

PT Merdeka Copper Gold Tbk.
IDX Code: MDKA
As at 30 June 2023

**Capital Structure
(1 August 2023)**

24,110,850,771 listed shares
Share price: IDR 3,470
Market capitalisation: \$5.5 billion

Cash & Debt

Cash: \$496 million
Bank Debt: \$289 million
IDR Bond: \$1,032 million

Board of Commissioners

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

Board of Directors

Albert Saputro (President)
Jason Laurence Greive (Vice
President & CEO)
Andrew Phillip Starkey
(Executive Chairman)
David Thomas Fowler
Titien Supeno
Gavin Arnold Caudle
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**PT Merdeka Copper Gold Tbk.
is proudly an Indonesian
owned and operated company
and is listed on the Indonesian
Stock Exchange.**

PT Merdeka Copper Gold Tbk (“Merdeka”, “MDKA” or “the Company”) is pleased to report on its June 2023 quarterly activities.

Merdeka is a major mining company with a portfolio of globally significant assets and a world-class management team. Merdeka is well positioned to become a significant copper, nickel and gold producer, establishing itself as a leading supplier of materials relevant to the clean energy transition.

Merdeka’s major assets are:

- Tujuh Bukit Copper Project (“TB Copper Project”)
- PT Merdeka Battery Materials Tbk. (“MBMA”)
- Pani Gold Project (“Pani”)
- Tujuh Bukit Gold Mine (“TB Gold Mine”)
- Wetar Copper Mine (“Wetar”)

Tujuh Bukit Gold Mine: Gold produced for the quarter was 38,447 ounces at an all-in sustaining cost (“AISC”) of \$1,060/oz. Year to date (“YTD”) gold production was 64,277 ounces at an AISC of \$1,141/oz. No Lost Time Injury (“LTI”) occurred during the quarter. Guidance for 2023 is 120,000 – 140,000 ounces of gold at an AISC of \$1,100 – 1,300/oz net of silver credits.

Wetar Copper Mine: Copper produced for the quarter was 3,128 tonnes at an AISC of \$4.91/lb. YTD copper production was 7,181 tonnes at an AISC of \$4.87/lb. No LTI occurred during the quarter. Production is expected to increase in the second half as additional ore is exposed. Guidance for 2023 is 16,000 – 20,000 tonnes of copper at an AISC of \$3.70 – 4.70/lb.

MBMA: Nickel in nickel pig iron (“NPI”) production for the quarter was 11,870 tonnes at an AISC of \$13,459/t. On 31 May 2023, MBMA completed the acquisition of a 60% interest in PT Huaneng Metal Industry (“HNMI”), a high-grade nickel matte (“HGNM”) conversion facility, located within the Indonesia Morowali Industrial Park (“IMIP”). HGNM production for June 2023 was 4,438 tonnes of nickel in nickel matte, at an AISC of \$15,524/t. No LTI occurred during the quarter. Guidance for 2023 is 18,000 – 20,000 tonnes of nickel in NPI at each of CSID and BSID at an AISC of \$13,000 – 15,000/t. ZHN is expected to produce 21,000 – 25,000 tonnes of nickel in NPI in the second half following its commissioning during the quarter.

TB Copper Project: Pre-Feasibility Study (“PFS”) results were announced during the quarter, demonstrating the project’s potential to be a globally significant, long-life, underground mine with a total production capacity of 24Mtpa of ore delivering a peak production of 112kt and 366koz of contained copper and gold in concentrate per annum. The PFS is based on 404Mt of the project’s 1.7Bt resource. On the strength of these positive results, Merdeka is progressing with a Feasibility Study (“FS”) which will deliver an increased level of definition and detail to the project in 2024. During the quarter, drilling continued to return strong results, infilling higher grade zones within the sub-level cave (“SLC”) and extensions to the block cave (“BC”) design footprint. Latest drilling results include 462 metres @ 1.3% Cu and 1.4 g/t Au from 0 metres in UHGZ-23-133 and 302 metres @ 1.1% Cu and 1.2 g/t Au from 0 metres in UHGZ-23-136. This drilling is upgrading inferred resources to indicated allowing additional reserves to be defined for the FS.

Pani Gold Project: During the quarter, drilling results continue to demonstrate the continuity of mineralisation, increase confidence in the resource categories and show potential for resource expansion. Latest drilling results include 392.3 metres @ 1.92 g/t Au from 8.3 metres in BGD050 and 384 metres @ 1.86 g/t Au from 146 metres in PEDR0041. The updated mineral resource is 275.8 million tonnes at 0.75 g/t Au for 6.63 million ounces of gold, with 5.5 million ounces of gold in the indicated category.

TB Copper Project

World class resource: TB Copper Project is wholly owned by Merdeka and is located beneath the TB Gold Mine. TB Copper Project hosts mineral resources of 1.71 billion tonnes of ore at a grade of 0.47% Cu and 0.50 g/t Au containing approximately 8.1Mt copper and 27.4Moz gold, including an indicated resource of 442Mt at 0.60% Cu and 0.66 g/t Au¹.

Since 2018, Merdeka has invested \$167 million on detailed feasibility work to advance the project including an 1,890 metres long exploration decline, past and current resource definition drilling, geological modelling and ongoing technical studies. The bulk of the PFS expenditure during the quarter was spent on resource definition drilling and technical studies.

