

16 February 2021

PT Merdeka Copper Gold Tbk signs AIM JV Agreement with Eternal Tsingshan Group Limited and agrees to buy Posco International Corporation's interest in the Wetar Copper Project

SIGNING OF AIM JOINT VENTURE AGREEMENT

JAKARTA, INDONESIA – On 11 February 2021, PT Merdeka Copper Gold Tbk ("**Merdeka**"), Eternal Tsingshan Group Limited ("**Tsingshan**") and their respective affiliates signed a Joint Venture Agreement ("**JV**") for the Acid, Iron and Metal ("**AIM**") project. The AIM project will be constructed at the Indonesia Morowali Industrial Park ("**IMIP**") in Sulawesi and will process pyrite ore from the Wetar copper project. A joint venture company will be established with Merdeka (through its subsidiary) owning 80% and Tsingshan, through its affiliate, owning 20%.

The project funding need is expected to be US\$260 to US\$300 million. This will be funded by shareholder equity of up to US\$90 million and the balance is expected to come from third party project financing arranged by Merdeka.

Merdeka Vice President Director and Chief Executive Officer Simon Milroy said "We are pleased to form this partnership with Tsingshan for the development of the AIM project. The project is expected to achieve commercial production within two years and be a long-life, multi-commodity production asset. AIM represents an exciting growth opportunity for Merdeka. We hope to build more AIM projects in the coming years as we expand our Wetar resource base."

SIGNING OF CSPA TO ACQUIRE POSCO WETAR INTEREST

On 10 February 2021, Merdeka entered into a conditional sale and purchase agreement ("**CSPA**") with Posco International Corporation ("**Posco**"), a company established under the laws of the Republic of Korea in relation to the acquisition by Merdeka of all of Posco's interest in PT Batutua Tembaga Raya ("**BTR**"), the company that controls the Wetar Copper project.

BTR is a subsidiary of Merdeka engaged in the processing of ore to produce LME grade copper. BTR is also the owner of 70% of PT Batutua Kharisma Permai ("**BKP**"), which owns the mining license at Wetar, with the remaining 30% of BKP directly owned by Merdeka. Merdeka's effective economic ownership in the Wetar copper project is currently ~78%, with the remaining ~22% being owned by Posco.

Under the CSPA, Merdeka and Posco have agreed that, subject to certain conditions precedent, Posco will sell all of its shares in BTR to Merdeka and/or its subsidiaries. Obtaining approval from the Minister of Energy and Mineral Resources of the Republic of Indonesia is one of the conditions precedent to the closing.

BACKGROUND TO AIM JV

On 19 February 2020 Merdeka announced that Merdeka and Tsingshan had entered into a memorandum of understanding in relation to the development of the AIM project. During 2020, Merdeka conducted a class 3 feasibility study (“**FS**”) on the AIM project. On 3 February 2021 Merdeka announced the preliminary financial results of the FS. The FS is expected to be released in March 2021.

AIM PROJECT OVERVIEW

The AIM project will buy high-grade pyrite (iron sulphide) feedstock from Merdeka’s Wetar copper project. The feedstock, which also contains copper, gold, silver and zinc, will be shipped from Wetar Island to IMIP. The AIM processing plant will process the feedstock to produce metals such as iron (pellets), copper, gold and silver as well as sulphuric acid and steam.

The metals can be sold as commodities. For the acid, Merdeka is in advanced negotiations to sell the sulphuric acid to a customer currently constructing a high-pressure acid leach (HPAL) plant at IMIP. These negotiations are expected to be concluded in the first quarter of 2021. Significant growth in acid demand is expected as additional HPAL plants are planned to be constructed in Indonesia.

Preliminary results of the FS indicate that the AIM project is highly feasible. Based on a pre-production capital cost estimate of up to US\$300 million, the AIM project has compelling preliminary economics. The project will deliver over US\$3.8 billion of revenue and US\$1.1 billion of after-tax cash flow over the life of the project. This results in an internal rate of return of 31.5% and a net present value of US\$414m at an 8% discount rate.

For further information in relation to the AIM project background, metallurgy, feedstock, shipping, construction, processing, IMIP infrastructure and project economics, please refer to Merdeka’s 3 February 2021 announcement in relation to the preliminary results of the FS.

NEXT STEPS

- Detailed engineering, design and procurement of long lead items will start in February 2021;
- The FS report will be finalised in March 2021;
- Construction is forecast to commence in Q2 2021;
- Financing of the project has commenced and is expected to be concluded in Q3 2021; and
- First production is targeted in H2 2022.

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About Merdeka Copper & Gold Tbk.

PT Merdeka Copper Gold Tbk (“Merdeka”), a holding company with operating subsidiaries engaging in mining business activities, encompassing: (i) exploration; (ii) production of gold, silver, copper (and other related minerals); and (iii) mining services. The subsidiaries are: (i) PT Bumi Suksesindo (“BSI”) as the holder of the operation production mining business license for the Tujuh Bukit mine; (ii) PT Damai Suksesindo (“DSI”) which holds the adjacent exploration permit; (iii) PT Batutua Tembaga Raya (“BTR”) as the holder of operation production mining business license specifically for processing and refining; (iv) PT Batutua Kharisma Permai (“BKP”) as the holder of the operation production mining business license for the Wetar Copper mine; (v) PT Merdeka Mining Servis (“MMS”) as the holder of mining services business license; (vi) PT Pani Bersama Tambang (“PBT”), as the holder of an operation production mining business license specifically for processing and refining; and (vii) PT Puncak Emas Tani Sejahtera (“PETS”), as the holder of an operation production mining business license for Pani Gold Project.

The company’s major assets, in order of management’s assessment of future value, are the: (i) Tujuh Bukit Copper Project; (ii) Pani Joint Venture; (iii) Wetar / Morowali Acid Iron Metal Project; (iv) Tujuh Bukit Gold Mine and; (v) Wetar Copper Mine.

The Tujuh Bukit Copper Project deposit is one of the world’s top ranked undeveloped copper and gold mineral resources, containing approximately 8.7 million tonnes of copper and 28 million ounces of gold.

As a world-class Indonesian mining company, Merdeka is owned by prominent Indonesian shareholders including: PT Saratoga Investama Sedaya Tbk., PT Provident Capital Indonesia and Mr. Garibaldi Thohir. Merdeka’s three major shareholders have exceptional track records in successfully identifying, building and operating multiple publicly listed companies in Indonesia.

Refer to the Annual Statements of Mineral Resources and Ore Reserves on www.merdekacoppergold.com