



For ASX Market Release: 30 April 2018

## Quarterly Activities Report – March 2018

### HIGHLIGHTS

#### Wetar Copper Project

- March 2018 quarterly copper cathode production of 4,339 tonnes. Up 5% over December 2017 quarter.
- C1 cash cost of US\$1.28/lb and AISC cost of US\$1.96/lb.
- 4,501 tonnes sold at an average realized sale price of US\$3.12/lb Cu.
- EBITDA of US\$14.3 million.
- Copper leaching rate improved with 51t per day leached during the March quarter versus 47t per day during the previous quarter.

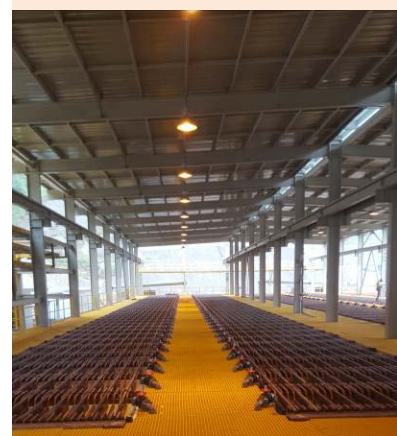
#### Corporate

- As of 26 April 2018, Eastern Field Developments Limited had received acceptances for 94.11% of Finders shares including 11.31% managed by Taurus Funds Management to be cancelled on expiry of the takeover offer.
- Mr Barry Cahill and Mr Gary Comb stepped down as Directors on 3 April 2018 Mr Colin Moorhead, Mr David Fowler, Mr Rod Webster and Mr Mark Sherman were appointed as Directors.
- March 2018 quarter debt repayment of US\$8.5 million reduces gross debt under the Project's Senior Secured Finance Facility Agreement to US\$52.0 million.
- Total cash of US\$15.2 million as at 31 March 2018, including restricted cash of US\$13.5 million in the Debt Service Reserve Account following a US\$4.5 million payment made at the end of March 2018.
- 6,917 tonnes of copper hedges remain at 31 March 2018 at a price of US\$4,788/t.



**Board of Directors**  
**Mr Colin Moorhead**  
Non-Executive Chairman  
**Mr David Fowler**  
Executive Director & Acting CEO  
**Mr Gavin Caudle**  
Non-executive Director  
**Mr Gordon Galt**  
Non-executive Director  
**Mr Mark Sherman**  
Independent Non-executive Director  
**Mr Roderick Webster**  
Independent Non-executive Director

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### WETAR COPPER PROJECT (FINDERS 74.1%)

#### OH&S

The Lost Time Injury Frequency Rate (LTIFR) at the end of the March 2018 quarter was 1.11. In January a crusher mechanic was struck in the lower body by metal shards whilst relocating a mobile crusher. The Total Recordable Injury Frequency Rate (TRIFR) continued to decrease to 2.60 from the December quarter rate of 3.34.

#### Production

Heap leach and SX-EW plant production data for the Wetar Copper Project is summarised in the following table:

Table 1: Wetar Quarterly Copper Production

	Unit	June Quarter 2017	September Quarter 2017	December Quarter 2017	March Quarter 2018	Last 12 Months
<b>MINING</b>						
Ore mined	Tonnes	554,208	518,204	389,606	430,867	1,892,894
Waste mined	Bcm	219,504	149,133	32,449	31,285	432,371
Grade mined	% Cu	1.74	2.41	2.73	2.71	2.35
Contained copper	Cu tonnes	12,483	9,654	10,624	11,675	44,436
<b>PRODUCTION</b>						
Fresh ore crushed	Tonnes	498,893	533,837	367,752	369,565	1,770,047
Dump ore crushed	Tonnes	134,745	148,237	134,998	25,921	443,901
Total ore crushed	Tonnes	651,740	660,341	502,750	395,486	2,213,848
Grade	% Cu	1.64	2.31	2.65	2.77	2.29
Metal stacked	Cu tonnes	8,189	12,327	9,763	10,248	40,527
Copper stripped	Cu tonnes	6,804	6,131	4,100	4,339	21,374
Copper sold	Cu tonnes	7,419	6,886	3,818	4,501	22,624
Copper sale price	US\$/lb Cu	2.60	2.88	3.12	3.12	2.88

#### Mining

Mining continued from the Kali Kuning open pit, with ore scheduled at volumes to match the crushing and stacking requirements. Waste mining comprises a relatively small part of the mining schedule over the remaining life of the Kali Kuning pit.