PFS: Merdeka released the PFS during the quarter², demonstrating the project's potential as a globally significant, large-scale, low-cost, underground mining operation. Confidence has grown in developing this asset with robust economics and substantial projected output of both copper and gold.

The PFS confirms the technical and economic viability of developing the project in a phased approach. Development is envisaged to commence with a 4Mtpa SLC mine followed by a parallel development to a larger BC mine involving staged construction of processing plant modules supporting the ramp up in production to 24Mtpa. Development of the BC mine will be fully resourced to continue unconstrained and ramp up to production of 24Mtpa. A staged concentrator expansion strategy has been engineered, building on the initial SLC capacity of 4Mtpa, a further two modules of 10Mtpa each will be added as the BC mine output expands. The decision to commence with an SLC mine significantly reduces the initial capital required to establish a large-scale BC mining operation.

Development of the SLC mine is immediately accessible, from the existing exploration decline and at the top of the orebody. Development is scheduled to commence in 2024, first ore mined in 2025 and mill feed in 2026. The operating TB Gold Mine has facilities and services that will support accelerated development and construction of the project, leading to the production of copper concentrate two years after the start of construction. The higher-grade copper and gold in the upper portion of the orebody, immediately adjacent to the exploration decline, makes an SLC the optimal mining method for this ore. While mining the SLC, the BC development will continue unconstrained to the point of commissioning making the SLC an ideal first stage of mining during the BC development period.

The PFS was prepared with the support of globally leading independent technical consultants including Stantec, DRA, Ausenco, WSP Golder, ALS and Hatch.

With the completion of the PFS, Merdeka is now moving forward with a FS which will deliver an increased level of definition and detail to the project. Ongoing technical work is assessing several optimisation opportunities which have the potential to improve project economics, including but not limited to:

- **Extended SLC:** optimisation work with the potential to expand the PFS modelled SLC mine life beyond the currently planned eight years;
- **Metallurgy:** expansion of the test work regime aimed at optimising the flowsheet and enhancing copper and gold recoveries;
- **Processing layout:** identifying the optimal processing plant layout to minimise space consumed and take advantage of site topography to reduce overall earthworks costs;
- **Infrastructure:** staging and value engineering of surface and underground works including mine infrastructure areas, port facilities, water treatment, and power supply; and
- **Mine design:** trade-off studies including excavation diameters, alternative air delivery methodologies and critical path development mining techniques, analysis of access decline vs. vertical shaft and drift sizing.

¹ Full details of the Tujuh Bukit Copper Project mineral resource is available at: <https://merdekacoppergold.com/wp-content/uploads/2023/04/Consolidated-Mineral-Resources-and-Ore-Reserves-Statement-as-of-31-December-2022.pdf>

² Full details of the Tujuh Bukit Copper Project PFS results are available at: <https://merdekacoppergold.com/wp-content/uploads/2023/05/Tujuh-Bukit-Copper-Project-PFS-Results.pdf>

During the quarter, the TB Copper Project team advanced critical path activities including:

- Scheduled permitting work (AMDAL program) comprising studies, results reporting and consultation;
- Engaging with leading underground development contractors for the execution of SLC and BC works; and
- Ventilation and power system upgrades advancing to the commercial stage.

In parallel to the progression of the FS, Merdeka is undertaking a structured review, assessing a broad range of potential project funding options. At the conclusion of this review, Merdeka aims to complete the most suitable funding arrangements that align with its strategic objectives and the long-term vision of establishing the Tujuh Bukit region as a globally significant mining province.

Other activities: During the quarter, six drill rigs were operating underground supported by four surface drill rigs. A total of 15 holes were completed underground with six holes in progress at the end of the quarter for a total of 6,291 metres drilled. The four surface rigs completed nine holes, with three holes in progress at the end of the quarter for a total of 3,362 metres drilled. Underground drilling prioritised geotechnical and metallurgical assessment, in addition to resource definition activities focusing on infill drilling to convert inferred resources to indicated classification during the quarter. The surface drilling was focused on hydrological and geotechnical studies, such as vent rise investigation holes and cover holes for the proposed conveyor decline, to support the SLC development.

Underground resource definition drilling has progressed well with 16,384 metres completed to the end of the quarter and will continue throughout the rest of the year with a further 20,500 metres of resources definition drilling planned. Surface drilling will also continue and will include geotechnical and hydrogeological investigations for both surface and underground infrastructure. The next mineral resource update is targeted for Q1 2024 and is expected to deliver significant additional indicated resource tonnage, in both the SLC and BC areas.

Selected results from the latest drilling results include³:

- 462 metres @ 1.3% Cu and 1.4 g/t Au from 0 metres in UHGZ-23-133
- 302 metres @ 1.1% Cu and 1.2 g/t Au from 0 metres in UHGZ-23-136
- 618 metres @ 0.5% Cu and 0.6 g/t Au from 296 metres in UHGZ-23-137, including 160 metres @ 1.1% Cu and 1.0 g/t Au from 296 metres



Figure 1: Underground drilling operations at Tujuh Bukit Copper Project

³ Results reported using a 0.2% Cu cut-off, and a minimum intercept length of 30 metres. Full details of the latest drilling result is available at: <https://merdekcoppergold.com/wp-content/uploads/2023/08/Tujuh-Bukit-Copper-Project-July-2023-Drill-Results-1.pdf>



Figure 2: Geologists celebrating further high-grade visual mineralisation (bornite) at the Tujuh Bukit Copper Project



Figure 3: Tujuh Bukit Copper Project

A. Vent Rise Investigation drillhole to support the SLC

B. Geologists and Geotechnicians logging core in the world class core processing facility

PT Merdeka Battery Materials Tbk. (“MBMA”)

Overview: MBMA aims to become a leading, vertically integrated, battery materials company. MBMA holds a portfolio of high-quality assets in the battery materials value chain located in Central Sulawesi and Southeast Sulawesi, Indonesia. Since completing a series of acquisitions in 2022, MBMA has made significant progress in expanding and developing its downstream business along the battery value chain.

