

## Exploration Report – October 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 October 2019 is approximately Rp 37 billion.



Figure 1: Merdeka Exploration Project Locations

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

In October 2019, the total underground metres drilled were 1,191.8 metres for both geotechnical (Geotech) and Resource Definition (Res Def) drilling. The underground drill holes are designed to test the continuity of mineralisation, as well as for geotechnical and hydrological information. A third underground diamond drill rig was commissioned in October, with a fourth rig planned to start in December.

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 134.1 metres, as summarised in the table below. The underground exploration decline advanced 98

metres, taking the chainage to 1,436 metres at the end of October. Total underground development for the month was 165 metres, taking the overall development to 2,030 metres.

SITE_ID	From	To	Total	Comment
MBH-19-025	397.4	446.7	49.3	Hydro
MBH-19-026	0	84.8	84.8	Hydro
UGTH-19-013	0	710.6	710.6	Geotech / Res Def
UHGZ-19-003	251.5	722.7	471.2	Res Def
UHGZ-19-004	0	10	10	Res Def

Table 1: Tujuh Bukit underground project drilling statistics October 2019

The total expenditure for exploration related activities for the Tujuh Bukit UHGZ in October is Rp 18.8 billion for decline drift development, Rp 3.7 billion for underground resource definition drilling and surface hydrology drilling, for a total of Rp 22.5 billion. All work was completed through a contracting agreement between Merdeka and PT Merdeka Mining Servis.

**Copper:** The Wetar Island exploration program continues to focus on the Partolang resource. October’s activities continued with the infill RC drilling and diamond geotechnical drilling programs and preparation of additional drill pads for holes targeting airborne EM results around the edges of the currently known resource. Twenty-three drill holes were completed, including seventeen RC holes (PTR115-131) and 6 diamond geotechnical holes (PTDG045-050) for 1,888m and 648.5m respectively (Table 2 & Figure 2 below). Fourteen of the RC holes were for infill, with 3 completed along the western side of the resource as step-out holes.

Total estimated costs for the October drill program are Rp 2.2 billion. All work was completed through a contractual agreement between Merdeka and PT Merdeka Mining Servis.

Drill Type	Holes Completed	Metres Drilled	Drill Samples	Comments/Hole_ID
RC	17	1888	1219*	PTR0115 to PTR131 (incl standard, dup, blank)
DDH	6	648.5		PTDG045 to PTDG050, there are geotechnical sample collected by Golders selectively, exploration will determine sample collection later, within mineralized interval
<b>Totals</b>	<b>23</b>	<b>2536.5</b>	<b>1219</b>	

