

**INFORMATION DISCLOSURE
IN RELATION AFFILIATED TRANSACTION**

PT MERDEKA COPPER GOLD TBK.

This Information Disclosure is prepared and made in relation to comply with Bapepam and LK Rule No. IX.E.1 on Affiliated Transaction and Conflict of Interest of Certain Transaction (“**Rule No. IX.E.1**”), Financial Services Authority Regulation No. 31/POJK.04/2015 (“OJK Regulation No. 31/2015”), and the Decision of Board of Directors of PT Bursa Efek Indonesia No. Kep-306/BEJ/07/2004 dated 19 July 2004 on Rule No. I-E on the Obligation of Information Disclosure (“**IDX Rule No. I-E**”).



PT MERDEKA COPPER GOLD TBK.

Core Business:
Gold mining and other minerals, and mining services

Head Office:
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This Information Disclosure is important to be read and considered by the Shareholders of the Company on Affiliated Transaction.

If you are having difficulties to comprehend the information contained herein, please consult with security broker, investment manager, legal counsel, public account or other professional counsels.

The Board of Directors and Board of Commissioners of the Company, whether individually or jointly, are fully responsible on the completeness and accuracy of all material information or facts contained herein and hereby state that the information disclosed in this Information Disclosure is true and there are no material facts which have not been disclosed which may cause such material information in this Information Disclosure to be untrue and/or misleading.

Jakarta, 22 October 2018
The Board of Directors of the Company

DEFINITION

- Subordination Deed** : Means Subordination Deed dated 19 October 2018, between the Company, BSI and the Security Agent.
- Bapepam and LK** : The Capital Market and Financial Institution Supervisory Board as mentioned under the Decree of the Minister of Finance of the Republic of Indonesia No. 184/PMK.01/2010 dated 11 October 2010 on the Organization and Working Procedure of The Capital Market and Financial Institution Supervisory Board, previously known as the Capital Market Supervisory Board under Article 3 of the Capital Market Law (as defined below), which has been taken over by OJK (as defined below).
- BSI** : PT Bumi Suksesindo, a limited liability company duly established pursuant to the laws of the Republic of Indonesia, domiciled in South Jakarta.
- MOLHR** : The Ministry of Law and Human Rights of the Republic of Indonesia.
- Information Disclosure** : The Information Disclosure issued on 22 October 2018 in relation to the Transaction (as defined below) in compliance to the provisions under Rule IX.E.1, including any additional information in the available Information Disclosure.
- Minister** : Minister of Law and Human Rights of the Republic of Indonesia.
- OJK** : The Financial Services Authority who has effectively taken over the function, duty and authority of Bapepam and LK on the regulation and monitoring of financial service activities in the capital market sector since 31 December 2012, pursuant to the provisions under Law No. 21 of 2011 on Financial Services Authority.
- IDX Rule No. I-E** : The Decision of the Board of Directors of PT Bursa Efek Indonesia No. Kep-306/BEJ/07/2004 dated 19 July 2004 on Rule No. I-E on Obligation of Information Disclosure.
- Rule No. IX.E.1** : Rule No. IX.E.1 on Affiliated Transaction and Conflict of Interest, Attachment to Decree of the Chairman of Bapepam and LK No. Kep-412/BL/2009 dated 25 November 2009.
- Rule No. IX.E.2** : Rule No. IX.E.2 on Material Transaction and Change of Core Business, Attachment to the Decree of the Chairman of Bapepam and LK No. Kep-614/BL/2011 dated 28 November 2011.
- Facility Agreement** : *Facility Agreement for US\$ 200,000,000 Single Currency Term Facility* dated 19 October 2018 between BSI and BNP Paribas, Crédit Agricole Corporate And Investment Bank, The Hongkong And Shanghai Banking Corporation Limited, ING BANK N.V. (Singapore Branch), Societe Generale (Hong Kong Branch), Sumitomo Mitsui Banking Corporation (Singapore Branch) and PT Bank UOB Indonesia as *mandated lead arrangers* (individually as “**MLA**” and collectively referred to as “**MLAs**”), Goldman Sachs Lending Partners LLC as *Lead Arranger*, BNP Paribas (Singapore Branch), Crédit Agricole Corporate And Investment Bank, PT Bank HSBC Indonesia, ING Bank N.V. (Singapore Branch), Societe Generale (Hong Kong Branch), Sumitomo Mitsui Banking Corporation Limited (Singapore Branch), PT Bank UOB Indonesia and Goldman Sachs Lending Partners LLC, (individually as “**Original Lender**” and collectively referred to as “**Original Lenders**”) , BNP Paribas, Crédit Agricole Corporate And