MBMA completed its initial public offering (“IPO”) on the Indonesia Stock Exchange (“IDX”) during the quarter. The IPO, priced at IDR795 per share, was well supported by domestic and foreign institutional investors, regional sovereign wealth fund and strategic investors. A total of 11.6 billion new shares were issued representing IDR9.2 trillion (equivalent to approximately \$620 million) in new capital and approximately 10.7% of the total outstanding shares⁴.

MBMA, together with its strategic partners Tsingshan Group, CATL and Huayou, is well positioned to deliver its long-term strategy of maximising the value of its portfolio of assets by pursuing downstream expansion projects to produce materials critical to support the fast-growing electric vehicle value chain.

MBMA consists of the following key assets:

- Sulawesi Cahaya Mineral Mine (“SCM Mine”)
- Rotary Kiln-Electric Furnace Smelters (“RKEF Smelters”)
- Nickel Matte Converter (“Nickel Matte”)
- Acid Iron Metal Project (“AIM Project”)

MBMA also has several significant, downstream growth projects including High Pressure Acid Leach (“HPAL”) facilities that will be developed at the Indonesia Konawe Industrial Park (“IKIP”), along with other assets that support the overall nickel processing chain.

Major developments during the quarter include:

- MBMA completed the acquisition of a 60% interest in PT Huaneng Metal Industry (“HNMI”), a high-grade nickel matte (“HGNM”) conversion facility, located within the Indonesia Morowali Industrial Park (“IMIP”) and realised first production of nickel matte;
- The successful commissioning of MBMA’s third RKEF plant, ZHN, which will more than double MBMA’s NPI production;
- The commencement of commissioning activities of Huayou’s HPAL feed preparation plant within the SCM Mine concession which will allow large scale mining activities to commence;
- Continued development of the AIM Project and SCM Mine haul road; and
- Advancement of HPAL feasibility work, with detailed engineering and construction expected to commence shortly after feasibility work completion.

Production: Nickel in NPI production for the quarter was 11,870 tonnes at an AISC of \$13,459/t. During the quarter, BSID and CSID combined production was 9,725 tonnes of nickel in NPI at a combined AISC of \$13,470/t. In June 2023, ZHN produced 2,145 tonnes of nickel in NPI at an AISC of \$13,406/t. Production cost is expected to decline as ZHN completes commissioning and moves into steady state production.

HGNM production for June 2023 was 4,438 tonnes of nickel in nickel matte, at an AISC of \$15,524/t.

MBMA adheres to the highest safety standards, and we are pleased to report no LTI occurred during the quarter at our operations. Total manhour without LTI is 7,510,743 at the end of the quarter.

The complete June 2023 quarterly activities report⁵ is available on the MBMA website.

⁴ Full details regarding IPO of MBMA are available at: https://merdekacoppergold.com/wp-content/uploads/2023/04/MDKA_2023-04-18_Corporate-Update-PT-Merdeka-Battery-Materials.pdf

⁵ Full details of MBMA Q2 2023 report are available at: <https://www.merdekabattery.com/download.php?filename=Q2-2023-Results.pdf>

Pani Gold Project

Overview: Pani hosts a significant gold resource located in Gorontalo Province, Sulawesi. Merdeka continued drilling, project development work and feasibility study work during the quarter.

Merdeka’s objective is to expeditiously develop Pani into a low cost, long life, sustainable gold mining operation in the near term.

Exploration activities: Following the first combined mineral resource estimate (“MRE”) announced in Q1 2023, further drilling has focused on raising the confidence levels of the MRE by infilling areas classified as inferred, as well as continuing to test the extents of the system. Upon receiving results from this drilling, a new mineral resource⁶ was estimated with the results shown in Table 1.

The updated MRE for the combined project is 275.8 million tonnes at 0.75 g/t Au for 6.63 million ounces gold.

Table 1: Pani Mineral Resource Estimate by classification (Cut-off of 0.2 g/t Au)⁷

Resource Classification	Tonnes (Mt)	Au (g/t)	Cont. Au (Moz)
Indicated	217.5	0.79	5.54
Inferred	58.3	0.58	1.08
Total	275.8	0.75	6.63

A further 126 completed drill holes for 31,890 metres have been included in the updated MRE, along with an additional 21 incomplete holes for 4,527 metres. This brings total drilling included in the MRE to 1,063 drill holes for 201,237 metres. The previous MRE for the project contained 4.46 million ounces of gold as indicated resources and 1.89 million ounces of gold as inferred resources. This infill drilling program has converted more than 1 million ounces of gold from the inferred resource category to the indicated resource category.

At the end of June 2023, ten drill rigs were operating carrying out resource definition drilling and two rigs were operating in the Dulamayou area undertaking a sterilisation drilling program. 151 drill holes were completed (including 18 sterilisation holes) for approximately 20,434 metres of diamond drilling during the quarter. Drilling is continuing with approximately 213 drill holes for approximately 25,000 metres planned for the remainder of 2023.

