

# **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 shareholders loan agreement made by and between PT Merdeka Battery Materials which is a Controlled Company of the Company and PT Zhao Hui Nickel which is an Affiliate of the 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, 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, nickel, and other associated minerals, industries, and other related business activities through subsidiaries of the Company

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

## **Headquarter Office:**

Treasury Tower, 67-68<sup>th</sup> Floor, District 8 SCBD Lot. 28  
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This Information Disclosure  
is issued in Jakarta on 31 March 2023

## DEFINITIONS

- “Affiliate”** : the parties referred to in Article 1 paragraph (1) UUPM, namely:
- a. family relationship due to marriage to the second degree, both horizontally and vertically, namely the relationship of a person with:
    1. husband or wife;
    2. parents of husband or wife and husband or wife of children;
    3. of husband or wife and husband or wife of grandchildren;
    4. a relative of the husband or wife and the husband or wife of the relative; or
    5. husband or wife of the relative of the person concerned.
  - b. family relationship by descent up to the second degree, either horizontally or vertically, which is the relationship of a person with:
    1. parents and children;
    2. grandparents and grandchildren; or
    3. the relative of the person concerned
  - c. the relationship between the party and the employee, director or commissioner of the party;
  - d. relationship between 2 (two) companies which is 1 (one) or more members of the same board of directors, management, board of commissioners or supervisors;
  - e. the relationship between the company and the party, either directly or indirectly, in any way, controls or is controlled by the company or the party in determining the management and/or policies of the company or the intended party;
  - f. relationship between 2 (two) or more controlled companies, either directly or indirectly, in any way, in determining the management and/or company policies by the same party; or
  - g. relationship between the company and the main shareholder, namely the party that directly or indirectly owns at least 20% (twenty percent) of the shares with voting rights from the company.
- “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.
- “MBM”** : PT Merdeka Battery Materials, domiciled in South Jakarta, a limited liability company established and operated under the laws of the Republic of Indonesia.
- “MOLHR”** : Minister of Law and Human Rights 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 as amended by Law No. 4 of 2023 on Development and Strengthening of the Financial Sector (“**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.

<b>“Shareholders”</b>	:	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.
<b>“Independent Appraiser or KJPP”</b>	:	Public Appraisal Office of Kusnanto 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>	:	Shareholders loan agreement signed by and between PT Zhao Hui Nickel and PT Merdeka Battery Materials effective on 30 March 2023, together with any amendments, additions and substitutes, which may be subsequently made.
<b>“Company”</b>	:	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.
<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 35/2020”</b>	:	OJK Regulation No. 35/POJK.04/2020, enacted on 25 May 2020 regarding the Appraisal and Presentation of Business Appraisal Report in the Capital Market.
<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>“Rupiah or Rp or IDR”</b>	:	A reference to Rupiah, Rp, or IDR is a reference to the lawful currency of the Republic of Indonesia.
<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>“USD”</b>	:	Reference to United States Dollars which is the legal currency of the United States.
<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 Year 1995 as amended by Law Number 4 Year 2023 regarding Development and Strengthening of the Financial Sector along with and all of its implementing regulations.
<b>“ZHN”</b>	:	PT Zhao Hui Nickel, domiciled in South Jakarta, a limited liability company established and operated under the laws of the Republic of Indonesia.

## 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 effective on 30 March 2023, ZHN and MBM have signed the Agreement with the detail as stipulated in the Summary of Transaction Agreement (**“Transaction”**).

The Transaction carried out is an Affiliated Transaction as referred to in POJK 42/2020, in which MBM is a Controlled Company of the Company and ZHN is an Affiliate of the Company. However, this Affiliated Transaction is not a Transaction with a 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 the Appraisal Report from KJPP Kusnanto and Partners No. 00034/2.0162-00/BS/02/0153/1/III/2023 dated 30 March 2023 on Fairness Opinion Report of Transaction (**“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 to Article 4 of POJK 42/2020.

## DESCRIPTION OF THE TRANSACTION

### Information Regarding the Parties Involved

#### 1. ZHN

ZHN is a limited liability company established based on Deed of Establishment of Limited Liability Company No. 24 dated 23 April 2021, made before Farahdiba, S.H., Notary in Jakarta, which has been ratified by the MOLHR under Decree No. AHU-0028246.AH.01.01.TAHUN 2021 dated 24 April 2021 ("**Deed of Establishment of ZHN**").

