

Lion Selection Group

ASX Release
LSX



31 December 2021

PANI COMBINATION COMPLETED

MERDEKA ACQUIRES PANI CONTRACT OF WORK

Further to Lion's announcement of 6 October 2021, J Resources has now completed its Sale and Purchase Agreement with PT Andalan Bersama Investama (Andalan) for all the shares in PT Gorontalo Sejahtera Mining ('GSM'), the company that holds the Pani Contract of Work. In addition, PT Merdeka Copper Gold Tbk (Merdeka) announced on 30 December 2021 that it has agreed to subscribe for 50.1% of Andalan.

Details of Merdeka's acquisition of Andalan are attached in the Merdeka press release.

To allow the GSM transaction to proceed, the Pani Joint Venture (Lion 33%, Merdeka Copper Gold 67%) has now settled the arbitration action taken against J Resources.

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30 December 2021

PT Merdeka Copper Gold Tbk to acquire majority interest in Pani Gold Project

Overview

PT Merdeka Copper Gold Tbk (IDX: MDKA, “**Merdeka**” or the “**Company**”) is pleased to announce it has invested US\$ 80.16 million to subscribe for a 50.1% interest in PT Andalan Bersama Investama (“**Andalan**”). Andalan has recently completed the acquisition of PT Gorontalo Sejahtera Mining (“**GSM**”) from PT J Resources Nusantara (“**JRN**”), a subsidiary of PT J Resources Asia Pasifik Tbk (“**PSAB**”). GSM holds the Contract of Work for the Pani Project (“**Pani CoW**”) located in Gorontalo Province, Sulawesi.¹

In addition, Merdeka currently holds a 66.7% interest in PT Pani Bersama Jaya (“**PBJ**”), which holds the Pani IUP. The Pani IUP and Pani CoW mining properties are adjacent to each other and together form the complete Pani Gold Project. Significant benefits are expected to be delivered through a joint development of the properties.

Following Merdeka’s investment in Andalan, Merdeka will acquire majority interest in the Pani Gold Project through controlling interest in both PBJ (66.7%) and GSM (50.1%).

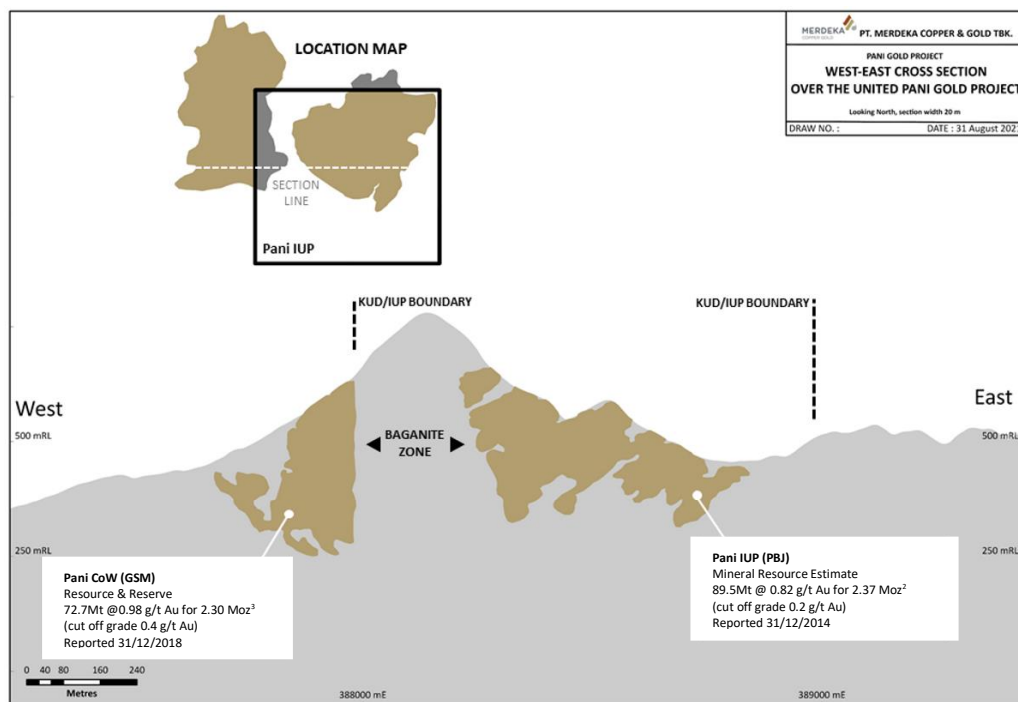
The Pani Gold Project will allow for the combined resources of Pani IUP and Pani CoW to be developed into one, larger gold mine project. The overall reserve for the Pani Gold Project will be materially larger than the likely reserves would have been if the projects were developed separately. Combining both projects is expected to optimise the development of the combined resources. One combined project will provide significant economies of scale with ore processed through one larger process plant.

Merdeka Vice President Director and CEO Simon Milroy said “We are pleased with the transaction which allow the joint development of the combined resources in Pani. With majority interest in the combined Pani Gold Project, Merdeka plans to accelerate the development of the project by commencing drilling and feasibility studies. This project is expected to become a long-life and low-cost gold mine with the potential to have annual production in excess of 250,000 ounces of gold for more than 15 years. Ranking the project among one of the largest by gold production in the Asia-Pacific region.

With an existing combined resource of 4.7 million ounces of gold, and an active exploration programme in 2022, we expect the resources to grow rapidly.”

¹ Details of the Andalan transaction are set out in the Company’s release dated 30 December 2021, available on the Company’s website at: <https://merdekacoppergold.com/en/download/keterbukaan-informasi-transaksi-afiliasi-mdka-abi/>.

Combined “Whole Pani” Gold Project schematic section



As shown in figure above, the Pani IUP and the Pani CoW are located adjacent to each other in Gorontalo, Sulawesi. One Asia Resources Limited has previously reported that the Pani IUP contains mineral resources of 89.5 million tonnes at a gold grade of 0.82 g/t for 2.37 million ounces of gold² and PSAB has previously reported that the Pani CoW contains a mineral resource of 72.7 million tonnes at a gold grade of 0.98 g/t for 2.3 million ounces of gold³.

The area between the Pani IUP and Pani CoW (“**Baganite Zone**”) have two holes drilled by Utah International in 1982, assayed 406m @ 0.5g/t (GPD-04) and 154m@0.57g/t (GPD-05).

Reserves for both projects would have been constrained by the need to maintain pit walls within the respective tenements. By combining the projects into one, larger gold mine project, the overall reserves are likely to be materially larger than the likely reserves would have been if the projects were developed separately. Combining both projects is expected to optimise the development of the combined resources. One combined project will provide significant economies of scale with ore processed through one larger process plant.

Merdeka will make a further announcement during Q1 2022 on the strategy to complete the feasibility study work and develop the project.

² Company filings. Resources and reserves information as at 31 December 2020 (<http://www.merdekacoppergold.com/en/assets/resources-and-reserves>)

³ PSAB Resource reported 31/12/2018, Mineral Resource Estimate reported 3/12/2014

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About PT 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 company’s current major assets 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