Selected results from the latest drilling results, which are not included in the May 2023 MRE, include⁸:

- 392.3 metres @ 1.92 g/t Au from 8.3 metres in BGD050
- 384 metres @ 1.86 g/t Au from 146metres in PEDR0041
- 311.5 metres @ 1.37 g/t Au from 46 metres in PEDR0033
- 225.3 metres @ 1.86 g/t Au from 0 metres in ILD331
- 378.9 metres @ 1.10 g/t Au from 57 metres in PEDR0036
- 344.5 metres @ 1.13 g/t Au from 66 metres in PEDR0006
- 425.4 metres @ 0.86 g/t Au from 1 metre in PEDR0027
- 342.5 metres @ 1.03 g/t Au from 9 metres in BGD059
- 104 metres @ 3.32 g/t Au from 196 metres in PEDR0045
- 246 metres @ 1.15 g/t Au from 22 metres in PEDR0003

⁶ The May 2023 resource upgrade can be obtained at: <https://merdekacoppergold.com/wp-content/uploads/2023/05/Pani-Gold-Project-Resource-Upgrade.pdf>

⁷ The MRE is reported in accordance with the 2017 Kode KCMi for Reporting of Exploration Results, Mineral Resources and Mineral Reserves, and the 2012 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”.

⁸ Results reported using a 0.2 g/t Au cut-off, and a minimum intercept length of six metres. Full details of the latest drilling result are available at: <https://merdekacoppergold.com/wp-content/uploads/2023/08/Pani-Gold-Project-July-2023-Drill-Results.pdf>

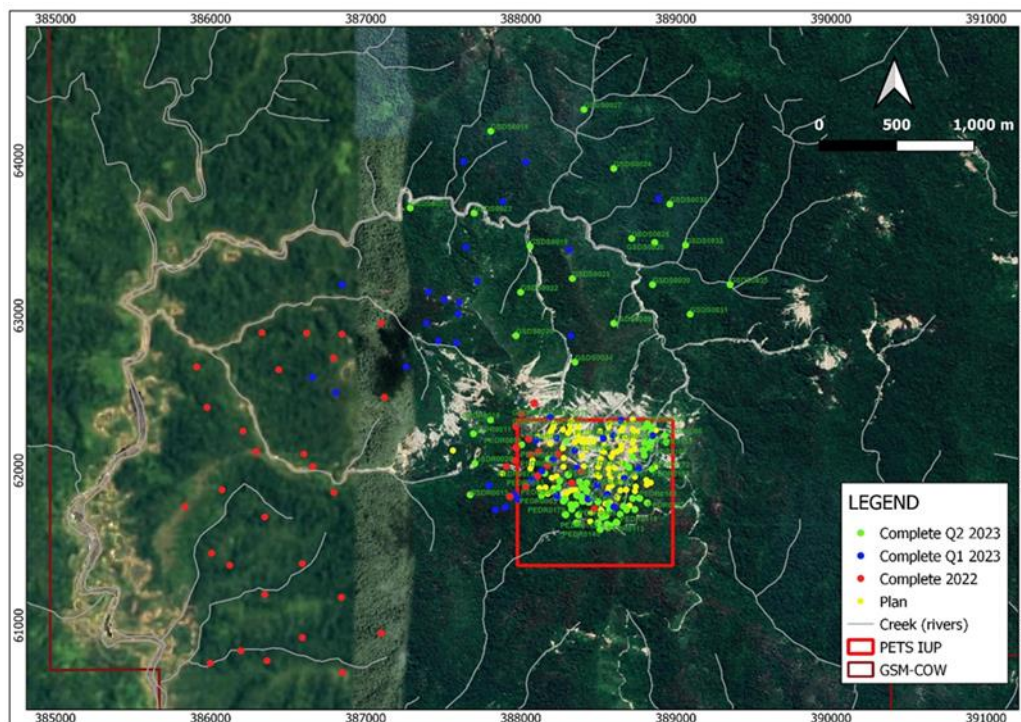


Figure 4: Plan view showing location of drill holes completed in Q2 2023 at Pani

Note: Multiple holes drilled from one collar location

Project development: The Pani Feasibility Study (“FS”) is advancing well and remains focused on optimising project capital expenditure, mining schedule and maximising throughput and recovery.

The FS includes the assessment of two separate ore processing methods: (i) Carbon-in-Leach, and (ii) Heap Leach. Current study work indicates that both these well-understood and industry standard processing methods will be applicable to Pani.

Carbon-in-Leach: The carbon-in-leach metallurgical test work program has concluded and has returned consistently high gold recoveries (plus 92%) across all ore zones of the deposit.

Feasibility level engineering has been completed for this processing option, and reporting compilation commenced during the quarter.

Heap leach: A heap leach metallurgical test work program, consisting of bottle rolls and column leaching, is well advanced across the oxidised ore zone of the deposit, with encouraging early results.

Processing, mining, and heap leaching consultants are advancing the FS, focusing on a low-capex starter project, with expansion to higher throughputs and addition of gravity streams to be included as future optimisation stages.

Such a project would adopt mining and processing methods similar to Merdeka’s wholly owned TB Gold Mine, which was also successfully developed as a greenfield project.

