

Exploration Report – June 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 June, 2019 is approximately Rp.13.3 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.

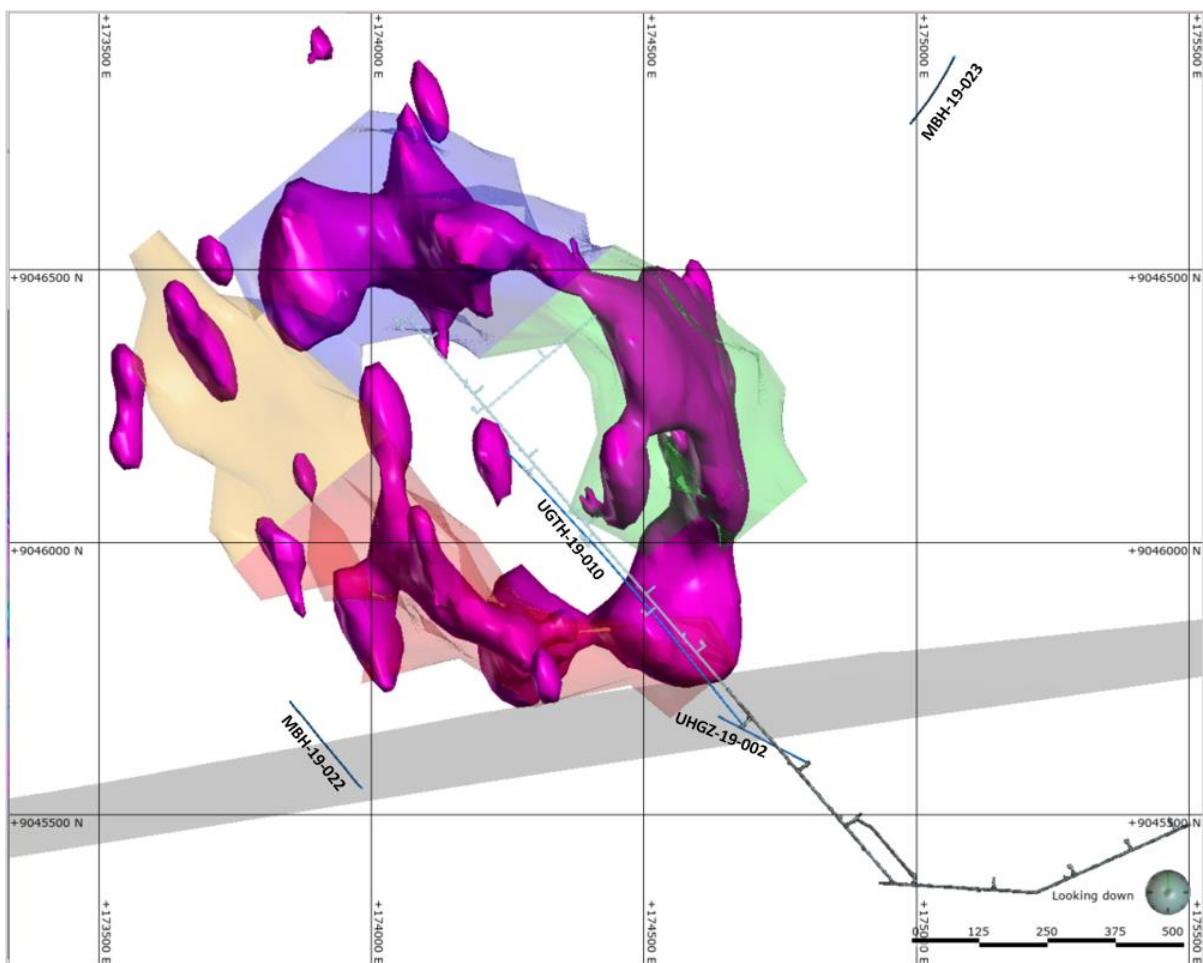
Four holes were advanced in June, including completion of a decline cover hole that started in May, and commencement of an underground exploration hole. The cover hole (UGTH-19-010) drilled 406.5m to a final depth of 671.1m, and is now set up as a water monitoring station. The exploration hole (UHGZ-19-002) drilled 10m during the month. This hole is planned to test the continuity of mineralization in the South Block of the UHGZ. See hole locations in Figure 2 below.

A surface hydrogeological hole (MBH-19-022), designed to assess water flow rates in structures adjacent to the UHGZ, drilled 267.3m to a final depth of 600m during June. Another hydrogeological hole (MBH-19-23) commenced in June, and drilled 116.7m during the month. The hydrogeological drilling program is planned to be completed in November.

The Corescan spectral laboratory was commissioned during June. Corescan will provide quantitative mineralogical, alteration, and geotechnical data for the orebody model.

The total expenditure for exploration related activities for the Tujuh Bukit UHGZ in June is Rp.11.0 billion, including Rp.8.0 billion for ongoing development of the exploration drift, Rp.0.8 billion for underground resource definition drilling, and Rp.2.2 billion for surface drilling and related exploration activities. All work was completed through a contracting agreement between Merdeka and PT Merdeka Mining Servis.

Figure 2: Location of Drill Holes UHGZ-19-002, UGTH-19-010, MBH-19-022, & MBH-19-023



Copper: No additional drilling was completed in June on Wetar Island. On-site activities focused on the selection of samples for metallurgical test work, whereas offsite work was related to development of the future Partolang in-fill drilling program and the ongoing interpretation of airborne geophysical data that was collected in January & February of this year. The future in-fill drilling program will be designed to convert the currently Inferred Cu Resources to Indicated Cu Resources at Partolang. Currently 34 in-fill holes are planned for a total of ~3,150m (7 diamond drill holes for a total of ~700m, and 27 reverse circulation holes for a total of ~2,450m) based on a nominal drill spacing of 50m x 25m.

Preliminary results have been received for the airborne survey, and a number of relatively shallow (<150m) untested targets have been identified. These targets are preliminary in nature, and additional information such as geological structure and surface geochemistry will be required prior to any drill program being designed and implemented.

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.0.8 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 June 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 June 2019 is Rp.1.5 billion.