

Exploration Report – January, 2020

Summary: PT Merdeka Copper Gold (Merdeka) is continuing with exploration activities at three locations in Indonesia (Tujuh Bukit, Wetar Island, West Malukus, and Pani, Gorontalo), as per Figure 1 below. At Tujuh Bukit the focus is on a copper-gold 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 January 2019 is approximately Rp 27.5 billion.



Figure 1: Merdeka Exploration Project Locations

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

In January 2020, the total underground metres drilled were 1,739.1 metres for both geotechnical (Geotech) and Resource Definition (Res Def) drilling. The underground drill holes are designed to test the continuity of mineralisation, as well as for geotechnical and hydrological information. Four LM110 UG rigs are currently in operation.

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 657.7 metres, as summarised in the table below. The underground exploration decline advanced 46.1 metres, taking the chainage to 1,646.42 metres at the end of January. Total underground development for the month was 69.97 metres, taking the overall development to 2,378.32 metres.

Site Id	From	To	Interval	Comment
GTH-19-221	97	754.7	657.7	Hydro
UGTH-20-016	0	148.8	148.8	Geotech / Res Def
UGTH-20-017	0	12.5	12.5	Geotech / Res Def
UHGZ-19-006	782.1	850.2	68.1	Res Def
UHGZ-19-007A	178.1	535.7	357.6	Res Def
UHGZ-19-008	459.6	764.5	304.9	Res Def
UHGZ-19-009	38	447.5	409.5	Res Def
UHGZ-20-010	0	264.3	264.3	Res Def
UHGZ-20-011	0	173.4	173.4	Res Def

Table 1: Tujuh Bukit underground project drilling statistics January 2020

The total expenditure for exploration related activities for the Tujuh Bukit UHGZ in January is Rp 17.7 billion for decline drift development, Rp 5.8 billion for underground resource definition drilling and surface hydrology drilling, for a total of Rp 23.5 billion. All work was completed through a contracting agreement between Merdeka and PT Merdeka Mining Servis.

Copper: The Wetar Island exploration program focused on completion of initial drilling of EM targets at Barumanu and Partolang with the RC and diamond rigs respectively, and RC drilling commenced on EM targets southwest of the Kali Kuning pit.

Sixteen drill holes were completed, and one is in progress for 1,894m of RC and 554.3m of diamond drilling. RC drilling included ten holes at Barumanu for 1,426m (BMR008-017), and four at Kali Kuning for 468m (KKR127-129 + KKR130 (in progress)). All of the diamond drilling was at Partolang in holes PTD060-062. Details on the drilling and sampling are provided in Table 2 and Figure 2.

Total estimated costs for exploration in January are Rp 1.6 billion. All work was completed through a contractual agreement between Merdeka and PT Merdeka Mining Servis.

Drill Type	Holes Completed	Metres Drilled	Drill Samples	Comments/Hole_ID
RC	13	1894	1424*	BMR008-BMR017, KKR127-129 (incl standard, dup, blank)
DDH	3	554.3	122**	PTD060-PTD062 (inclusive)
Totals	14	1945.9	1159	