Project schedule: FS for both processing methods are scheduled for completion in late Q3 2023, with the results expected to be announced in Q4 2023. An investment decision for the project construction will be made after completion of the FS.

Based on the work undertaken, a heap leach operation is expected to be in production before the end of 2025. The indicative target size for this operation is to process 7Mtpa of ore to produce 120,000 – 140,000 ounces of gold per annum.

The intention is for a carbon-in-leach processing facility to be added following the ramp-up of the heap leach operation for a combined maximum throughput of 21Mtpa of ore to produce more than 450,000 ounces of gold per annum. The ongoing FS will further refine this plan and these indicative estimates.

Critical path pre-development activities continue across site, with the construction of an independent access road, establishment of accommodation, facilities and supporting infrastructure all scheduled for Q3 2023 completion, to shorten the construction period when a final investment decision is taken.



Figure 5: Accommodation and Office Facilities Commissioned



Figure 6: Bypass Road, approach to Mine Entrance



Figure 7: Bypass Road, connection to Trans Sulawesi Highway (11km to Mine Entrance)



Figure 8: PETS Oxide Drilling Program (looking South through Baganite)

TB Gold Mine

Summary: Gold produced during the quarter was 38,447 ounces at total cash cost of \$787/oz and an AISC of \$1,060/oz net of silver credits.

Mining: Ore mined for the quarter was 2,111,713 tonnes with waste mined of 1,762,972 tonnes. Mining operations achieved total material movement of 4,255,798 tonnes including rehandling ore stockpiles during the quarter.

Processing: During the quarter, the ore preparation plant operated in line with expectation with throughput of 2,133,268 tonnes of crushed and agglomerated ore, at a grade of 0.84 g/t Au (containing 47,296 ounces of gold), hauled and stacked onto the heap leach pads for the quarter.

The heap leach pads continued to perform as per design with project to date gold recoveries of 78.3%. The adsorption, desorption and recovery (“ADR”) plant continued to operate at full throughput design rates.

Heap leach construction: There were four ongoing projects in Q2-2023 related to heap leach construction. The projects are Pad A-B Stage 4 (Actual: 60.24% vs Plan 43.63%), Pad C Stage 2 (Actual: 16.95% vs Plan 13.53%), Interlift Pad C RL 86 (Actual: 30.89% vs Plan 29.07%), Irrigation Pad C Stage 2 (Actual: 15.67% vs Plan 15.09%).

Environmental, safety and social performance: By the end of quarter, Tujuh Bukit operations achieved 19,839,262 hours without Lost Time Injury (“LTI”), whilst the total year-to-date recordable injury frequency rate per million hours worked was 0.23 at the end of June with no recordable injury.

The workforce at the mine (including all employees and contractors) is 3,253 people, comprising 3,236 Indonesian natives and 17 expats. 2,265 (69,6%) are residents of Banyuwangi and 1,434 (44,1%) are from the sub-district of Pesanggaran.

During the quarter, a total of 3,315 environmental samples were taken, encompassing statutory based sampling requirements and company internal monitoring. In addition, 131 trees (0.15 Ha) of pioneer species were planted.

Operating outlook: Guidance for 2023 is 120,000 – 140,000 ounces of gold at an AISC of \$1,100 – 1,300/oz net of silver credits.

Exploration: During the quarter, Merdeka continued testing multiple, near mine targets to the current operations and successfully identified mineralisation extensions along strike of both Pit A and Pit C.

Three diamond drill rigs and one RC rig drilled eight diamond holes for 2,302.2 metres, and 44 RC holes for 10,176 metres during the quarter. A total of ~15,000 metres of RC and diamond drilling is planned to continue testing along strike of and infill of current resources for the remainder of 2023. A further 10,000 metres RC drilling program is planned to target relatively flat lying copper mineralisation located below Pit A and Pit C but above the TB Copper Project mineralisation. If successful, this could provide initial open pit feed to future TB Copper Project processing operations.

Regional exploration continued at the Chandrian, Lompongan and Gua Macan prospects during the quarter, with geological mapping, soil sampling and rock chip sampling programs carried out. Drill pads have been constructed and drilling of near surface gold and copper targets is planned to start in late July 2023.



Figure 9: A. Regular safety inspections are conducted at all drill rigs
 B. RC drilling following up on recent high-grade results along strike of Pit E

Wetar Copper Mine

Summary: Production for the quarter was 3,128 tonnes of copper at an AISC of \$4.91/lb and in line with planned mining schedule.

With the development of the Acid Iron Metals (“AIM”) Project at MBMA, the focus going forward will be on extracting maximum value from the Wetar ore including production of copper and the sale of pyrite ore to the AIM Project to be used to produce acid, iron, steam, copper, gold and silver.

Mining: 5.9 million tonnes of material was mined during the quarter comprising 0.13 million tonnes of ore and 5.8 million tonnes of waste. Contained copper in ore mined totalled 3,109 tonnes at a grade of 2.35% Cu.

Processing: 0.08 million tonnes of ore were crushed and stacked on to the heap leach pad at a grade of 2.37% Cu.

Environmental, safety and social performance: Wetar achieved 0 LTI during the quarter and achieved a record of 5.83 million manhours free without LTI, whilst the mine’s year-to-date Total Recordable Injury Frequency Rate (“TRIFR”) per million hours was 0.58 with one recordable injury during the quarter.

