

Exploration Report March 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.

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 surface directional holes for a total length of 2,400 m were completed in the East Block of the UHGZ in May 2018 as previously reported. A similar program was completed in the North Block of the UHGZ in February 2019. Ongoing surface drilling is being completed to assist with understanding the geotechnical and hydrological characteristics of this deposit. Underground exploration drilling commenced in the month of March from the Exploration Drift, see Figure 2, which has been developed a distance of just over 1,000 meters from the portal. This development drift will be completed in Q1 2020, and the underground resource development drilling will be completed in Q2 2020.

The total expenditure for exploration related activities for the Tujuh Bukit UHGZ in March is Rp32.00 billion, including Rp20.86 for ongoing development of the exploration drift, Rp0.94 billion for underground resource definition drilling, and Rp10.20 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.

Copper: The work on Wetar Island is a combination of surface drilling using both diamond drills and reverse circulation (RC) drills, with a focus on resource definition of the Partolang Resource, previously also referred to as the Meron Resource, please see Figure 3 below. Additional drilling was also undertaken at Barumanu, between Partolang and Kali Kuning to follow-up on intercepts from earlier drilling (Figure 4). In total, for the first three months of 2019, 32 new drill holes were completed for 3,196.8m, comprised of 24 reverse circulation (RC), and 8 diamond drill holes. Drilling included infill to a 50m x 25m pattern to further delineate sulphide and barite zones reported previously in the southern part of the project area and additional step-out holes along the northern and western margins along the periphery of the ground EM (electro-magnetic) feature

Figure 2: Underground Resource Definition Drill Program Commenced in March 2019 to be completed by June 2020