ZHN is domiciled at IMIP Building, Jalan Batu Mulia 8, Meruya Utara, Kembangan, West Jakarta 11620, Indonesia.

According to Article 3 of the Deed of Establishment of ZHN, the purposes and objectives of the ZHN are to establish industry, trade, and electricity procurement.

To achieve the abovementioned purpose and objective, ZHN may carry out the business activities as follows:

##### 1. **The Non-Ferrous Basic Metal Manufacturing Industry (KBLI 24202)**

This includes the business of refining, smelting, alloying, and casting non-ferrous metals in basic forms (ingots, billets, slabs, rods, pellets, blocks, sheets, pigs, alloys, and powders) such as brass ingots, aluminium ingots, zinc ingots, copper ingots, tin ingots, brass billets, aluminium billets, brass slabs, aluminium slabs, brass rods, aluminium rods, brass pellets, aluminium pellets, bronze alloys, nickel alloys and anti-friction metals (bearing metal).

##### 2. **Metal and Metal Ore Wholesale (KBLI 46620)**

This includes the wholesale business of metal ore and basic metal, such as iron ore and non-ferrous ore in basic forms, such as nickel ore, copper ore, aluminium, iron, steel, and wholesale of semi-finished ferrous and non-ferrous metal products which is not classified in other section and others. Including wholesale of gold and other precious metals (silver, platinum).

##### 3. **Electric Power Generation (KBLI 35101)**

This includes the business of generating electricity and operating generating facilities that generate electricity, originating from various energy sources such as hydroelectric power, coal, gas (gas turbine), fuel oil, diesel and renewable energy, solar power, wind ocean currents, geothermal (thermal energy), nuclear power and others.

### Capital Structure and Shareholders Composition of ZHN

In accordance with the Deed of Statement of Shareholders' Resolution No. 27 dated 18 May 2022, drawn up before Humberg Lie, S.H., S.E., M.Kn., Notary in North Jakarta which has been approved by MOLHR based on Decree No. AHU-0033630.AH.01.02.TAHUN 2022 dated 18 May 2022 as well as notified to the MOLHR based on Receipt of Notification of the Amendment of Articles of Association No. AHU-AH.01.03-0238700 dated 18 May 2022 and Receipt of Notification of the Change of Data No. AHU-AH.01.09-0013412 dated 18 May 2022 ("**Deed 27/2022**"), ZHN's capital structure and shareholding composition are as follows:

Authorized Capital	:	IDR115,368,000,000
Issued Capital	:	IDR28,914,105,000
Paid-up Capital	:	IDR28,914,105,000

ZHN's authorized capital is divided into 8,000,000 (eight million) shares, each having a nominal value of IDR14,421 (fourteen thousand four hundred twenty-one Rupiah) per share.

The shareholding composition of ZHN stood as follows:

Description	Total Shares	Total Value of Share (Rp)	%
MBM	1,004,505	14,485,966,605	50.1%
Strengthen Holding Pte. Ltd.	1,000,495	14,428,138,395	49.9%
<b>Total</b>	<b>2,005,000</b>	<b>28,914,105,000</b>	<b>100.0%</b>
<b>Portfolio Shares</b>	<b>5,995,000</b>	<b>86,453,895,000</b>	

#### **Composition of the Board of Commissioners and Board of Directors of ZHN**

Based on Deed of Statement of Shareholders' Circular Resolutions No. 33 dated 10 March 2023, made before Darmawan Tjoa, S.H., S.E., Notary in Jakarta, which has been notified to the MOLHR based on the Receipt of Notification of the Change of Company Data No. AHU-AH.01.09-0099130 dated 10 March 2023, the composition of the Board of Directors and the Board of Commissioners of ZHN on the issuance date of this Information Disclosure is as follows:

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

President Commissioners : Xiang, Binghe  
 Commissioners : Albert Saputro  
 Commissioners : Lin, Jiqun  
 Commissioners : Andrew Phillip Starkey  
 Commissioners : Wang, Renhui

##### **Board of Directors**

President Directors : Devin Antonio Ridwan  
 Directors : I Ketut Pradipta Wirabudi  
 Directors : Shi, Hongchao  
 Directors : Wu, Huadi  
 Directors : Zhang, Fan

## **2. MBM**

MBM, domiciled in South Jakarta, was initially established under the name of PT Hamparan Logistik Nusantara pursuant to the Deed of Establishment No. 66 dated 20 August 2019, made before Darmawan Tjoa, S.H., S.E., Notary in Jakarta, which has been ratified by the MOLHR by virtue of its Decree No. 0041804.AH.01.01.TAHUN 2019 dated 22 August 2019.

