

## Exploration Report – September 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 the figure 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 September, 2019 is approximately Rp.28.9 billion.

Merdeka Exploration 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.

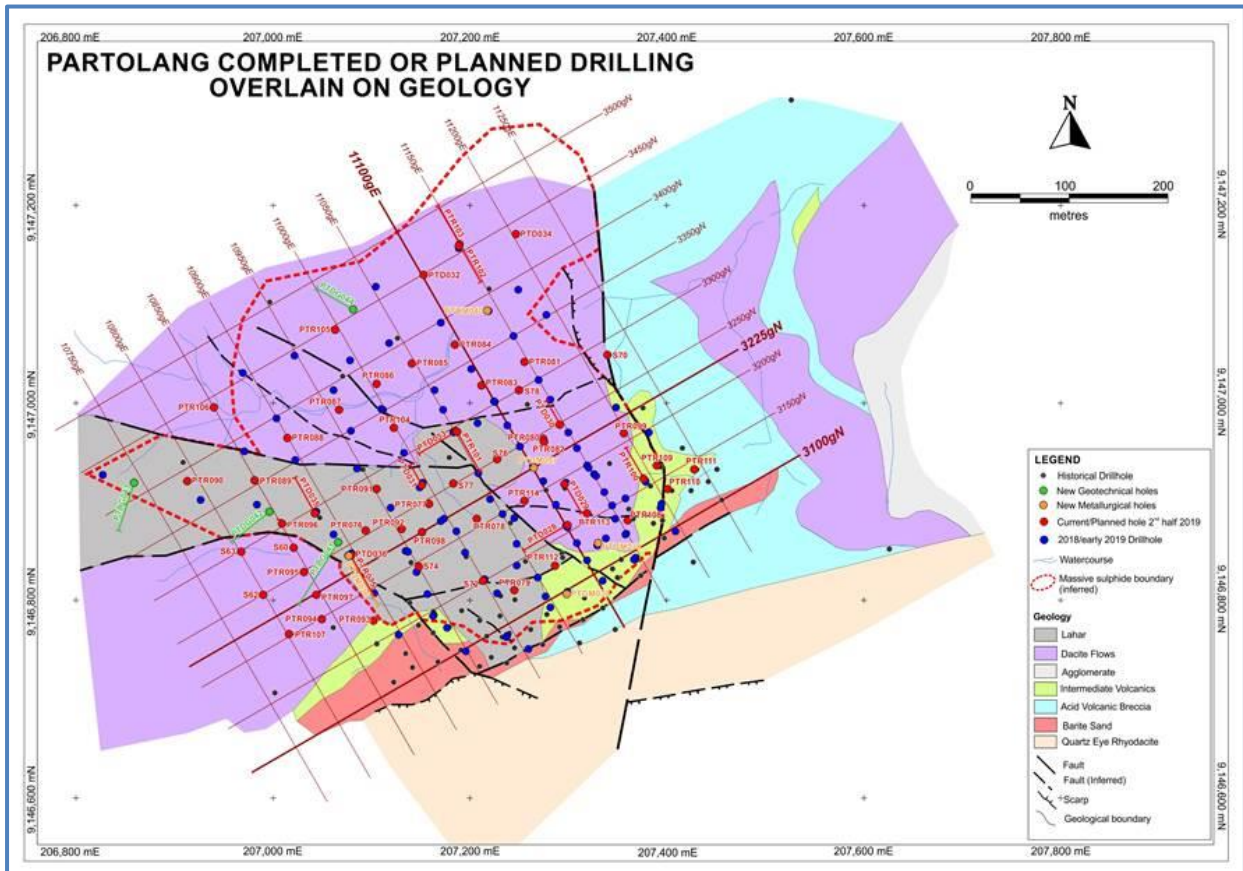
In September 2019, the total underground meters drilled was 881.5 meters for both geotechnical (Geotech) and Resource Definition (Res Def) drilling. The underground resource definition holes are designed to test the continuity of mineralization, as well as for geotechnical and hydrological information. 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 397.4 meters, as summarized in the table below. The underground exploration decline advanced 76 meters, taking the chainage to 1,341 meters at the end of September. Total Underground development for the month was 132 meters, taking the overall development to 1,864m.

SITE_ID	From	To	Total	Comment
MBH-19-025	0	397.4	397.4	Hydro
UGTH-19-011	199	358.4	159.4	Geotech/Res Def
UGTH-19-011W	156	233.4	77.4	Geotech/Res Def
UGTH-19-012	31.7	424.9	393.2	Geotech/Res Def
UHGZ-19-003	0	251.5	251.5	Res Def

The total expenditure for exploration related activities for the Tujuh Bukit UHGZ in September is Rp18.7 billion for decline drift development, Rp.3.6 billion for underground resource definition drilling and surface hydrology drilling, for a total of Rp.22.3 billion. All work was completed through a contracting agreement between Merdeka and PT Merdeka Mining Servis.

**Copper:** The Wetar Island exploration and drilling program continues to focus on the Partolang resource. The meters drilled are summarized in the table below, with drill locations shown in the following map. September's program included infill and extension resource drilling, drilling to recover samples for metallurgical test work and geotechnical drilling to assess structures and rock units which might impact on the future pit walls. Total estimated costs for the September drill program are Rp.5.1 billion. All work was completed through a contractual agreement between Merdeka and PT Merdeka Mining Servis.

Drill Type	Holes Completed	Meters Drilled	Hole ID	Comments
RC	14	1,811.0	PTR086 - PTR101	Resource Infill & Extensions
DDH	4	490.1	PTDG041-044	Geotechnical
DDH	3	308.6	PTDM036-040	Metallurgical Drilling
<b>Totals</b>	<b>21</b>	<b>1,977.7</b>		



**Gold:** Merdeka has a 67% interest in the Pani 1 km<sup>2</sup> KUD/IUP as previously described. In April 2019 permits were issued to commence exploration drilling based upon the completion of various remediation tasks.

Merdeka management, and the 33% JV shareholders, have confirmed and agreed to the extensional drilling program in the NW of the IUP as shown by the red lines in the figure below. Bids for the drilling have been reviewed and the drilling contract awarded. It is expected that drilling will commence later this month.

Total expenditure for exploration activities on the Pani property in September 2019 is Rp.1.5 billion.

