

**For Release: 15 August 2013**

## **FINDERS RESOURCES LIMITED**

### **FINDERS BOARD REJECTS TAURUS' ATTEMPTED 'TAKEOVER' OF VALUABLE WETAR PROJECT**

The proposed removal of all independent directors, together with one executive director from the Board would, in Finders' opinion, make Finders Resources ("Finders") highly vulnerable to an opportunistic and undervalued takeover.

Last Friday, Finders received from major shareholder Taurus Funds Management ("Taurus") a Section 249D Notice calling for an Extraordinary General Meeting to consider removing three of seven directors of Finders, and the appointment of Mr Gordon Galt, representing major shareholder Taurus Funds, to the Board.

The Majority Board, comprising Dr Russell Fountain (Interim Chairman), Mr Steve Lonergan and Mr Stephen de Belle, and the Managing Director Dr Chris Farmer, strongly advises all shareholders to reject the proposal to remove all the independent directors as being against the best interests of Finders and all shareholders.

### **Wetar Copper project advances**

In the last four weeks, Finders has received the final Forestry permit approvals which will allow full development of the high grade Wetar Copper project, announced a new development plan which will significantly reduce capital costs and shorten lead time to production.

On August 6 Finders announced a successful capital raising of approximately AUD\$14m, including \$10m from the exercise of outstanding options by Provident Capital ("Provident").

This capital raising leaves Finders in a strong financial position to advance the Wetar project, and the Board has approved recommencement of the Wetar demonstration plant, upgraded to a capacity of 3,000t Cu cathode/year, as outlined in ASX release of July 26. Initial cathode production is scheduled for late Q4 2013.

The Wetar land title and mining approvals represent major value-creating steps in the development of the Wetar project. Finders becomes only the second company to complete the permitting process since introduction of new Indonesian mining Law in 2009. The Board acknowledges the outstanding performance of Indonesia-based Managing Director Chris Farmer in leading the process and team that is responsible for the successful approval for the project in circumstances where many other foreign companies have failed. The same team also built and operated the semi-commercial scale demonstration plant, using unique, in house, elevated temperature heap leach technology. The demonstration plant operated successfully for 18 months in the remote Wetar location, and produced 2,000 tonnes of Grade A Copper cathode which proved the technical viability of the project.

Finders Chairman, Dr Russell Fountain said: "the mining approvals give Finders the 'green light' for the full scale development of the Wetar copper project whose high grade copper resources have already been proven by our demonstration project."

## **Taurus' Section 249D proposal**

In the current circumstances, the Majority Board believes the proposal to dismiss the independent members of the Board and appoint a new Board member representing Taurus would, in effect, transfer control of the Finders Board to its two major shareholders. As such we consider this a serious threat to Finders minority shareholders and the value we expect to be generated by the imminent development of the Wetar project.

"Finders independent directors' sole objective is to defend and maximise shareholder value. We have successfully secured land title, strong local community support and mining approvals for the valuable Wetar project and have funds-in-hand to initiate development. This current Board is best placed to advance the Wetar project and assess the comparative value of any takeover offer that might be received", Dr Fountain said.

In July 2013 Finders received a written demand from Taurus principal, Mr Gordon Galt, for a seat on the Board of Finders and major changes to the Finders board structure. Together these would have put control of the Finders board firmly in the hands of Taurus and Provident, and were declined on the basis of potential conflict of interest, and the lack of Indonesian operating experience of the key technical nominees. The Taurus demands included the immediate appointment of a new Managing Director and other demands which could be automatically instituted in the event that the Taurus Section 249D proposal is adopted by shareholders.

The Board was also concerned that Taurus' position, as the largest shareholder of **Intrepid Mines Limited** ("Intrepid" ASX: IAU), had the potential to create a conflict of interest for Mr Galt, considering a recent request from Intrepid Resources seeking access to Finders' data room and Intrepid's recently announced intention to look for a new project to develop.

### **Changes to Finders Board and Management**

A vote of the Finders Board today elected Dr Russell Fountain as Interim Chairman replacing Mr Gary Comb. Mr Comb was also declared to be no longer an Independent director, having associated himself with the interests of a particular shareholder, Taurus.

Mr Gavin Caudle was appointed a director following the successful capital raising earlier this month. Gavin is a director of Provident which, together with its nominees, holds 19% of Finders' ordinary shares which entitles Provident to appoint a director.

Executive Directors Mr Rob Thompson and Mr James H. Wentworth today stepped-down as Directors and will continue with Finders in their executive positions.

In line with previous announcements regarding board restructure Finders has appointed Carmichael Fisher to source board candidates to restructure the board along ASX Corporate Governance guidelines appropriate to its status as an emerging significant copper producer.

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## Background Information on Finders

Finders is the operator of the Wetar Copper Project (95% Interest), and the Ojolali Gold-Silver Project (72% with option), both located in Indonesia. The Wetar Copper Project comprises two high grade deposits, Kali Kuning and Lerokis, which are located within 3km from the coast and suitable for open pit mining. The project benefits from having existing infrastructure in place, particularly a wharf, camp and roads and partially pre-stripped copper ore bodies from a prior gold mining era. From February 2009 to December 2010, Finders successfully operated a 5 tonne per day Solvent Extraction/Electro Winning (“SX/EW”) demonstration plant to test copper sulphide leach kinetics, optimise process design and provide data required for project finance. The demonstration plant produced and sold about 2,500 tonnes of LME Grade A copper cathode, all of which was sold at a premium to the LME price and without specification issues. The test heaps are at heights similar to commercial operations worldwide and the SX/EW technology being used is industry standard. SX/EW technology is currently responsible for approximately 22% of the world’s copper production. The development of the Wetar Copper Project comprises the brownfields expansion of the existing demonstration plant to 7,000tpa capacity, followed by incorporation of the Whim Creek plant to lift production to 25,000tpa.