The latest amendment of the Articles of Association of MBM is stated in the Deed of Statement of Shareholders' Circular Resolutions on the Amendment of Articles of Association No. 61 dated 13 March 2023, drawn up before Jose Dima Satria, S.H., M.Kn., Notary in Administrative City of South Jakarta, which has been notified to the MOLHR based on the Receipt of Notification of the Amendment of Articles of Association No. AHU-AH.01.03-0038997 dated 13 March 2023 ("**Deed 61/2023**").

According to Article 3 of MBM's Articles of Association, the purposes and objectives of MBM are to engage in activities of holding companies and other management consulting activities.

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

**1. Holding Companies Activity**

Carrying out the activities of holding companies, including ownership and/or control of its group of subsidiary companies; and

**2. Other Management Consulting Activities**

Other management consulting activities in which its main activities (as relevant) are providing advice, guidance, and business operations and other management organizational issues, such as strategic and organizational planning; decisions related to finance; marketing objectives and policies; human resource planning, practices and policies; scheduling planning and production control.

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

- (i) services provided as counsellors and negotiators in planning merger and acquisition of company; and
- (ii) providing services including assistance in advice, guidance, and business operations and other management organizational issues, such as strategic and organizational planning; decisions related to finance; marketing objectives and policies; human resource planning, practices and policies; scheduling planning and production control. These services include financial support, advisory assistance, guidance, and operation of various management functions, management consulting for agronomists and agricultural economists in agriculture and the like, design of accounting methods and procedures, cost accounting programs, budget monitoring procedures, providing advice and assistance for business and community services in planning, organizing, efficiency and control, information management and others. Including infrastructure investment study services.

**Capital Structure and Shareholders Composition of MBM**

Pursuant to the Deed of Statement of Shareholders' Resolution of Amendment to the Articles of Association No. 7 dated 4 January 2023 drawn up before Jose Dima Satria, S.H., M.Kn., Notary in Administrative City of South Jakarta, which has been approved by the MOLHR based on Decree No. AHU-0000594.AH.01.02.TAHUN 2023 dated 5 January 2023 and notified to the MOHLR based on the Receipt of Notification of the Amendment of Articles of Association No. AHU-AH.01.03-0001642 dated 5 January 2023 *jo.* Deed 61/2023, MBM's capital structure and shareholding composition are as follows:

Authorized Capital : IDR35,000,000,000,000  
Issued Capital : IDR9,644,542,000,000  
Paid-up Capital : IDR9,644,542,000,000

The Authorized Capital of MBM is divided into 350,000,000,000 shares each with a par value of IDR100. Thus, the shareholders' composition of MBM is as follows:

No.	Shareholders' Name	Shares Amount	Value (IDR)	%
1.	PT Merdeka Energi Nusantara (previously PT Batutua Tambang Abadi)	52,870,630,000	5,287,063,000,000	54.82
2.	Garibaldi Thohir	11.967,190,000	1,196,719,000,000	12.41
3.	Huayong International (Hong Kong) Limited	8,149,060,000	814,906,000,000	8.45
4.	Winato Kartono	6,796,280,000	679,628,000,000	7.05

No.	Shareholders' Name	Shares Amount	Value (IDR)	%
5.	PT Prima Langit Nusantara	4,473,170,000	447,317,000,000	4.64
6.	PT Prima Puncak Mulia	4,074,520,000	407,452,000,000	4.22
7.	Hardi Wijaya Liong	2,912,690,000	291,269,000,000	3.02
8.	Philip Suwardi Purnama	2,598,120,000	259,812,000,000	2.69
9.	Edwin Soeryadjaya	2,290,880,000	229,088,000,000	2.38
10.	Agus Superiadi	232,880,000	23,288,000,000	0.24
11.	Trifena	80,000,000	8,000,000,000	0.08
<b>Total</b>		<b>96,445,420,000</b>	<b>9,644,542,000,000</b>	<b>100.00</b>
<b>Portfolio Shares</b>		<b>253,554,580,000</b>	<b>25,355,458,000,000</b>	