During the quarter, Wetar successfully carried out revegetation activities covering an area of 9.02 Ha. A total of 5,638 seedlings were planted. Slope erosion control was applied by installing jute net covering an area of 7.53 Ha. The total seeds production in the nursery was 22,920 seedlings. Watershed rehabilitation activities are planned in three phases this year. Each phase will cover an entire work area of 154.5 Ha and will continue to be repeated to ensure the level of plant life and growth. Watershed rehabilitation has been conducted since January 2023 with a target area of 154.5 Ha to compensate for 134 Ha PPKH Permit. The achievement at the end of the quarter was 108 Ha or 69.9% of the annual target.

Water monitoring has been carried out in accordance with AMDAL. The average monthly rainfall during the quarter was 64.2 mm. 91.33 tons hazardous waste was generated and 94.71 tons were managed to third parties. Domestic waste management has been implemented with 3R (Reduce, Reuse, Recycle) programs. Domestic waste was segregated based on organic and inorganic characteristics. In Q2 2023, a total of 2.04 tons of cardboard have been segregated from the 26.73 ton of waste generated.

Operational cost summary: Total cash cost was \$3.34/lb of copper and the AISC was \$4.91/lb of copper for the quarter. YTD total cash cost was \$3.65/lb and AISC was \$4.87/lb.

Operating outlook: Guidance for 2023 is 16,000 – 20,000 tonnes of copper at an AISC of \$3.70 – 4.70/lb.

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Wetar barge jetty: Construction continues with pre-commissioning mechanical and pipe works, with full mechanical commissioning completion scheduled for July 2023. Offshore dolphin works continue with drilling and reaming rock socket pile using 4 drilling rigs. Dry commissioning is expected to take place in July 2023 with wet commissioning, trial berthing and the first loading of pyrite to AIM Project scheduled in August 2023.



Figure 10: Wetar Barge Jetty

Exploration: Activities during the quarter focused on reverse circulation (“RC”) drilling and diamond drilling (“DD”) at Partolang and surrounding areas, regional mapping in Karkopang and eastern Kali Kuning and Ground Electromagnetic (“EM”) data acquisition.

During the quarter, sixty-seven RC holes were completed, with one hole still in progress, for a total of 9,609 metres and eleven DD holes were completed for a total of 1,936.15 metres. The RC program focused on infill and extension drilling in Partolang and sterilisation drilling in southern Ortega. DD was used to test for extensions to mineralisation in North Partolang, and twin RC holes to provide samples for metallurgical test work and confirm RC results in Partolang Bridge, Ortega and Partolang Barat.

The drilling in Ortega and Partolang Bridge has confirmed the potential to both improve the resource category and add more resources below the current ultimate pit design. Sterilisation drilling in Ortega identified an additional zone of mineralisation to the south which requires follow up. The metallurgical and twin diamond holes confirmed the geometry and mineralisation characteristics logged in the RC holes.

Ground EM data acquisition was completed in block C2-2 over 10.4-line kilometres. Interpretation of EM results generated new target areas around Karkopang and Kali Kuning that have been followed up by geological mapping. Regional geological mapping was conducted in several areas, including Karkopang and Eastern Kali Kuning, to follow up the geophysical anomalies from the ground EM, and identified areas with potential for massive sulphide mineralisation requiring further work.

Resource definition, metallurgical and sterilisation drilling programs will continue through the year in Partolang pit and surrounding areas.



Figure 11: Exploration drilling with DD (left) and RC (right) at the Wetar Project

Sustainability

Submission of the 2023 S&P Global Corporate Sustainability Assessment (CSA) Questionnaire

The S&P Global CSA Questionnaire 2023 for Merdeka has been submitted to S&P Global. The S&P Global Corporate Sustainability Assessment (CSA) is an annual evaluation of companies' sustainability practices. It covers over 10,000 companies from around the world and serves as a comprehensive evaluation tool that assesses the company's sustainability performance and practices across various dimensions. It covers areas such as environmental management, social responsibility, corporate governance, and economic performance.

The questionnaire submission allows Merdeka to showcase its sustainability achievements, initiatives, and future plans to stakeholders, investors, and the wider public. It also provides an opportunity for benchmarking and comparison with industry peers, driving further advancements in sustainable business practices.

The results of the CSA and the update of Merdeka's S&P Global ESG score are expected to be released in August 2023.

Environmental

World and National Environment Day

Merdeka celebrates World and National Environment Day in a series of activities at its mining operations and projects for over a month. Commencing in June 2023, these activities signify Merdeka's commitment to minimising and rehabilitating the environmental impact of mining operations while also enhancing the quality of the surrounding area.

On Wetar Island, Southwest Maluku, the Wetar Copper Mine organised a beach clean-up activity coinciding with World Environment Day on 5 June 2023. Five days later, a beach clean-up was also held at Parang Semar Beach, Banyuwangi, East Java by PT Bumi Suksesindo ("BSI"), the operator of the TB Gold Mine. This activity is part of the National Environment Day celebrations, coinciding in 135 locations across 37 provinces in Indonesia, held by the Ministry of Environment and Forestry (KLHK), with the theme of plastic pollution solutions, the same as World Environment Day. On that day, BSI and the local community successfully cleared Parang Semar Beach of 536 kg of waste.

