

Exploration Report – May 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 May 2019 is approximately Rp34.7 billion.



Figure 1: Merdeka Exploration Project Locations

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

The underground exploration decline advanced 58.89 m, taking the decline chainage to 1890 metres at the end of May, with the overall development at 2,739 metres.

A total of 2,486.6m were drilled as Resource Definition and Geotech drilling during May. These underground drill holes are designed to test the continuity of mineralisation, as well as for geotechnical, metallurgical, structural and hydrological information. Four Major Pontil LM110 UG rigs were operating during May. One of the rigs demobilised during May, and the other three rigs will demobilise during June. A new contractor (PT Indodrill Indonesia) are expected to commence drilling in July.

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 132 metres, as summarised in the table below.

HOLE_ID	Planned Depth	From	To	Interval	COMMENT
	m	m	m	m	
MBH-20-038	101	0	101	101	Hydro
MBH-20-039	31	0	31	31	Hydro
UGTH-20-018	240	0	240	240	Geotech
UHGZ-20-011	920	348.8	784.8	436	Res Def
UHGZ-20-016	650	542.5	685.1	142.6	Res Def
UHGZ-20-017	800	618.9	810.3	191.4	Res Def
UHGZ-20-018	525	499.1	530.3	31.2	Res Def
UHGZ-20-019	650	0	566.7	566.7	Res Def
UHGZ-20-020	755	0	464.7	464.7	Res Def
UHGZ-20-021	600	0	414	414	Res Def

Table 1: Tujuh Bukit underground project drilling statistics May 2020

The total expenditure for exploration related activities for the Tujuh Bukit UHGZ in May is Rp16.0 billion for decline drift development, Rp9.9 billion for underground resource definition drilling and surface hydrology drilling, for a total of Rp25.9 billion. All work was completed through a contracting agreement between Merdeka and PT Merdeka Mining Servis.

Copper: On Wetar, no drilling activities were undertaken during the month. Mapping and surface sampling commenced on 2 targets defined from previous geophysical surveys near Lerokis. A new resource estimate for the Partolang project was released in the March quarterly report.

Total estimated costs for the exploration program are Rp0.43 billion. All work was completed through a contractual agreement between Merdeka and PT Merdeka Mining Servis.

Gold: Diamond drilling at the Pani Project commenced on the 7th November 2019. The planned programme comprises 40 drill holes located on 29 drill pads for a total of approximately 10,500m as shown in Figure 2 below.

Drilling continued as normal throughout May using a single man portable drill rig with 2 holes completed or underway for 388.4m. This brings total drilling in the current program to 11 holes for 2,760.5 metres.

Total expenditure for exploration activities on the Pani property in May 2020 is Rp8.4 billion. All work was completed through a contractual agreement between Merdeka and PT Merdeka Mining Servis.

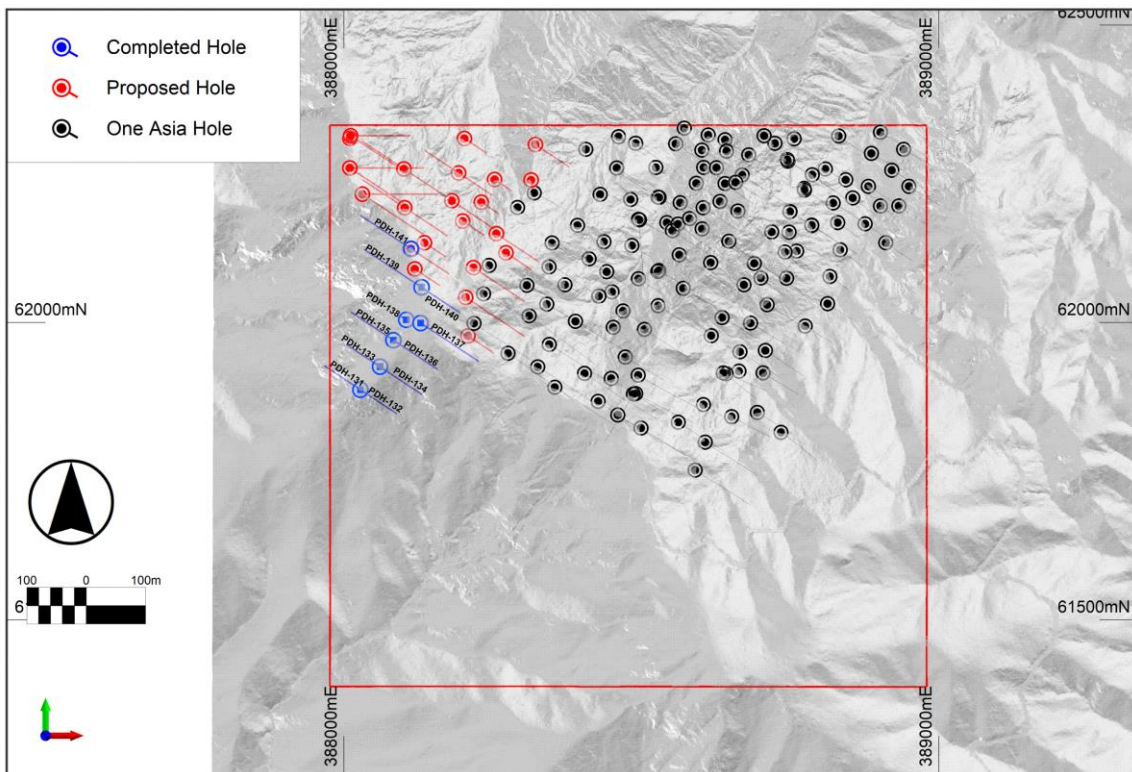


Figure 2: Pani proposed and completed drill holes overlain on topography