### **Composition of the Board of Commissioners and Board of Directors of MBM**

Based on Deed of Statement of Shareholders' Circular Resolutions in Lieu of Extraordinary General Meeting of Shareholders for the Amendment of Articles of Association No. 60 dated 20 February 2023, drawn up before Jose Dima Satria, S.H., M.Kn., Notary in South Jakarta, which has been notified to MOLHR by virtue of Receipt of Notification of Changes of Company Articles of Association No. AHU-01.09-0029030 dated 20 February 2023 and Receipt of Notification of Changes of the Company's Data No. AHU-AH.01.09-0093759 dated 20 February 2023, the composition of the Board of Directors and Board of Commissioners of MBM as of the issuance date of this Information Disclosure is as follows:

#### **Board of Commissioners**

President Commissioner : Winato Kartono  
Commissioner : Michael W. P. Soeryadjaya  
Independent Commissioner : Ir. Hasan Fawzi

#### **Board of Directors**

President Director : Devin Antonio Ridwan  
Vice President Director : Jason Laurence Greive  
Director : Titien Supeno

### **Transaction Value**

Pursuant to the Agreement, the total value of the Transaction is USD130,708,866 (one hundred thirty million seven hundred eight thousand eight hundred and sixty-six United States 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 percent) of the Company's equity value in accordance with the Company and its subsidiaries' Interim Consolidated Financial Statements for the period ended on 30 September 2022 which was limitedly reviewed by Tanubrata Sutanto Fahmi Bambang & Rekan as Public Accountant Firm.

### **Nature and Affiliated Relations with the Company**

The natures of the affiliation relationship between MBM and ZHN with the Company are as follows:

- MBM is a Controlled Company of the Company with shares owned indirectly through PT Merdeka Energi Nusantara in the amount of 54.82% (fifty-four point eight two per cent); and
- there are members of the Board of Directors and/or members of Board of Commissioners of MBM and ZHN who also serve as members of the Board of Directors of the Company.

## **Summary of Transaction Agreement**

### **Shareholders Loan Agreement effective on 30 March 2023**

#### **Party:**

1. MBM; and
2. ZHN.

#### **Scope of the Agreement:**

Based on the Agreement, MBM, as one of the shareholders of ZHN, has agreed to provide financing funds to ZHN which the purpose will be stipulated separately among MBM, ZHN and SHPL ("**Financing Funds**").

Financing Funds under the Agreement will have an interest rate at the amount of: (i) Secured Overnight Financing Rate (as defined in the Agreement); (ii) margin 4.75% (four point seven five percent) per annum.

The Agreement period commences from the effective date of the Agreement or any other period as writtenly agreed by MBM and ZHN.

#### **Transaction Value:**

The Transaction value is USD130,708,866 (one hundred thirty million seven hundred eight thousand eight hundred and sixty-six United States Dollars).

#### **Applicable Law:**

Laws of the Republic of Singapore

#### **Dispute Resolution:**

Singapore International Arbitration Centre (SIAC)

## SUMMARY OF APPRAISER'S REPORT

KJPP who has been appointed by the Company's Board of Directors as independent appraisers in accordance with the proposal letter/contract work agreement No. KR/221117-001 dated 17 November 2022, has been requested to provide an assessment of and provide an opinion of the Transaction's fairness.

