

Exploration Report – May 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 May, 2019 is approximately Rp.14.6 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.

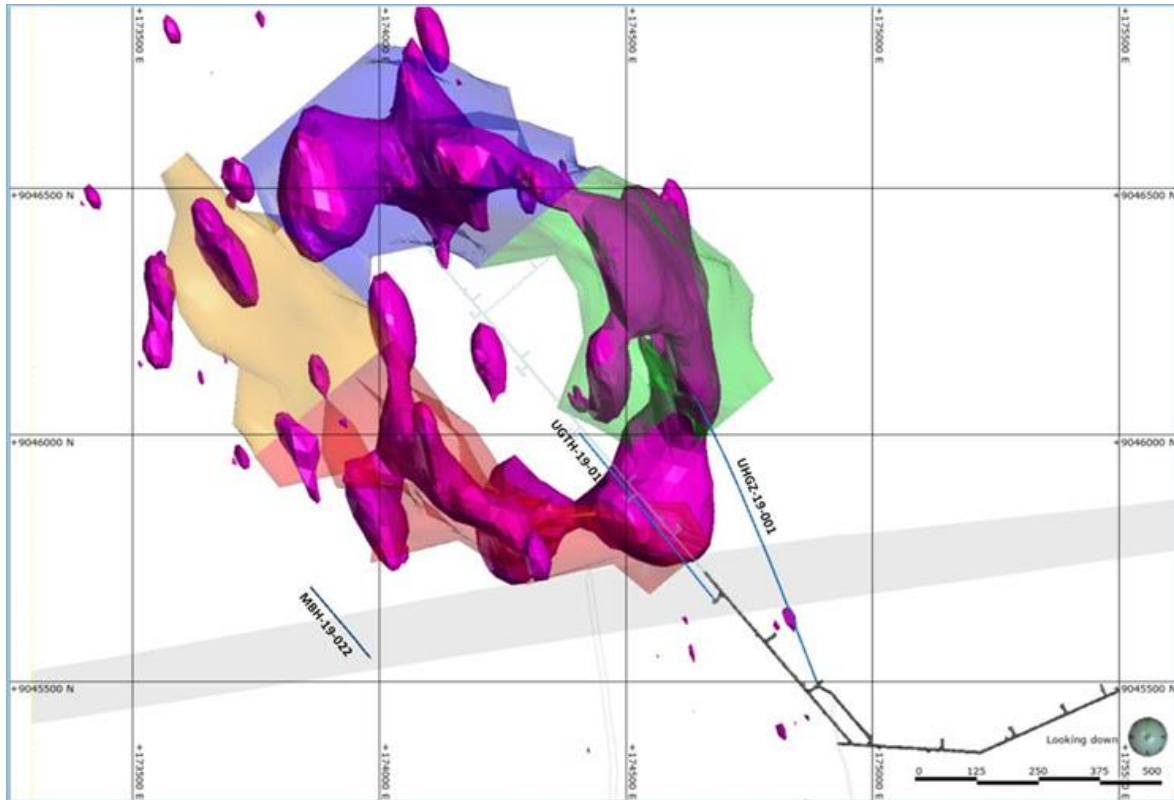
Five holes were advanced in May, see Figure 2 below, with only hole UHGZ-19-001 being designed as an exploration hole. It advanced 370.7m.

A decline cover hole (UGTH-19-010) has intersected mineralization and will be used in the resource estimate update. This hole drilled 246.6m during May.

A surface hydrogeological hole (MBH-19-022), designed to assess water flow rates in structures adjacent to the UHGZ has also intersected significant alteration and may be mineralized. This hole advanced 332.7m during May. Two additional holes were advanced to assist with dewatering of structures adjacent to the underground drift to facilitate further advancement of this drift.

The total expenditure for exploration related activities for the Tujuh Bukit UHGZ in May is Rp.13.00 billion, including Rp.10.0 billion for ongoing development of the exploration drift, Rp.1.0 billion for underground resource definition drilling, and Rp.2.0 billion for related activities. All work was completed through a contracting agreement between Merdeka and PT Merdeka Mining Servis.

Figure 2: Location of Drill Holes UHGZ-19001, UGTH-19-010 & MBH-19-022



Copper: No additional drilling was completed in May on Wetar Island. New analytical results were received for 950m drilling completed at Partolang and Barumanu in January and February 2019 and new mineralogical data for Partolang was received from samples submitted in March 2019. Previous drilling results are being analyzed to determine where additional drilling is required to better define the Partolang Resource, and newly received airborne geophysical data is being assessed to define targets for drilling.

Total expenditure for exploration related activities, such as analytical and mineralogical work, interpretation of results, resource modelling, and ongoing analysis of the airborne geophysical survey completed in May 2019 is approximately Rp.1.6 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 are to be completed by the end of July 2019, with drilling expected

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to start in August 2019. On-site camp upgrades are progressing in readiness for drilling in August. An extensive re-assaying program at a Jakarta analytical lab is nearing completion.

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