Transaction analysis.
- b. conducting a qualitative analysis of the proposed Transaction;
- c. conducting a quantitative analysis of the proposed Transaction;
- d. conducting an analysis of the fairness of the Transaction value; and
- e. conducting an analysis of other relevant factors.

## 6. Fairness Opinion on the Transaction

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

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

The analysis result of the financial impact of the Transaction to be carried out in the interests of shareholders is that MTI can complete the construction of a refining plant and concentrator hence it can operate commercially, subsequently it will increase the Company's revenues and profits, thus in accordance with the interests of Shareholders.

The analysis result of business considerations from management related to Transaction in the interests of Shareholders is that the Company is able to fulfil MTI's funding demands to complete the construction of nickel processing facilities hence MTI can operate commercially, it concludes that the business considerations of management are aligned with the interests of Shareholders.

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

## THE EFFECT OF THE TRANSACTION ON THE COMPANY'S FINANCIAL CONDITION

### 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 31 March 2022 before and after carrying out the Affiliated Transaction, in which 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
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash or cash equivalents	121.959.805	-	121.959.805
Trade receivables	825.326	-	825.326
Other receivables	60.410.715	-	60.410.715
Inventories - current portion	155.904.932	-	155.904.932
Claims for tax refund	22.876.420	-	22.876.420
Advances and prepayments - current portion	18.666.048	-	18.666.048
Investment in equity instrument and other securities	47.882.116	-	47.882.116
Derivative financial instrument - current portion	104.232	-	104.232
<b>Total Current Assets</b>	<b>428.629.594</b>	<b>-</b>	<b>428.629.594</b>
<b>Non-Current Assets</b>			
Advances and prepayments - non-current portion	50.499.209	-	50.499.209
Advance of investment	349.644.665	-	349.644.665
Investment in shares	1.230.013	-	1.230.013
Loan to related parties - non-current portion	9.528.967	-	9.528.967
Inventories - non-current portion	52.156.551	-	52.156.551
Prepaid taxes	15.695.652	-	15.695.652
Property, plant and equipments	330.887.074	-	330.887.074
Right-of-use assets	17.304.051	-	17.304.051
Mining properties	68.631.495	-	68.631.495
Exploration and evaluation assets	411.717.799	-	411.717.799
Deferred tax assets	18.719.785	-	18.719.785
Derivative financial instrument - non-current portion	6.273.094	-	6.273.094
Other non-current assets	6.842.869	-	6.842.869
<b>Total Non-Current Assets</b>	<b>1.339.131.224</b>	<b>-</b>	<b>1.339.131.224</b>
<b>TOTAL ASSETS</b>	<b>1.767.760.818</b>	<b>-</b>	<b>1.767.760.818</b>

<b>LIABILITIES AND EQUITY</b>			
<b>Current Liabilities</b>			
Trade payables	44,015,161	-	44,015,161
Accrued expenses	32,405,383	-	32,405,383
Unearned revenue	8,092,502	-	8,092,502
Taxes payable	28,842,490	-	28,842,490
Other payables	38,783,423	-	38,783,423
Borrowings - current portion			
Bank Loans and Credit Facility	128,735,321	-	128,735,321
Bonds payable	209,807,988	-	209,807,988
Lease liabilities	25,968,471	-	25,968,471
Derivative financial instrument - current portion	6,269,389	-	6,269,389
Provision for mining rehabilitation - current portion	78,720	-	78,720
<b>Total Current Liabilities</b>	<b>522,998,848</b>	<b>-</b>	<b>522,998,848</b>
<b>Non-Current Liabilities</b>			
Borrowings - non-current portion			
Bonds payable	266,710,392	-	266,710,392
Bank Loans and Credit Facility	9,706,866	-	9,706,866
Lease liabilities	18,072,592	-	18,072,592
Deferred tax liabilities	947,349	-	947,349
Derivative financial instrument - non-current portion	732,932	-	732,932
Post-employment benefits liability - non-current portion	19,093,466	-	19,093,466
Provision for mining rehabilitation - non-current portion	34,271,564	-	34,271,564
<b>Total Non-Current Liabilities</b>	<b>349,535,161</b>	<b>-</b>	<b>349,535,161</b>
<b>TOTAL LIABILITIES</b>	<b>872,534,009</b>	<b>-</b>	<b>872,534,009</b>
<b>Equity</b>			
Share capital	36,112,298	-	36,112,298
Additional paid-in capital	454,779,498	-	454,779,498
Treasury stock	(113,972)	-	(113,972)
Cash flows hedging reserve	(291,007)	-	(291,007)
Other equity components	13,829,371	-	13,829,371
Retained earnings	294,016,074	-	294,016,074
Non-controlling interests	96,894,547	-	96,894,547
<b>Total Equity</b>	<b>895,226,809</b>	<b>-</b>	<b>895,226,809</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>1,767,760,818</b>	<b>-</b>	<b>1,767,760,818</b>

(\*) Expressed in US Dollars and refers to the Company's Interim Consolidated Financial Statements dated 31 March 2022.

## 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 a funding facility that will be utilized by MTI for its working capital and general corporate purposes, including excess costs and operational expenditure, hence MTI is able to conduct its business activities optimally and provide a positive impact to the Company as the indirect shareholder of MTI.

The Transaction has also been assessed by internal procedures using similar terms and conditions if the Transaction is conducted with an unaffiliated party, hence the terms and conditions of the Transaction are carried out in accordance with generally accepted business practices. Furthermore, the Transaction is also more effective and efficient if carried out by the Company and MTI.

## 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 the Transaction value does not reach 20% (twenty per cent) of the Company's equity value in accordance with the Company's Interim Consolidated Financial Statements as of 31 March 2022 which was limitedly reviewed by Tanubrata Sutanto Fahmi Bambang & Rekan 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 at the following address:

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

The Convergence Indonesia, 20<sup>th</sup> Floor  
Jl. H.R. Rasuna Said, Karet Kuningan, Setiabudi, South Jakarta 12940  
Telephone: (021) 2988 0393  
Facsimile: (021) 2988 0392  
Email: [corporate.secretary@merdekacoppergold.com](mailto:corporate.secretary@merdekacoppergold.com)  
Website: [www.merdekacoppergold.com](http://www.merdekacoppergold.com)

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