



For ASX Market Release: 20 November 2017

Positive Lerokis Copper Recovery Testwork

HIGHLIGHTS

- Positive copper recovery results have been received from diamond drill core samples from Lerokis, the next planned open pit development at the Wetar Copper Project
- Significantly improved copper recoveries were returned from the two Lerokis Zone 5 samples;
 - PBX1/2 (leached/transitional pyrite breccia) achieves 88.0% recovery in 231 days when compared to the Bankable Feasibility Study (BFS) curve of 66.0% recovery in 1,200 days
 - PBX2 (transitional pyrite breccia) achieves 82.6% recovery in 234 days when compared to the BFS recovery curve of 66.0% in 1,200 days
- An increase in recoverable metal from current Lerokis Ore Reserve, as indicated by the testwork, has the potential to add approximately US\$60M of EBITDA to the Project BFS financial model at a copper price of US\$3.00/lb. Finders' share of this, adjusted for Finders 74.1% economic interest, would be US\$45 million, or approximately A\$0.08 per Finders share (at US\$ to AU\$ exchange rate of 0.76).
- The improved recoveries demonstrated by this test work come in advance of the Lerokis Mineral Resource and Ore Reserve update, which is nearing finalisation.

Managing Director Barry Cahill commented: *"These encouraging results from the metallurgical testwork program at Lerokis clearly demonstrate upside potential for copper recoveries at Lerokis over the planned operational life of the Project. Operational experience is greatly improving our understanding of the orebodies at Wetar and the metallurgical responses of the various ore types to heap leaching."*



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Lerokis Copper Recovery Testwork

Finders Resources Limited (“**Finders**” or “**the Company**”) is pleased to provide the following progress report on recovery test work completed on diamond drill core from the metallurgical drilling program at the Lerokis deposit announced on 6 March 2017.

The drill program comprised eight large diameter diamond holes for ongoing metallurgical test work. The metallurgical test work was designed to confirm the mining, crushing and stacking characteristics of Lerokis ore and to optimise blends for the different mineralised domains within Lerokis. Once the program is complete, these results will be used to update the Company’s financial models and optimise mine planning. The significance of the test work results is clear when compared to the recoveries from Lerokis used in the BFS financial model at 66% and the Project finance model at 50%.

The testwork was undertaken in a specially designed column testing facility located at the 25,000 tpa copper cathode SX-EW plant. This purpose-built facility has been used to conduct ongoing test work on the various mineralised domains to enhance overall recoveries in the sulphide heap leach process.

The recovery results for the Lerokis mineralised domains are highly encouraging, as shown in Figure 1 below. Compared against the Lerokis BFS recovery curves, three of the four samples produced faster rates of recovery (Zone 5 PBX2, Zone 5 PBX1/2 and the Composite), with the fourth sample (Zone 1S BO) performing to expectations (40% extraction rate after 213 days of leaching). More importantly, two of the four samples (Zone 5 PBX2, Zone 5 PBX1/2) demonstrated significantly higher total recoveries when compared to the Lerokis BFS recovery curve.

The Composite sample was made up of 32% Zone 1S BO, 32% Zone 5 BO, 32% Zone 5 PBX1/2 and 5% Lerokis Clay. Locations for Zone 5 and Zone 1S in the Lerokis orebody are shown in Figure 2.

PBX1 is pyritic breccia located in the leached zone of the orebody and PBX2 is pyritic breccia located in the transitional zone of the orebody. BO is black ore located in the massive sulphide section of the orebody.

The lixiviant (acid solution used to irrigate the ore) used in the test work was actual raffinate from the current Kali Kuning solvent extraction (SX) operation to ensure that the testing was representative of actual operating conditions in the heap leach pads. The temperature of the test work was also carried out within the current target operational range of the heap leach pads as indicated in Figure 1.

The test work is ongoing and further enhancements are anticipated through the observations of actual operational experience.