Mining volumes and grade continued the positive reconciliation trend realised through 2017. The Project to date Ore Reserve to actual ore mined reconciliation has resulted in 11% (480,697) more ore tonnes. The project to date

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reconciliation has resulted in 10% more contained copper metal. This is largely a result of material outside of the reserve being converted to ore. The average grade mined for the quarter was 2.71% Cu.



Image 1 – Kali Kuning open pit clearly showing massive sulphides predominating in the pit floor

### Heap Leaching Operations

Ore feed to crushers 21 and 31 was sourced from the Kali Kuning pit. Approximately 370,000t of ore was stacked during the quarter. This ore was placed on heap leach pads KK02/03 and 04. Crushers 21 and 31 continue to provide adequate capacity for the amount of material scheduled for crushing.

A further 393,000t at an estimated grade of 1.7% Cu of uncrushed dump leach material remains stockpiled on and at the back of heap leach pad KK06. This material is expected to be rehandled, crushed and stacked during 2018 as crusher capacity becomes available.

The shortfall in copper stripped, relative to nameplate, represents slower recoveries. Improving the rate of leaching and increasing PLS grade has therefore been the primary focus over the quarter. A new aeration piping standard is being implemented and is providing substantially more air volume to the leach pads by increasing available oxygen, which in turn is increasing the temperature in the pads. It is believed this is leading to higher copper grades in solution.

Copper production has also been affected by lower recoveries from the older leach pads using different aeration approaches. Some of the older pads where the rate of recovery has reduced are being re-mined and retrofitted with new and upgraded aeration piping. The response from the first completed pad has been positive with production increasing substantially shortly after irrigation was resumed. The re-mining of older pads will continue in the June quarter and possibly into subsequent quarters depending on the rate of decline in leaching and the residual copper grades in the older heaps.



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Over the past 6 months, the zinc grade of ore stacked has increased. While the increasing heap temperatures from improved aeration has had a positive impact on the liberation of copper, it has also had the adverse consequence of liberating other elements. Zinc is thought to be leaching in preference to copper with the effect of slowing the copper recovery.



Image 2 – Leach pads KK01 to KK06 with final portion of Pad KK03 being re-lined



Image 3 – Leach pad DP07 during re-mining phase. Production increased 5-fold as a result of the improvements made

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### SX-EW Plant Production

The 25,000tpa SX-EW plant continued to operate at normal levels throughout the quarter with no major interruptions. Opportunistic tank house cell cleaning was completed to remove sludge build up and has significantly reduced lead levels in the final cathode product. The 3,000tpa SX-EW plant remained offline until increased leaching levels justify its re-starting.

The poor performance of the neutralisation plant has resulted in steadily increasing free acid levels negatively impacting plating performance and increasing the copper concentration in the returning raffinate. Efforts are underway to expand the neutralising capacity and reduce the levels of free acid.

### Costs

The C1 cash cost for the quarter was US\$1.28 per pound of copper produced and the AISC cost was US\$1.96 per pound of copper produced. Costs for the Wetar Copper Project are summarised in Tables 2 & 3 below:

Table 2: Wetar Project – Cash Costs per tonne of Ore Crushed and Stacked

	Unit	March Quarter 2018	Full Year 2017	Unit	March Quarter 2018	Full Year 2017
Mining Costs	US\$ m	2.87	15.04	US\$ / lb	0.30	0.29
Processing Costs	US\$ m	8.83	33.77	US\$ / lb	0.93	0.66
Administration Costs	US\$ m	4.96	20.04	US\$ / lb	0.52	0.40
Inventory & WIP	US\$ m	(4.46)	(11.22)	US\$ / lb	(0.47)	(0.22)
<b>Gross Operating Cost<sup>1</sup></b>	<b>US\$ m</b>	<b>12.20</b>	<b>57.62</b>	<b>US\$ / lb</b>	<b>1.28</b>	<b>1.14</b>