Furthermore, BSI engaged over 400 individuals from various backgrounds in planting 2,023 mangrove stems on Parang Semar Beach. This activity is the result of cooperation between BSI and Perhutani, the East Java Forestry Service, and the Environment Service and the Natural Resources Conservation Center in Banyuwangi. On June 4, 2023, 500 mangrove stems which are very important for this coastal ecosystem were also planted by the Pani Gold

Project in the Coastal Area of the Panua Nature Reserve, Pohuwato Regency, Sulawesi. These activities support the government’s effort to restore 600 thousand hectares of mangrove forest.

Social and Governance

Health and Safety

At the end of the quarter, Merdeka’s year-to-date safety performance, as measured by TRIFR, was 0.71, compared to the 2022 end of year result of 0.97. There were no LTIs during this quarter, resulting in a 2023 year-to-date LTI Frequency Rate of 0.05, as opposed to the 2022 end of year rate of 0.11.

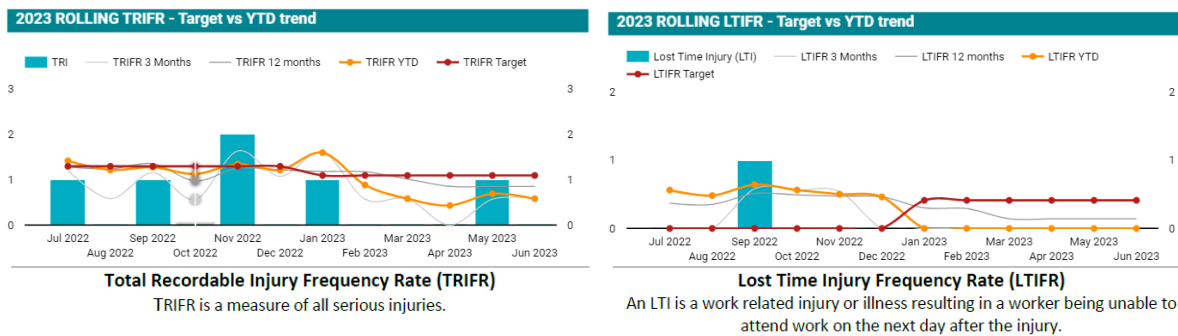


Figure 12: Incident Rolling Frequency Rates (incident per million man-hours worked)

To assist in managing contractor’s health and safety performance, a contractor management system socialisation program was developed and initiated across Merdeka’s sites in Q2 of 2023. Furthermore, defensive driver refresher training for all drivers of light vehicles and for light trucks and buses is also in progress across Merdeka sites with the aim to improve the competence of drivers and operators.

The 2023 Merdeka Innovation Award

Merdeka successfully concluded the 2023 Merdeka Innovation Award during the quarter. The award is an annual event that forms a part of the Company’s employee engagement program. The event’s primary objective is to foster innovation among employees, encouraging them to devise creative solutions for enhancing safety, environmental management, and production efficiency.

Among the many project proposals submitted by teams across Merdeka’s sites and head office, twelve were chosen to present at the grand finale. Ultimately, five teams were declared winners of the award, with the first-place prize going to BSI for their outstanding project on detoxification process improvement.

Appendix 1: Finance and Corporate

Cash and cash equivalents: Cash and cash equivalents, net of restricted cash, at 30 June 2023 was \$496 million. In addition to this, Merdeka has \$160 million in undrawn debt facilities.

Debt:

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

During the quarter, a total of 10,500 ounces of gold were delivered at an average price of \$1,925/oz for \$20.2 million.

As of 30 June 2023, the balance of Secured Bullion Forward Hedge and Financing Transaction ("BSI Prepayment Facilities") was \$19.8 million for a total of 9,840 ounces gold with scheduled monthly settlements from July to September 2023, at an average price of \$2,008/oz.

BSI Revolving Credit Facility ("RCF")

The BSI RCF has an applicable margin of 3.0% per annum plus SOFR with applicable Credit Adjustment Spread with a final repayment date on 4 October 2023. This RCF for \$60 million was undrawn at the end of the quarter.

Merdeka IDR Bonds

The outstanding balance of IDR Bonds at 30 June 2023 was \$1,032 million.

Merdeka Revolving Credit Facility ("RCF")

The Merdeka RCF has an applicable interest rate of 3.85% per annum plus SOFR with a final maturity on 31 May 2024. This RCF for \$100 million was undrawn at the end of the quarter.

MBMA Senior Loan

MBMA entered into a \$300 million loan with ING and Barclays on 19 May 2022 ("MBMA Senior Loan"). The loan had an applicable interest rate of 4.25% per annum plus SOFR with final maturity date on 30 September 2026.

In Q3 2022, PT Merdeka Copper Gold Tbk ("MDKA") provided debt funding of \$225 million to MBMA to partially repay the MBMA Senior Loan.

MBMA fully repaid its outstanding principal loan of \$225 million to MDKA and \$75 million to ING on 18 April 2023 from MBMA's IPO proceeds.

MTI Facility Agreement

MTI entered into a \$260 million term loan facility ("MTI Term Loan") and IDR430 billion (equivalent to \$29 million) of MTI VAT funding facility ("MTI VAT Facility") on 31 August 2022.

MTI Term Loan has a final maturity date of August 2027 with applicable margin of:

- (i) Offshore lenders: 3.75% per annum plus SOFR; and
- (ii) Onshore lenders: 3.95% per annum plus SOFR.

MTI VAT Facility has an applicable margin of 3.50% per annum plus JIBOR with a final maturity in August 2026. As of 30 June 2023, MTI has fully drawn the \$260 million MTI Term Loan and the IDR430 billion MTI VAT Facility.