Lerokis Copper Recovery Testwork

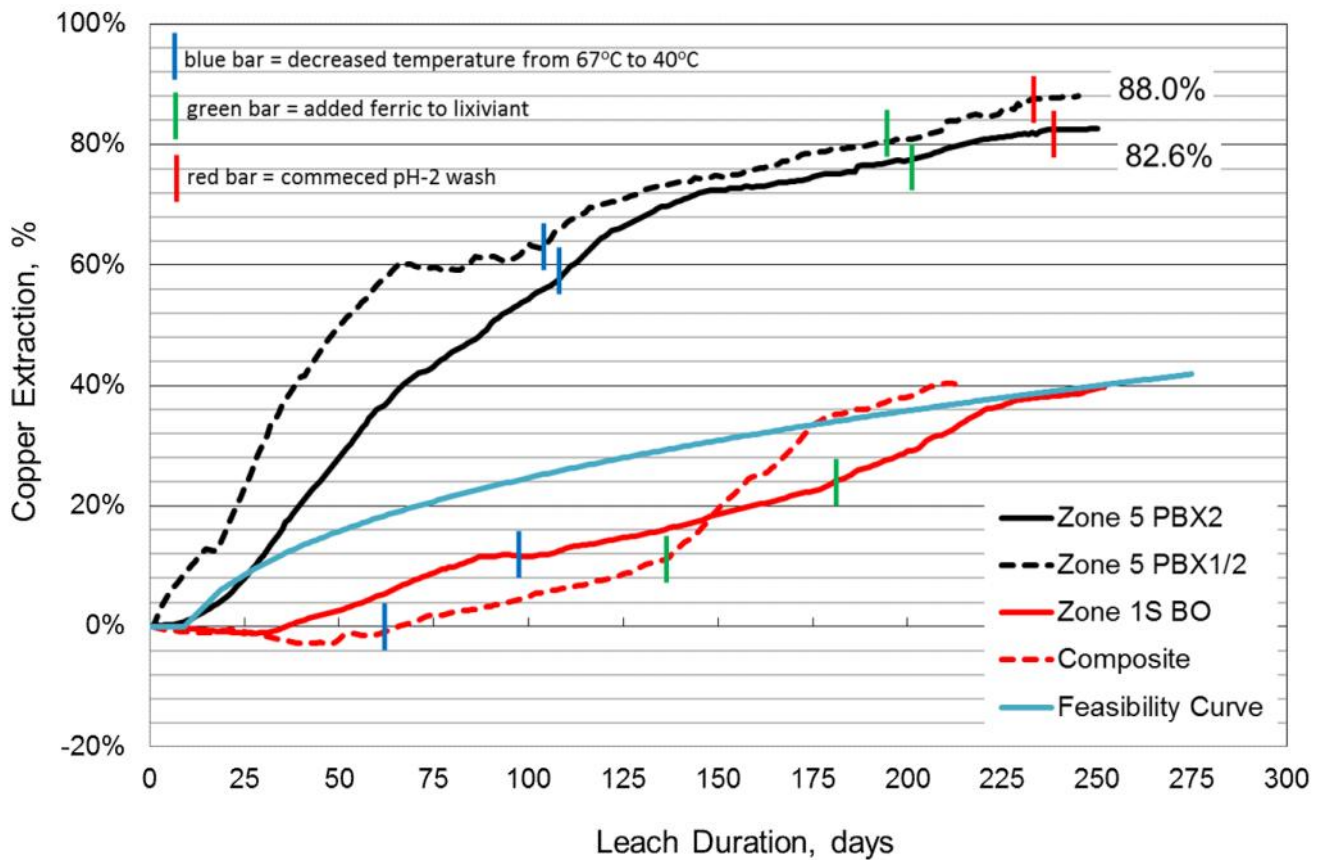


Figure 1 : Leach Recovery Results for Lerokis Ore

POSITIVE FINANCIAL IMPACTS

The current Ore Reserve at Lerokis is 2.6 million tonnes at 2.3% copper for 61,000 tonnes of copper metal. The BFS recovery of 66% would deliver approximately 40,000 tonnes of copper to the Project life while the current Project financiers' model (50% recovery) would deliver around 30,000 tonnes of copper.

Assuming no further increase in ore tonnages and an increase in recovery rates from 66% to 88% (as indicated by the highest recovery achieved in this testwork) the Lerokis deposit has the potential to deliver approximately 54,000 tonnes of copper metal to the Project life. This represents a potential increase of 14,000 tonnes of copper metal on the BFS and 24,000 tonnes of metal on the Project finance model.