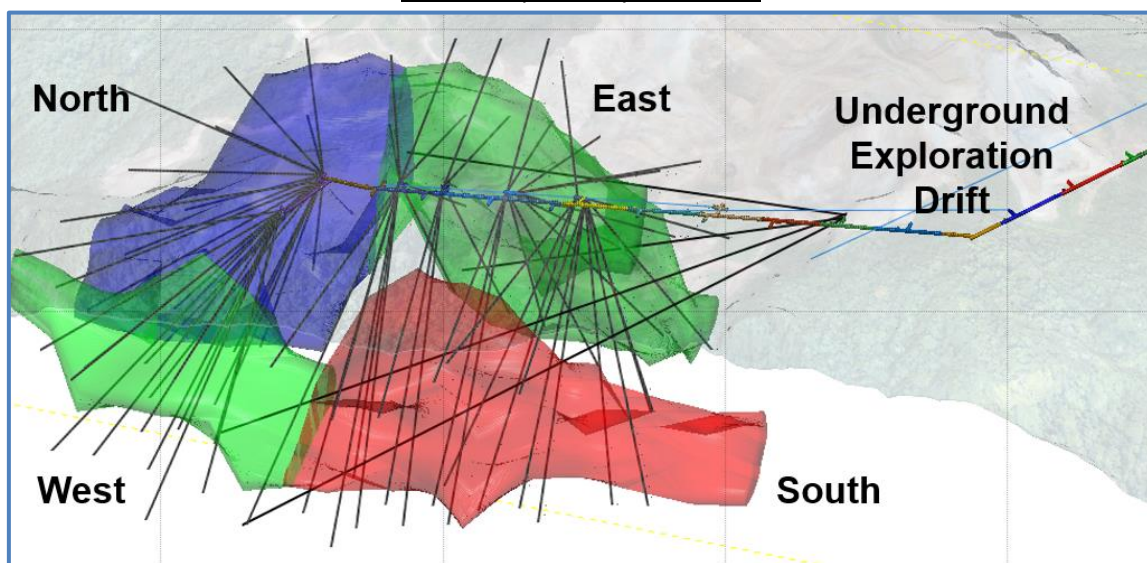
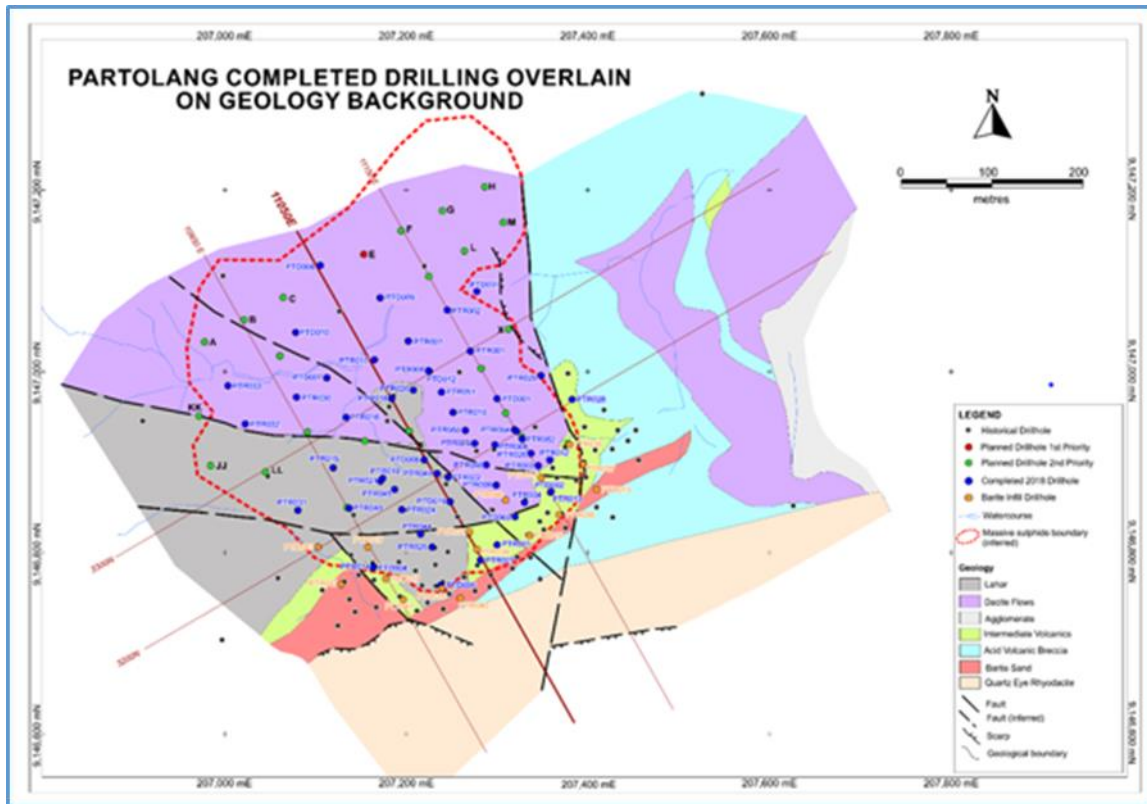
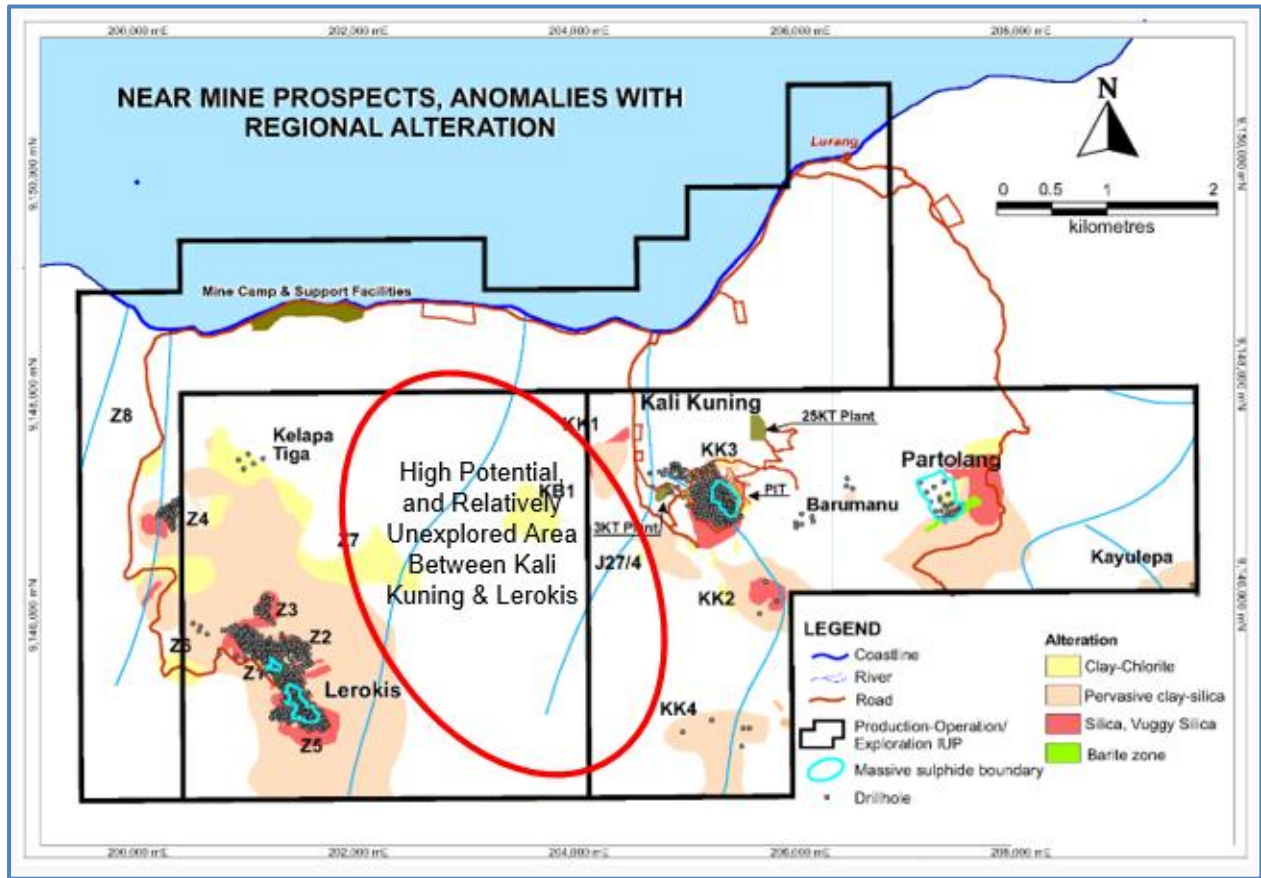