Investment Bank, The Hongkong and Shanghai Banking Corporation Limited, ING Bank N.V., Societe Generale, Sumitomo Mitsui Banking Corporation Limited (Singapore Branch) dan PT Bank UOB Indonesia (individually as “**Original Hedge Counterparty**” and collectively referred to as “**Original Hedge Counterparties**”), The Hongkong and Shanghai Banking Corporation Limited as Agent and PT Bank HSBC Indonesia as Security Agent.

- Fiducia Security Agreement** : Fiducia Security Agreement Over Intercompany Loan dated 19 October 2018 between the Company as Grantor and the Security Agent as Grantee.
- Pledge of Shares Agreement** : Pledge of Shares Agreement dated 19 October 2018 between the Company as Pledgor and the Security Agent as Pledgee.
- Company** : PT Merdeka Copper Gold Tbk., a limited liability company duly established pursuant to the laws of the Republic of Indonesia, domiciled in South Jakarta.
- OJK Regulation No. 31/2015** : OJK Regulation No. 31/POJK.04/2015 dated 16 December 2015 on the Disclosure of Material Information or Fact by an Issuer of Public Companies.
- OJK Regulation No. 32/2014** : OJK Regulation No. 32/POJK.04/2014 on the Planning and Implementation of General Meeting of Shareholders of a Public Company.
- EGMS** : The General Meeting of Shareholders of the Company.
- Transaction Security Provision of** : Security provision by the Company in relation to secure BSI's financial obligation on the loan obtained by BSI pursuant to the Facility Agreement by the execution of the Fiducia Security Agreement, Pledge of Shares Agreement and the Subordination Deed.
- Companies Law** : Law No. 40 of 2007 on Limited Liability Companies.

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I. BACKGROUND

On 19 October 2018, BSI has signed the Facility Agreement, where BSI obtain loan with a maximum amount of US\$ 200,000,000, which shall be utilized by BSI among others to refinance BSI's current indebtedness and BSI's working capital requirement.

To secure the repayment of BSI's financial obligation pursuant to such Facility Agreement, the Company as the parent company of BSI has entered into the Transaction of Security Provision by signing several agreements as required under the Facility Agreement, being (a) Fiducia Security Agreement; (b) Pledge of Shares Agreement; and (c) Subordination Deed.

In relation to such Transaction of Security Provision by the Company, the Company has obtained GMS approval dated 21 September 2018 in compliance with the provisions of Article 28 OJK Regulation No. 32/2014 and Article 102 of the Companies Law.

The Transaction of Security Provision by the Company is an inseparable part with the transaction pursuant to the Facility Agreement and therefore is not a separate and individual transaction.

In relation to the abovementioned, in accordance with Rule No. IX.E.1, the Board of Directors of the Company hereby disclose this Information Disclosure with the intention to provide a complete information or description to the shareholders of the Company in relation to the execution of the Transaction of Security Provision.

II. TRANSACTION

A. BACKGROUND, REASONS AND BENEFIT OF THE TRANSACTION

The Company is a company established to conduct business in gold, silver and other mineral mining activities as well as mining services activities.

The Company through BSI, being the Controlled Company, which 99.89% of its shares are owned by the Company, is engaging in the business of gold, silver and mineral mining activities. Currently, BSI has outstanding loans from other third party which is used to finance the implementation of its mineral mining business.

