

Exploration Report – July 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 July, 2019 is approximately Rp.11.9 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.

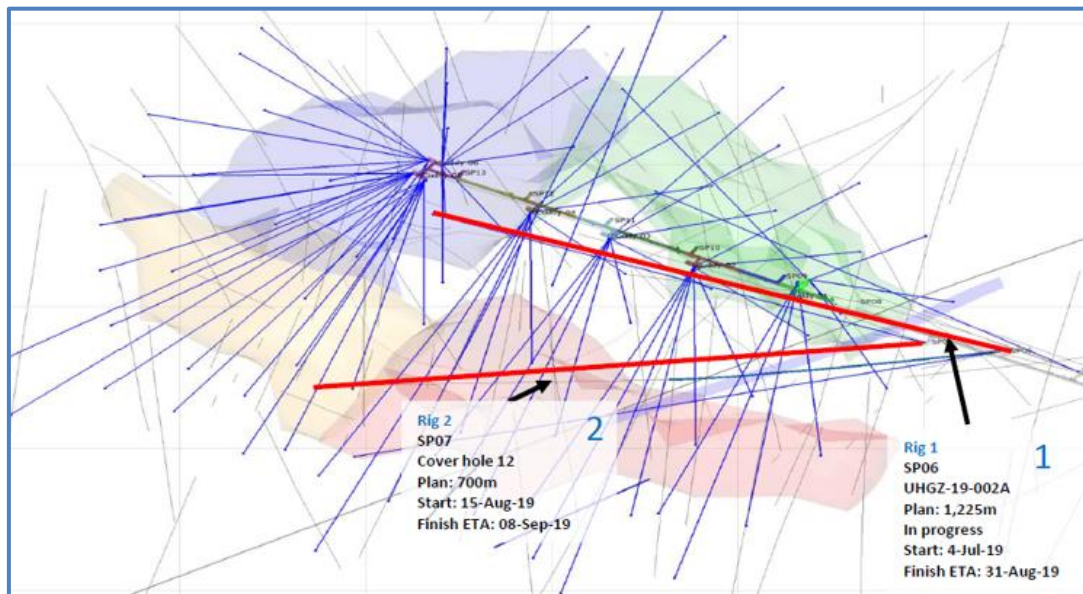
Three holes were advanced in July for a total length of 636 meters. The exploration hole (UHGZ-19-002) was drilled to a depth of 164.2 meters and halted on July 4th due to deviation from the target bearing and azimuth. A second hole (UHGZ-19-002A) was initiated from the same collar and drilled to 718.3 meters in July. This hole has the same objective as the abandoned UHGZ-19-002 to test the continuity of mineralization in the South Block of the UHGZ. See hole locations in Figure 2 below.

The surface hydrogeological hole (MBH-19-23) as shown in Figure 3 below, that was commenced in June, was drilled to a total depth of 392.5 meters and was halted & abandoned due to bad ground conditions.

The Corescan spectral laboratory that was commissioned in June continues to ramp up production as site-based personnel become more familiar with its operation. Corescan provides quantitative

mineralogical, alteration, and geotechnical data which is key to understanding the paragenesis of the deposit and provide a better understanding of the structure and shape of the resource for future mine planning.

Figure 2: Location of Drill Holes UHGZ-19-002A, and cover hole #12 that will be started in August



The total expenditure for exploration related activities for the Tujuh Bukit UHGZ in July is Rp.9.6 billion, including Rp.7.5 billion for ongoing development of the exploration drift, Rp.0.9 billion for underground resource definition drilling, and Rp.1.2 billion for surface drilling and related exploration activities. All work was completed through a contracting agreement between Merdeka and PT Merdeka Mining Servis.

Copper: Exploration activities on Wetar Island in July focused on commencement of the infill resource drilling program at Partolang, quarterly and feasibility study reporting, review of required drilling programs for metallurgy and geotechnical work, compilation of mineralogy data and initial selection of target areas for drilling from the airborne EM survey, as mentioned in the June report.

Fifteen (15) drill holes were completed during the month, including 4 diamond (PTD028-031) and 11 RC holes (PTR075-085) for 381 meters and 1198 meters respectively. Sulphides were intersected in all holes, ranging from 6m to 60m thick. Some of the interpreted faults have been moved slightly and sulphide thicknesses and depths have changed locally, but overall the drilling to date has confirmed previous geological interpretations.

Total expenditure for exploration related activities, such as sampling, metallurgical work, interpretation of results, resource modelling, and ongoing analysis of the airborne geophysical survey completed in June 2019 is approximately Rp.1.8 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 based upon the completion of various remediation tasks. These remediation tasks were partially completed in July 2019, with drilling scheduled to start in August 2019 pending final review of budgetary issues. On-site camp upgrades are progressing in readiness for the on-site drilling. An extensive re-assaying program at a Jakarta analytical lab is nearing completion.

Total expenditure for activities related to the preparation for exploration drilling on the Pani property in July 2019 is Rp.0.5 billion.

Figure 3: Location of Surface Drill Holes, including the most recent hole MBH-19-023