Table 2: Wetar drilling statistics January 2020

Note: *Drill samples excluding PTD060

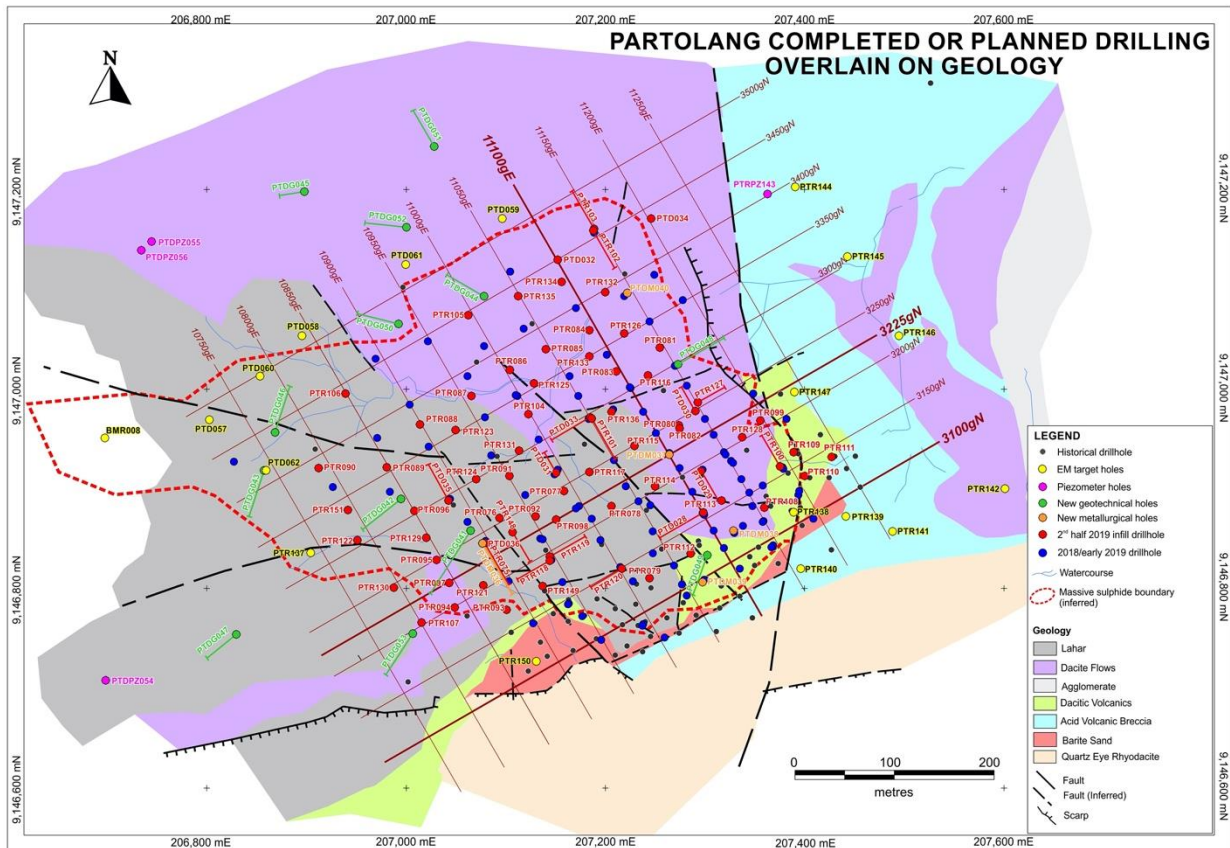


Figure 2: Partolang proposed and completed drill holes overlain on geology

Gold: Diamond drilling at the Pani Project commenced on the 7th November. The planned programme comprises 40 drill holes located on 29 drill pads for a total of approximately 10,500m as shown in Figure 3 below.

Drilling continued as normal throughout January using a single man portable drill rig with 4 holes completed or underway for 574.4m. This brings total drilling in the current program to 5 holes for 971.0 metres.

Total expenditure for exploration activities on the Pani property in January 2020 is Rp 2.4 billion. All work was completed through a contractual agreement between Merdeka and PT Merdeka Mining Servis.

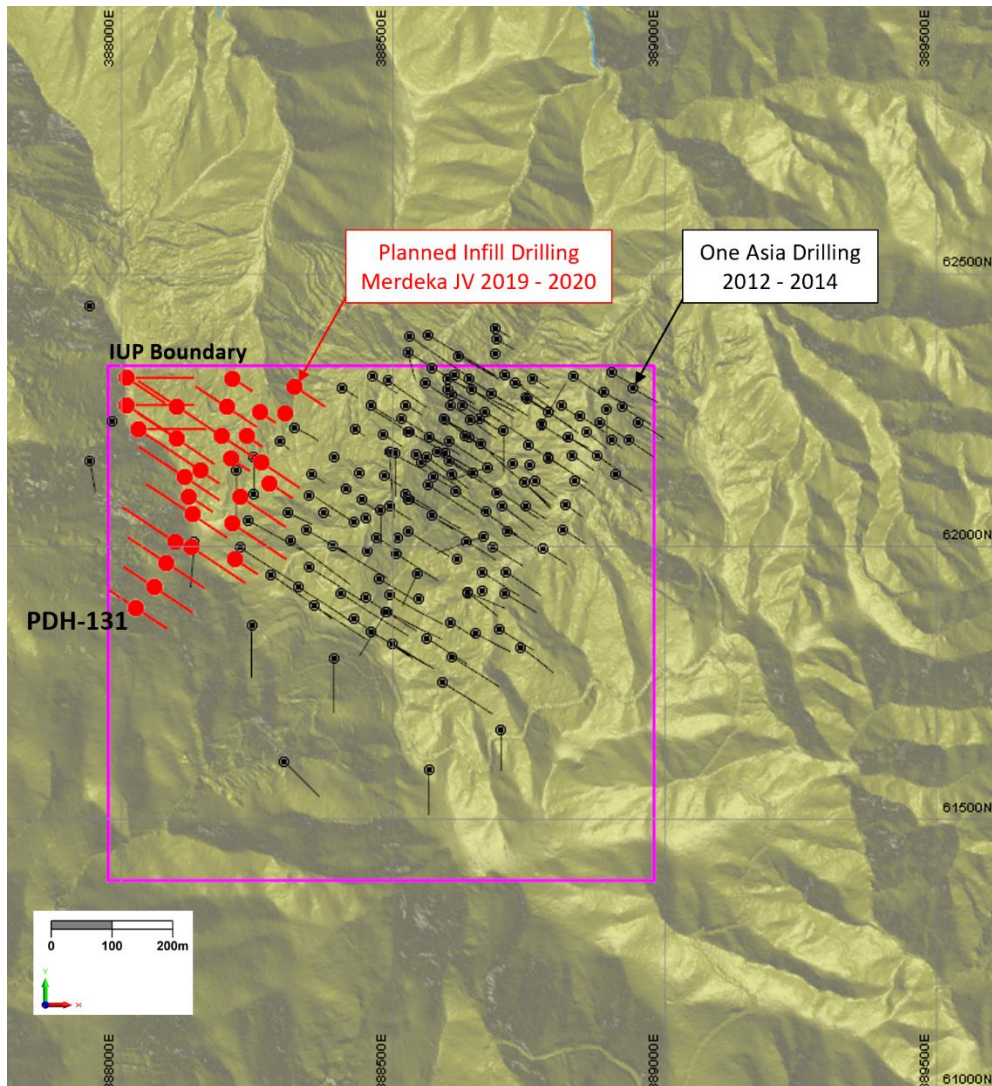


Figure 3: Pani proposed and completed drill holes overlain on topography