

**Exploration Report – August 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 the figure 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 August, 2019 is approximately Rp.32.3 billion.

Merdeka Exploration Locations



**Copper and Gold:** The Upper High Grade Zone (UHGX) of the Tujuh Bukit copper and gold porphyry resource is being explored through a combination of surface and underground drilling.

In August, 2019, the total underground meters drilled was 394.6 meters for both geotechnical (Geotech) and Resource Definition (Res Def) drilling. Total drilling from surface, primarily for hydrologic holes (i.e. to understand the nature of water movement and the presence of water transmitting fault structures in and around the resource) was 668.7 meters, as summarized in the table below. The underground exploration decline advanced approximately 140 meters in August.

| SITE_ID     | From | To     | Total | Comment         |
|-------------|------|--------|-------|-----------------|
| MBH-19-024  | 350  | 1018.7 | 668.7 | Hydro           |
| UGTH-19-011 | 0    | 44.4   | 44.4  | Geotech/Res Def |

|              |       |        |       |                 |
|--------------|-------|--------|-------|-----------------|
| UGTH-19-012  | 0     | 10     | 10    | Geotech/Res Def |
| UHGZ-19-002A | 718.3 | 1058.5 | 340.2 | Res Def         |

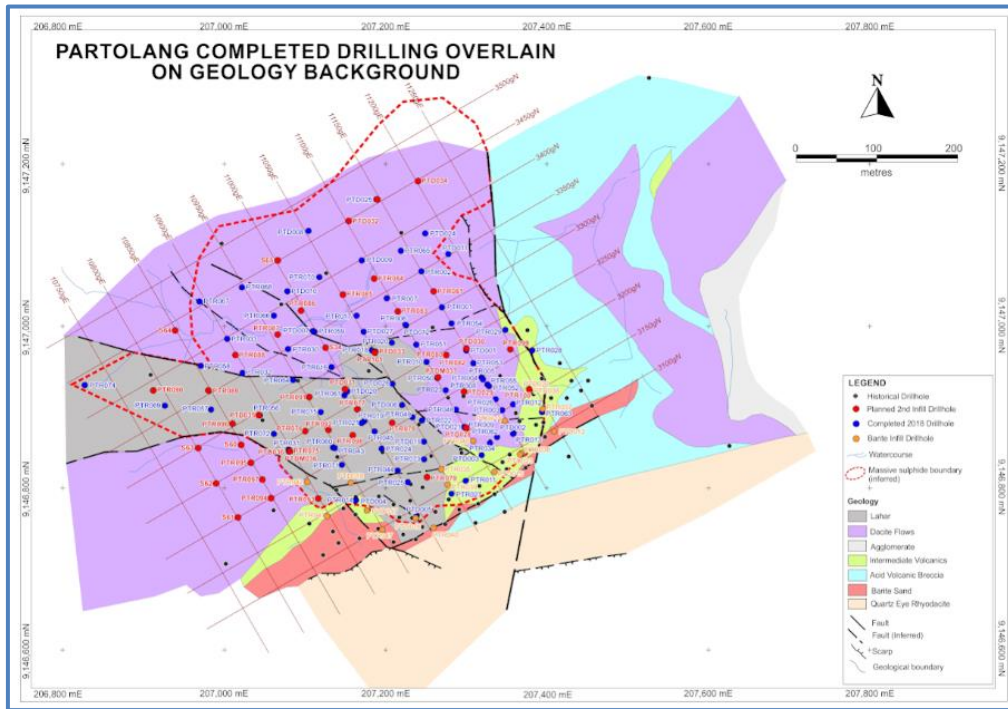
The underground resource definition holes are designed to test the continuity of mineralization in the South Block of the UHGZ.

The total expenditure for exploration related activities for the Tujuh Bukit UHGZ in August is Rp.25.7 billion, including Rp.3.8 billion for underground resource definition drilling and surface hydrology drilling, Rp.19.9 billion for decline drift development, and Rp.2.0 billion for related activities. All work was completed through a contracting agreement between Merdeka and PT Merdeka Mining Servis.

**Copper:**

The current Wetar Island drill program that was re-started in July, continues to focus on the Partolang resource in August, and is summarized in the table below. Drill locations are shown in the map below. This month's program included infill and extension resource drilling, plus some drilling to recover samples for metallurgical test work. During the month, approximately 22 new holes have been planned around edges of the Partolang resource to evaluate potential extensions identified from the EM (electro-magnetic) survey earlier in the year. The planned program will be approximately 3,500m in total, to be drilled before the end of this year. Total expenditure for the August drill program are Rp.5.3 billion. All work was completed through a contractual agreement between Merdeka and PT Merdeka Mining Servis.

| Drill Type    | Holes Completed | Meters Drilled | Hole ID          | Comments                               |
|---------------|-----------------|----------------|------------------|--|
| RC            | 16              | 1,811.0        | PTR086 - PTR101  | Partolang Resource Infill & Extensions |
| DDH           | 4               | 458.1          | PTD032-035       | Partolang Resource Infill & Extensions |
| DDH           | 2               | 249.0          | PTDM036, PTDM037 | Metallurgical Drilling                 |
| <b>Totals</b> | <b>22</b>       | <b>2,518.1</b> |                  |  |



**Gold:** Merdeka has a 67% interest in the Pani 1 km<sup>2</sup> KUD/IUP as previously described. In April 2019 permits were issued to commence exploration drilling based upon the completion of various remediation tasks.

Merdeka management, and the 33% JV shareholders, have confirmed and agreed to the extensional drilling program in the NW of the IUP as shown by the red lines in the figure below. Once bids from the drilling contractor have been received and reviewed, the company will officially award the drilling contract. It is expected that drilling will now commence in late September or October of this year.

Total expenditure for exploration activities on the Pani property in August 2019 is Rp.1.3 billion.