To expedite and develop such mineral mining activities, BSI has signed the Facility Agreement in order to, among others, refinance its current indebtedness and for its working capital purposes in operating its business. To fulfil the requirements in the Facility Agreement as well as to secure BSI's prepayment obligation on its loan obtained under the Facility Agreement, the Company as the parent company of BSI has also signed the Fiducia Security Agreement, Pledge of Shares Agreement and the Subordination Deed.

The Transaction of Security Provision by the Company in relation to the Facility Agreement is made due to the Company's interest in BSI's business growth. Further, if the security over BSI's loan is provided by infrastructure security company or security company which are not affiliated with the Company and BSI, then the Company and/or BSI may be incurred with costs and/or expenses that must be paid to such security company. Therefore, the Transaction of Security Provision made by the Company over the loan received by BSI pursuant to the Facility Agreement is deemed to have more benefit to the Company as a group.

B. BRIEF SUMMARY OF THE TRANSACTION

1. Object and Value of the Transaction

The details on the object and value of the security provided by the Company in relation to the loan provided under the Facility Agreement are as follows:

a. Fiducia Security Agreement

Pursuant to the Fiducia Security Agreement, in relation to secure the payment and implementation of BSI's obligations under the Facility Agreement, the Company has agreed to provide fiducia security to the Security Agent in the form of receivables which are the Company's existing or future rights from the intercompany loans between the Company and BSI, either those existing upon the execution of the Facility Agreement and those in the future after the execution of the Facility Agreement.

The estimate fiducia security over the Company's receivables provided to secure BSI's payment obligation under the Facility Agreement are US\$ 733,361.05.

b. Pledge of Shares Agreement

Pursuant to the Pledge of Shares Agreement in relation to secure the payment and implementation of BSI's obligations under the Facility Agreement, the Company has agreed to pledge 2,219,726 of its shares in BSI, being 99.89% of the total issued and paid up capital of BSI, including additional shares which shall be issued by BSI to the Company, to the Security Agent for the benefit of the Finance Parties.

c. Subordination Deed

Pursuant to the Subordination Deed between the Company, BSI and the Security Agent, the Company, BSI and the Security Agent have agreed in relation to the Facility Agreement, BSI shall subordinate every of its debts to the Company pursuant to every credit agreement, contract, deed agreement or other arrangement.

2. Parties Involved in the Transaction, Relationship of the Parties with the Company

a. The Company

The Company is a publicly listed company domiciled in South Jakarta, established pursuant to Deed No. 2 dated 5 September 2012, drawn before Ivan Gelium Lantu, S.H., M.Kn., Notary in Depok.

b. BSI

BSI is a limited liability company domiciled in South Jakarta, established pursuant to Deed of Establishment No. 27 dated 31 May 2012, drawn before Ivan Gelium Lantu, S.H., M.Kn., Notary in Depok.

A total of 2,219,276 shares issued by BSI, or equal to 99.89% of the total issued and paid up capital of BSI, is owned by the Company.

Therefore, BSI is a Controlled Company as governed under Rule No. IX.E.1.

c. MLAs, Original Lenders, Original Hedging Counterparties, Agent and the Security Agent

(i) PT Bank HSBC Indonesia, as Original Lender and Security Agent.

PT Bank HSBC Indonesia is a company duly established pursuant to the laws of the Republic of Indonesia, with the registered office address at Jl. Jenderal Sudirman Kav. 29-31, Jakarta 12920, Indonesia.

PT Bank HSBC Indonesia does not have an affiliated relationship with the Company and BSI.

- (ii) Crédit Agricole Corporate and Investment Bank as MLA, Original Lender and Original Hedge Counterparty.

Credit Agricole Corporate and Investment Bank is a company with the registered office address at 168 Robinson Road #23-00, Capital Tower, Singapore 068912.

Crédit Agricole Corporate and Investment Bank does not have an affiliated relationship with the Company and BSI.

- (iii) Goldman Sachs Lending Partners LLC as Lead Arranger and Original Lender.

Goldman Sachs Lending Partner LLC is a company with the registered office address at 200 West Street, New York, NY 10282-2198.

Goldman Sachs Lending Partners LLC does not have an affiliated relationship with the Company and BSI.