Finance Lease

The outstanding finance lease balance as of 30 June 2023 was \$40 million.

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Sales and hedging: During the quarter, at TB Gold Mine, a total of 29,544 ounces of gold and 129,760 ounces of silver were sold at an average price of \$1,972/oz and \$24/oz, respectively, for total revenue of \$61 million. Furthermore, 20,304 oz of gold hedging with a strike price of \$1,843/oz was closed out at an average price of \$1,953/oz resulting in a net loss on hedging for the quarter of \$2.2 million.

At Wetar, 4,273 tonnes of copper were sold at an average price of \$8,700/tonnes for total revenue of \$37 million.

At MBMA, 11,053 tonnes of nickel in NPI were sold from CSID and BSID at an average price of \$14,123/t for total revenue of \$156.1 million. NPI produced by ZHN in Q2 2023 is expected to be sold in Q3 2023.

HNMI sold 13,225 tonnes of nickel in nickel matte at an average price of \$16,648/t for total revenue of \$220.2 million during the quarter. The acquisition of HNMI was completed in June 2023 resulting in MBMA recognising HGNM revenue of \$52.9 million⁹ reflecting the sales of 3,036 tonnes of nickel in nickel matte at an average price of \$17,423/t.

Table 2: Gold, Silver, Copper and Nickel Sales for Q2 2023

	Ounces	\$/oz	\$m
Gold	29,544	1,972	58
Silver	129,760	24	3
	Tonnes	\$/tonnes	\$m
Copper	4,273	8,700	37
	Tonnes	\$/tonnes	\$m
Nickel Pig Iron	11,053	14,123	156
Nickel Matte	3,036	17,423	53
Total			270

Table 3: Details of Gold and/or Copper Hedge/Prepayment Profile as at end of Q2 2023

Period	Gold Hedged/Prepayment		Copper Hedged	
	oz Au	\$/oz	t Cu	\$/t
2023 (July to September)	9,840	2,008	-	-
2023 (October)	6,000	2,000	-	-

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

Table 4: Major Shareholders as at 30 June 2023

Shareholders	No. of shares	%
PT Saratoga Investama Sedaya Tbk	4,477,141,397	18.6
PT Mitra Daya Mustika (Provident)	2,907,302,421	12.1
Thohir Group	1,774,021,214	7.4
PT Suwarna Arta Mandiri (Provident)	1,347,254,738	5.6
Hongkong Brunn & Catl Co., Limited	1,205,542,539	5.0
Total Major Shareholders	11,711,262,309	48.6
Treasury Stock	66,194,700	0.3
Others	12,333,393,762	51.2
Total shares on issue as at 30 June 2023	24,110,850,771	100.0

Merdeka corporate update: The Company received an approval of shares buyback on its Annual General Meeting of Shareholders on 21 June 2023. The shares buyback has a maximum allocation of Rp600 billion (equivalent to ~\$40 million) or a maximum of 120,554,254 shares. The shares buyback can be carried out in stages within a maximum of 18 months, from 22 June 2023 to 22 December 2024.

Merdeka ownership of MBMA: After the IPO of MBMA in April 2023, Merdeka's effective ownership of MBMA, as of 30 June 2023 was 49.8%.

⁹ Includes cobalt credits of 38 tonnes with total amount of \$681k

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ABOUT PT MERDEKA COPPER GOLD TBK.

PT Merdeka Copper Gold Tbk (IDX: MDKA) (“**Merdeka**” or the “**Company**”) is a holding company with operating subsidiaries engaging in mining and processing activities, encompassing: exploration; production of gold, silver, copper, nickel (and other related minerals); and mining services.

Merdeka’s major assets are: Tujuh Bukit Copper Project; PT Merdeka Battery Materials Tbk (IDX: MBMA); Pani Gold Project; Tujuh Bukit Gold Mine and Wetar Copper Mine.

The Tujuh Bukit Copper Project is one of the world’s largest undeveloped copper and gold mineral resources, containing approximately 8.1 million tonnes of copper and 27.4 million ounces of gold.

MBMA’s portfolio includes one of the world’s largest nickel resources containing approximately 13.8 million tonnes of nickel and 1.0 million tonnes of cobalt, three operating RKEF smelters with a total nameplate capacity of 88,000 tonnes of nickel in NPI per annum, a high-grade nickel matte conversion facility located within IMIP with an average annual production rate of 50,000 tonnes of nickel in nickel matte, the Acid Iron Metal (“AIM”) Project which will produce acid and steam for use in high pressure acid leach (“HPAL”) plants, in addition to producing other metals such as copper, gold and iron. MBMA is also developing substantial HPAL processing facilities at the Indonesia Konawe Industrial Park (“IKIP”), a battery materials-focused industrial estate located within SCM Mine concession area. It is intended that the first phase of the HPAL plant will be a 120,000tpa operation (nickel equivalent) split into two 60,000tpa tranches.

The Pani Gold Project is a significant growth project, containing approximately 6.6 million ounces of gold and is expected to become a long-life and low-cost gold mine with the potential to produce a significant amount of gold.

As a world-class Indonesian mining company, Merdeka is owned by prominent Indonesian shareholders, among others: PT Provident Capital Indonesia, PT Saratoga Investama Sedaya Tbk and Thohir Group who have exceptional track records in successfully identifying, building and operating multiple publicly listed and unlisted companies in Indonesia.