1. Administration costs include site costs and management fees

Table 3: Wetar Copper Project Quarterly Unit Costs

	Unit	Full Year 2017	Dec-17 Quarter	Mar-18 Quarter
Copper stripped	Cu tonnes	23,160	4,100	4,339
Copper sold	Cu tonnes	25,277	3,818	4,501
Copper sale price	US\$/lb Cu	2.76	3.12	3.12
<b>C1 cash cost</b>	<b>US\$/lb Cu</b>	<b>1.14</b>	<b>1.45</b>	<b>1.28</b>
Royalties	US\$/lb Cu	0.02	0.04	0.04
Marketing / sales costs	US\$/lb Cu	0.12	0.16	0.10
Sustaining capital	US\$/lb Cu	0.07	0.21	0.04
Hedging losses	US\$/lb Cu	0.26	0.57	0.34
Reclamation & other	US\$/lb Cu	0.05	0.10	0.16
<b>AISC cost</b>	<b>US\$/lb Cu</b>	<b>1.66</b>	<b>2.53</b>	<b>1.96</b>

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During the quarter, 50% of the copper shipped was sold as LME Grade A Cathode at a premium to the LME copper price. The balance was sold as Standard Grade Copper at or around the LME copper price.

Project EBITDA for the quarter was US\$14.3 million.



Image 4 –25,000tpa SX-EW plant at night

### Exploration and Project Development

Planning continued for the commencement of first ore from the Lerokis pit scheduled for May 2019. The final design of the 13km haul road from the satellite mine back to the Kali Kuning valley heap leach pads has been completed. Minor amendments to the current approved haul road design will be sought under Indonesian regulations to improve mining operations and costs.

### Wetar Community Development

Finders' community development programs continued during the quarter. Construction works for the Uhak village church were completed. The Company is reviewing the community development program and areas of sustainable investment to create long-lasting benefits beyond the life of the project.



Image 5 –Uhak Church works nearing completion

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### Wetar Environmental Management

An external annual environmental audit and review was completed during the quarter. No major areas of non-compliance were reported.

## CORPORATE

### Cash and Project Finance Facility

The scheduled quarterly Term Loan repayment under the Wetar Facility Agreement of US\$8.5 million was made, with gross debt reduced to US\$52.0 million. Total outstanding debt has been reduced by US\$84.5 million since July 2016. A further US\$4.5 million was transferred to the Debt Service Reserve Account (DSRA) during the quarter. The DSRA balance was US\$13.5 million at the end of the quarter, reducing net debt to US\$38.5 million.

As at 31 March 2018, the Group held total cash of US\$15.2 million including the US\$13.5 million deposited in the DSRA.

### Hedging

As at 31 March 2018, 6,917 tonnes of copper was hedged under the Group's mandatory hedging program at an average price of US\$4,788 per tonne, with maturities between April 2018 and March 2019. The mark to market value of copper hedges entered into by the Group as at 31 March 2018 was a liability of US\$13.4 million.

### Eastern Field Developments Limited Takeover Offer

As at 26 April 2018, Eastern Field Developments Limited had received acceptances under the takeover offer for 94.11% of voting power in Finders comprising of 742,336,889 Finders shares. This amount includes acceptances for 87,339,525 shares managed by Taurus Funds Management Pty Ltd, being equal to 11.31% of the shares currently on issue. The Takeovers Panel, by its declaration and orders dated 26 April 2018, ordered that the Taurus acceptances be cancelled on expiry of the takeover offer period ending 1 May 2018 (or a later date if there is any stay or suspension of the Panel's orders).

On 3 April 2018 following the change in control, Mr Barry Cahill and Mr Gary Comb resigned as Directors. Mr Colin Moorhead, Mr David Fowler, Mr Rod Webster and Mr Mark Sherman were appointed as Directors.