- (iv) ING Bank N.V. (Singapore Branch), as MLA, Original Lender and Original Hedge Counterparty.

ING Bank N.V. Singapore branch is a company with the registered office address at 1 Wallich Street, #12-01 Guoco Tower, Singapore 078881.

ING Bank AG does not have an affiliated relationship with the Company and BSI.

- (v) PT Bank UOB Indonesia, as MLA, Original Lender and Original Hedge Counterparty.

PT Bank UOB Indonesia is a company duly established pursuant to the laws of the Republic of Indonesia, with the registered office address at UOB Plaza 10th Floor, Jl. M.H. Thamrin No. 10, Jakarta, Indonesia 10230.

PT Bank UOB Indonesia does not have an affiliated relationship with the Company and BSI.

- (vi) BNP Paribas (Singapore Branch), as MLA, Original Lender and Original Hedge Counterparty.

BNP Paribas Singapore Branch is a company with the registered office address at Level 34, 10 Collyer Quay Singapore 049315.

BNP Paribas does not have an affiliated relationship with the Company and BSI.

- (vii) Societe Generale (Hong Kong Branch), as MLA, Original Lender and Original Hedge Counterparty.

Societe Generale Hong Kong Branch is a company with the registered office address at Level 34, Three Pacific Place, 1 Queen's Road East, Hong Kong.

Societe Generale does not have an affiliated relationship with the Company and BSI.

- (viii) Sumitomo Mitsui Banking Corporation (Singapore Branch), as MLA, Original Lender and Original Hedge Counterparty.

Sumitomo Mitsui Banking Corporation is a company with the registered office address at 3 Temasek Avenue #06-01 Centennial Tower, Singapore 039190.

Sumitomo Mitsui Banking Corporation does not have an affiliated relationship with the Company and BSI.

- (ix) The Hongkong and Shanghai Banking Corporation Limited, as MLA, Original Hedge Counterparty and the Agent.

The Hongkong and Shanghai Banking Corporation Limited is a company with the registered office address at Level 30, HSBC Main Building, 1 Queen's Road Central, Hongkong.

The Hongkong and Shanghai Banking Corporation Limited does not have an affiliated relationship with the Company and BSI.

C. AFFILIATED TRANSACTION

The Transaction of Security Provision made by the Company is the provision of security for the interest of BSI in relation to the execution of the Facility Agreement. Therefore, the Transaction of Security Provision is an Affiliated Transaction pursuant to Rule No. IX.E.1. However, since such Transaction of Security Provision is made between the Company and BSI, being the subsidiary whose 99.98% of its shares are owned by the Company, then the Company is exempted from the obligation under paragraph 2.a of Rule No. IX.E.1, but however is required to report such transaction pursuant to paragraph 2.b of Rule No. IX.E.1.

The Board of Directors and Board of Commissioners of the Company, either individual or jointly, hereby state that this Transaction of Security Provision does not contain conflict of interest as governed under Rule No. IX.E.1.

The loan obtained by BSI pursuant to the Facility Agreement is a loan facility directly obtain by BSI from bank. Further, the Transaction of Security Provision by the Company in relation to the Facility Agreement are also directly made to the banks, therefore both transactions are the exempted transaction under paragraph 3. Items a.3) and a.4) of Rule No. IX.E.2.

Therefore, the Company is exempted from the requirement under Rule No. IX.E.2, but hower is still required to make information disclosure as governed under OJK Regulation No. 31/2015.

III. IMPACT TO THE COMPANY'S OPERATIONAL, LEGAL, FINANCE CONDITION OR THE COMPANY'S BUSINESS SUSTAINABILITY

The transaction does not have any negative impact to the operational activities, legal, business sustainability and the financial condition of the Company.

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IV. ADDITIONAL INFORMATION

The shareholders of Company who require further detailed information on this Information Disclosure, is advised to contact the Company on business days and business hours of the Company at:

PT MERDEKA COPPER GOLD TBK.

Corporate Secretary

The Convergence Indonesia, 20th Floor

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