### **Fairness Opinion Report on Transaction**

The following is a summary of the KJPP's fairness opinion report on the Transaction as stipulated in its report No. 00034/2.0162-00/BS/02/0153/1/III/2023 dated 30 March 2023 as follows:

a. Transacting Parties

The transacting Parties based on the Agreement are MBM and ZHN.

b. Appraisal Object

The object of the Transaction based on the Agreement is a Transaction where MBM agrees to provide a loan facility to ZHN with a value of USD130.71 million (one hundred thirty million seven hundred ten thousand United States Dollars) in accordance with MBM's share ownership in ZHN, which is 50.10% (fifty point ten percent) which will be expired 5 (five) years after the signing date of the Agreement shall be deemed to be effective, final and binding, and evoke rights and obligations or any other period as agreed in writing by the parties with an annual interest rate of SOFR + 4.75% (four point seven five percent) per year.

c. Purpose and Objective of Appraisal

The purpose of preparing a fairness opinion report on the Transaction is to provide an overview to the Board of Directors of the Company regarding the fairness of the Transaction from a financial aspect and to comply with applicable regulations, *i.e.* POJK 42/2020. This fairness opinion was prepared by complying with the provisions in POJK 35/2020 and Indonesian Assessment Standards (furthermore referred to as "**SPI**") 2018.

d. Assumptions and Main Limit Conditions

1. The fairness opinion analysis of the Transaction is prepared using the data and information as explained above, the data and information KJPP has been reviewed. In conducting the analysis, KJPP relies on the accuracy, reliability, and completeness of all financial information, the legal status of the Company, and other information provided by the Company to KJPP or that is generally available and KJPP is not responsible for the accuracy of the aforesaid information.
2. The projections of the Company's consolidated financial statements before and after the Transaction are prepared by the Company's management. KJPP has reviewed the projections of the aforesaid financial statements and it has described the operational condition and performance of the Company.
3. KJPP does not conduct inspections of the Company's fixed assets or facilities.
4. The fairness opinion report on Transaction is a non-disclaimer opinion and is a report that is open to the public unless it is confidential information, which may affect the Company's operations.
5. The work of KJPP related to the Transaction shall not be interpreted in any form, review or audit, or the implementation of certain procedures for financial information.
6. In preparing this fairness opinion, KJPP uses several assumptions, such as the fulfilment of all conditions and obligations of the Company and all parties involved in the Transaction.
7. This fairness opinion should be viewed as a whole and the use of any part of analysis and

information without considering the entirety of the information and analysis may cause a misleading view of the process where the opinion is based.

8. The prudential principle is necessary for using this fairness opinion report, particularly regarding changes that occurred from the date of the assessment until the utilized date of the fairness opinion report.

e. Approach and Methods

In evaluating the fairness opinion for this Transaction, KJPP has analyzed through the approach and methods of the Transaction from the following matters:

- i. analysis of the Transaction;
- ii. qualitative and quantitative analyses of the Transaction; and
- iii. analysis of the fairness of the Transaction.

f. Conclusion

Based on the scope of work, assumptions, data and information obtained from the management of the Company used in the preparation of this report, a review of the financial impact of the Transaction as disclosed in this fairness opinion report, KJPP believes 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 30 September 2022 before and after carrying out the Affiliated Transaction:

Description	Before Transaction Execution	Adjustment	After Transaction Execution
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash or cash equivalents	364,877,965	-	364,877,965
Trade receivables:			
- third parties	61,006,771	-	61,006,771
- related parties	609,217	-	609,217
Other receivables - third parties	11,601,557	-	11,601,557
Inventories - current portion	244,325,563	-	244,325,563
Claims for tax refund	30,585,532	-	30,585,532
Advances and prepayments - current portion	34,483,675	-	34,483,675
Investment in equity instrument and other securities	48,549,410	-	48,549,410
Derivative financial instrument - current portion	2,764,985	-	2,764,985
<b>Total Current Assets</b>	<b>798,804,675</b>	<b>-</b>	<b>798,804,675</b>
<b>Non-Current Assets</b>			
Advances and prepayments - non-current portion	141,178,914	-	141,178,914
Advance of investment	1,486,086	-	1,486,086
Investment in shares and associate entity	1,087,207	-	1,087,207
Loan to related party	64,791,931	-	64,791,931
Inventories - non-current portion	52,156,551	-	52,156,551
Prepaid taxes	80,564,256	-	80,564,256
Property, plant and equipments	1,098,278,559	-	1,098,278,559
Right-of-use assets	16,114,556	-	16,114,556
Mining properties	596,968,247	-	596,968,247
Exploration and evaluation assets	446,405,625	-	446,405,625
Goodwill	232,321,203	-	232,321,203
Deferred tax assets	27,082,535	-	27,082,535
Other non-current assets	15,783,946	-	15,783,946
<b>Total Non-Current Assets</b>	<b>2,774,219,616</b>	<b>-</b>	<b>2,774,219,616</b>
<b>TOTAL ASSETS</b>	<b>3,573,024,291</b>	<b>-</b>	<b>3,573,024,291</b>