The new Board of Finders is conducting a strategic review and will provide an update to shareholders during the June 2018 quarter. The Group's working capital position has been adversely impacted by lower production. The strategic review will need to address this issue and ensure that the operating subsidiaries can fund the capital expenditure to develop Lerokis in the second half of 2018.

### Capital Structure

There were 788,765,783 fully paid ordinary shares on issue (all quoted) as at 31 March 2018.

During the quarter, 10.5 million unlisted employee Incentive Shares were quoted. These Incentive Shares were issued subject to performance and time based vesting conditions, which were deemed to have been satisfied upon Eastern Field's takeover offer for Finders being declared unconditional.

A further 12,248,538 fully paid ordinary shares were issued on 16 March 2018 on conversion of the Company's US\$5.5 million converting notes. These shares are subject to a holding lock until after the close of Eastern Field's takeover offer.



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4,150,000 fully paid ordinary shares were issued on 23 February 2018 on vesting of performance rights pursuant to the terms and conditions of the Finders Resources Limited Performance Rights Plan approved by shareholders on 25 May 2017. These shares are subject to a holding lock until after the close of the Eastern Field off-market takeover offer.

Table 4: Major Shareholders as at 31 March 2018

Shareholders	No. of Shares	%
Eastern Fields Developments Limited	172,250,015	21.8
Provident Minerals Pte Ltd	106,214,208	13.5
Bond Street Custodians Limited	87,339,525	11.1
PT Saratoga Investama Sedaya	47,033,990	6.0
JP Morgan Nominees Australia Limited	31,880,403	4.0
Zero Nominees Pty Ltd	24,600,000	3.1
HSBC Custody Nominees (Australia) Limited	23,288,756	3.0
Spar Nominees Pty Ltd	13,222,075	1.7
National Nominees Limited	12,849,820	1.6
CS Fourth Nominees Pty Limited	12,338,094	1.6
<b>Total Top 10 Shareholders</b>	<b>531,016,886</b>	<b>67.4</b>
Others	257,748,897	32.6
<b>Total Shares on Issue as at 31 March 2018</b>	<b>788,765,783</b>	<b>100.0</b>

### FOR FURTHER INFORMATION PLEASE CONTACT:

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### BACKGROUND INFORMATION ON FINDERS

Finders is the operator of the Wetar Copper Project (74.1% economic interest) located on Wetar Island in Maluku Barat Daya, Indonesia. The Wetar Copper Project comprises the development, open pit mining and processing of the high-grade sulphide deposits at Kali Kuning and Lerokis located within 3 kilometres of the coast on Wetar Island. The project benefits from having existing infrastructure in place, particularly a wharf, camp and roads and partially exposed copper ore bodies from a prior gold mining era.

Finders currently operates a 25,000 tonne per annum (“tpa”) copper cathode solvent extraction-electrowinning (“SX-EW”) plant, commissioned in May 2016, and a 3,000 tpa SX-EW plant for annual production capacity of 28,000 tonnes copper cathode.



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### APPENDIX 1 – TENEMENT / MINERAL PERMIT SCHEDULE

Table 4: Tenement/Mineral Permit Schedule as at 31 March 2018

IUP Decision No.	Type	Mineral	Expiry Date	Area (ha)	Term	Holder <sup>1</sup>
<b>Wetar Copper Project<sup>1</sup></b>						
543 - 124 Tahun 2011	IUP Exploitation	Copper	09 Jun 2031	2,733	20 years	BKP
540 – 317.a Tahun 2012	IUP Exploitation	Sand, gravel & stone	01 Nov 2017	80.55	5 years	BKP
540 – 317.b Tahun 2012	IUP Exploitation	Limestone	01 Nov 2017	1,425	5 years	BKP
540 – 28.b Tahun 2010	IUP Exploitation	Barite	01 Nov 2016	515	6 years	BBW

1. Finders' interest in the Wetar Copper Project (74.1%) is held through Indonesian subsidiaries PT Batutua Tembaga Raya ("BTR") and PT Batutua Kharisma Permai ("BKP"). BBW has merged with BKP and tenements previously held by BBW are in the process of being transferred to BKP.
2. The renewals for 317.a & 317.b are currently in progress, and an application for renewal for 28.b will be submitted shortly.

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