

Exploration Report – April 2019

Summary: PT Merdeka Copper Gold (Merdeka) is continuing with exploration activities at three locations in Indonesia (Tujuh Bukit, East Java, Wetar Island, West Malukus, and Pani, Gorontalo), as per Figure 1 below. At Tujuh Bukit the focus is on a copper-gold porphyry resource, at Wetar the focus is on copper, and at Pani the company is exploring a gold resource.

The total spending on exploration in Indonesia by Merdeka in the month of April, 2019 is approximately Rp.27.0 billion.

Figure 1: Merdeka Exploration Locations



Copper and Gold: The Upper High Grade Zone (UHGZ) of the Tujuh Bukit copper and gold porphyry resource is being explored through a combination of surface and underground drilling. There was no surface exploration drilling in May 2018. Analytical results were received in April for the 3,000 m North Block drilling completed in February 2019. Metallurgical work is expected to commence on these samples in June. Ongoing surface drilling is being completed to assist with understanding the geotechnical and hydrological characteristics of this deposit. The first underground exploration hole advance approximately 800m in April, with core logging in progress.

The total expenditure for exploration related activities for the Tujuh Bukit UHGZ in March is Rp.26.00 billion, including Rp.20.0 billion for ongoing development of the exploration drift, Rp.1.0 billion for underground resource definition drilling, and Rp.5.0 billion for related activities such as geotech and hydrology studies, metallurgical test work, resource estimation, and environmental & permitting costs. All work was completed through a contracting agreement between Merdeka and PT Merdeka Mining Servis.

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Copper: No additional drilling was completed in April on Wetar Island. Previous drilling results are being analyzed to determine what if any additional drilling is required to better defined the Partolang Resource.

Total expenditure for exploration related activities, such as analytical work, interpretation of results, resource modelling, and ongoing analysis of the airborne geophysical survey completed in February 2019 is approximately Rp.1.0 billion. All work was completed through a contractual agreement between Merdeka and PT Merdeka Mining Servis.

Gold: Merdeka has a 67% interest in the Pani 1 square kilometer KUD/IUP. In April 2019 permits were issued to commence exploration drilling and various remediation tasks. These remediation tasks should be completed in July 2019, with drilling expected to start in August 2019.

Total expenditure for exploration activities on the Pani property in March, 2019 is Rp.0.00 billion.