At the current forecast Life of Mine C1 cost of US\$1.05/lb of copper (US\$2,300/t Cu) and an assumed copper price of US\$3.00/lb Cu (US\$6,600/t Cu), the current EBITDA margin for Wetar is US\$1.95/lb Cu (US\$4,300/t Cu). The difference in recoveries between the BFS financial model recoveries and the testwork recoveries is therefore potentially worth approximately US\$60 million EBITDA to the Project, of which Finders' share (74.1%) would be US\$45 million, or approximately \$0.08 per Finders share (at US\$ to AU\$ exchange rate of 0.76).

Lerokis Copper Recovery Testwork

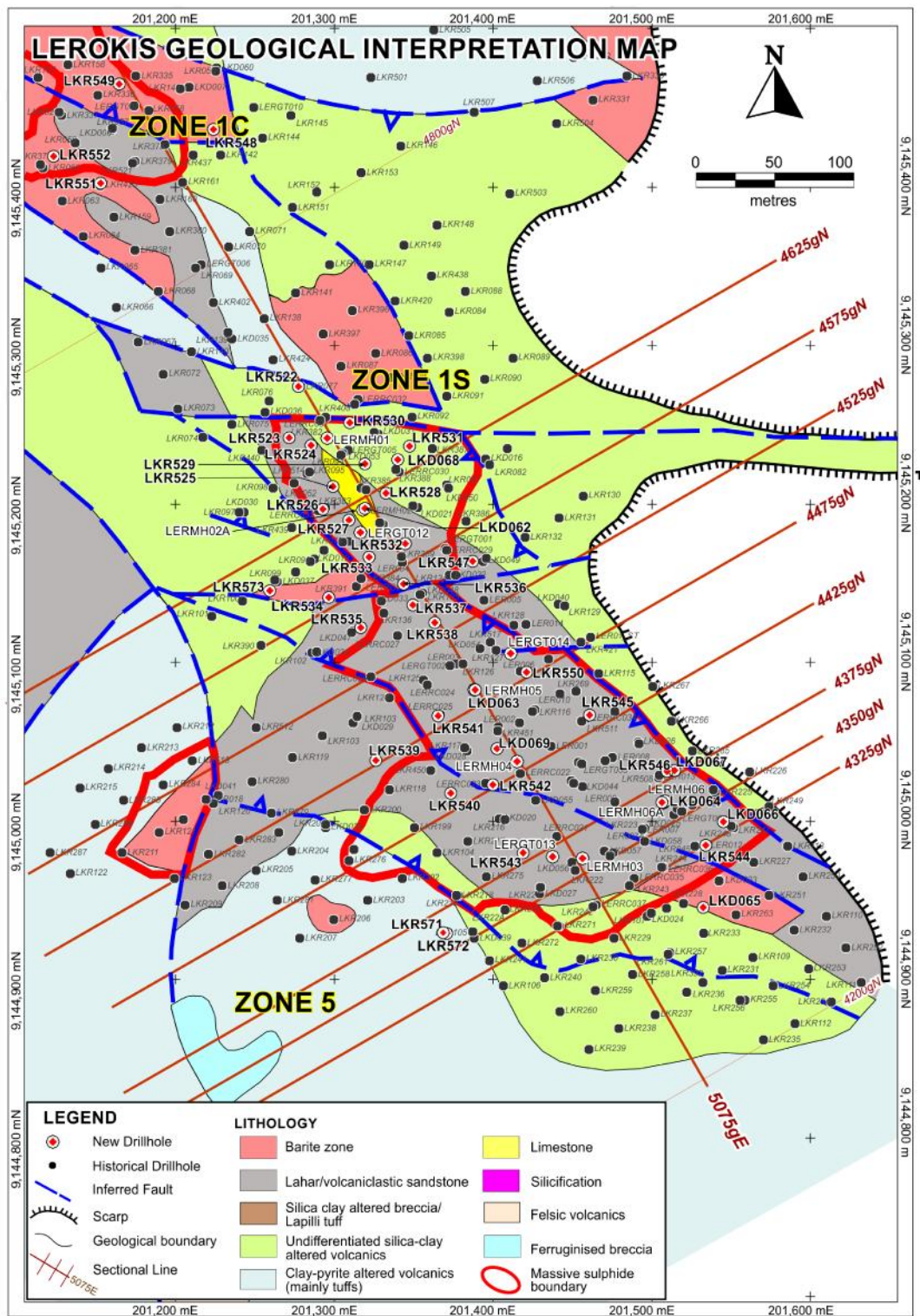


Figure 2 : Lerokis Plan

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