Figure 3: Location of Partolang Drill Site Overlain on Known Geology Background



New assay results were received for approximately 62 Wetar holes (from drilling in the current and previous quarters), with analysis still in progress for 16 holes from Partolang and 2 from Barumanu completed during the quarter. Geological results for resource modelling are still being compiled and interpreted for much of the drilling and will be reported in the following months.

Figure 4: Aerial Geophysical Survey Completed to Cover High Potential Area Between Kali Kuning and Lerokis



In January and February an airborne geophysical survey was completed over the area between the Kali Kuning deposit, which is currently being mined, and the Lerokis deposit, where mining is commencing this year. This aerial survey is designed to identify potential exploration targets in this relatively un-explored area, as shown in Figure 4.

Total expenditure for exploration activities on Wetar Island in March is Rp.6.83 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 March 2019 a processing and/or refining license (Izin Usaha Pertambangan Operasi Produksi Khusus Pengolahan dan/atau Pemurnian) was issued to PT Pani Bersama Tambang, a subsidiary of Merdeka, for a 720 Ha area to the south of the Pani KUD as shown in Figure 5 below.

No exploration drilling was completed on the KUD, but permitting is underway, and it is expected that drilling will commence in Q2 of this year.

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

Figure 5: Area Covered by the Recently Issued Processing/Refining License