Table 2: Wetar drilling statistics October 2019

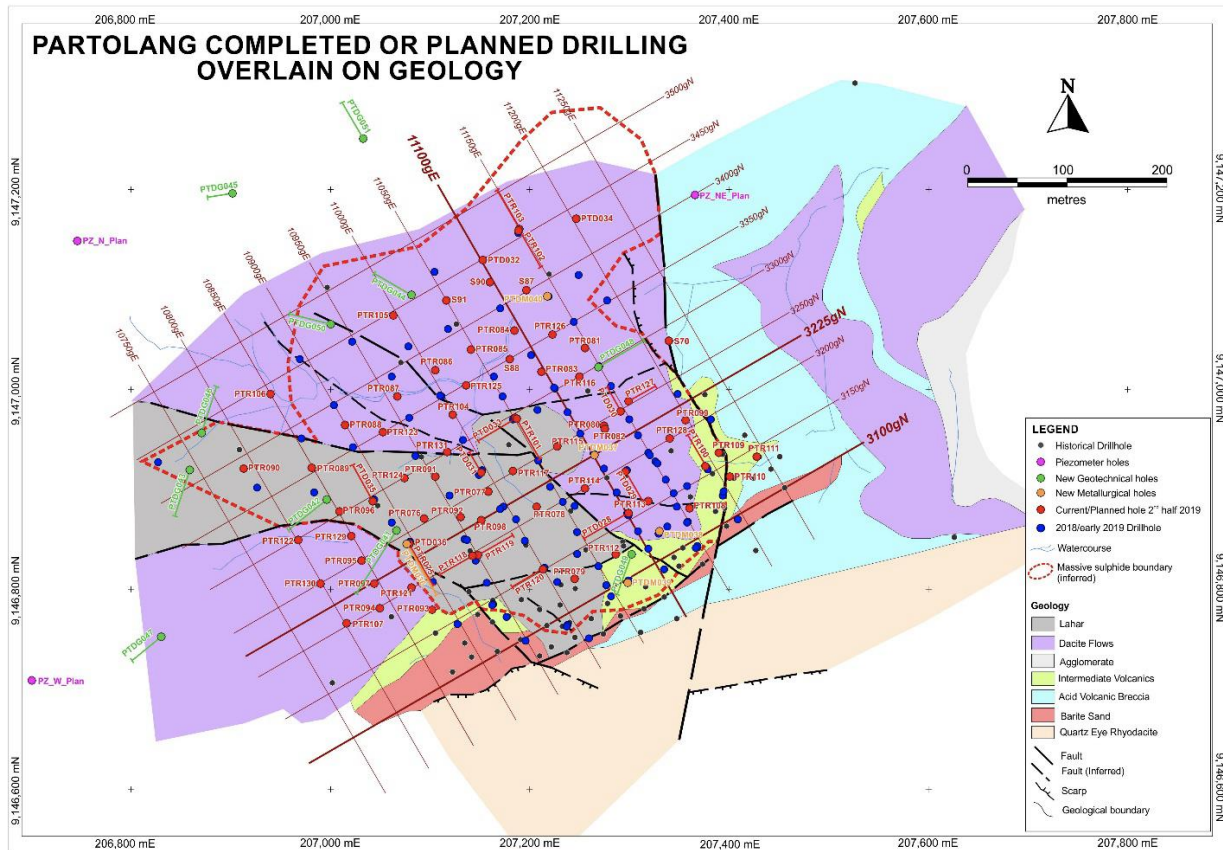


Figure 2: Partolang proposed and completed drill holes overlain on geology

**Gold:** The first of three diamond drill rigs arrived on site at the Pani project on the 26<sup>th</sup> October. Drilling will start in early November at the locations shown by the red lines in Figure 3 below. The planned drilling program is 10,225 metres to the northwest of the currently drilled area shown with black lines in Figure 3.

The second drill rig is due to arrive at site in mid to late November with the third planned to arrive in December.

Total expenditure for exploration activities on the Pani property in October 2019 is Rp 12.3 billion. All work was completed through a contractual agreement between Merdeka and PT Merdeka Mining Servis.

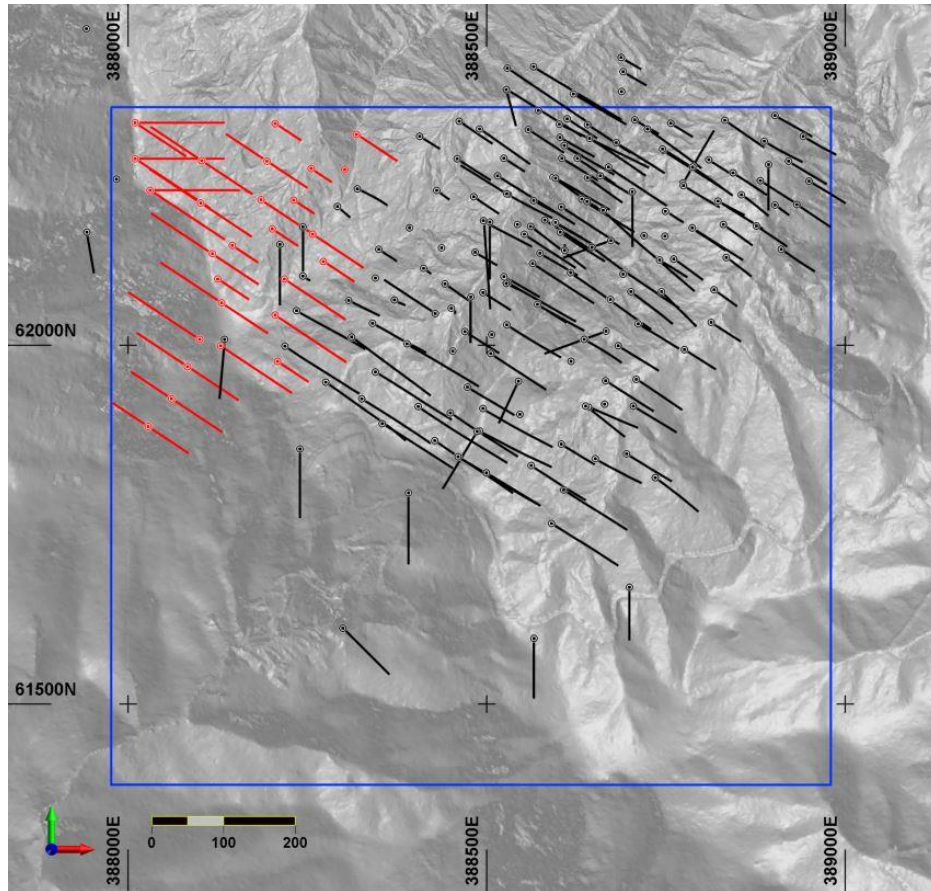


Figure 3: Pani proposed and completed drill holes overlain on topography