<b>LIABILITIES AND EQUITY</b>			
<b>Current Liabilities</b>			
Trade payables:			
- third parties	122,137,686	-	122,137,686
- related parties	41,024	-	41,024
Accrued expenses	53,755,861	-	53,755,861
Unearned revenue	2,132,340	-	2,132,340
Taxes payable	38,665,338	-	38,665,338
Other payables	50,657,544	-	50,657,544
Borrowings - current portion:			
Bank loans and credit facility	35,464,063	-	35,464,063
Bonds payable	282,133,001	-	282,133,001
Lease liabilities	22,241,005	-	22,241,005
Derivative financial instrument - current portion	12,342,516	-	12,342,516
Provision for mining rehabilitation - current portion	100,643	-	100,643
<b>Total Current Liabilities</b>	<b>619,671,021</b>	<b>-</b>	<b>619,671,021</b>
<b>Non-Current Liabilities</b>			
Borrowings - non-current portion:			
Bank loans and credit facility	231,899,732	-	231,899,732
Bonds payable	534,242,268	-	534,242,268
Lease liabilities	16,995,771	-	16,995,771
Loan from third parties	74,600,500	-	74,600,500
Derivative financial instrument - non-current portion	17,856,200	-	17,856,200
Deferred tax liabilities	338,214	-	338,214
Post-employment benefits liability	21,635,512	-	21,635,512
Provision for mining rehabilitation - non-current portion	40,052,661	-	40,052,661
<b>Total Non-Current Liabilities</b>	<b>937,620,858</b>	<b>-</b>	<b>937,620,858</b>
<b>TOTAL LIABILITIES</b>	<b>1,557,291,879</b>	<b>-</b>	<b>1,557,291,879</b>
<b>Equity</b>			
Share capital	37,792,783	-	37,792,783
Additional paid-in capital	690,575,911	-	690,575,911
Treasury stock	(17,859,134)	-	(17,859,134)
Cash flows hedging reserve	2,154,389	-	2,154,389
Other equity components	9,715,716	-	9,715,716
Retained earnings	293,553,101	-	293,553,101
Non-controlling interests	999,799,646	-	999,799,646
<b>Total Equity</b>	<b>2,015,732,412</b>	<b>-</b>	<b>2,015,732,412</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>3,573,024,291</b>	<b>-</b>	<b>3,573,024,291</b>

\*) Expressed in United States Dollars, please refer to the Consolidated Financial Statements of the Company dated 30 September 2022

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

By conducting the Transaction, it is expected that ZHN, as a part of MBM group, can develop and conduct its business activities more productively after obtaining the loan from MBM and hence will provide an additional value to MBM through its subsidiaries which conduct business activities among other nickel mining and basic metal non-iron manufacture, that will provide benefit to the Company. Currently, there are no other alternatives to conduct the Transaction with another party aside from affiliated parties since the nature of the Transaction is funding from the shareholders of ZHN.

Furthermore, before the Transaction is conducted, the Company has also conducted an assessment by using internal procedures if the Transaction is conducted with an unaffiliated party by applying similar terms and conditions with the Transaction, thus the Transaction is carried out in accordance with generally accepted business practices.

## **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 percent) of the Company's equity value in accordance with the Company and its subsidiaries' Interim Consolidated Financial Statements for the period ended on 30 September 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.

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## ADDITIONAL INFORMATION

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

**PT Merdeka Copper Gold Tbk**

**Corporate Secretary**

Treasury Tower, 67-68<sup>th</sup> Floor, District 8 SCBD Lot. 28

Jl. Jend. Sudirman Kav. 52-53, Senayan, Kebayoran Baru, South Jakarta 12190

Telephone: +62 21 3952 5580 Facsimile: +62 21 3952 5589

Email: [corporate.secretary@merdekacoppergold.com](mailto:corporate.secretary@merdekacoppergold.com)

Website: [www.merdekacoppergold.com](http://www.merdekacoppergold.com)

Initial:

