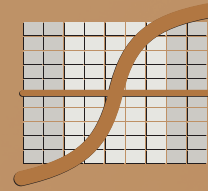


TARGET'S STATEMENT



finders
resources ltd

Finders Resources Limited
ACN 108 547 413

This Target's Statement has been issued in response to the Offer by Eastern Field Developments Limited BVI Co No 1955552 (a special purpose company jointly owned by Procap Partners Limited, PT Saratoga Investama Sedaya Tbk and PT Merdeka Copper Gold Tbk) to acquire all of your ordinary shares in Finders Resources Limited ACN 108 547 413.

The Independent Directors of Finders Resources Limited unanimously recommend that you

 **REJECT**

the **INADEQUATE, OPPORTUNISTIC** Offer.

Financial Adviser

SALIENT CORPORATE 

Legal Adviser

ashurst

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt about how to deal with this document, you should consult your financial, legal or other professional adviser immediately.

Snapshot of reasons why you should **REJECT** the Offer

1	The Offer is INADEQUATE and does NOT REFLECT FAIR VALUE	Refer to page 9
2	The Independent Expert has concluded that the Offer is NEITHER FAIR NOR REASONABLE	Refer to page 12
3	The timing of the Offer is OPPORTUNISTIC	Refer to page 12
4	Accepting the Offer may DEPRIVE YOU OF the opportunity to receive GREATER VALUE for your Finders Shares from an alternative proposal (should one emerge) or by selling on market	Refer to page 15
5	The Offer Price does not fairly reflect the STRONG COPPER PRICE ENVIRONMENT	Refer to page 17
6	The Offer is CONDITIONAL and not certain to proceed	Refer to page 18

To **REJECT** the Offer, you should **TAKE NO ACTION** in relation to all correspondence sent to you by Eastern Field.

Important Information

KEY DATES	
Announcement of Offer	6 October 2017
Original Bidder's Statement lodged with ASIC and ASX	23 October 2017
Replacement Bidder's Statement lodged with ASIC and ASX	17 November 2017
Replacement Bidder's Statement dispatched to Finders Shareholders Commencement of Offer Period (date of the Offer)	20 November 2017
Date of this Target's Statement	5 December 2017
Date for Eastern Field to provide Notice of Status of Conditions ¹	13 December 2017
Close of the Offer Period (unless extended or withdrawn) ²	7.00 pm (Perth time) on 20 December 2017

¹ If the Offer Period is extended, this date will be taken to be postponed for the same period.

² This date is indicative only and may be changed as permitted by the Corporations Act.

Nature of this document

This Target's Statement is dated 5 December 2017. This document is issued by Finders Resources Limited ACN 108 547 413 under Part 6.5 of the Corporations Act in response to the offer by Eastern Field Developments Limited BVI Co No 1955552, a special purpose vehicle jointly owned by Procap Partners Limited, PT Saratoga Investama Sedaya Tbk and PT Merdeka Copper Gold Tbk, to acquire all of your ordinary shares in Finders made pursuant to its Replacement Bidder's Statement dated 17 November 2017, which replaced its Original Bidder's Statement dated 23 October 2017.

ASIC and ASX disclaimer

A copy of this Target's Statement was lodged with ASIC and provided to ASX on 5 December 2017. Neither ASIC, nor ASX, nor any of their respective officers, take any responsibility for the contents of this Target's Statement.

Defined terms

A number of defined terms are used in this Target's Statement. These terms are defined in section 11, which also sets out certain rules of interpretation which apply to this Target's Statement.

No account of personal circumstances

This Target's Statement, which includes the Independent Expert's Report, does not take into account the individual investment objectives, financial or tax situation or particular needs of any person. It does not contain personal financial advice. You should seek independent legal, financial and taxation advice before making a decision as to whether or not to accept the Offer.

Disclaimer as to forward looking statements

This Target's Statement contains forward looking statements, including statements of current intention, statements of opinion and predictions as to possible future events. These forward looking statements are based on, among other things, Finders' assumptions, expectations, estimates, objectives, plans and intentions as at the date of this Target's Statement.

Forward looking statements are subject to inherent risks and uncertainties. Although Finders believes that the expectations reflected in any forward looking statement included in this Target's Statement are reasonable, no assurance can be given that such expectations will prove to be correct. Actual events, results or outcomes may differ materially from the events, results or outcomes expressed or implied in any forward looking statement.

Except as required by applicable law or the ASX Listing Rules, Finders does not undertake to update or revise these forward looking statements, nor any other statements whether written or oral, that may be made from time to time by or on behalf of Finders, whether as a result of new information, future events or otherwise.

None of Finders (nor any of its officers and employees), or any other person named in this Target's Statement with their consent, or any person involved in the preparation of this Target's Statement, makes any representation or warranty (express or implied) as to the accuracy or likelihood or fulfilment of any forward looking statement, or any events or results expressed or

implied in any forward looking statement, except to the extent required by law. You are cautioned not to place undue reliance on any forward looking statement.

The forward looking statements in this Target's Statement reflect views held only as at the date of this Target's Statement.

Disclaimer as to information

The information regarding Eastern Field, the Consortium and each Relevant Subsidiary contained in this Target's Statement has been prepared by Finders from publicly available information. None of the information in this Target's Statement concerning Eastern Field, the Consortium and each Relevant Subsidiary has been commented on, or verified, by Eastern Field, the Consortium, the Relevant Subsidiaries or Finders (save for obtaining the information from the Bidder's Statement prepared by Eastern Field). Accordingly, Finders does not, subject to the Corporations Act, make any representation or warranty, express or implied, as to the accuracy or completeness of such information.

The Independent Expert's Report has been prepared by the Independent Expert for the purposes of this Target's Statement and the Independent Expert takes full responsibility for that report.

Risk factors

Finders Shareholders should note that there are a number of risk factors attached to their investment in Finders and alternative risks which apply in the event the Offer is accepted. Section 9 of this Target's Statement sets out further information regarding those risks.

Maps and diagrams

Any diagrams, charts, maps, graphs and tables appearing in this Target's Statement are illustrative only and may not be drawn to scale. Unless stated otherwise, all data contained in diagrams, charts, maps, graphs and tables is based

on information available at the date of this Target's Statement.

Foreign jurisdiction

The release, publication or distribution of this Target's Statement in jurisdictions outside Australia may be restricted by law or regulation. Accordingly, any person who comes into possession of it should seek advice and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

This Target's Statement has been prepared in accordance with Australian law and the information contained in this Target's Statement may not be the same as that which would have been disclosed if this Target's Statement had been prepared in accordance with the laws and regulations outside Australia.

Privacy

Finders has collected your information from the register of Finders Shareholders for the purposes of providing you with this Target's Statement. The type of information Finders has collected about you includes your name, contact details and information on your shareholding(s) in Finders. Without this information, Finders would be hindered in its ability to issue this Target's Statement. The Corporations Act requires the names and addresses of Finders Shareholders to be held in a public register. Your information may be disclosed on a confidential basis to Finders and its related bodies corporate, holders of Finders Shares and external service providers, and may be required to be disclosed to regulators, such as ASIC. If you would like details of information about you held by Finders, please contact us on the number set out below.

Effect of rounding

A number of figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Target's Statement are subject to the effect of rounding. Accordingly, the actual calculation of these figures, amounts, percentages, prices, estimates, calculations of value and fractions may differ from the figures, amounts, percentages, prices, estimates, calculations of value and fractions set out in this Target's Statement.

Any discrepancies between totals in tables or financial information, or in calculations, graphs or charts are due to rounding.

Enquiries

If you have any questions in relation to the Offer or this Target's Statement, please contact the Shareholder Information Line on 1300 648 874 (within Australia) or +61 2 8355 1000 (from outside Australia) between the hours of 9.00 am and 5.00 pm (Sydney time) on business days.

CHAIRMAN'S LETTER

5 December 2017

Dear fellow Finders Shareholders

Take NO ACTION and REJECT Eastern Field's offer for your Finders Shares

On 6 October 2017 Eastern Field Developments Limited (**Eastern Field**) (a special purpose vehicle jointly owned by Procap Partners Limited, PT Saratoga Investama Sedaya Tbk and PT Merdeka Copper Gold Tbk) announced its intention to make an off-market takeover offer to acquire all of the Finders Shares for \$0.23 per Finders Share (the **Offer**). The Offer was unsolicited.

Eastern Field's replacement bidder's statement in relation to the Offer was released to ASX on 17 November 2017 and dispatched to Finders Shareholders on 20 November 2017.

Your Independent Directors have carefully considered the Offer and, for the reasons set out below:

- consider that Eastern Field's Offer is **INADEQUATE** and **OPPORTUNISTIC**; and
- recommend that you **REJECT** the Offer.

In summary, the reasons for your Independent Directors' recommendation are that:

- **The Offer is inadequate and does not reflect fair value of Finders Shares.**
- **The Independent Expert has concluded that the Offer is neither fair nor reasonable.** The Independent Expert has assessed the fair market value of a Finders Share on a control basis to be in the range of \$0.31 to \$0.35 per Finders Share. The Independent Expert's valuation range demonstrates that the Offer Price is clearly inadequate.
- **The timing of the Offer is opportunistic.** With the Wetar Copper Project now constructed and production having ramped up to name-plate capacity, the Independent Directors believe that Finders is now well positioned to benefit from considerable free cash flows expected to be generated by the Wetar Copper Project. The Independent Directors believe this will enable Finders to continue to rapidly repay bank debt under the Wetar Facility Agreement and allocate funds to further exploration programmes targeting increases to the life of mining operations at the Wetar Copper Project and, once the bank debt has been fully repaid, pay dividends to shareholders.

The Offer is being made at an opportunistic point in time, prior to Finders Shareholders being able to enjoy the returns from Finders' investment in the Wetar Copper Project.

- **Accepting the Offer may deprive you of the opportunity to receive greater value for your Finders Shares from an alternative proposal (should one emerge) or by selling on market.**
- **The Offer Price does not fairly reflect the strong copper price environment.**
- **The Offer is conditional and not certain to proceed.**

These reasons for recommending that you **REJECT** the Offer are discussed in more detail in section 1 of this Target's Statement.

Further important information

This Target's Statement contains Finders' formal response to the Offer. The Independent Expert's Report is set out in Annexure A. We strongly encourage you to read all the information contained in this Target's Statement carefully (including the Independent Expert's Report) and to seek independent advice before deciding whether or not to accept the Offer.

If you accept the Offer and the Offer becomes unconditional, your Finders Shares will be transferred to Eastern Field for the Offer Price and you will lose your exposure to any potential upside associated with a continued investment in Finders. However, Finders Shareholders should note that there are risks associated with an investment in Finders. Some of the key risks are set out in section 9 of this Target's Statement.

Summary

Your Independent Directors recommend that you **REJECT** the Offer.

To **REJECT** the Offer you should simply **DO NOTHING** and take **NO ACTION** in relation to all documents sent to you by Eastern Field.

If you have any questions about the Offer, please contact the Shareholder Information Line on 1300 648 874 (within Australia) or +61 2 8355 1000 (from outside Australia).

Yours sincerely



Gary Comb
Chairman
Finders Resources Limited

CONTENTS

SECTION	PAGE
1. WHY YOU SHOULD REJECT THE OFFER	9
2. YOUR INDEPENDENT DIRECTORS' RESPONSE TO EASTERN FIELD'S CLAIMS.....	20
3. FINDERS DIRECTORS' RECOMMENDATION AND DIRECTORS' INTERESTS.....	23
4. FREQUENTLY ASKED QUESTIONS	27
5. YOUR CHOICES AS A FINDERS SHAREHOLDER	34
6. IMPORTANT INFORMATION ABOUT THE OFFER	36
7. INFORMATION RELATING TO FINDERS	43
8. INFORMATION RELATING TO EASTERN FIELD AND THE CONSORTIUM.....	68
9. RISK FACTORS	70
10. ADDITIONAL INFORMATION.....	82
11. GLOSSARY AND INTERPRETATION	96
12. AUTHORISATION	104

ANNEXURE A

Independent Expert's Report

1. **WHY YOU SHOULD REJECT THE OFFER**

1.1 **The Offer is INADEQUATE and does NOT REFLECT FAIR VALUE**

Offer Price does NOT REFLECT FAIR VALUE

The Independent Directors consider that the Offer Price of \$0.23 per Finders Share does not reflect the fair value of Finders Shares. This view is supported by the conclusion of the Independent Expert in the Independent Expert's Report. The Independent Expert has assessed the fair market value of Finders Shares on a control basis to be between \$0.31 and \$0.35 per Finders Share. You should read the full Independent Expert's Report which is contained in Annexure A of this Target's Statement.

The Finders Share price has increased from \$0.165 per Finders Share on 1 July 2016 to \$0.23 per Finders Share on the day prior to the announcement of the Offer¹. Over this period Finders successfully ramped up the production of copper cathode following the successful commissioning of the 25,000 tonne per annum (tpa) copper cathode solvent extraction-electrowinning (SX-EW) plant at the Wetar Copper Project (in which Finders currently has a 74.1% economic interest) in May 2016.

The Independent Directors believe that Offer Price does not reflect the fair value of Finders Shares having regard to:

- following the successful ramp up to name-plate production capacity at the Wetar Copper Project Finders is poised to benefit from production and sales into a strong copper price environment (see sections 1.3 and 1.5 below for more about this);
- the recent positive copper recovery testwork results for the Lerokis deposit at the Wetar Copper Project (announced to the ASX on 20 November 2017) and increase in the Lerokis Ore Reserves and Mineral Resources (announced to the ASX on 21 November 2017), which the Independent Directors believe demonstrate potential for further upside to the Wetar Copper Project's mine life and future earnings (see section 7.2 for more about this); and
- the Independent Directors believe that the Wetar Copper Project is well positioned to continue to generate funds to enable the continued rapid repayment of the remaining bank debt under the Wetar Facility Agreement in advance of the maturity date in March 2019, and to then allocate funds for further exploration programmes targeting increasing the mine life at the Wetar Copper Project in the future (see section 1.3 below for more about this) and, once the bank debt has been fully repaid, pay dividends to shareholders.

Offer Price includes NO PREMIUM FOR CONTROL

The Offer by Eastern Field of \$0.23 per Finders Share includes no premium for control. Takeover offers for control of listed companies typically include a significant premium to the prices at which the shares of target companies trade in the market prior to announcement of the takeover offer. The Independent Expert states that its research indicates that control premiums paid in successful takeovers in Australia generally range between 20% and 40% above the listed market price of the

¹ IRESS, sourced without consent.

target company's shares prior to the announcement of the bid (refer to section 6.5.1 of the Independent Expert's Report).

The Offer Price includes no premium for control when compared against the trading price of Finders Shares on the day before announcement of the Offer and the 5-day volume weighted average price ("VWAP") and 30-day VWAP of Finders Shares prior to the announcement of the Offer²:

- The Offer Price of \$0.23 per Finders Share **is not at a premium** to the price of Finders Shares at the close of trading on the ASX on 5 October 2017 (the day before the Announcement Date) of \$0.23 per Finders Share;
- The Offer Price of \$0.23 per Finders Share represents a **discount** of approximately 1% to the 5-day VWAP of Finders Shares prior to the Announcement Date of \$0.232 per Finders Share; and
- The Offer Price of \$0.23 per Finders Share represents a **discount** of approximately 0.6% to the 30-day VWAP of Finders Shares prior to the Announcement Date of \$0.231 per Finders Share.

Trading prices in the period up to 5 October 2017, the day immediately prior to announcement of the Offer



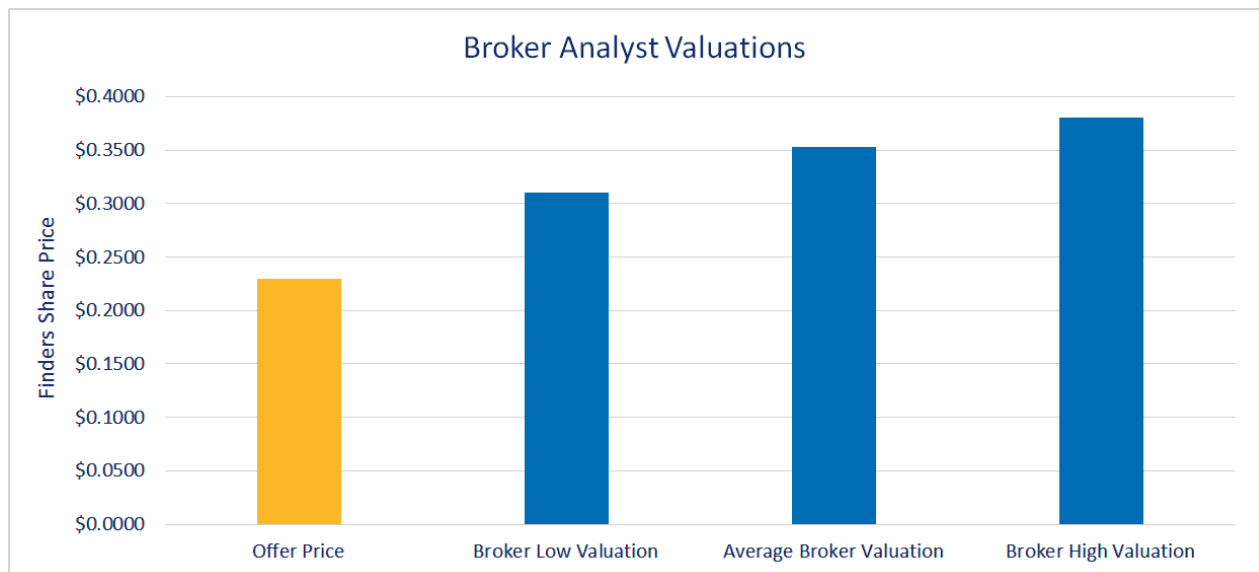
Source: IRESS, sourced without consent.

² IRESS price and volume data, sourced without consent.

Stockbroking analysts value Finders Shares above the Offer Price

The Offer Price of \$0.23 represents a 34.75% **discount** to the average stockbroker valuation of Finders of \$0.3525 per Finders Share, calculated by reference to all of the stockbroking analysts valuation reports for Finders published during the three months preceding the Last Practicable Trading Day.

Importantly, all of the stockbroking analysts who have published research reports during the three months preceding the Last Practicable Trading Day valued Finders above the Offer Price.



Regarding the stockbroker valuations referred to above, Finders Shareholders should be aware that:

- The stockbroker valuations used in the calculation were \$0.31, \$0.36, \$0.36 and \$0.38 per Finders Share.
- The Independent Directors do not adopt the average stockbroker valuation, nor any of the stockbroker valuations used to calculate that average. In this regard, the Independent Directors note that the Independent Expert has assessed the fair market value of Finders Shares on a control basis to be in the range of \$0.31 and \$0.35 per Finders Share.
- The minimum, average and maximum stockbroker valuations were calculated by reference to four stockbrokers that released valuation reports on Finders that were released during the three months preceding the Last Practicable Trading Day. To the best of Finders' knowledge, where it had access to stockbroker reports, no reports were excluded despite having been released fitting within this criteria.
- Finders is aware of one further stockbroker valuation report on Finders that was released on 1 August 2017 (which valued Finders Shares at \$0.26) which it has not included in the calculation of the average stockbroker valuation referred to above, having regard to the time period that has elapsed since that stockbroker valuation report was published.

- All of the stockbroker valuations used in the calculation of the average stockbroker valuation referred to above were released after announcement of the Offer. Because the Offer Price is the same as the closing price of Finders Shares on the last trading prior to the Announcement Date (and similar to various other recent VWAPS for Finders Shares, as set out above), the Independent Directors consider it reasonable in the circumstances to include stockbroker valuations given after the Announcement Date.

1.2 **The Independent Expert has concluded that the Offer is NEITHER FAIR NOR REASONABLE**

Finders engaged Deloitte as the Independent Expert to prepare a report expressing an opinion as to whether or not the Offer is fair and reasonable for Finders' Shareholders not associated with Eastern Field. The Independent Expert has concluded that Eastern Field's Offer of \$0.23 per Finders Share is neither fair nor reasonable for Finders Shareholders.

The Offer is NOT FAIR

The Independent Expert has assessed the fair market value of a Finders Share on a control basis to be in the range of \$0.31 to \$0.35 per Finders Share.

On the basis that the Offer Price is below the range of the estimated fair market value of a Finders Share, the Independent Expert has concluded that the Offer is **NOT FAIR**.

The Offer is NOT REASONABLE

The Independent Expert has concluded that the Offer is **NOT REASONABLE**. To assess the reasonableness of the Offer the Independent Expert considered the following factors in addition to determining whether the Offer was fair:

- The Independent Expert did not consider the Consortium Members' potential withdrawal of support for Finders if the Offer is unsuccessful to be a significant risk to the future success of Finders:** The Wetar Copper Project is now fully permitted and in production and therefore, the Independent Expert considered that support from an Indonesian partner is no longer critical for Finders. In addition, Finders' management has now built its own relationships with the Indonesian government, both centrally and locally.
- No control premium being offered by Eastern Field:** Based on Finders' share price on the day prior to the announcement of the Offer of \$0.23, the VWAP for the 5 days prior to the announcement of the Offer of \$0.232 and the VWAP for the 30 days prior to the announcement of the Offer of \$0.231, no control premium is being offered by Eastern Field.
- Finders' share price is unlikely to fall if the Offer is unsuccessful:** The Independent Expert considered it unlikely that, if the Offer is unsuccessful, the Finders Share price will fall significantly from pre-Offer levels. This is because the Independent Expert's analysis indicates that a number of copper mining companies listed on the ASX have seen their share prices increase as a result of an increase of approximately 8% in the Australian dollar equivalent spot copper price in the period since the Offer was announced. However, the Finders share price has not experienced the same price increase, which the Independent Expert considers may be attributable to the Offer, which has limited the market's response to a rising copper price.

You should read the Independent Expert's Report in full, which is contained in Annexure A of this Target's Statement.

1.3 The timing of the Offer is OPPORTUNISTIC

Your Independent Directors believe that Eastern Field's Offer is opportunistic and has been timed after certain recent events that have weighed on Finders Share prices, including the recent "crud run event" interruption to the 25,000 tpa SX-EW plant which Finders views as only a short term production impact.

The Independent Directors believe that following the ramp up to name plate production capacity at the Wetar Copper Project Finders is poised to benefit from production and sales into a strong copper price environment.

Finders has recently completed the ramp up of the Wetar Copper Project to name plate production capacity. As is typically the case for heap leaching operations, the construction and ramp up phase of the Wetar Copper Project was highly capital intensive. Since ramp up of production at the Wetar Copper Project, free cash flow generated by the Wetar Copper Project has predominantly been directed towards repayment of the Wetar Facility Agreement, the balance of which was reduced from US\$145 million on 30 June 2016 to US\$68.0 million at the date of this Target's Statement.

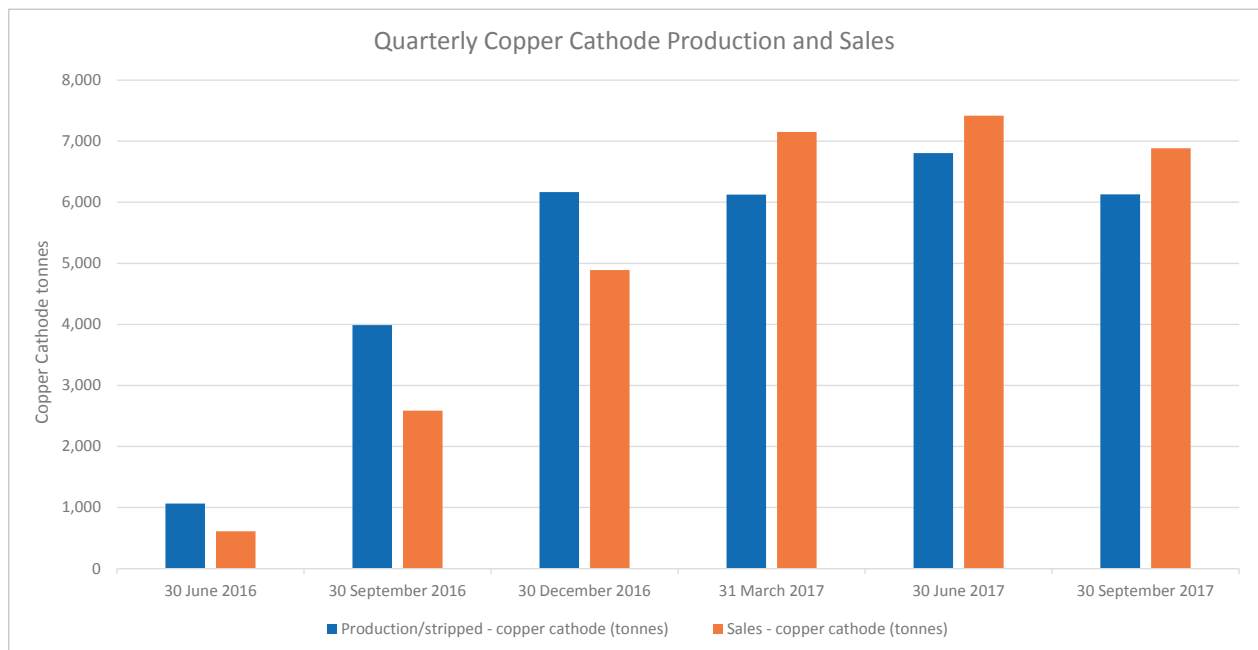
With the Wetar Copper Project now constructed and production having ramped up, the Independent Directors believe that Finders is now well positioned from both an operational and financial perspective to continue to rapidly reduce the bank debt under the Wetar Facility Agreement and will benefit from considerable free cash flows expected to be generated by the Wetar Copper Project. The Independent Directors believe this will enable Finders to allocate funds to further exploration programmes targeting increases to the life of mining operations at the project and, once the bank debt has been fully repaid, payment of dividends to shareholders (however no assurance in relation to payment of dividends can be given by Finders - refer section 7.4(e) for more about this).

If you accept the Offer and the Offer becomes unconditional, your Finders Shares will be transferred to Eastern Field for the Offer Price and you will lose your exposure to any potential upside associated with a continued investment in Finders. However, Finders Shareholders should note that there are risks associated with an investment in Finders. Some of the key risks are set out in section 9 of this Target's Statement.

Production at the Wetar Copper Project has been SUCCESSFULLY RAMPED UP

The commissioning of the 25,000 tpa SX-EW plant at the Wetar Copper Project was successfully completed in May 2016. In combination with the existing 3,000 SX-EW tpa plant, Finders now has the capacity to produce 28,000 tpa of copper cathode. The project development and plant commissioning risk has been removed now that the 25,000 tpa plant is fully operational.

The following chart shows the ramp up of copper cathode production and sales since commissioning of the 25,000 tpa SX-EW plant.



Finders is now well positioned to continue to rapidly reduce debt and allocate funds to further exploration programmes

With both the 25,000 tpa SX-EW plant and the 3,000 tpa SX-EW plant operating, the receipts from sales of copper cathode from the Wetar Copper Project increased from A\$2.9 million in the June 2016 quarter to A\$46.6 million in the June 2017 quarter and A\$53.1 million in the September 2017 quarter. With the recent strength in the copper price the Wetar Copper Project EBITDA was US\$22.5 million in the June 2017 quarter and US\$21 million in the September 2017 quarter (which was achieved despite the "crud run event" interruption to the 25,000 tpa SX-EW plant, discussed below). While the December 2017 quarter production and EBITDA will be impacted by this event, the rehandling, crushing and stacking of partially leached material from the former truck dump leach pads (discussed in section 7.2) and the jaw crusher bearing failure (discussed below and in section 7.2), the Independent Directors expect production to return to June 2017 quarter rates during the March 2018 quarter and name plate capacity of 28,000 tpa thereafter.

As production has ramped up, operating cash flows from copper cathode sales have been applied to rapidly reduce the balance owing under the Wetar Facility Agreement for the Wetar Copper Project. During the 12 months to 30 September 2017, BTR repaid US\$33 million under the Wetar Facility Agreement, reducing the balance owing to US\$68.0 million which is repayable over the period to March 2019.

The Independent Directors believe that continued production at or near to name plate production capacity at the Wetar Copper Project and a strong copper price environment (see section 1.5 below for more about this) will position the Wetar Copper Project well financially to continue to rapidly reduce its bank debt and to allocate funds for further exploration programmes targeting the increase of mine life at the Wetar Copper Project.

Recent events have weighed on the Finders Share price

On 27 September 2017 Finders released a Wetar Production Update announcement on ASX which advised of a "crud run event" which caused an interruption to the 25,000 tpa SX-EW plant that would affect the production of copper cathode in September and October 2017. The Offer was announced on 6 October 2017, at a time when the Independent Directors believe the market was still digesting the potential impact of the interruption.

Total production for the September 2017 quarter was 6,131 tonnes, compared to 6,804 tonnes produced in the June 2017 quarter. Despite the interruption, Finders achieved EBITDA of US\$21.0 million for the September 2017 quarter.

On 17 November 2017 Finders released a further Wetar Production Update announcement on ASX which advised that a premature bearing failure of a jaw crusher had restricted supply of fresh ore to the leach pads. This, in addition to the rehandling, crushing and stacking of partially leached material from the former truck dump leach pads during the December 2017 quarter (see section 7.2(a) for more about this) has resulted in a slower ramp up of leached copper tonnes than previously anticipated and as a consequence the return to June 2017 quarter copper cathode production rates is now expected during the March 2018 quarter.

Both the crud run event and jaw crusher bearing failure are temporary interruptions to production that will not result in any overall loss of copper production over the life of mine reserve profile, as the copper from fresh ore will leach once the crushing and stacking of this material resumes. The two SX-EW plants have the capacity to produce 28,000 tpa copper cathode in aggregate. The Independent Directors anticipate that the recent production interruptions at the SX-EW plant will be short lived, and consider that the Offer coincides with a period during which the price of Finders Shares price has been impacted by these short term interruptions.

1.4 Accepting the Offer may DEPRIVE YOU OF the opportunity to receive GREATER VALUE for your Finders Shares from an alternative proposal (should one emerge) or by selling on market

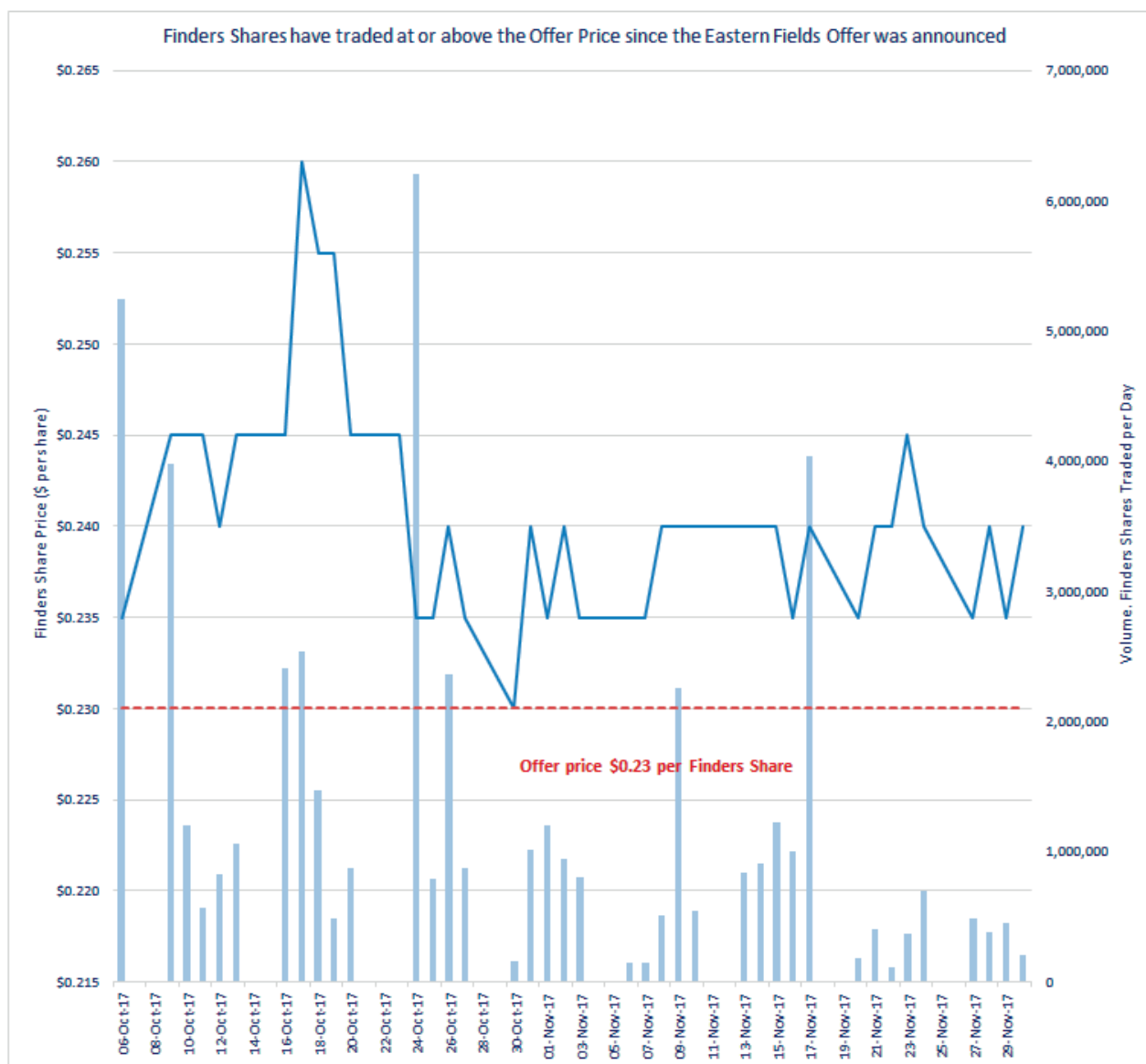
Since the announcement of the Offer, Finders has engaged with third parties regarding potential alternative proposals for Finders Shareholders.

As at the date of printing this Target's Statement, no proposal has reached a stage where is sufficiently progressed to be disclosed in this Target's Statement and the Independent Directors can give no assurance that any alternative proposal will emerge. The Independent Directors will keep Finders Shareholders informed of any material developments in this regard.

Since the date of announcement of the Offer on 6 October 2017 Finders shares have traded on the ASX in the range of \$0.23 to \$0.265 per Finders Share³, that is, they have traded at or **above** the Offer Price of \$0.23 per Finders Share.

³ Source: IRESS price data for the period between 6 October 2017 and the Last Practicable Trading Day.

The following chart illustrates the closing prices for Finders Shares since the Offer was announced until the Last Practicable Trading Day.



Source: IRESS. Sourced without consent.

The closing price of Finders Shares on the ASX on the Last Practicable Trading Day, being the day that is three trading days prior to the date of this Target's Statement, was \$0.24 per Finders Share.

If you accept the Offer, unless the limited withdrawal rights are available, while the Offer remains open you will lose the ability to:

- accept an alternative proposal in relation to Finders, should one emerge;
- sell your Finders Shares on market; or

- otherwise deal with your Finders Shares.

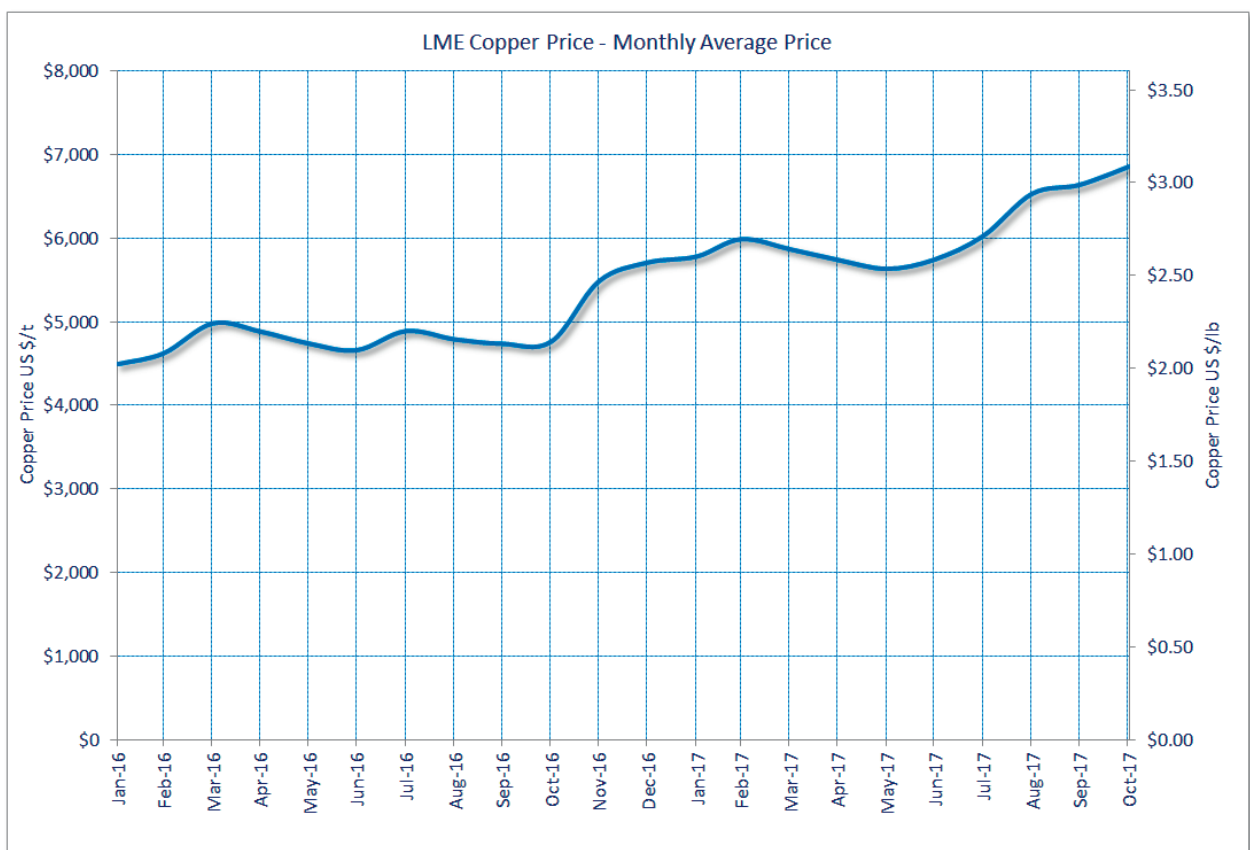
This may deprive you of an opportunity to receive greater value for your Finders Shares than the Offer Price.

1.5 The Offer Price does not fairly reflect the STRONG COPPER PRICE ENVIRONMENT

The copper price environment has been strong over the period that Finders has been commissioning and ramping up production from its 25,000tpa SX-EW plant.

Over 65% of the copper cathode shipped by Finders during 2017 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.

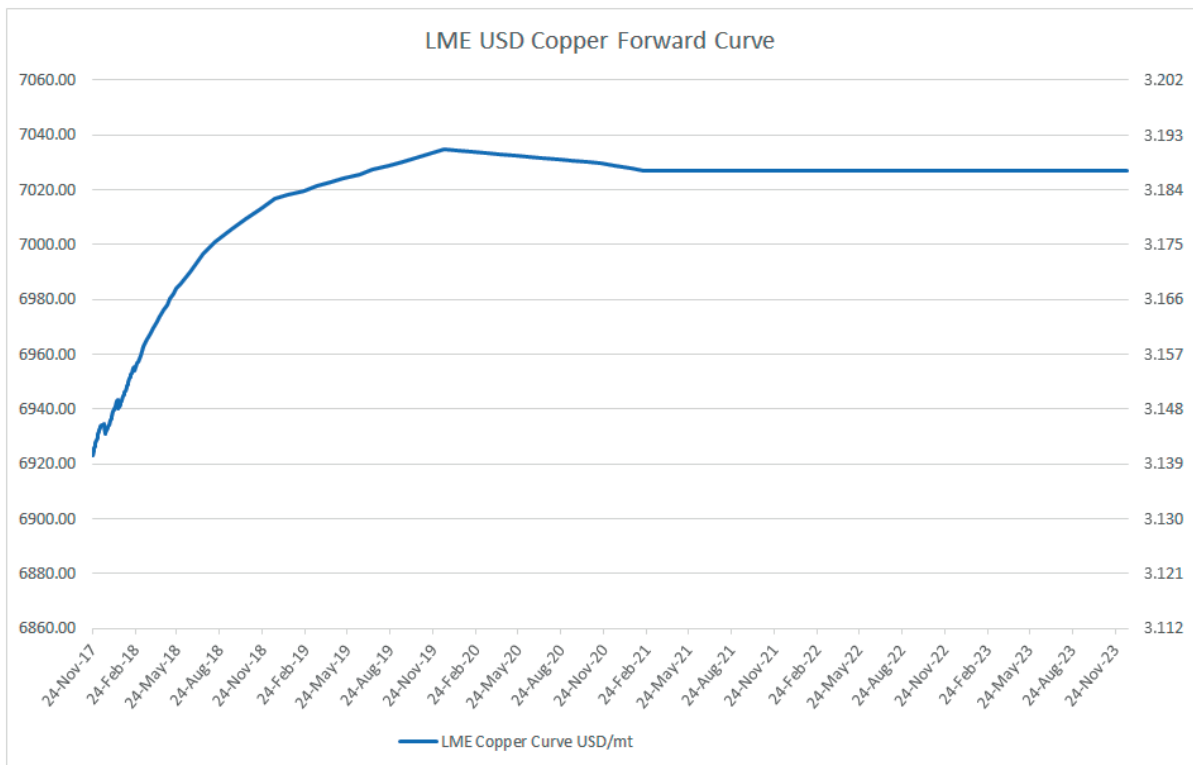
The following chart shows the historical monthly average spot price for high grade copper on the LME market for the period from 1 January 2016 to November 2017.



Source: London Metal Exchange as at 28 November 2017, sourced without consent.

Although it is difficult to accurately predict future copper prices, the forward copper prices are a reasonable indicator of prices that can be secured for copper sales at future dates.

The following chart shows the London Metal Exchange copper forward curve for the next six years:



Source: London Metal Exchange as at 28 November 2017, sourced without consent.

The copper forward curve suggests that the current copper price environment is expected to remain strong.

Finders expects a C1 cost of US\$1.05/lb over the remaining life of mine for the Wetar Copper Project and if the copper price environment remains strong then Finders is expecting strong EBITDA margins. If you accept the Offer and the Offer becomes unconditional you will lose your exposure to potential upside associated with a continued investment in Finders, such as Finders' financial returns if the copper price environment remains strong.

Finders Shareholders should note, however, that there is no guarantee that copper prices will remain strong and there are risks associated with an investment in Finders. Some of the key risks are set out in section 9 of this Target's Statement.

1.6 The Offer is **CONDITIONAL** and not certain to proceed

The Offer is conditional and subject to Conditions which are outside the control of both Finders and Eastern Field. For example, there is a 50% minimum acceptance threshold and a Condition that is tied to the price of copper.

The Conditions are set out in full in Schedule 2 of the Bidder's Statement.

The Offer will only proceed if all of the Offer Conditions are satisfied or waived by Eastern Field before the end of the Offer period.

There is no certainty that these Conditions will be satisfied or waived prior to the close of the Offer. Finders Shareholders should refer to section 6.5 of this Target's Statement for more information on the status of the Conditions.

2. YOUR INDEPENDENT DIRECTORS' RESPONSE TO EASTERN FIELD'S CLAIMS

Eastern Field's claim	The Independent Directors <u>REJECT</u> these claims
The Offer represents attractive value	<p>The Bidder's Statement suggests that the Offer represents "attractive value" and an "attractive premium" to certain pricing metrics for Finders Shares.</p> <p>However, the Bidder's Statement does not contain a comparison of the Offer Price against VWAPs of Finders Shares for periods of less than 60 days prior to the announcement of the Offer, or against the closing price of Finders Shares on the trading day immediately prior to announcement of the Offer.</p> <p>In order to provide a more meaningful comparison to Finders Shareholders, the Independent Directors note the following more recent pricing metrics⁴. The Offer Price of \$0.23 per Finders Share represents:</p> <ul style="list-style-type: none"> • no premium to the closing price of \$0.23 per Finders Shares at the close of trading on ASX on 5 October 2017 (the day before the Announcement Date); • a discount of approximately 1% to the 5 day VWAP of Finders Shares prior to the Announcement Date of \$0.232 per Finders Share; and • a discount of approximately 0.6% to the 30 day VWAP of Finders Shares prior to the Announcement Date of \$0.231 per Finders Share. <p>The Independent Directors believe the Offer Price does not reflect the fair value of Finders Shares (see section 1.1 for more about this). This view is supported by the conclusion of the Independent Expert, which has assessed the fair market value of Finders Shares on a controlling basis to be between \$0.31 and \$0.35 per Finders Share.</p>
Ownership of the Wetar Copper Project	<p>The Bidder's Statement suggests that divestment of Finders' ownership of mining licences in the Wetar Copper Project may apply from the commencement of the demonstration plant in December 2008. This suggestion is entirely without merit.</p> <p>The Independent Directors note that the mining licences for the Wetar Copper Project are held by PT Batutua Kharisma Permai (BKP), the mining entity for the Wetar Copper Project, which in turn is 70% owned by PT Batutua Tembaga Raya (BTR), the smelting and refining company for the Wetar Copper Project, which is 78% owned by Finders through its wholly owned subsidiary Banda Minerals Pty Ltd.</p> <p>Conversion of BKP's previous Kuasa Pertambangan (KP) under the former Indonesian mining legislation to the current Izin Usaha Pertambangan (IUP) or Permit for Production Operation at Wetar was effective as at 9 June 2011. Furthermore, the actual commencement date of production under the IUP</p>

⁴ Source: IRESS price and volume data. Sourced without the consent of IRESS.

Eastern Field's claim	The Independent Directors <u>REJECT</u> these claims
	<p>held by BKP was 8 March 2014.</p> <p>The divestment requirements under the regulations for this IUP commence from the 5th year of production where, by the 6th year of production, Indonesian interests shall own 20% of BKP until the 10th year of production when Indonesian interests shall own 51% of BKP, with intermediate divestment milestones during that period.</p> <p>Currently 30% of BKP is owned by Indonesian interests. The remaining divestments in BKP will not occur until 2021 (-7%), 2022 (-7%) and 2023 (-7%), by which time 51% Indonesian ownership is required.</p> <p>Further information about the Wetar Copper Project, including a chart illustrating the ownership structure, is set out in section 7.</p>
Copper recovery uncertainties	<p>The Bidder's Statement refers to risks associated with the copper heap leaching process and copper recovery rates at the Wetar Copper Project, including stating that:</p> <p><i>"[T]he mineralogical characteristics of the Lerokis deposit are thought to vary from that of Kali Kuning and have been subject to less testwork than Kali Kuning. Consequently, Lerokis may have different leaching characteristics that may impact Wetar's production profile once Kali Kuning is depleted."</i></p> <p>As announced by Finders on the ASX on 20 November 2017, recently completed testwork by Finders on core samples from the Lerokis deposit has delivered encouraging results.</p> <p>In particular, copper recovery rates of 88.0% and 82.6% were achieved for two particular samples in a period of less than 250 days, significantly greater than the 66% Lerokis recovery rate assumed by the Wetar BFS.</p> <p>Coupled with the recent Lerokis Ore Reserve and Mineral Resources upgrades (discussed below), these results clearly demonstrate upside potential for copper recoveries at Lerokis over the operational life of the Wetar Copper Project.</p> <p>See section 7.1(g) for more information about metallurgy and copper recovery.</p>
Limited existing JORC reserves and future exploration and development risks	<p>The Bidder's Statement suggests that Wetar only has a current short remaining period of mining operations of approximately three years (based on unmined Ore Reserves as at 30 June 2016, estimated depletion and projected stacking rates), and criticises the lack of growth in Ore Reserves in recent years.</p> <p>The nature of heap leaching operations such as the Wetar Copper Project means that the life of "mining operations" is inevitably shorter than the life of the project itself. For the Wetar Copper Project, Finders expects ore to be</p>

Eastern Field's claim	The Independent Directors <u>REJECT</u> these claims
	<p>mined until 2021, with copper cathode production from leaching to continue until at least 2023. Accordingly, while the life of "mining operations" may, based on current Ore Reserves, be approximately four years, the remaining life of the Wetar Copper Project is at least six years.</p> <p>As announced by Finders on the ASX on 21 November 2017, recently completed pre-development drilling at the Lerokis deposit has resulted in a 29% increase of Ore Reserves (17,200 additional tonnes of contained copper) and a 34% increase in Mineral Resources (20,800 additional tonnes of contained copper) at Lerokis.</p> <p>The contained copper increase in the updated Lerokis Ore Reserve could potentially deliver additional copper cathode production of:</p> <ul style="list-style-type: none"> • 10,800 tonnes if the Ore Reserve recovery estimate of 62.9% is achieved; • 11,300 tonnes if the Wetar BFS Lerokis recovery rate estimate of 66% is achieved; or • up to 15,100 tonnes if a recovery rate of 88% is achieved (as indicated by the highest recovery achieved in the Lerokis testwork programme described above and in section 7.1(g)), <p>however there is no guarantee what recovery rate will ultimately be achieved in a production scenario (refer section 9.2(a)(iii) for more information about the operating risks to which Finders is exposed).</p> <p>Furthermore, the Independent Directors consider that Finders is now well positioned from both an operational and financial perspective to continue to rapidly reduce its debt under the Wetar Facility Agreement and to allocate funds for further exploration programmes (refer to section 1.3 for more about this).</p>

3. FINDERS DIRECTORS' RECOMMENDATION AND DIRECTORS' INTERESTS

3.1 Directors of Finders

As at the date of this Target's Statement, the directors of Finders are:

- Gary Comb (Non-Executive Chairman);
- Gavin Caudle (Non-Executive Director);
- Barry Cahill (Managing Director); and
- Gordon Galt (Non-Executive Director).

Additionally, Michael Anderson is a Non-Executive Alternate Director for Gordon Galt and Douglas Tay is a Non-Executive Alternate Director for Gavin Caudle.

For the purposes of this Target's Statement, the Independent Directors of Finders are Gary Comb, Barry Cahill and Gordon Galt.

Given Gavin Caudle's role as a director of Provident, Provident Minerals and Merdeka, as a shareholder of Provident and as an indirect shareholder of Provident Minerals and Eastern Field (collectively **Conflicted Positions**) he is not considered to be an independent director of Finders in relation to the Offer. Accordingly, Mr Caudle has not participated in the consideration given by the Independent Directors to the Offer or the review of this Target's Statement until this Target's Statement was presented to the full Board for approval.

Similarly, Douglas Tay (Non-Executive Alternate Director for Gavin Caudle) is a director of Provident and Provident Minerals and is therefore not considered to be an independent director of Finders in relation to the Offer. Accordingly, Mr Tay has also not participated in the consideration given by the Independent Directors to the Offer.

3.2 Independent Directors' recommendation and intentions

After taking into account the matters in this Target's Statement and in the Bidder's Statement, each of your Independent Directors recommend that you **REJECT** the Offer.

The reasons for the Independent Directors' recommendation are set out in section 1 of this Target's Statement.

Your Independent Directors intend to reject the Offer for any Finders Shares they own or control.

3.3 Gavin Caudle makes no recommendation

Gavin Caudle, in his capacity as a Director of Finders, makes no recommendation to Finders shareholders in relation to the Offer as a Director of Finders, given his Conflicted Positions.

To avoid doubt, Douglas Tay (Non-Executive Alternate Director for Gavin Caudle) also makes no recommendation in relation to the Offer.

3.4 Interests and dealings of Directors in Finders Securities

(a) Directors' Interests in Finders Securities

As at the Last Practicable Trading Day, the Directors had the following relevant interests in Finders Securities:

Director	Number of Finders Shares
Gary Comb	9,566,667 ⁵
Gavin Caudle	153,248,198 ⁶
Barry Cahill ⁷	3,800,000 ⁸
Gordon Galt	None
Michael Anderson (Alternate for Gordon Galt)	None
Douglas Tay (Alternate for Gavin Caudle)	413,333 ⁹

(b) Directors' dealings in Finders Securities

On 6 October 2017, Eastern Field entered into separate conditional Sale and Purchase Agreements with Provident and Saratoga under which Eastern Field has agreed to purchase from Provident the 106,214,208 Finders Shares registered in the name of Provident Minerals (which Mr Caudle already had a relevant interest in) and from Saratoga the 47,033,990 Finders Shares registered in the name of Saratoga (which Mr Caudle did not previously have a relevant interest in). Those conditional Sale and Purchase Agreements are attached to the substantial shareholder notices lodged by Eastern Field and the Consortium Members on ASX on 11 October 2017.

⁵1,566,667 of Mr Comb's Finders Shares are held by Bluedale Pty Ltd as trustee for Comb Superannuation Fund (of which Mr Comb is a director). 7,500,000 of Mr Comb's Finders Shares are unvested Finders Incentive Shares held directly by Mr Comb. The remaining 500,000 Finders Shares are held directly by Mr Comb.

⁶Mr Caudle is deemed to have a relevant interest in 153,248,198 Finders Shares, which comprises 106,214,208 Finders Shares registered in the name of Provident Minerals and 47,033,990 Finders Shares registered in the name of Saratoga. Refer to Finders' Appendix 3Y announcement released to ASX on 19 October 2017 for full details of Mr Caudle's relevant interests in Finders Shares.

⁷Finders has agreed to issue 4,000,000 Finders Performance Rights to Finders' Managing Director, Mr Barry Cahill, (refer Finders' ASX announcement dated 25 September 2017) however as at the date of this Target's Statement these have not yet been issued.

⁸600,000 of Mr Cahill's Finders Shares are held indirectly, by Wildpark Nominees Pty Ltd (of which Mr Cahill is a director) as trustee for the Marianna Partners Superannuation Fund (550,000) and the Cahill Family Trust (50,000). 3,000,000 of Mr Cahill's Finders Shares are unvested Finders Incentive Shares. The remaining 200,000 Finders Shares are held directly by Mr Cahill.

⁹Mr Tay's 413,333 Finders Shares are held directly by Mr Tay

Accordingly, on 6 October 2017, Mr Caudle is deemed to have acquired a relevant interest in those 47,033,990 Finders Shares (in addition to the relevant interest he already had in the 106,214,208 Finders Shares registered in the name of Provident Minerals) by virtue of his 30% interest in Provident (because Provident has a relevant interest in the Finders Shares in which Eastern Field has a relevant interest).¹⁰

Other than as described above, no Finders Director has acquired or disposed of a relevant interest in any Finders Securities in the four month period ending on the date immediately before the date of this Target's Statement.

3.5 **Interests and dealings of Directors in Eastern Field, the Consortium Members or Relevant Subsidiary securities**

(a) **Interests**

As at the date immediately before the date of this Target's Statement:

- (i) Mr Caudle has a relevant interest in 30% of Provident. By virtue of this interest, Mr Caudle is deemed to also have a relevant interest in the 334 ordinary shares in Eastern Field that Provident is the registered holder of; and
- (ii) Mr Tay has a relevant interest in 537,184 shares in Merdeka; and
- (iii) no other Director had a relevant interest in the securities of Eastern Field, the Consortium Members or any Relevant Subsidiary.

(b) **Dealings**

As described above, Mr Caudle is deemed to have a relevant interest in the 334 ordinary shares in Eastern Field that Provident is the registered holder of. Provident acquired these shares within the last four months.

Other than as described above, no Director has acquired or disposed of a relevant interest in any securities of Eastern Field, the Consortium Members or a Relevant Subsidiary in the four month period ending on the date immediately before the date of this Target's Statement.

3.6 **Benefits and agreements**

(a) **Benefits to Directors**

As a result of the Offer, no person has been or will be given any benefit (other than a benefit which can be given without member approval under the Corporations Act) in connection with the retirement of that person, or someone else, from the Board, managerial office or related body corporate of Finders.

¹⁰Refer to Finders' Appendix 3Y announcement released to ASX on 19 October 2017.

No Director has agreed to receive, or is entitled to receive, any benefit from Eastern Field, the Consortium Members or a Relevant Subsidiary or any related body corporate of Eastern Field, the Consortium Members or a Relevant Subsidiary which is related to or conditional on the Offer, other than in their capacity as a holder of Finders Shares (which includes Finders Incentive Shares) or Finders Performance Rights.

(b) **Agreements in connection with or conditional on the Offer**

No agreement has been made between any Director and any other person in connection with, or conditional upon, the outcome of the Offer, other than in their capacity as a holder of Finders Shares (including any Finders Incentive Shares) or Finders Performance Rights.

(c) **Interests in contracts with Eastern Field**

No Director has any interest in any contract entered into by Eastern Field, the Consortium Members or a Relevant Subsidiary or any related body corporate of Eastern Field, the Consortium Members or a Relevant Subsidiary, save that Mr Caudle has an interest in some such contracts by virtue of his position as a director of Provident, Provident Minerals and Merdeka, and as a shareholder of Provident.

4. FREQUENTLY ASKED QUESTIONS

This section answers some commonly asked questions about the Offer. It is not intended to address all relevant issues for Finders Shareholders. This section should be read together with all other parts of this Target's Statement.

Question	Answer	Where to find further information (section numbers refer to this Target's Statement unless otherwise specified)
Who is making the Offer?	The Offer is being made by Eastern Field, a special purpose vehicle jointly owned by Provident, Saratoga and Merdeka (together, the Consortium and each a Consortium Member). Information in relation to Eastern Field and the Consortium is set out in section 8 of this Target's Statement and in the Bidder's Statement.	Section 8 Bidder's Statement
What is Eastern Field offering for my Finders Shares?	The Offer Price is \$0.23 cash per Finders Share.	Section 6
What is the Bidder's Statement?	The Bidder's Statement is the document prepared by Eastern Field which sets out the terms of the Offer, as required by the Corporations Act. All Finders Shareholders should have recently received a copy of the Bidder's Statement in the mail and it is available on the ASX Market Announcements Platform.	
What is the Target's Statement?	This Target's Statement is the formal response by the Board of Finders to the Offer, as required by the Corporations Act. This document has been prepared by Finders and contains important information to help you decide whether to accept the Offer.	
What choices do I have as a Finders Shareholder?	As a Finders Shareholder, you have the following choices in respect of your Finders Shares: <ul style="list-style-type: none"> reject the Offer by doing nothing (which is what the Independent Directors recommend that you do); sell all or some of your Finders Shares, for 	Section 5

Question	Answer	Where to find further information (section numbers refer to this Target's Statement unless otherwise specified)
	<p>example, on ASX (unless you have previously accepted the Offer and you have not validly withdrawn your acceptance); or</p> <ul style="list-style-type: none"> accept the Offer. <p>There are several implications in relation to each of the above choices. A summary of these implications is set out in section 5 of this Target's Statement.</p> <p>You should seek independent legal, financial and taxation advice before making a decision whether to accept the Offer.</p>	
What do your Independent Directors recommend?	<p>Your Independent Directors unanimously recommend that you <u>REJECT</u> the Offer.</p> <p>The reasons for your Independent Directors' recommendation are set out in section 1 of this Target's Statement.</p> <p>Gavin Caudle makes no recommendation in relation to the Offer, for the reasons set out in section 3.1 of this Target's Statement.</p>	Section 1
What do the Independent Directors intend to do with their Finders Shares?	<p>Your Independent Directors intend to <u>REJECT</u> the Offer for any Finders Shares they own or control.</p> <p>The Directors' interests in Finders Shares are set out in section 3.4 of this Target's Statement.</p>	Sections 3.1 and 3.4
What are the risks of accepting or rejecting the Offer?	<p>Non-exhaustive lists of the key risks of accepting or rejecting the Offer are set out in section 9 of this Target's Statement.</p>	Section 9
How many Finders Shares does Eastern Field already have an interest in?	<p>As at the Last Practicable Trading Day, Eastern Field and the Consortium had a relevant interest in 153,248,198 Finders Shares, representing approximately 19.8% of the voting power in Finders.</p>	Section 8 of the Bidder's Statement

Question	Answer	Where to find further information (section numbers refer to this Target's Statement unless otherwise specified)
What is the opinion of the Independent Expert?	<p>The Independent Expert has concluded that the Offer is neither fair nor reasonable to Finders Shareholders.</p> <p>Your Independent Directors recommend that you read the Independent Expert's Report in full, which is contained in Annexure A of this Target's Statement.</p>	Annexure A
Why should I <u>REJECT</u> the Offer?	<p>You should <u>REJECT</u> the Offer for the following key reasons:</p> <ul style="list-style-type: none"> • the Offer is inadequate and does not reflect fair value; • the Independent Expert has concluded that the Offer is neither fair nor reasonable; • the timing of the Offer is opportunistic; • accepting the Offer may deprive you of the opportunity to receive greater value for your Finders Shares from an alternative proposal (should one emerge) or from selling your Finders Shares on market; • the Offer Price does not fairly reflect the strong copper price environment; and • the Offer is conditional and not certain to proceed. 	Section 1
How do I <u>REJECT</u> the Offer?	To reject the Offer, you should <u>TAKE NO ACTION</u> in relation to all correspondence from Eastern Field in relation to the Offer.	Section 5.1
Is the Offer conditional?	Yes. The Offer is subject to a number of Conditions, which are set out in Schedule 2 of the Bidder's Statement.	Schedule 2 of the Bidder's Statement and Section 6.3

Question	Answer	Where to find further information (section numbers refer to this Target's Statement unless otherwise specified)
What happens if the Conditions are not fulfilled or waived?	If the Conditions (which are set out in Schedule 2 of the Bidder's Statement) are not fulfilled or waived by Eastern Field by the end of the Offer Period, your acceptance of the Offer will be void and you will not receive the Offer Price from Eastern Field. You would then be free to deal with your Finders Shares as you see fit even if you had previously accepted the Offer.	Section 6.4
What are the consequences of accepting the Offer now, while it remains conditional?	If you accept the Offer, unless withdrawal rights are available (see below), you will give up your right to sell your Finders Shares or otherwise deal with your Finders Shares while the Offer remains open. While the Offer remains conditional, you will not be paid consideration under the Offer. You should take into account the possibility that the Conditions may not be fulfilled or waived.	Section 6.8
If I accept the Offer, can I withdraw my acceptance?	You cannot withdraw or revoke your acceptance unless a withdrawal right arises under the Corporations Act. A withdrawal right will arise if, after you have accepted the Offer, Eastern Field varies the Offer in a way that postpones for more than one month the time that Eastern Field has to meet its obligations under the Offer (for example, if Eastern Field extends the Offer Period for more than one month while the Offer remains subject to any of the Conditions).	Section 6.9
What are the consequences of the Offer becoming unconditional?	If you accept the Offer after the Offer becomes unconditional, or the Offer becomes unconditional after you have accepted, you will be entitled to receive the Offer Price in respect of your Finders Shares (subject to the terms of the Offer in the Bidder's Statement). If the Offer becomes unconditional, Eastern Field will be entitled to attend meetings of Finders and vote on behalf of those Finders Shareholders who have accepted the Offer.	Section 6.10

Question	Answer	Where to find further information (section numbers refer to this Target's Statement unless otherwise specified)
Can Eastern Field increase the Offer Price?	<p>In accordance with section 650B, Eastern Field may vary the Offer by improving the Offer Price. If Eastern Field increases the Offer Price, the Independent Directors will carefully consider the revised Offer and advise you accordingly.</p> <p>If Eastern Field increases the Offer Price during the last seven days of the Offer Period, the Offer Period will be automatically extended by a further 14 days.</p> <p>If you have already accepted the Offer you will be entitled to the increased Offer Price.</p> <p>If you have sold your Finders Shares on the ASX you will not be eligible for the benefit of any increase in the Offer Price.</p>	Section 6.11
What does Eastern Field's existing stake in Finders mean for the Offer?	<p>Eastern Field has a relevant interest in the:</p> <ul style="list-style-type: none"> • 106,214,208 Finders Shares registered in the name of Provident Minerals; and • 47,033,990 Finders Shares registered in the name of Saratoga, <p>which in aggregate is 153,248,198 Finders Shares (representing approximately 19.8% of the Finders Shares on issue).</p> <p>Eastern Field's interest does not prevent other parties from making an offer for your Finders Shares at a higher price and/or on superior terms than Eastern Field's Offer.</p> <p>Eastern Field's existing interest of approximately 19.8% will be included for the purposes of determining whether the minimum acceptance Condition to the Offer has been satisfied, namely the Condition that before the expiration of the Offer Period Eastern Field has received valid acceptances such that it has a relevant interest in more than 50% of the Finders Shares at that time.</p>	

Question	Answer	Where to find further information (section numbers refer to this Target's Statement unless otherwise specified)
When does the Offer close?	The Offer is currently scheduled to close at 7.00 pm (Perth time) on 20 December 2017, but the Offer Period can be extended in certain circumstances.	Section 6.2
When will I receive the Offer Price if I accept the Offer?	<p>If you accept the Offer, you will not receive the Offer Price unless all Conditions are fulfilled or waived before the end of the Offer Period.</p> <p>Subject to the Corporations Act and you providing Eastern Field with any documents required to be given with your acceptance to enable Eastern Field to become the holder of your Finders Shares, if you accept the Offer and the Offer is or becomes unconditional, Eastern Field will pay you the Offer Price for your Finders Shares to which Eastern Field acquires good title on or before the earlier of:</p> <ul style="list-style-type: none"> the day that is one month after the date you accept the Offer or, if the Offer is still subject to a Condition when you accept it, one month after the date on which the Offer becomes unconditional; and the day 21 days after the end of the Offer Period. 	Schedule 1 of the Bidder's Statement
What are the tax implications of accepting the Offer?	<p>A non-exhaustive general outline of the Australian tax implications of disposing of your Eastern Field shares pursuant to the Offer is set out in section 10.12 of this Target's Statement.</p> <p>As the outline is general in nature, Finders Shareholders are encouraged to seek their own specific professional advice as to the taxation implications applicable to their circumstances.</p>	Section 10.12

Question	Answer	Where to find further information (section numbers refer to this Target's Statement unless otherwise specified)
Can I be forced to sell my Finders Shares?	<p>You cannot be forced to sell your Finders Shares unless Eastern Field becomes entitled to compulsorily acquire those shares under Chapter 6A of the Corporations Act.</p> <p>Eastern Field would need to obtain a relevant interest in 90% or more of the Finders Shares in order to proceed to compulsory acquisition.</p>	Section 6.13
What are Eastern Field's intentions with respect to Finders' business?	<p>Eastern Field's intentions in relation to the continuation of Finders' businesses, any major changes to be made to the businesses of Finders (including any redeployment of the fixed assets of Finders), changes to the Finders Board and the future employment of present employees of Finders are set out in section 5 of its Bidder's Statement.</p>	Section 5 of the Bidder's Statement
Can Eastern Field withdraw its Offer?	<p>Eastern Field may not withdraw the Offer if you have already accepted it. Before you accept the Offer, Eastern Field may withdraw the Offer with the written consent of ASIC and subject to the conditions (if any) specified in such consent.</p> <p>However, the Offer is conditional on the Conditions, which are described in Schedule 2 of the Bidder's Statement. If the Conditions are not fulfilled or waived before the end of the Offer Period the Offer will lapse and all acceptances of the Offer will be void and have no effect. In those circumstances, you will not receive the Offer Price from Eastern Field and you will be free to deal with your Finders Shares as you see fit.</p>	<p>Section 6.7</p> <p>Schedule 2 of the Bidder's Statement</p>
Is there a number that I can call if I have further queries in relation to the Offer?	<p>If you have any further questions about the Offer, please contact the Shareholder Information Line on 1300 648 874 (within Australia) or +61 2 8355 1000 (from outside Australia) between the hours of 9.00 am and 5.00 pm (Sydney time) on business days.</p>	Important Information

5. YOUR CHOICES AS A FINDERS SHAREHOLDER

As a Finders Shareholder, you have three options available to you. Those options are set out below.

You should note that:

- your Independent Directors unanimously recommend that you **REJECT** the Offer;
- each of your Independent Directors intends to **REJECT** the Offer in respect of the Finders Shares which they own or control; and
- your Independent Directors encourage you to consider your personal risk profile, investment strategy, tax position and financial circumstances before making any decision in relation to your Finders Shares.

Gavin Caudle makes no recommendation in relation to the Offer, for the reasons set out in section 3.3 of this Target's Statement.

5.1 Option 1 - **REJECT** the Offer

If you do not wish to accept the Offer and want to retain your Finders Shares, you should simply do nothing. This is the recommendation of your Independent Directors.

If you choose to reject the Offer, do not take any action in relation to documents sent to you by Eastern Field.

5.2 Option 2 - **Sell your Finders Shares on ASX**

Finders Shareholders remain free to sell their Finders Shares on ASX, provided they have not already accepted the Offer.

On the Last Practicable Trading Day, the closing share price for Finders Shares on ASX was \$0.24. The latest price for Finders Shares may be obtained from the ASX website at www.asx.com.au.

If you sell your Finders Shares on ASX, you:

- will lose your exposure to any future growth potential of Finders, although there can be no certainty that will occur and there are risks associated with an investment in Finders (refer to the risk factors in section 9.2 of this Target's Statement for further information);
- will not receive the potential benefits of:
 - any potential higher competing offer for your Finders Shares, should one emerge;
 - any higher price which may be available for your Finders Shares on the ASX market (although no forecast is made of future prices); or

- any increase by Eastern Field of the Offer Price in response to a competing offer (see FAQ *"Can Eastern Field increase the Offer Price"* for further information in this regard),

although no forecast is made of whether those events will occur;

- may be liable to pay tax (eg CGT) on the sale; and
- may incur a brokerage charge.

Finders Shareholders who wish to sell their Finders Shares on ASX should contact their broker for information on how to effect that sale. They should also seek professional tax advice as to the tax implications for them from such a sale. A non-exhaustive general outline of the Australian tax implications of such a sale is set out in section 10.12 of this Target's Statement.

5.3 **Option 3 - Accept the Offer**

Finders Shareholders who accept the Offer:

- will likely lose their exposure to any future growth potential of Finders, although there can be no certainty that will occur and there are risks associated with an investment in Finders (refer to the risk factors in section 9.2 of this Target's Statement for further information);
- will not receive the potential benefit of any higher price which may be available for their Finders Shares on ASX (although no forecast is made of future ASX trading prices);
- will not receive the Offer consideration unless the Conditions are fulfilled or waived;
- will not be able to withdraw their acceptance and sell their Finders Shares, meaning that they would not be able to accept a higher price from a competing bidder if such a bid eventuates, except in certain limited circumstances (see section 6.9 of this Target's Statement); and
- may be liable to pay tax (eg CGT) on the disposal of their Finders Shares which may have financial consequences for some Finders Shareholders (see section 10.12 of this Target's Statement for further details of the tax consequences of the Offer).

Finders Shareholders who wish to accept the Offer should refer to the Bidder's Statement for instructions as to how to do so.

6. IMPORTANT INFORMATION ABOUT THE OFFER

6.1 Offer consideration

The consideration being offered by Eastern Field is \$0.23 cash for each Finders Share you own.

6.2 Offer Period

The Offer will be open for acceptance from 20 November 2017 until 7.00 pm (Perth time) on 20 December 2017, unless extended or withdrawn.

The circumstances in which Eastern Field may extend or withdraw the Offer are set out in section 6.6 and section 6.7 respectively of this Target's Statement.

6.3 Conditions

The Offer is subject to the fulfilment of a number of conditions (**Conditions**). The Conditions are set out in Schedule 2 of the Bidder's Statement. On 21 November 2017, Eastern Field gave notice to ASX that the Condition set out in paragraph 1 of Schedule 2 of the Bidder's Statement ("FIRB Approval") had been satisfied.

The Conditions outstanding as at 30 November 2017, the last practicable date before printing of this Target's Statement, as set out in the Bidder's Statement, are:

- (a) **(minimum acceptance)** that before the expiration of the Offer Period, Eastern Field has received valid acceptances so that Eastern Field has a relevant interest in more than 50% of the Finders Shares at that time;
- (b) **(No regulatory action)** between the Announcement Date and the end of the Offer Period:
 - (i) no preliminary or final decision, order or direction is made or issued by any Regulatory Authority;
 - (ii) no action, proceeding or investigation is announced, commenced or threatened by any Regulatory Authority; and
 - (iii) no application is made to any Regulatory Authority (other than by the Bidder or any associate of the Bidder),

which is likely to or purports or threatens to restrain, prohibit, impede or otherwise adversely affect the making of the Offer, the acquisition of Finders Shares by the Bidder, the rights of the Bidder in respect of the Target or Finders Shares (other than any action or decision by or application to ASIC or the Takeovers Panel in exercise of the powers or discretions conferred by the Corporations Act);

- (c) **(No Target Prescribed Occurrences)** between the Announcement Date and the end of the Offer Period, there is no occurrence of a Target Prescribed Occurrence;

- (d) **(No Material Adverse Change)** save as publicly announced to the ASX prior to the date of the Announcement, between 1 January 2017 and the end of the Offer Period, there is no occurrence of any Material Adverse Change;
- (e) **(Third party consents)** if Finders, or a subsidiary of Finders, is a party to, is bound by, or is subject to:
- (i) a financing agreement;
 - (ii) a joint venture agreement;
 - (iii) a shareholders or cooperation agreement relating to shares in, or the operation of, a subsidiary of Finders; or
 - (iv) material agreement relating to Wetar,

and as a result of the acquisition of Finders Shares under the Offer or any consequential change in control of Finders, another person who is a party to such agreement becomes entitled to exercise any rights (including termination rights or pre-emptive rights) under that agreement;

- (f) **(No material acquisitions, disposals or commitments)** between the Announcement Date and the end of the Offer Period, none of the following events occurs, are announced or become known to the Bidder:
- (i) any member of the Finders Group acquires, offers to acquire or agrees to acquire one or more companies, businesses or assets (or any interest therein) for an amount in aggregate greater than \$5,000,000; or
 - (ii) any member of the Finders Group disposes of, offers to dispose of or agrees to dispose of one or more companies, businesses or assets (other than excluded assets) (or any interest therein) for an amount, or in respect of which the book value is, in aggregate, greater than \$5,000,000, other than in the ordinary course of business; and
 - (iii) the Finders Group, incurs Financial Indebtedness, other than under a permitted hedging contract, which in aggregate exceeds A\$5,000,000.

For the purpose of this condition:

excluded assets means copper production from Wetar which is sold either on a spot basis in the ordinary course of the Finders Group business or under a permitted hedging contract.

permitted hedging contract is a hedging contract entered into by a member of the Finders Group which meets the following conditions:

- (i) the hedging contract is entered into in accordance with the existing hedging policy approved by the Finders Board and the PT Batutua Tembaga Raya Board (**approved hedging policy**);

- (ii) the sum of the amount of copper cathode the subject of the hedging contract and all other open hedging contracts entered into by a member of the Finders Group does not exceed 55% of the forecast production from the date that the relevant hedging contract is entered into until the earlier of the scheduled final repayment date under the Finders Group's bank financing facilities and 31 March 2019; and
- (iii) the price to be received under the hedging contract is not less than the floor price provided under the approved hedging policy or US\$6,000 (whichever is the higher amount); and
- (g) **(Copper Price)** between the date of the Announcement and the end of the Offer Period, the 3 Month Copper Price at the close of business on the London Metal Exchange (as reported on Bloomberg as LME Copper 3 MO (\$) under the security description "LMCADS03 LME Comdty") is below US\$6,000 on 2 consecutive days the London Metal Exchange is open for business.

6.4 **Effect of non-satisfaction of Conditions**

If the Conditions are not fulfilled or waived before the end of the Offer Period the Offer will lapse with unfulfilled Conditions. If the Offer lapses, all acceptances of the Offer will be void and of no effect. In those circumstances, you will not receive the Offer Price from Eastern Field and you will be free to deal with your Finders Shares as you see fit.

6.5 **Status of Conditions**

Paragraph 6.6 of Schedule 1 of the Bidder's Statement states that Eastern Field will give a notice on the status of the Conditions (**Notice of Status of Conditions**) to Finders on the date that is seven days before the end of the Offer Period, being 13 December 2017, subject to variation under section 630(2) of the Corporations Act if the Offer Period is extended.

Eastern Field is required to set out in its Notice of Status of Conditions:

- whether the Offer is free of any or all of the Conditions;
- whether, so far as Eastern Field knows, the Conditions have been fulfilled; and
- Eastern Field's voting power in Finders at that time.

If the Offer Period is extended by a period before the Notice of Status of Conditions is to be given, the date for giving the Notice of Status of Conditions will be taken to be postponed for the same period. In the event of such an extension, Eastern Field is required, as soon as practicable after the extension, to notify ASX and Finders of the new date for giving the Notice of Status of Conditions.

If a Condition is fulfilled (so that the Offer becomes free of that condition) during the Offer Period but before the date on which the Notice of Status of Conditions is required to be given, Eastern Field must, as soon as practicable, give ASX and Finders a notice that states that the particular Condition has been fulfilled.

6.6 Extension of Offer Period

Eastern Field may extend the Offer Period at any time before giving the Notice of Status of Conditions while the Offer is subject to the Conditions. However, if either:

- the Offer is unconditional (that is, the Conditions are satisfied or waived); or
- the Offer is conditional and one of the following happens after Eastern Field gives the Notice of Status of Conditions:
 - another person lodges with ASIC a bidder's statement for a takeover bid for Finders Shares;
 - another person announces a takeover bid for Finders Shares;
 - another person makes offers under a takeover bid for Finders Shares;
 - the consideration for offers under another takeover bid for Finders Shares is improved,

then Eastern Field may extend the Offer Period at any time before the end of the Offer Period.

In addition, there will be an automatic extension of the Offer Period if, within the last seven days of the Offer Period:

- Eastern Field improves the consideration offered under the Offer; or
- Eastern Field's voting power in Finders increases to more than 50%.

If either of these events occur, the Offer Period is automatically extended so that it ends 14 days after the relevant event occurred.

6.7 Withdrawal of Offer

Eastern Field may not withdraw the Offer if you have already accepted it. Before you accept the Offer, Eastern Field may withdraw the Offer with the written consent of ASIC and subject to the conditions (if any) specified in such consent.

However, the Offer is conditional on the Conditions. If a Condition to the Offer is not fulfilled or waived the Offer will lapse, in which case all acceptances of the Offer will be void and have no effect. In those circumstances, you will not receive the Offer Price from Eastern Field and you will be free to deal with your Finders Shares as you see fit.

6.8 Effect of acceptance

The effect of acceptance of the Offer is set out in section 4.7 of Schedule 1 of the Bidder's Statement. You should read those provisions in full to understand the effect that acceptance will have on your ability to exercise the rights attaching to your Finders Shares and the representations and warranties which you will be giving Eastern Field by accepting the Offer.

In particular, accepting Eastern Field's Offer will prevent you from selling your Finders Shares during the Offer Period and Eastern Field would also be able to exercise the rights attaching to your Finders Shares.

6.9 Withdrawal of your acceptance

If you accept the Offer, you will only be able to withdraw your acceptance in limited circumstances.

You may only withdraw your acceptance of the Offer if Eastern Field varies the Offer in a way that postpones, for more than one month, the time when Eastern Field needs to meet its obligations under the Offer. This will occur if Eastern Field extends the Offer Period by more than one month and the Offer is still subject to any Conditions.

6.10 When you will receive the Offer consideration

If you accept the Offer, you will not receive the Offer Price unless all Conditions are fulfilled or waived before the end of the Offer Period.

Subject to:

- the Corporations Act; and
- you providing Eastern Field with any documents required to be given with your acceptance to enable Eastern Field to become the holder of your Finders Shares,

if you accept the Offer and the Offer becomes unconditional, Eastern Field will pay you the Offer Price for your Finders Shares on or before the earlier of:

- the day that is one month after the date you accept the Offer or, if the Offer is still subject to a Condition when you accept it, one month after the date on which the Offer becomes unconditional; and
- the day 21 days after the end of the Offer Period.

6.11 Effect of an improvement in the Offer consideration

In accordance with section 650B, Eastern Field may vary the Offer by improving the Offer Price. If Eastern Field raises the Offer Price, the Independent Directors will carefully consider the revised Offer and advise you accordingly.

If Eastern Field increases the Offer Price during the last seven days of the Offer Period, the Offer Period will be automatically extended by a further 14 days.

If you have already accepted the Offer you will be entitled to the increased Offer Price.

If you have sold your Finders Shares on ASX you will not be eligible for the benefit of any increase in the Offer Price.

6.12 Lapse of the Offer

The Offer will lapse if the Conditions referred to in section 6.3 of this Target's Statement are not fulfilled or waived, in which case all acceptances of the Offer will be void. In those circumstances, you will not receive the Offer Price and will be free to deal with your Finders Shares as you see fit.

6.13 Compulsory acquisition

Eastern Field has stated in section 5.2 of the Bidder's Statement that it has made no decision as to whether it would compulsorily acquire any outstanding Finders Shares if it becomes entitled to do so under the Corporations Act.

Please refer to section 5.2 of the Bidder's Statement for more information regarding Eastern Field's intentions regarding compulsory acquisition. Finders Shareholders should seek professional tax advice as to the tax implications for them from disposing of their Finders Shares pursuant to compulsory acquisition by Eastern Field. A non-exhaustive general outline of the Australian tax implications of such a disposal is set out in section 10.12 of this Target's Statement.

The two types of compulsory acquisition under Chapter 6A of the Corporations Act are summarised below.

(a) Follow on compulsory acquisition

Under Part 6A.1 of the Corporations Act, Eastern Field will be entitled to compulsorily acquire any outstanding Finders Shares for which it has not received acceptances on the same terms as the Offer if, during or at the end of, the Offer Period, Eastern Field (together with its associates):

- (i) has relevant interests in at least 90% (by number) of the Finders Shares; and
- (ii) has acquired at least 75% (by number) of the Finders Shares that Eastern Field offered to acquire under the Offer, whether the acquisitions happened under the Offer or otherwise.

If these thresholds are met, Eastern Field will have up to one month after the end of the Offer Period within which to give compulsory acquisition notices to Finders Shareholders who have not accepted the Offer. The consideration payable by Finders will be the Offer Price last offered under the Offer.

Finders Shareholders have statutory rights to challenge the compulsory acquisition, but a successful challenge will require the relevant Finders Shareholders to establish to the satisfaction of a court that the terms of the Offer do not represent "fair value" for the Finders Shares.

(b) **General compulsory acquisition**

If Eastern Field does not become entitled to compulsorily acquire outstanding Finders Shares at the end of the Offer Period as described above, Eastern Field might be entitled to compulsorily acquire Finders Shares at a later time under the general compulsory acquisition power if Eastern Field becomes a "90% holder".

Under Part 6A.2 of the Corporations Act, Eastern Field will be entitled to compulsorily acquire any outstanding Finders Shares, if Eastern Field (either alone or with a related body corporate) holds full beneficial interests in at least 90% of Finders Shares (by number) (ie if Eastern Field becomes a "90% holder").

If this threshold is met, Eastern Field will then have six months within which to give compulsory acquisition notices to Finders Shareholders. The compulsory acquisition notices sent to Finders Shareholders must be accompanied by an independent expert's report and an objection form.

The independent expert's report must set out whether the terms of the compulsory acquisition give a "fair value" for the Finders Shares and the independent expert's reasons for forming that opinion.

If Finders Shareholders with at least 10% of Finders Shares covered by the compulsory acquisition notice object to the acquisition before the end of the objection period (which must be at least one month), Eastern Field may apply to the Court for approval of the acquisition of the Finders Shares covered by the notice.

6.14 **Eastern Field's intentions**

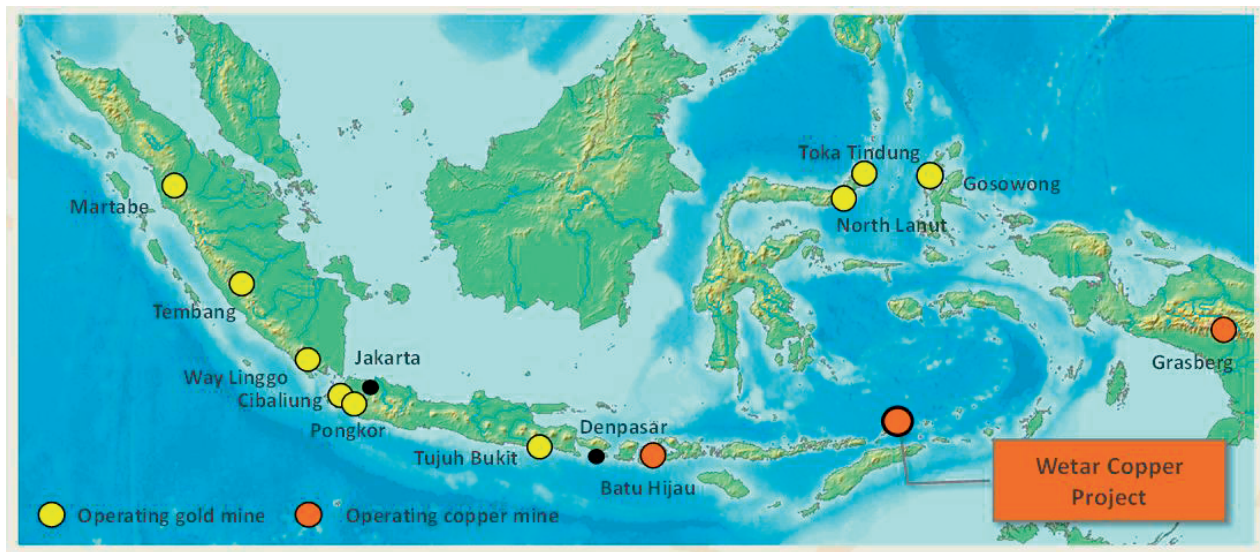
Section 5 of the Bidder's Statement sets out Eastern Field's intentions in respect of the business and operations of Finders in certain circumstances.

7. INFORMATION RELATING TO FINDERS

7.1 Overview

(a) Background

Finders is the operator of the Wetar Copper Project (in which Finders has a 74.1% economic interest) located on the north coast of the remote and lightly populated island of Wetar in the Province of Maluku Barat Daya of eastern Indonesia.



Location of the Wetar Copper Project

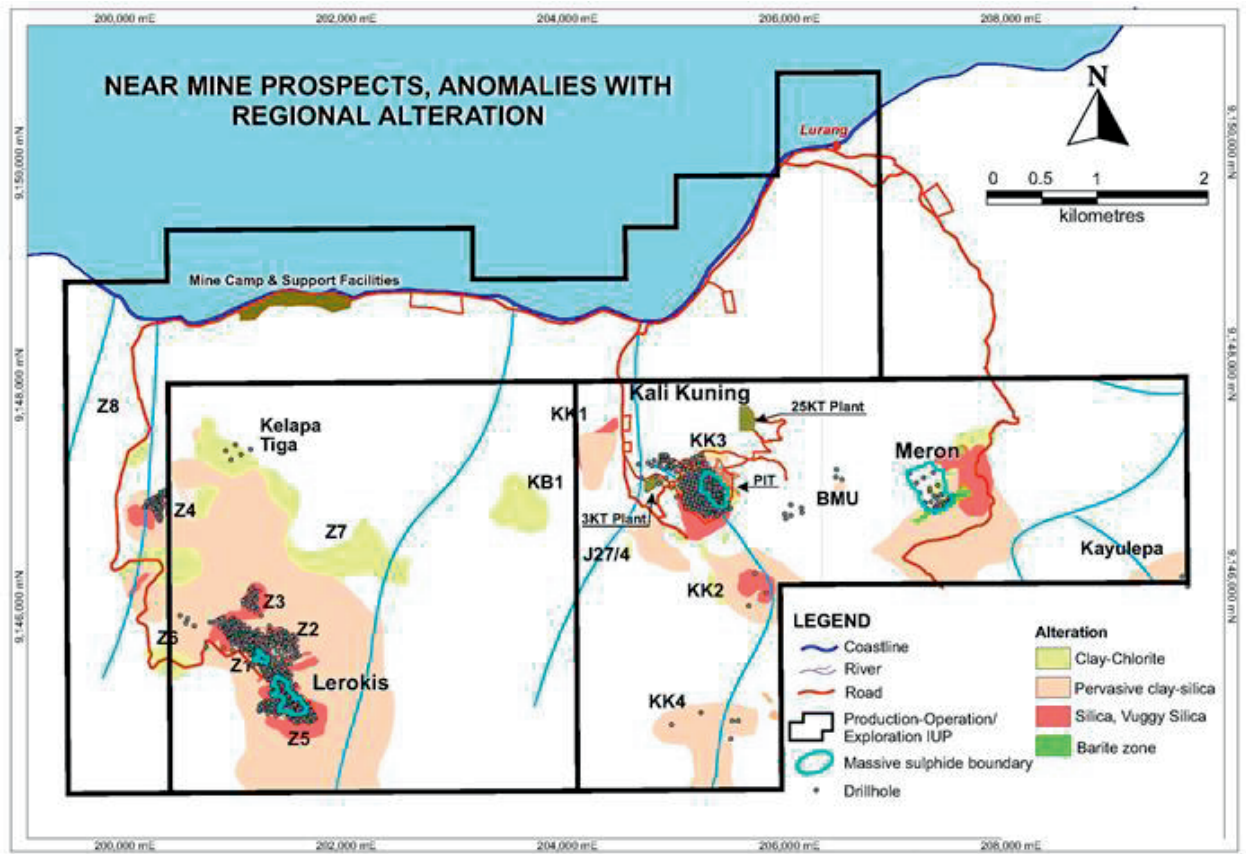
The Wetar Copper Project comprises the development, open pit mining and processing of high-grade, massive sulphide deposits at Kali Kuning and Lerokis located within 3 km of the island's coast. Despite its remote location, the Project benefits from having existing infrastructure in place, including a wharf, camp and roads and partially exposed copper deposits from a prior gold mining era.

The ore bodies comprise precious metal-rich volcanogenic massive sulphide and barite deposits. The massive sulphide deposits are dominated by pyrite, with minor chalcopyrite, covellite, chalcocite, tennantite–tetrahedrite, enargite and bornite. The barite ore bodies are developed on the flanks and can locally overlay the massive sulphide deposits.

Finders has been operating a sulphide heap leach and solvent extraction-electrowinning (SX-EW) copper cathode demonstration plant on Wetar Island since 2009, which was upgraded to 3,000 tpa in 2014.

The SX-EW copper cathode demonstration plant validated the economics for the expansion of the Wetar Project to 28,000 tpa, as detailed in the revised Bankable Feasibility Study released by Finders on the ASX on 20 November 2013 (Wetar BFS).

The Wetar BFS demonstrated robust economics and estimated life of mine cathode production of 155,000 tonnes of copper assuming an average copper recovery of 74% over the project life with a projected life of mine cash cost of US\$1.05/lb copper.



Layout of the Wetar Copper Project showing main deposits and exploration targets

Development and construction activities for the 25,000 tpa SX-EW expansion project commenced in late 2014. The new plant was commissioned in May 2016 with first copper plated and stripped in June 2016. By late 2016, the plant was operating around nameplate capacity.

To date, both plants have produced over 33,000 tonnes of over 99.99% pure copper cathode. The average sale price for all copper sold to date has been at a premium to the LME price and as it is a refined product it remains unaffected by current Indonesian regulations restricting ore or concentrate exports.

Further information about the heap leaching process is set out in section 7.1(f) below.

(b) **Operational milestones achieved to date**

Since late 2013 significant progress has been made in the development and operation of the Wetar Copper Project. This has included the complete financing of the project via a US\$162 million finance facility and a US\$45 million project equity investment, then project construction and more recently ramp up of production to near nameplate capacity and material progress towards repayment of debt under the Wetar Facility Agreement.

The significant milestones achieved by the Wetar Copper Project include:

Date of ASX announcement	Milestone
23 August 2013	Board and management changes announced
5 September 2013	Positive feasibility revision
16 October 2013	Demonstration plant expansion commenced
20 November 2013	Revised Bankable Feasibility Study ("Wetar BFS")
1 April 2014	Copper Cathode production commenced at expanded 3,000 tpa SX-EW plant
12 May 2014	Project funding secured – US\$165 million Wetar Facility Agreement and US\$45 million Daewoo project level equity
15 May 2014	First copper cathode shipped from Wetar for export
10 November 2014	Completion of Daewoo financing
1 June 2015	First drawdown under Wetar Facility Agreement
1 June 2016	First copper plated at 25,000 tpa SX-EW plant
14 June 2016	First copper stripped at 25,000 tpa SX-EW plant
29 July 2016	Wetar Facility Agreement drawn to US\$145 million
15 September 2016	Hedge restructure realises US\$42.5 million – Bank debt reduced to US\$103 million

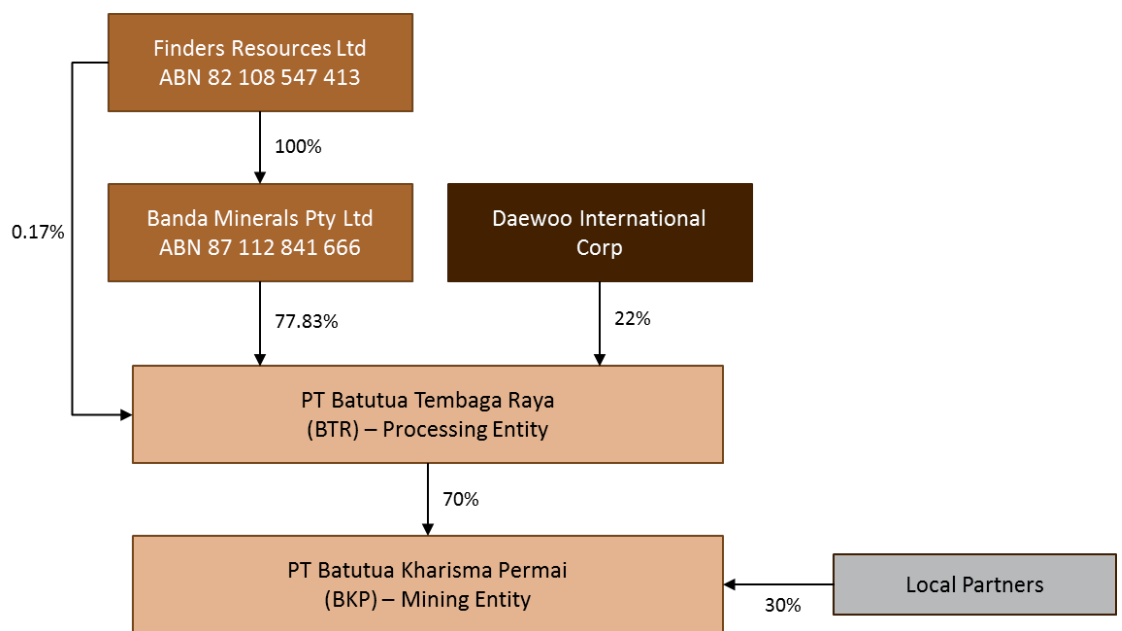
Date of ASX announcement	Milestone
31 January 2017	December 2016 Quarterly Report <ul style="list-style-type: none"> Copper cathode production of 6,159 tonnes EBITDA of US\$10.9 million Bank debt reduced to US\$91.4 million Economic interest in Wetar Copper Project increased to 73.5% (from 72%)
26 April 2017	March 2017 Quarterly Report <ul style="list-style-type: none"> Copper cathode production of 6,125 tonnes EBITDA of US\$21.9 million Bank debt reduced to US\$81.3 million Economic interest in Wetar Copper Project increased to 74.1% (from 73.5%)
31 July 2017	June 2017 Quarterly Report <ul style="list-style-type: none"> Copper cathode production of 6,804 tonnes EBITDA of US\$22.5 million Bank debt reduced to US\$73.6 million
31 July 2017	June 2017 Half Year Results Summary <ul style="list-style-type: none"> Copper cathode production of 12,929 tonnes Operating Cashflow of AU\$30.2 million NPAT of AU\$41.7 million
27 September 2017	Interruption to Production (crud run event)
3 October 2017	Lerokis Drilling Extends High Grade Zones
6 October 2017	Eastern Field Proposed Takeover
31 October 2017	Quarterly Report September 2017 <ul style="list-style-type: none"> Copper cathode production of 6,131 tonnes EBITDA of US\$21.0 million Bank debt reduced to US\$68.0 million
31 October 2017	Further High Grade Intersections from Lerokis

Date of ASX announcement	Milestone
31 October 2017	Wetar Production Update
17 November 2017	Interruption to Production (jaw crusher bearing failure)
20 November 2017	Positive Lerokis Copper Recovery Testwork – copper recovery rates of 82.6% and 88.0% achieved for two particular samples
21 November 2017	Upgraded Lerokis Ore Reserve and Mineral Resource estimate - 29% increase of Ore Reserves (17,200 additional tonnes of contained copper) and 34% increase in Mineral Resources (20,800 additional tonnes of contained copper)

(c) **Ownership structure of the Wetar Copper Project**

Finders has a 74.1% economic interest in the Wetar Copper Project, which is made up by a 78% interest in PT Batutua Tembaga Raya, the smelting and refining company for the Wetar Copper Project ("BTR") and a 54.6% effective interest in PT Batutua Kharisma Permai, the mining entity for the Wetar Copper Project ("BKP"). BTR comprises 95% of the economic benefit of the Wetar Copper Project, giving Finders a 74.1% economic interest in the project.

The structure chart below illustrates the ownership structure of the Wetar Copper Project.



Wetar ownership structure

As noted in section 2, Indonesian law requires staged divestment of BKP so that, by the 6th year of Wetar Copper Project production (production having commenced on 8 March 2014), Indonesian interests own 20% of BKP, and at the 10th year of production Indonesian interests own 51% of BKP, with intermediate divestment milestones during that period.

Currently, as indicated in the chart above, 30% of BKP is held by Indonesian interests. The remaining divestments in BKP will be required in 2021 (-7%), 2022 (-7%) and 2023 (-7%), by which time 51% Indonesian ownership is required.

(d) **Development**

Both the Kali Kuning and Lerokis deposits were previously mined for gold by conventional open pit methods during the 1990s. The copper bearing massive sulphide mineralisation underlies or is proximal to the gold mineralisation and results in the former open pits being subsumed by the current and planned open pit operations.

The mine plan for the Kali Kuning and Lerokis massive sulphide deposits is based upon conventional open cut mining using hydraulic excavators and trucks. The geology and morphology of the two deposits is very similar and the mine plan assumes a similar style of operation at both deposits.

The design of each of the open pits is as two independent operations as the deposits are located approximately 4km apart and are separated by rugged topography. Scheduling, on the other hand, will be conducted in sequence as both pits are to supply ore to the same heap leach operation with the Kali Kuning open pit leading development and Lerokis to be commissioned as the Kali Kuning production tails off. Lerokis production is scheduled to commence in 2019 and the current plan requires a 13km one-way haul to deliver ore to the current Kali Kuning Valley leach pads.

Neither of the planned open pits will extend to more than 75m below the lowest point on the pit crest. At Kali Kuning, the north-eastern wall cuts back into a steep slope resulting in a highwall rising 125m above the main pit crest.

Total monthly material movements peaked during the development period when the mining fleet was also deployed on construction earthworks. For the remaining period of steady state mining to 2021, material movements are expected to average between 35,000 and 90,000 bank cubic metres per month over the life of the mining operations.

(e) **Exploration**

Volcanogenic massive sulphide (VMS) deposits form at, or near, the sea-floor where circulating hydrothermal fluids driven by magmatic heat are cooled through mixing with seawater or porewater in near-seafloor lithologies. Therefore, stratiform massive sulphide lenses vary widely in shape and size depending on the structure and morphology of the sea-floor environment. The Wetar VMS deposits are geologically young (approximately 4.7 million years) and the most striking similarities to the mineralisation have come from the recent discoveries on the sea floor of "black smoker" deposits.

Many VMS deposits occur in clusters or provinces (<50km) that can contain many deposits with one or several containing more than half of a province's resources. Finders exploration strategy is centred on this understanding, however discretionary exploration expenditure is currently restricted under the Wetar Facility Agreement for the 25,000 tpa SX-EW expansion project, with funding only available under certain specific conditions. Exploration is also subject to reaching agreement with local communities to permit necessary access to enable drilling to commence.

Exploration activity since the Wetar Facility Agreement was executed in late 2014 has therefore been limited to the compilation of historic data, field mapping, deposit-scale geophysical surveys (and historic survey reprocessing), extensional and sterilisation drilling of the Lerokis deposit and characterisation of existing mineralisation at Lerokis and Kali Kuning for geometallurgical modelling purposes.

As announced by Finders on the ASX on 21 November 2017, however, recently completed pre-development drilling at the Lerokis deposit has resulted in a 29% increase in Ore Reserves (17,200 additional tonnes of contained copper) and a 34% increase in Mineral Resources (20,800 additional tonnes of contained copper) at Lerokis.

The contained copper increase in the updated Lerokis Ore Reserve could potentially deliver additional copper production of:

- 10,800 tonnes if the Ore Reserve recovery estimate of 62.9% is achieved ;
- 11,300 tonnes if the Wetar BFS Lerokis recovery estimate of 66% is achieved; or
- up to 15,100 tonnes if a recovery rate of 88% is achieved (as indicated by the highest recovery achieved in the Lerokis testwork programme described below in section 7.1(g)),

however there is no guarantee what recovery rate will ultimately be achieved in a production scenario (refer section 9.2(a)(iii) for more about the operating risks to which Finders is exposed).

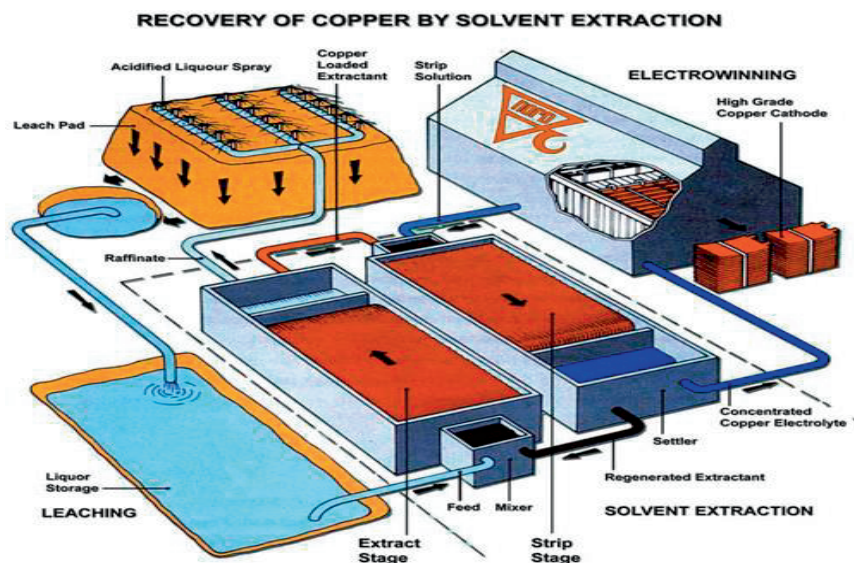
The massive sulphide bodies or "mounds" at Kali Kuning and Lerokis are two, well defined deposits in a local cluster and comprise coarse grained, copper-poor pyrite which is fractured and overprinted and cemented by a later, copper-rich phase of massive sulphide mineralisation. A third large and partially drilled sulphide deposit known locally as Meron and the adjacent re-interpreted geophysical anomaly at Baru Manu ("BMU" in the map of the Wetar Copper Project that is set out in section 7.1(a) above) are walk up drill targets for potential additional copper-rich sulphide mounds in the immediate vicinity of the Kali Kuning open pit. Both targets have drilling proposals awaiting approval and completion. Finders is also currently in negotiations with the local communities to obtain necessary access to the Meron deposit to enable drilling to commence.

(f) **Heap leaching process**

Copper is processed at the Wetar Copper Project by way of a heap leaching process.

After mining, the crushed ore is stacked (or heaped) on heap leach pads, aerated and irrigated. The liquid (acid or lixiviant) that irrigates the heaps carries copper metal in solution and is extracted by way of a standard solvent extraction electrowinning (SX-EW) plant to produce over 99.99% pure copper cathode that is sold directly to consumers.

This process is illustrated below:



Wetar Copper Extraction Process

To enable the operation to run at full capacity, a large inventory of ore has to be initially built up on the heap leach pads to supply the required copper bearing solution to the SX-EW plant. Once established, the heap leach pads are regularly topped up with new ore as required to provide consistent feed of copper rich solution to the SX-EW plant to maintain the copper cathode production at the required rate.

The rate of topping up of the pads is determined by the different percentages of copper minerals that exist in the ore. This is because different copper minerals leach at different rates. Ore with higher percentages of slow leaching copper minerals require more ore or topping up of the pads to maintain production levels. The metallurgy and copper recovery rates for the Wetar Copper Project are discussed further in section 7.1(g) below.

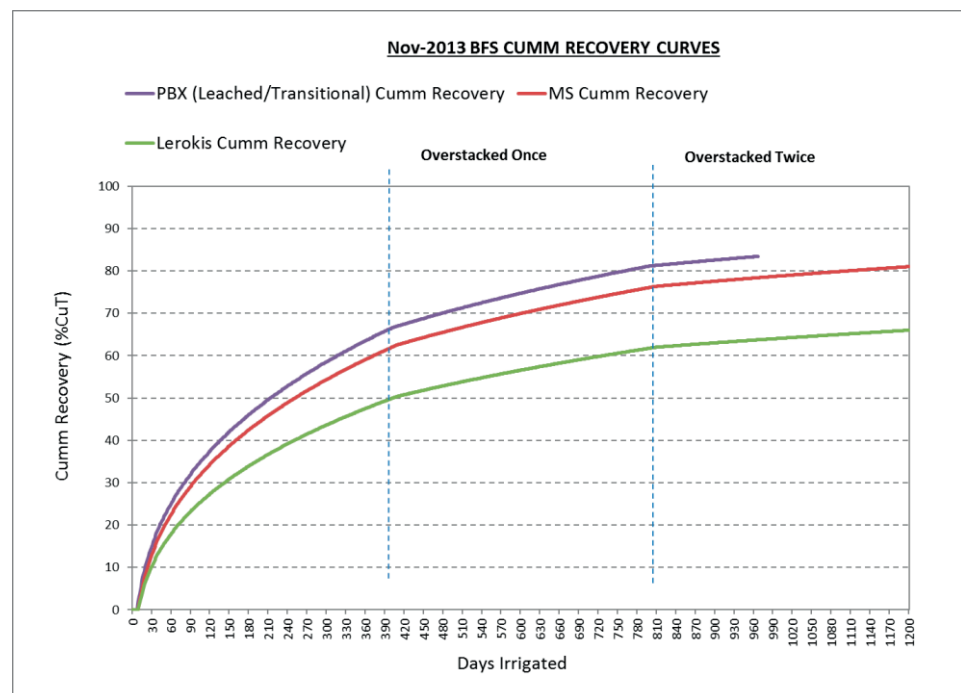
As a consequence, mine life is a factor of the total copper ore tonnes stacked (stacked inventory), the terminal recovery, the rate of copper recovery from the stacked inventory and the capacity of the SX-EW plant. The Wetar Copper Project mine life is discussed further in section 7.2 below.

(g) **Metallurgy and copper recovery**

(i) Modelled recoveries

Current copper extraction/recovery models for the Wetar BFS are based on metallurgical testwork and the information gathered during trial mining and processing between 2009 and 2010. During this process of trial mining, a 100,000 tonne bulk sample of ore was crushed and stacked into four trial heaps, with variable heights, to allow for testing of different leaching variables in each heap to assess optimum parameters such as crush size, aeration and irrigation rates.

The following graph shows the modelled recovery curves that formed the basis of the Wetar BFS.



Wetar BFS assumed copper recovery rates

There are a number of recovery models applied for the Wetar Copper Project for different purposes.

During the financing process to obtain the bank debt for the construction of the 25,000 tpa SX-EW plant (expanding the Wetar Copper Project production capacity to 28,000 tpa copper cathode), a further financial model was developed for the purposes of the financing group. This financiers' model applied more conservative copper recovery rate assumptions than the Wetar BFS applied to demonstrate the robustness of the project.

The updates of the Ore Reserve estimates (the most recent being as at 30 June 2016 for Kali Kuning and as at 21 November 2017 for Lerokis) also applied more conservative recovery rate assumptions than the Wetar BFS.

The various modelled total recovery rates used for the Wetar Copper Project are:

Recovery %	Wetar BFS	Ore Reserve	Financiers' Model
Kali Kuning transitional PBx (leached/transitional)	84%	75%	72.5%
Kali Kuning massive sulphide (MS)	81%		72.5%
Lerokis	66%	62.9%	50%

(ii) Recoveries achieved in testing

During the Wetar BFS process of trial mining (discussed above), one of the four trial heaps ("Heap 3") achieved a particularly encouraging copper recovery rate of 87.5% copper for Kali Kuning ore. Further details about this testwork is set out in the Wetar BFS released by Finders on the ASX on 20 November 2013.

As announced by Finders on the ASX on 20 November 2017 (and resubmitted on 24 November 2017), recently completed testwork by Finders on core samples from the Lerokis deposit has delivered encouraging results, achieving recoveries either higher than previous testwork or in line with the Wetar BFS. In particular, there were two samples that have achieved copper recovery rates of 88.0% and 82.6% in under 250 days, significantly greater than the 66% Lerokis recovery rate assumed by the Wetar BFS. Further details about this testwork and the parameters under which it was conducted is set out in Finders' ASX announcement of 24 November 2017.

These test results illustrate the potential recovery rates that testwork has indicated may be achievable for Kali Kuning and Lerokis ore, however there is no guarantee that these recovery rates will be achieved in a production scenario.

(iii) Actual recoveries

Actual copper recoveries from the heaps are dependent on time, mineralogy, particle size, heap height, aeration, irrigation and most critically temperature.

To date, actual recoveries achieved at Kali Kuning have varied above and below the modelled curves.

As the project proceeds and the understanding of the leaching cycle is better understood, it is expected that the recoveries should improve above those assumed by the Wetar BFS and the Ore Reserve estimate. If the recoveries do improve there will be a positive impact on both total copper cathode production and project life.

However, none of the existing heap leach pads have reached the time period required to achieve terminal recovery, so Finders is not able to predict the terminal recovery rate that will ultimately be achieved.

(h) **Project Financing**

In November 2014, Finders Indonesian subsidiary BTR entered into the Wetar Facility Agreement with BNP Paribas, Commonwealth Bank of Australia, Hong Kong and Shanghai Banking Corporation (HSBC) and Societe Generale (the **Senior Lenders**), providing for a US\$162 million commitment from the Senior Lenders, consisting of a:

- (i) US\$127 million term loan facility;
- (ii) US\$20 million cost overrun facility; and
- (iii) US\$15 million VAT working capital facility;

The Wetar Facility Agreement enabled completion of the 25,000 tpa SX-EW plant and was drawn down to US\$145 million on 30 June 2016. As at the date of this Target's Statement, repayments had reduced this amount to US\$68.0 million with the balance repayable over the period to March 2019.

Under the Wetar Facility Agreement, BTR is required to deposit funds into a debt service reserve account ("DSRA") on or before 31 December 2017. Finders' production and sales forecast for the period to 31 December 2017 has been impacted by the "crud run event" that occurred in September, the rehandling, crushing and stacking of partially leached material from the former truck dump leach pads during the December 2017 quarter, and the jaw crusher bearing failure that occurred in November (all of which are discussed in section 7.2). As a result of these events, Finders is currently in discussions with the Senior Lenders regarding a potential revised payment schedule for funding of the DSRA. While Finders is confident that it will be able to agree a revised payment schedule with the Senior Lenders, there is a risk of adverse consequences under the Wetar Facility Agreement if it is not able to do so and is not able to fund the DSRA on or before 31 December 2017. This is discussed in more detail in section 9.2(a)(i).

BTR shareholder loans

Each of Finders and Daewoo International Corporation (which has a 22% interest in BTR, as noted in the ownership structure chart in section 7.1(c) above) have provided funding to BTR for the expansion of the Wetar Copper Project (in proportion to their respective shareholdings in BTR), some of which was in the form of unsecured loans. Specifically:

- Daewoo International Corporation contributed US\$45 million in funding, of which US\$31.5 million was provided as an unsecured loan; and
- Finders contributed US\$111.7 million as an unsecured loan.

At the inception of these loans, interest at the rate of 10% per annum was payable by BTR to Finders and Daewoo on the loans from commencement of commercial production at the Wetar Copper Project.

In April 2016, amendments to the loan agreements were executed, converting the loans to non-interest bearing. Following the amendments, the loans are now non-interest bearing, have no specified repayment date and the timing of the repayment is at the discretion of BTR. To the extent that these terms change in the future (eg it is agreed that interest will be payable again in respect of the loans), the terms of Finders' and Daewoo's respective loans must be the same.

These loans are therefore now classified as equity for accounting disclosure purposes. No shares have been issued in consideration of the loan amounts and they carry no right to extra votes or to be paid dividends.

(i) Tenure

The mining licences ("Izin Usaha Pertambangan" or "IUP") for the Wetar Copper Project are held by BKP, which in turn is 70% owned by BTR, the company undertaking smelting and refining for the Wetar Copper Project. BTR is 78%-owned by Finders through its wholly owned subsidiary Banda Minerals Pty Ltd.

IUP Decision No.	Type	Mineral	Expiry Date	Area (ha)	Term	Holder
Wetar Copper Project¹						
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

Notes:

1: PT Batutua Barit Wetar (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.

In addition, BTR holds a business licence for processing and refining (IUP Processing and Refining No. 543-125 Tahun 2011) for a 20 year period expiring on 9 Jun 2031. This IUP allows BTR to process ore from the Wetar Copper Project to produce a refined copper cathode.

BKP also holds a production stage forestry use permit ("Pinjam Pakai") which allows it to carry out development, mining and production activities at the Wetar Project through to expiry in December 2031.

Finders notes that five IUP exploration permits located on the south coast of Wetar and previously reported by Finders as the "Wetar South Coast Exploration" tenements, expired on 1 March 2016, in accordance with their expiry dates. Applications for extension of these tenements were made (as disclosed in Finders' 2016 Annual Report), however those extensions were not granted.

(j) **Project Ore Reserves and Mineral Resources**

(i) Kali Kuning Ore Reserve estimate as at 30 June 2016

The Proved and Probable Reserve for Kali Kuning as at 30 June 2016 on a 100% equity basis is summarised in the following table:

Kali Kuning Ore Reserve estimate as at 30 June 2016							
	Proved		Probable		Total		
	Mt	Cu%	Mt	Cu%	Mt	Cu%	Cu (Kt)
Kali Kuning Open Pit (COG 0.4% Cu)							
Primary	3.6	2.7	0.5	2.7	4.1	2.7	111
Transition	0.8	1.2	0.3	1.3	1.1	1.2	13
Leached	0.1	0.5	0.01	0.8	0.1	0.6	1
Total	4.6	2.4	0.7	2.2	5.3	2.4	126
				Waste	3.9		
				Stripping Ratio	0.7		
Heap Leach Pads (ex-mine minus cathode production and decommissioned leach pads)							
Kali Kuning	0.8	2.4	-	-	0.8	2.4	18
Total	0.8	2.4	-	-	0.8	2.4	18

Notes:

Since 30 June 2016 mining has been carried out at Kali Kuning, meaning that the Ore Reserve estimate set out above has been depleted. Section 7.2(a) includes a summary of operations since 30 June 2016, including the volume of ore stacked for each quarter since 30 June 2016.

The aggregate amount of ore stacked since 30 June 2016 to 30 September 2017 is approximately 3.2 Mt, however this also includes ore mined outside of the Ore Reserve (based on reconciliations to date, mining to 30 September 2017 has produced an additional 12% more ore tonnes and 9% more copper metal than the Ore Reserve estimate). Ore stacked largely equates to mine production and differs only due to run of mine stockpile inventory movements between quarters and ore mined outside of the Ore Reserve. The September 2017 quarter stacked tonnes includes some minor contribution for the first reclamation of the dump leach pad.

The relevant Ore Reserve depletions and reconciliations have been considered by the Independent Technical Expert in preparing the Independent Technical Expert's Report that is included as Appendix 8 to the Independent Expert's Report.

The Ore Reserve estimate for the open pit mines is derived from the Mineral Resource block models for the Kali Kuning deposits. The tonnes and grades are stated to a number of significant digits reflecting the confidence of the estimate. Since each number and total is rounded individually, the columns and rows in the above table may not show exact sums or weighted averages of the reported tonnes and grades. "Stripping Ratio" refers to the ratio of the waste to the ore tonnage. Rounding errors may occur.

Finders expects to release an updated Ore Reserve and Mineral Resource estimate for Kali Kuning during December 2017.

(ii) Lerokis Ore Reserve estimate as at 21 November 2017

On 21 November 2017 Finders announced an increase in the Lerokis Ore Reserves and Mineral Resources following a successful pre-development drilling campaign (refer to Finders' ASX announcements on 21 November 2017 and 23 November 2017 for more information about this).

The upgraded Lerokis Ore Reserve is set out in the following table.

Lerokis Ore Reserve estimate as at 21 November 2017							
	Proved		Probable		Total		
	Mt	Cu%	Mt	Cu%	Mt	Cu%	Cu (Kt)
Lerokis Open Pit (COG 0.5% Cu)							
Primary	2.67	2.84	0.04	0.84	2.71	2.81	76
Total	2.67	2.84	0.04	0.84	2.71	2.81	76
Waste					2.62		
Stripping Ratio					0.92		

Note: The tonnes and grades are stated to a number of significant digits reflecting the confidence of the estimate. Since each number and total is rounded individually, the columns and rows in the above table may not show exact sums or weighted averages of the reported tonnes and grades. "Stripping Ratio" refers to the ratio of the waste to the ore tonnage. Rounding errors may occur.

(iii) Kali Kuning Mineral Resources as at 30 June 2016

The Measured, Indicated and Inferred Resource for the Kali Kuning as at 30 June 2016 on a 100% equity basis is summarised in the following table.

Kali Kuning Mineral Resource estimate as at 30 June 2016									
	Measured		Indicated		Inferred		Total		
	Mt	Cu%	Mt	Cu%	Mt	Cu%	Mt	Cu%	Cu (Kt)
Kali Kuning Resource (COG 0.4% Cu)									
Primary	3.6	2.7	0.5	2.8	0.03	2.7	4.2	2.7	114
Transition	0.8	1.2	0.3	1.4	0.08	1.7	1.2	1.3	15
Leached	0.1	0.5	0.01	0.8	0.01	1.1	0.2	0.6	1
Total	4.6	2.4	0.8	2.3	0.1	1.9	5.5	2.4	130
Heap Leach Pads (ex-mine minus cathode production and decommissioned leach pads)									
Kali Kuning Valley	0.8	2.4	-	-	-	-	0.8	2.4	18
Total	0.8	2.4	-	-	-	-	0.8	2.4	18

Notes:

Rounding errors may occur. Mineral Resources which are not included in the Ore Reserve compilation do not have demonstrated economic viability.

Since 30 June 2016 mining has been carried out at Kali Kuning, meaning that the Kali Kuning Ore Reserve has been depleted. Section 7.2(a) includes a summary of operations since 30 June 2016, including the volume of ore stacked for each quarter since 30 June 2016. The aggregate amount of ore stacked since 30 June 2016 to 30 September 2017 is approximately 3.2 Mt, however this also includes ore mined outside of the Ore Reserve (based on reconciliations to date, mining to 30 September 2017 has produced an additional 12% more ore tonnes and 9% more copper metal than the Ore Reserve estimate).

Ore stacked largely equates to mine production and differs only due to run of mine stockpile inventory movements between quarters and ore mined outside of the Ore Reserve. The September 2017 quarter stacked tonnes includes some minor contribution for the first reclamation of the dump leach pad.

The relevant Ore Reserve depletions and reconciliations have been considered by the Independent Technical Expert in preparing the Independent Technical Expert's Report that is included as Appendix 8 to the Independent Expert's Report.

Finders expects to release an updated Ore Reserve and Mineral Resource estimate for Kali Kuning during December 2017.

(iv) Lerokis Mineral Resource upgrade on 21 November 2017

On 21 November 2017 Finders announced an increase in the Lerokis Ore Reserves and Mineral Resource following a successful pre-development drilling campaign (refer to Finders' ASX announcements on 21 November 2017 and 23 November 2017 for more information about this).

The upgraded Lerokis Mineral Resource is set out in the following table.

Lerokis Mineral Resource Estimate as at 21 November 2017									
	Measured		Indicated		Inferred		Total		
	Mt	Cu%	Mt	Cu%	Mt	Cu%	Mt	Cu%	Cu (Kt)
Lerokis Resource (COG 0.5% Cu)									
Primary	2.80	2.88	0.1	0.89	0.02	0.95	2.92	2.8	82
Total	2.80	2.88	0.1	0.89	0.02	0.95	2.92	2.8	82

Note: The tonnes and grades are stated to a number of significant digits reflecting the confidence of the estimate. Since each number and total is rounded individually, the columns and rows in the above table may not show exact sums or weighted averages of the reported tonnes and grades. "Stripping Ratio" refers to the ratio of the waste to the ore tonnage. Rounding errors may occur.

(k) **Competent Person's Statement**

ORE RESERVE (Kali Kuning)

The information in this Target's Statement that relates to the in-situ Ore Reserve estimation for the Kali Kuning deposit is based on ongoing and prior work completed by external consultants and PT Batutua Tembaga Raya employees that has been reviewed by Mr Nick Holthouse who is a full-time employee of PT Batutua Tembaga Raya (a subsidiary of Finders Resources Limited) and who is a Member of the Australasian Institute of Mining and Metallurgy (#305303). The information in this Target's Statement that relates to the Ore Reserve estimation for the heap leach pads is based on ongoing and prior work completed by

external consultants and PT Batutua Tembaga Raya employees that has been reviewed by Mr Augy Wilangkara who was a full-time employee of PT Batutua Tembaga Raya (a subsidiary of Finders Resources Limited) and who is a Member of the Australasian Institute of Mining and Metallurgy (#206768). Mr Wilangkara consents to his sign-off being used post his PT Batutua Tembaga Raya employment for the 30th June 2016 estimate only.

Both Mr Holthouse and Mr Wilangkara have sufficient experience which is relevant to the style of mineralisation, the type of deposit and the beneficiation method under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Both Mr Holthouse and Mr Wilangkara consent to the inclusion in this Target's Statement of the matters based on their reviewed information in the form and context in which it appears.

ORE RESERVE (Lerokis)

The information in this Target's Statement that relates to the in-situ Ore Reserve estimation for the Lerokis deposit is based on ongoing and prior work completed by external consultants and PT Batutua Tembaga Raya employees that has been reviewed by Mr Nick Holthouse who is a full-time employee of PT Batutua Tembaga Raya (a subsidiary of Finders Resources Limited) and who is a Member of the Australasian Institute of Mining and Metallurgy (#305303).

Mr Holthouse has sufficient experience which is relevant to the style of mineralisation, the type of deposit and the beneficiation method under consideration and to the activity which he is undertaking to qualify as Competent Persons as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Holthouse consents to the inclusion in this Target's Statement of the matters based on his reviewed information in the form and context in which it appears.

MINERAL RESOURCE

The information in this Target's Statement that relates to Mineral Resource estimation for the Kali Kuning and Lerokis deposits is based on historic and recent work completed by external consultants that has been reviewed by Mr Terry Burns who is a Fellow and Chartered Professional of the Australasian Institute of Mining and Metallurgy (#107527).

Mr Burns has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Burns is contracted by Banda Minerals Pty Ltd, a 100% owned subsidiary of Finders Resources Limited, and consents to the inclusion in this Target's Statement of the matters based on his information in the form and context in which it appears.

EXPLORATION RESULTS

The information in this Target's Statement that relates to Exploration Results is based on information compiled by Mr Terry Burns who is a Fellow and Chartered Professional of the Australasian Institute of Mining and Metallurgy (#107527).

Mr Burns has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Burns is contracted by Banda Minerals Pty Ltd, a 100% owned subsidiary of Finders Resources Limited, and consents to the inclusion in this Target's Statement of the matters based on his information in the form and context in which it appears.

METALLURGY

The information in this Target's Statement that relates to metallurgy and metallurgical test work and findings for the Lerokis Copper Deposit is based on information compiled and reviewed by Mr Adam Moroney who is a full-time employee of PT Batutua Tembaga Raya (a subsidiary of Finders Resources Limited) and who is a Member of the Australasian Institute of Mining and Metallurgy (#315559).

Mr Moroney has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Moroney consents to the inclusion in this Target's Statement of the matters based on his information in the form and context in which it appears.

(I) **Wetar community development**

Finders and its partners are committed to responsible social management, and Finders believes that building relationships with local communities based on trust and mutual respect is paramount to business success and sustainability.

Finders acknowledges its social responsibility such that its projects should bring benefits to the surrounding communities. Stakeholder engagement includes information meetings and site visits with various Government officials, community leaders, elders and landowners.

Finders community development programmes assist with health, education and sustainable development and include:

- agricultural initiatives, including growing spices and vegetables, producing honey and farming chickens, cows and pigs;

- a community employment initiative, which was extended to island villages further afield of the Wetar Copper Project following the successful recruitment program from three local villages. At the end of October 2017, Finders employed 271 Wetar local residents out of 538 employees, not including those employed by contractors who employed 104 employees from Maluku Barat Daya out of 299 and those who supply goods and services to the project, comprising 46% of the Wetar Copper Project employees and contractors;
- education initiatives, including school and teacher funding, provision of scholarships for Wetar children to attend higher schools off Wetar Island and the supply of boarding houses in Kupang for off Wetar students;
- infrastructure projects, such as building school buildings, meeting houses and churches (the Wetar Copper Project is currently building a large church in Uhak for the community);
- staffing of the local health centre and two medical posts and training and funding nurses, midwives and immunisation programs;
- operation of an emergency airstrip for medical evacuation of both employees and local residents; and
- allocation of 10% of the available passenger seats to the local community on marine vessels servicing the Wetar Copper Project.

As part of Finders annual commitment, many of these community programmes are constantly reviewed to ensure that they remain effective and appropriate, and produce long lasting results after the mining operations have ceased. An external, independent consultant is engaged for this purpose.

7.2 Operations and outlook

(a) Operations

Massive sulphide ore production to date has been sourced entirely from the Kali Kuning open pit, with a waste to ore strip ratio of less than 0.8:1. The ore is crushed, agglomerated and stacked on several nearby heap leach pads where the copper is leached into solution through the addition of oxygen and water to promote the breakdown of acid generating pyrite and to regulate temperature.

During 2017, the 3,000 tpa SX-EW plant has been run at reduced capacity following the commissioning of the 25,000 tpa SX-EW plant to allow the completion of refurbishment works. Following a premature bearing failure to the jaw crusher that occurred in mid-November 2017 (described below), Finders has taken the opportunity to shut-down the 3,000 tpa SX-EW plant for refurbishment through November and into December 2017. The plant is expected to be restored to full operating capacity during the March 2018 quarter.

Copper cathode production from the 25,000 tpa SX-EW plant during 2017 to date has been lower than anticipated. A "crud run event" occurred late in the September 2017 quarter. Organic and aqueous solution containing contaminants and impurities from the SX settlers overflowed through the circuit and into the clean electrolyte for the EW circuit and affected the operation of the EW circuit and its ability to plate copper cathode. See Finders' ASX announcement on 27 September 2017 for more about this.

In addition to the ongoing impact of the "crud run event" into October 2017, lower quantities of high grade ore will be delivered to the pads for stacking and leaching during the December 2017 quarter as the priority will be on rehandling, crushing and stacking of partially leached material from the former truck dump leach pads, therefore reducing the quantity of leachable copper available for stripping during the December 2017 quarter. The geotechnical upgrade and relining work on the former truck dump leach pads is planned to be completed by calendar year end and will enable the crushing and stacking of fresh ore to be undertaken on these pads.

A premature bearing failure of a jaw crusher occurred in mid-November which restricted supply of fresh ore to the leach pads. While the jaw crusher is now operating again, the failure has caused the supply of leached copper tonnes during the December 2017 quarter to be slower than previously anticipated. See Finders' ASX announcement on 17 November 2017 for more about this.

Both of the crud run event and the jaw crusher bearing failure are temporary interruptions to production that will not result in any overall loss of copper production over the life of mine reserve profile, as the copper from fresh ore will leach once the crushing and stacking of this material resumes.

Recent mine and plant production is summarised in the following table.

Wetar Quarterly Copper Production

		September 16 Quarter	December 16 Quarter	Full Year 2016	March 17 Quarter	June 17 Quarter	September 17 Quarter
Ore stacked¹	t	677,510	949,629	2,152,574	429,616	633,638	513,516
Grade	% Cu	2.33	2.01	2.19	1.47	1.66	2.32
Metal stacked	t Cu	15,763	19,057	47,247	6,299	10,450	12,385
Copper stripped	t Cu	3,987	6,159	11,760	6,125	6,804	6,131
Copper sold	t Cu	2,587	4,888	8,825	7,153	7,419	6,886
Copper sale price	US\$/lb Cu	2.18	2.32	2.25	2.60	2.60	2.88

Note: includes ore stacked to heap and stockpile leach pads. Also includes ore mined from inside and outside of the Ore Reserve.

Tonnes and grades mined from the Kali Kuning open pit closely followed the life of mine plan and have exceeded the Ore Reserve estimate. Based on reconciliations to date, mining to 30 September 2017 has produced an additional 12% more ore tonnes and 9% more copper metal than the Ore Reserve estimate.

Recent cost performance for the Wetar Copper Project is summarised in the table below:

Wetar Copper Project Quarterly Unit Costs

		Full Year ¹ 2016	March 17 Quarter	June 17 Quarter	September 17 Quarter
Copper Stripped	t Cu	11,760	6,125	6,804	6,131
Copper Sold	t Cu	8,825	7,153	7,419	6,886
Copper sale price	US\$/lb Cu	2.25	2.60	2.60	2.88
C1 cash cost	US\$/lb Cu		1.03	1.02	1.15
Royalties	US\$/lb Cu		0.02	0.02	0.03
Marketing / sales costs	US\$/lb Cu		0.11	0.11	0.10
Sustaining capital	US\$/lb Cu		0.03	0.02	0.06
Hedging losses	US\$/lb Cu		0.16	0.12	0.28
Reclamation & other	US\$/lb Cu		0.03	0.04	0.04
AISC cost	US\$/lb Cu		1.38	1.33	1.66

Note: During the 2016 year the project was still under construction and commissioning

Over 65% of the copper cathode shipped was sold as LME Grade A Cathode at a premium to the LME copper price during 2017. The balance was sold as Standard Grade Copper, at or around the LME copper price.

(b) Outlook

On 17 November 2017, Finders announced that forecast copper cathode production for the December 2017 quarter was estimated at between 4,000 to 5,000 tonnes at a C1 cost of between US\$1.40/lb to US\$1.80/lb, for an EBITDA of between US\$5 million to US\$15 million. Having regard to production and operations since that announcement, Finders now currently expects production and EBITDA for the December 2017 quarter to be at the lower end of those ranges.

December 2017 quarter production has been impacted by the events described above (the September crud run event, the rehandling, crushing and stacking of partially leached material from the former truck dump leach pads, and the November jaw crusher issue). The Independent Directors expect the Wetar Copper Project to return to June 2017 quarter copper cathode production rates during the March 2018 quarter.

On 17 November 2017, Finders announced that the full year to 31 December 2017 production forecast was estimated at between 23,000 to 24,000 tonnes of copper cathode at a C1 cost of between US\$1.15 and US\$1.25/lb, for an estimated EBITDA of between US\$70 million to US\$80 million at current copper prices. As noted above, having regard to production and operations since that announcement, Finders now currently expects production and EBITDA for the full year to 31 December 2017 to be at the lower end of those ranges.

The Wetar Copper Project is well positioned for improving performance through 2018 and beyond. Increasing understanding of the unique metallurgy at the deposit by management provides a solid foundation to move forward at the nameplate copper cathode production capacity of 28,000 tpa and expected C1 cash cost of US\$1.05/lb of copper cathode produced for the remaining life of the Wetar Copper Project.

7.3 **Board and senior management**

(a) **Board of directors**

As at the date of this Target's Statement, the directors of Finders are:

- (i) Gary Comb (Non-Executive Chairman);
- (ii) Gavin Caudle (Non-Executive Director);
- (iii) Barry Cahill (Managing Director);
- (iv) Gordon Galt (Non-Executive Director);
- (v) Michael Anderson (Non-Executive Alternate for Gordon Galt); and
- (vi) Douglas Tay (Non-Executive Alternate Director for Gavin Caudle).

(b) **Management team**

As at the date of this Target's Statement, Finders' management team comprises:

- (i) Barry Cahill (Managing Director);
- (ii) Wayne Apted (Chief Financial Officer); and
- (iii) Terry Burns (Project Development Officer).

7.4 Financial information

Finders' last published financial statements are for the financial half year ended 30 June 2017, as set out in its Half Year Report announced on ASX on 20 September 2017. Except as set out in this Target's Statement and the Independent Expert's Report, the Directors are not aware of any material changes to the financial position of Finders since 30 June 2017.

(a) **Introduction**

This section sets out a summary of key consolidated historical financial information for Finders, including the basis of preparation and the Board's discussion and analysis of financial performance.

The financial information in this section comprises extracts of historical audited statements of financial performance for FY2016 and FY2015 and the reviewed financial statements for the half year ended 30 June 2017 and 30 June 2016 (**Financial Information**).

The Financial Information should be read in conjunction with the other information contained within this Target's Statement.

(b) **Basis of preparation**

The Financial Information in this section has been prepared in accordance with the recognition and measurement principles of Australian Accounting Standards, other mandatory professional reporting requirements and Finders' adopted accounting policies.

The Financial Information in this section is presented in an abbreviated form and does not contain all the disclosures that are usually provided in an annual report prepared in accordance with Australian Accounting Standards and the Corporations Act.

Finders' Shareholders should refer to the Finders audited financial statements for FY2016 and Finders' reviewed financial statements for the half year ended 30 June 2017 for more detailed disclosures in relation to the historical financial performance, financial position and accounting policies of Finders.

(c) **Summary Financial Information**

	Half year ended 30 June 2017	Half year ended 30 June 2016	FY2016	FY2015
	Actual	Actual	Actual	Actual
\$ millions (AUD)				
Revenue	119.7	8.5	73.6	6.0
EBITDA	71.3	(17.4)	8.4	(38.6)
Net profit/(loss)	41.7	(22.3)	(13.1)	(29.5)
Basic earnings per share (cents)	4.4	(2.4)	(1.9)	(4.4)
Cash flows from operating activities	30.2	(24.7)	(16.3)	(44.8)
Cash flows from investing activities	(3.8)	(48.1)	(75.7)	(84.6)
Cash flows from financing activities	(25.7)	67.4	62.8	115.2
Bank borrowings	(97.0)	(193.6)	(126.2)	(124.6)
Net assets	135.7	106.0	114.1	87.6

(d) **Commentary on historical Financial Performance**

(i) The half year ended 30 June 2017

For the half year ended 30 June 2017, 14,572 tonnes (half year ended 30 June 2016: 1,427 tonnes) of copper cathode was sold and the C1 cash cost for the cathode produced was US\$1.03 per pound.

The Group recorded \$119.7 million from copper sales for the half year ended 30 June 2017 (half year ended 30 June 2016: \$8.5 million). EBITDA, for the half year ended 30 June 2017 was \$71.3 million, including deferred hedge gains of \$13.8 million (half year ended 30 June 2016: \$(17.4) million loss). Underlying EBITDA for the half year ended 30 June 2017 was \$57.5 million (half year ended 30 June 2016: \$(17.4) million loss). The consolidated profit/(loss) after income tax for the half year ended 30 June 2017 was \$41.7 million (half year ended 30 June 2016: \$(22.3) million).

Finders previously entered into the Wetar Facility Agreement which provides for a US\$162 million commitment from the Senior Lenders. The amount drawn under this facility as at 30 June 2017 was US\$74.5 million (\$97.0 million), a reduction of US\$16.8 million (\$29.2 million) from 31 December 2016.

(ii) FY2016

For the FY2016, 8,825 tonnes (FY2015: 889 tonnes) of copper cathode was sold and the C1 cash cost for cathode produced during the last quarter of FY2016 was US\$1.08 per pound.

The Group recorded \$73.6 million from copper sales for the FY2016 (FY2015: \$6.0 million). EBITDA for FY2016 was \$8.4 million (FY2015: \$(38.6) million loss). The consolidated loss after income tax for the FY2016 was \$(13.1) million (FY2015: \$(29.5) million).

During the FY2016 year, Finders completed construction of the 25,000 tpa SX-EW plant at the Wetar Copper Project and commenced operations. Commencement of Commercial Production was declared on 1 September 2016.

In November 2014, Finders Indonesian subsidiary, PT Batutua Tembaga Raya (BTR) entered into the Wetar Facility Agreement providing for a US\$162 million commitment from the Senior Lenders. The facilities enabled completion of the 25,000 tpa SX-EW plant and was drawn down to US\$145.8 million. During September 2016, the copper hedge book was restructured, releasing US\$42.5 million that was applied towards reduction of debt under the Wetar Facility Agreement. The total amount drawn under the Wetar Facility Agreement at the end of 2016 was US\$91.4 million (\$126.2 million). Restructuring of the Wetar Facility Agreement was completed in January 2017 and included reduced minimum mandatory copper hedging for 2017 - 2019 from 32,951 tonnes to 16,476 tonnes.

Finders undertook a share placement in November 2016 to raise A\$12.0 million. A total of 100 million shares were issued at 12c per share to existing and new investors.

(e) **Dividend and capital management policies**

It is expected that once Finders has fully repaid the amounts drawn under the Wetar Facility Agreement, payment of dividends to Finders Shareholders will be a priority for the Board. However, any future determination as to the payment of dividends by Finders will be at the discretion of the Board at the relevant time and will depend on the availability of distributable earnings, operating results, the financial condition of Finders, future capital requirements and general business and other factors considered relevant by the Board. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by Finders.

Eastern Field's Bidder's Statement contains no reference to Eastern Field's intentions regarding any dividend and capital management policies of Finders, in the event that Eastern Field acquires various interests in Finders shares.

(f) **Transaction expenses**

The Offer will result in Finders incurring fees and expenses that would not otherwise have arisen in the 2017 financial year. As a result of the Offer and based on the current Offer Price, the aggregate amount of fees and expenses to be incurred (or expected to be incurred) is currently estimated to be between approximately \$650,000 and \$700,000 (exclusive of GST). They include:

- fees payable to financial, legal and media relations advisers, and the Independent Expert; and
- costs relating to printing and dispatch of this Target's Statement and the Shareholder Information Line.

8. INFORMATION RELATING TO EASTERN FIELD AND THE CONSORTIUM

8.1 Disclaimer

The following information in this section about Eastern Field and the Consortium has been prepared by Finders using the information contained in the Bidder's Statement, and has not been independently verified by Finders. Finders does not make any representation or warranty, express or implied, as to the accuracy or completeness of this information.

Eastern Field has not lodged, and is not required to lodge, any documents with ASIC. Eastern Field is not listed on any prescribed financial market and, therefore, is not subject to the continuous disclosure requirements of the Corporations Act and the ASX Listing Rules.

Section 3 of the Bidder's Statement provides further information relating to Eastern Field and the Consortium Members.

8.2 Overview of Eastern Field and the Consortium Members

(a) Eastern Field

Eastern Field is a special purpose company established under the laws of the British Virgin Islands on 18 September 2017.

Eastern Field is jointly owned by Provident, Saratoga and Merdeka.

(b) Provident

The Provident Group, which incorporates Provident and Provident Minerals, was established in 2004 and has invested in a wide range of investments in Indonesia including: telecommunications, agriculture, mining, oil & gas, biomass and e-commerce.

(c) Saratoga

Saratoga is an Indonesian investment company with two decades of active investment experience in Indonesia.

Saratoga was founded in 1997 and specialises in early stage, growth stage and special situations investments in the natural resources, infrastructure and consumer goods sectors.

As at 23 October 2017, Saratoga had a market capitalisation of approximately US\$651.9 million and a Net Asset Value of US\$1.6 billion as at 30 June 2017.

(d) Merdeka

Merdeka is an Indonesian listed mining company operating and developing the Tujuh Bukit project, located approximately 200km south-east of Surabaya in Indonesia.

Merdeka was founded in 2012 and acquired 100% ownership of the Tujuh Bukit project in 2014 after a settlement was reached between several parties who were in dispute.

As at 23 October 2017, Merdeka had a market capitalisation of approximately US\$620.2 million.

8.3 Eastern Field's interest in Finders

As at the Last Practicable Trading Day, Eastern Field and the Consortium Members had a relevant interest in approximately 19.8% of Finders Shares.

8.4 Eastern Field Directors

According to the Bidder's Statement, as at 23 October 2017:

- (a) The directors of Eastern Field were:
 - (i) David Fowler; and
 - (ii) Hari Gurung.
- (b) The directors of Provident were:
 - (i) Winto Kartono;
 - (ii) Hardi Wijaya Liong;
 - (iii) Gavin Caudle; and
 - (iv) Douglas Lenpo Tay.
- (c) The directors of Saratoga were:
 - (i) Michael William P. Soeryadjaya;
 - (ii) Ngo Jerry Go; and
 - (iii) Andi Esfandiari.
- (d) The directors of Merdeka were:
 - (i) Adi Sjoekri;
 - (ii) Colin Moorhead;
 - (iii) Gavin Caudle;
 - (iv) Hardi Liong;
 - (v) Michael Soeryadjaya;
 - (vi) David Fowler;
 - (vii) Rony Hendropriyono; and
 - (viii) Chrisanthus Supriyo.

9. RISK FACTORS

In considering this Target's Statement and the Offer, Finders Shareholders should be aware that there are a number of risks which apply to a continuing investment in Finders. There are also risks associated with the alternative of accepting the Offer.

Non-exhaustive lists of relevant risk factors are provided in this section 9.

9.1 Risks associated with accepting the Offer

(a) Possibility of a superior proposal emerging

A third party may emerge with a superior proposal. If you accept the Offer, other than in limited circumstances provided in the Corporations Act (as summarised in section 6.9 of this Target's Statement), you will not be able to accept your Finders Shares into any superior proposal and you will not be able to obtain any potential benefit associated with that superior proposal (if any). Accepting the Offer will also preclude a Finders Shareholder from selling their Finders Shares on-market on the ASX, where they may trade at a higher price than the Offer Price.

(b) Possibility of future Finders Share price appreciation

It may be possible in the future to sell your Finders Shares for more valuable consideration than that offered under the Offer. The Independent Directors make no forecast of whether this will occur.

(c) Taxation consequences of accepting the Offer

The taxation consequences of disposing of your Finders Shares pursuant to the Offer depend on a number of factors and will vary depending on your particular circumstances. A general outline of certain Australian tax considerations of such a disposal is set out in section 10.12 of this Target's Statement.

You should carefully read and consider the taxation consequences of disposing of your Finders Shares pursuant to the Offer. The outline provided in this Target's Statement is of a general nature only and you should seek your own specific professional tax advice as to the taxation implications applicable to your circumstances.

9.2 Risks associated with rejecting the Offer and continuing an investment in Finders

In considering this Target's Statement and the Offer, Finders Shareholders should be aware that there are a number of risks which may affect the future operating and financial performance of Finders and the value of Finders Shares. Some of the risks can be adequately mitigated by the use of safeguards and appropriate systems but many are beyond the control of Finders and its Directors and cannot be mitigated.

One or more or a combination of these risks could materially and adversely impact Finders' business, including its operating and financial performance, industry standing and the price and value of Finders Shares. If you do not accept the Offer and continue to hold Finders Shares, your investment in Finders will be subject to these and other risks.

A non-exhaustive list of key risks applicable to maintaining your investment in Finders in the present circumstances, is set out in sections 9.2(a) to 9.2(c) below.

(a) **Specific risks**

(i) Debt service reserve account funding requirement under the Wetar Facility Agreement

Under the Wetar Facility Agreement, Finders is required to deposit funds into a separate debt service reserve account (**DSRA**) on or before 31 December 2017, based on the future 6 months interest and principal payments due under the facility. Finders must then maintain the DSRA at this level as required by, and in accordance with the terms of, the Wetar Facility Agreement, until the loan is repaid.

Finders' production and sales forecast for the period to 31 December 2017 has been impacted by the "crud run event" that occurred in September, the rehandling, crushing and stacking of partially leached material from the former truck dump leach pads during the December 2017 quarter and the jaw crusher bearing failure that occurred in November, all of which are discussed in section 7.2(a). As a result of these events, Finders is currently in discussions with the Senior Lenders regarding a potential revised payment schedule for funding of the DSRA. Having regard to those discussions to date, and that the Senior Lenders have previously agreed to a revised payment schedule for funding of the DSRA (which extended the time for funding from 30 June 2017 to 31 December 2017), and that since then Finders has reduced the balance owing under the Wetar Facility Agreement significantly and the copper price has strengthened, Finders is confident it will be able to agree a revised payment schedule for funding of the DSRA with the Senior Lenders that is acceptable to all parties involved.

If Finders were not able to agree a revised payment schedule with the Senior Lenders, then on that date a "Review Event" under the Wetar Facility Agreement is likely to occur which would result in the following:

- (A) Finders must propose a detailed plan to remedy the Review Event (**Remedy Plan**); and
- (B) Finders and the majority lenders under the Wetar Facility Agreement are required to consult in good faith for a period of 30 days (**Negotiation Period**) in relation to the Review Event and its implications for the Wetar Copper Project.

If Finders and the majority lenders are then not able to agree a Remedy Plan within this Negotiation Period, or they agree a Remedy Plan but Finders is not able to execute the Remedy Plan to the satisfaction of the Senior Lenders after a further 30 day period commencing from the end of the Negotiation Period, then an "Event of Default" will occur under the Wetar Facility Agreement.

If an Event of Default occurs, this will trigger a right for the facility agent, acting on the directions of the majority lenders (which means, while any part of the loan is outstanding, Senior Lenders whose commitments in aggregate represent two thirds of the total loan outstanding) to cancel the facilities, declare outstanding amounts immediately due and payable, and/or to enforce any rights, remedies, powers or discretions it may have with respect to security granted in its favour.

(ii) Copper price volatility

Substantially all of Finders' revenues and cash flows are derived from the sale of copper. Therefore, the financial performance of Finders is particularly sensitive to the prevailing copper price at the time Finders sells its copper production (whether in the spot market or by forward sale).

Commodity prices generally are affected by numerous factors and events that are beyond the control of Finders. These factors and events include general economic activity, world demand, forward selling activity, copper reserve movements at central banks, costs of production by other copper producers and other matters such as inflationary expectations, interest rates, currency exchange rates (particularly the strength of the US dollar) as well as general global economic conditions and political trends.

If copper prices should fall below or remain below Finders' forecast costs of production for any sustained period due to these or other factors and events, Finders' exploration and production could be delayed or even abandoned. A delay in exploration or production or the abandonment of one or more of Finders' projects may require Finders to write-down its Ore Reserves or Mineral Resources and may have a material adverse effect on Finders' production, earnings and financial position.

(iii) Operating and development risks

The business of copper mining involves many risks and may be impacted by factors including ore tonnes, grade and metallurgical recovery, input prices (some of which are unpredictable and outside the control of Finders), overall availability of free cash to fund continuing development activities, labour force disruptions, cost overruns, changes in the regulatory environment and other unforeseen contingencies.

Other risks also exist such as environmental hazards (including discharge of pollutants or hazardous chemicals), industrial accidents, occupational and health hazards, cave-ins and rock bursts. Such occurrences could result in damage to, or destruction of, production facilities, personal injury or death, environmental damage, delays in mining, increased production costs and other monetary losses and possible legal liability to the owner or operator of the mine. Finders may become subject to liability for pollution or other hazards against which it has not insured or cannot insure, including those in respect of past mining activities for which it was not responsible.

In addition, Finders' financial performance could be adversely affected if for any reason its production and processing of copper or mine development is unexpectedly interrupted or slowed. Examples of events which could have such an impact include unscheduled plant shutdowns or other processing problems, mechanical failures, the unavailability of materials and equipment, pit slope failures, unusual or unexpected rock formations, poor or unexpected geological or metallurgical conditions, failure of mine communications systems, poor water condition, interruptions to electricity supplies, disruptions or unavailability of transport facilities to and from the project, human error, earthquakes, tsunamis and adverse weather conditions.

(iv) Sovereign risk

The Wetar Copper Project is located in Indonesia.

Possible sovereign risks associated with operating in Indonesia and international markets in general include, without limitation, changes in the terms of mining legislation, changes in the foreign ownership requirements in Indonesia, changes to royalty arrangements, changes to taxation rates and concessions, expropriation by the government or private sector entities and changes in the ability to enforce legal rights.

Any of these factors may, in the future, adversely affect the financial performance of Finders and the market price of its Shares. No assurance can be given regarding future stability in Indonesia or any other country in which Finders may, in the future, have an interest.

(v) Divestment of the Consortium's interest in Finders

The Bidder's Statement includes a statement by the Consortium that if the Offer is unsuccessful then the Consortium members will review their Finders investments and may divest all of their Finders Shares and withdraw from involvement in Finders.

In some circumstances, having a substantial Indonesian shareholder can assist ASX listed companies with business in Indonesia. If the takeover offer is unsuccessful and the Consortium members did in fact seek to divest their Finders shares and withdraw their involvement from Finders, Finders believes that it could attract other Indonesian shareholders to the Finders register.

(vi) Risk of international operations generally

International sales and operations are subject to a number of risks, including:

- (A) potential difficulties in enforcing agreements (including joint venture agreements) and collecting receivables through foreign local systems;
- (B) potential difficulties in protecting intellectual property;
- (C) increases in costs for transportation and shipping;
- (D) restrictive governmental actions, such as imposition of trade quotas, tariffs and other taxes;
- (E) adverse economic conditions;
- (F) civil unrest;
- (G) conflicts
- (H) security breaches; and
- (I) bribery and corrupt practices.

Any of these factors and other factors could materially and adversely affect Finders' business, results of operations and financial condition.

(vii) Credit risk

Credit risk is the risk that counterparties may default on their contractual obligation, resulting in a financial loss to the consolidated entity. The risk arises from cash and deposits with financial institutions and credit exposures to trade customers.

Finders minimises this risk by maintaining its banking relationships with credit-worthy financial institutions. Finders deals largely with Commonwealth Bank of Australia (AA-credit rating) and BNP Paribas (A credit rating). Copper sales are either secured by letters of credit issued by the customers' banks or are to credit-worthy counterparties.

The maximum exposure is the carrying amount in the statement of financial position. The significant concentration of credit risk is in relation to the cash and cash equivalents.

(viii) Liquidity risk

Liquidity risk is the risk that Finders will encounter difficulty in meeting obligations associated with financial liabilities.

Finders manages its liquidity risk by closely monitoring its forecast and actual cash flows. Finders generates cash flow from the Wetar Copper Project. Its additional funding requirements have been sourced from bank debt finance and equity raisings. The appropriate level of liquidity is determined by cash flow forecasting. Surplus funds are invested on short-term deposits.

(ix) Additional requirements for capital

Further expenditure may need to be incurred by Finders that has not been taken into account as at the date of this Target's Statement. Although Finders is not aware of any such additional expenditure requirements, if such expenditure is subsequently incurred, this may adversely affect the expenditure proposals of Finders and its financial performance and financial position.

Finders may seek to raise further funds through equity or debt financing, joint ventures, production sharing arrangements or other means. Market conditions which are then generally prevailing will impact on the price or cost at which Finders will be able to raise such funds and no assurance can be given that such funding will be available on terms acceptable to Finders. Failure to obtain sufficient financing for Finders' activities and future projects may result in delay and indefinite postponement of Finders' business. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing might not be favourable to Finders'. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If Finders' is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations.

(x) No geographical diversification

Finders' sole project, the Wetar Copper Project, is located on the island of Wetar in Indonesia.

Any circumstance or event which negatively impacts the ownership or development of this area or which negatively affects Indonesia could materially affect the financial performance of Finders and more significantly than if it had a diversified asset base.

(xi) Reliance on key personnel

If Finders' objectives are to be met, this will depend on the ability of the Directors and management to implement the current development and production strategies and to adapt, where necessary, to accommodate and manage any unforeseen difficulties, which may not be achieved. Finders relies heavily on the experience of its existing management team and Directors.

Finders' growth and profitability may be limited by any loss of key operating personnel. The inability to recruit and retain skilled and experienced employees increases compensation costs associated with attracting and retaining personnel.

The loss of the services of certain personnel could have an adverse effect on Finders and its activities, materially affecting Finders' material contracts. Finders' future ability to recruit and retain highly qualified management personnel will also be critical to its prospects of success.

(xii) Currency risk

The majority of Finders' revenues and most costs are in USD. Any fluctuation in the AUD:USD exchange rate that is unhedged could adversely impact on the potential financial performance and financial position of Finders. Finders' financial performance and share price could also be detrimentally affected by an appreciation in the value of the Indonesian Rupiah or the Australian Dollar, in either case against the USD.

Because Finders' consolidated financial results are reported in Australian dollars, if Finders' generates sales or earnings or has assets and liabilities in other currencies, the translation into Australian dollars for financial reporting purposes can result in a significant increase or decrease in the amount of those sales or earnings and net assets.

(xiii) Mine development

Future further development of Finders' mining operations is dependent on a number of factors including, but not limited to, the acquisition and/or delineation of further economically recoverable mineralisation, favourable geological conditions, receiving the necessary approvals from all relevant authorities and parties, seasonal weather patterns, unanticipated technical and operational difficulties encountered in extraction and production activities, mechanical failure of operating plant and equipment, shortages or increases in the price of consumables, spare parts and plant and equipment, cost overruns, access to the required level of funding and contracting risk from third parties providing essential services.

Finders' operations may be disrupted by a variety of risks and hazards which are beyond its control, including environmental hazards, industrial accidents, technical failures, labour disputes, unusual or unexpected rock formations, flooding and extended interruptions due to inclement or hazardous weather conditions and fires, explosions or accidents. No assurance can be given that Finders will achieve commercial viability through the development or mining of its projects and treatment of ore.

(xiv) Possibility of future Finders Share price depreciation

While there are many factors that influence the market price of Finders Shares, following the close of the Offer, the market price of Finders Shares may fall if Eastern Field's Offer fails and there is no alternative proposal to the Offer, or if the Offer is otherwise unsuccessful.

Eastern Field has stated in the Bidder's Statement that if the Offer is not successful, Provident and Saratoga will review their investments in Finders and may divest all their Finders Shares via a market sell down process or other means.

Depending on the number of acceptances to the Offer, the number of Finders Shares held by investors for trading purposes may be reduced, thereby potentially diminishing the future liquidity of ASX market trading of Finders Shares.

There is also a general risk of future depreciation of the price of Finders Shares due to other factors, such as the other risks described in this Target's Statement.

(xv) Other alternatives to the Offer

If you reject the Offer there can be no guarantee that a competing proposal will emerge. Please refer to section 1.4 and section 9.1(a) of this Target's Statement for further information.

Since the announcement of the Offer, Finders has engaged with third parties regarding potential alternative proposals for Finders Shareholders.

At the date of printing this Target's Statement, no proposal has reached a stage where is sufficiently progressed to be disclosed in this Target's Statement and the Independent Directors can give no assurance that any alternative proposal will emerge. The Independent Directors will keep Finders Shareholders informed of any material developments.

(xvi) Minority ownership consequences

Eastern Field has set out, in section 5 of the Bidder's Statement, its intentions in relation to Finders in various different scenarios, where Eastern Field acquires different levels of relevant interests in Finders Shares.

Following the close of the Offer Period, Eastern Field may hold less Finders shares than the compulsory acquisition threshold summarised in section 6.13 of this Target's Statement.

Depending upon the number of Finders Shareholders which accept the Offer, this may have a number of implications for remaining Finders Shareholders who do not accept the Offer, including:

- Eastern Field may be in a position, either alone or in conjunction with one or more of the other Finders Shareholders, to significantly influence the composition of Finders' Board and management and the strategic direction of the businesses of Finders and its subsidiaries (or potentially to control those factors in conjunction with one or more other Finders Shareholders) although no forecast is made as to whether that will occur;
- the liquidity of Finders Shares may be lower than at present;

- if Eastern Field becomes entitled at some later time to exercise any compulsory acquisition rights under the Corporations Act, it may exercise those rights (as described in section 5.2 of the Bidder's Statement);
- in the event that a change of control results from the Offer, this may have materially adverse consequences for Finders' material contracts, including as summarised in section 10.7 of this Target's Statement, which may adversely affect Finders' financial position and financial performance; and
- if the number of Finders shareholders is less than that required by the ASX Listing Rules to maintain an ASX listing, then the ASX may suspend and/or delist Finders. If this occurs, any remaining Finders Shareholders will not be able to sell their Finders Shares on-market.

(xvii) Production and EBITDA guidance

Finders has provided production and EBITDA guidance for the December 2017 quarter on the basis of a number of assumptions and forecasts, which may subsequently prove to be incorrect. Production and EBITDA guidance is not a guarantee of future performance and involves known and unknown risks, many of which are beyond the control of Finders.

Key identified risks that may result in Finders not meeting its production and EBITDA guidance include the other risk factors in this section 9.2.

Finders' actual results may differ materially from its production and EBITDA guidance, for example in circumstances where the assumptions on which that guidance is based. Not meeting its guidance is likely to adversely affect the price and value of Finders Shares. Accordingly, you should not place undue reliance on Finders' production and EBITDA guidance.

(b) **Industry specific risks**

(i) Uninsured loss and liability

Exploration, development and production of minerals involve hazards and risks that could result in Finders incurring losses and liabilities to third parties. There is a risk that Finders may not be insured against all losses or liabilities that could arise from its operations. If Finders incurs losses or liabilities which are not covered by its insurance policies, the funds available for exploration, development and production costs will be reduced and the value and/or tenure of Finders' assets may be at risk.

(ii) Exploration

Exploration is inherently associated with risk. Notwithstanding the experience, knowledge and careful evaluation a company brings to an exploration project there is no assurance that recoverable Mineral Resources will be identified.

Even if identified, other factors such as technical difficulties, geological conditions, adverse changes in government policy or legislation or lack of access to sufficient funding may mean that the resource is not economically recoverable or may otherwise preclude Finders from successfully exploiting its projects.

(iii) Equipment and availability

Finders' ability to undertake exploration, development, mining and mineral processing activities is dependent upon its ability to source and acquire appropriate mining and related equipment. Equipment is not always available and the market for such equipment experiences fluctuations in supply and demand. If Finders is unable to source appropriate equipment economically or at all then this would have a material adverse effect on Finders' financial or trading position.

(iv) Estimates of Mineral Resources and Ore Reserves

Mineral Resources and Ore Reserves are estimates only and no assurance can be given that any particular yield of minerals from them will in fact be realised or that an identified Ore Reserve will ever qualify as a commercially mineable project that can be economically exploited. Mineral Resource and Ore Reserve estimates are expressions of judgment based on knowledge, experience and industry practice.

The estimating of Mineral Resources and Ore Reserves is a subjective process and the accuracy of these estimates is a function of the quantity and quality of available data and the assumptions used and judgments made in interpreting engineering and geological information. There is significant uncertainty in any Ore Reserve or Mineral Resource estimate and the actual deposits encountered and the economic viability of mining a deposit may differ materially from Finders' reported estimates. The exploration for minerals is speculative in nature and is frequently unsuccessful. Finders may be unable to successfully discover and exploit new mineralisation.

Estimated Mineral Resources and Ore Reserves may have to be recalculated based on changes in commodity prices, further exploration or development activity or actual production experience. This could have a material adverse effect on estimates of the volume, estimated yield, the value of the Ore Reserves or other important factors that influence Ore Reserve or Mineral Resource estimates. Market price fluctuations for commodities, increased production costs or reduced yields, or other factors may render Mineral Resources and Ore Reserves uneconomical or unprofitable to develop at a particular site or sites.

Any references in this Target's Statement to exploration results, estimates of Mineral Resources or estimates of Ore Reserves have been previously announced by Finders on ASX's Market Announcements Platform (these announcements include Finders' ASX announcements on 16 December 2016, and on 20, 21, 23, and 24 November 2017).

Finders is not aware of any new information or data that materially affects the information included in the relevant market announcements and, in the case of estimates of Mineral Resources and Ore Reserves, all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed. Finders confirms that the form and context in which the Competent Persons' findings are presented have not been materially modified.

(c) **General risks**

(i) Environmental risks

The operations of Finders are subject to laws and regulations concerning the environment. As with most exploration projects and mining and processing operations, Finders' activities are expected to have an impact on the environment, particularly in relation to mining and production. Finders seeks to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

(ii) Litigation risks

Finders is exposed to possible litigation risks including title claims, tenure disputes, environmental claims, occupational health and safety claims and employee claims, among other claims. Further, Finders may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute may impact adversely on Finders' operations, financial performance and financial position. Finders is not currently engaged in any material litigation.

(iii) Stock market fluctuations

There are risks associated with any investment in a company listed on the ASX. The value of Finders Shares may rise above or fall below the current price depending on the financial and operating performance of Finders and external factors over which Finders and its Directors have no control. These external factors include economic conditions in Australia, Indonesia and elsewhere, changing investor sentiment in the local and international stock markets, changes in domestic or international fiscal, monetary, regulatory and other government policies and developments and general conditions in the markets in which Finders operates or proposes to operate and which may impact on the future value and pricing of Shares.

(iv) Government policy changes

Government policies are subject to review and changes from time to time. Such changes are likely to be beyond the control of Finders and may affect industry profitability as well as Finders' capacity to explore, mine and engage in production activities.

At present, Finders is not aware of any reviews or changes that would affect its projects. However, changes in community attitudes on matters such as taxation, competition policy, environment and indigenous lands right issues may bring about reviews and possibly changes in government policies. There is a risk that such changes may affect Finders' plans or its rights and obligations in respect of its projects. Any such government action may also require increased capital or operating expenditures and could prevent or delay certain operations by Finders.

(v) Economic conditions

Adverse changes in economic conditions such as interest rates, exchange rates, inflation, government policy, international economic conditions and employment rates (amongst others) are outside Finders' control and have the potential to have an adverse impact on Finders and its operations.

(vi) Market conditions

As with any entity with listed securities on ASX, the future prospects, operating and financial performance of Finders and the value of the Finders Shares are affected by a wide variety of factors, including:

- (A) general business cycles;
- (B) economic and political factors in Australia and overseas;
- (C) interest rates;
- (D) inflation;
- (E) employment levels;
- (F) changes in government fiscal or regulatory regimes and foreign trade policies;
- (G) changes in accounting or financial reporting standards; and
- (H) changes in taxation laws (or their interpretation).

Deterioration of the general economic conditions, adverse foreign exchange rate movements, fluctuations in the Australian and overseas stock markets, natural disasters and catastrophic events may also affect Finders' operating and financial position.

(vii) Force majeure

Finders' projects now or in the future may be adversely affected by risks outside the control of Finders including labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

10. ADDITIONAL INFORMATION

10.1 Issued capital

As at 30 November 2017 (being the Last Practicable Trading Day), Finders had the following issued capital:

- (a) 772,367,245 Finders Shares (including 10,500,000 Finders Incentive Shares¹¹);
- (b) 7,000,000 Finders Performance Rights;¹² and
- (c) 55 Finders Mandatory Convertible Notes.¹³

10.2 Substantial holders

As at 30 November 2017 (being the Last Practicable Trading Day), based on the substantial shareholder notices provided to Finders, the substantial shareholders of Finders Shares are:

Name of holder	Number of Finders Shares	Percentage Shareholding
Eastern Field and Consortium Members	153,248,198	19.84%
Taurus SM Holdings Pty Limited	87,339,525	11.31%

10.3 Effect of the Offer on Finders Incentive Shares

(a) Summary of terms of the Finders Incentive Shares

Certain directors, senior executives and employees have been issued Finders Incentive Shares in accordance with the ESOP.

Pursuant to the ESOP, the Finders Incentive Shares are funded by limited recourse loans from Finders to the participant and are issued at specified issue prices and subject to specified vesting conditions. Until the vesting conditions are satisfied, and the loan with respect to the Finders Incentive Shares is repaid, the participant may not sell or deal with the Finders Incentive Shares, and the Finders Incentive Shares are subject to a "Holding Lock" for the purposes of the ASX Settlement Operating Rules.

¹¹ Issued at issue prices from 20.08 cents to 30.08 cents funded by loans from Finders and subject to performance and time based vesting conditions.

¹² 7,000,000 Finders Performance Rights were issued on 15 November 2017 to certain members of Finders' management pursuant to offers made by Finders before announcement of the Offer, and with ASX waiver from ASX Listing Rule 7.9 granted on 8 November 2017. Finders has also agreed to issue a further, 4,000,000 Finders Performance Rights to Finders' Managing Director, Mr Barry Cahill, however as at the date of this Target's Statement these have not yet been issued.

¹³ Each with an aggregate face value of US\$100,000 converting into a total of 12,248,538 fully paid ordinary shares on or before 16 March 2018.

If on the repayment date for the relevant loan for the Finders Incentive Shares issued to the participant the applicable vesting conditions are not satisfied then the loan is due and repayable and Finders is entitled to sell the participant's Finders Incentive Shares to recover the loan. The participant is not liable for any shortfall on the sale of the Finders Incentive Shares. If the proceeds of sale are more than the loan amount in respect of those Finders Incentive Shares then Finders is entitled to recover its loan and retain the surplus.

If on or before the repayment date for the relevant loan for the Finders Incentive Shares issued to the participant the applicable vesting conditions are satisfied then the participant can prepay some or all of the loan attributable to a number of Finders Incentive Shares specified by the participant and the participant may then at the discretion of Finders be entitled to sell or dispose of that specified number of Finders Incentive Shares.

If the Offer becomes unconditional, then under the terms of the loan facility:

- (i) the vesting conditions under which the Finders Incentive Shares have been issued are deemed to have been satisfied;
- (ii) the applicable loan in relation to the Finders Incentive Shares becomes due and payable, following which the participant must repay to Finders the loan amount within the deadline for the transaction determined by the Board;
- (iii) if the participant repays the loan, then they may sell the Finders Incentive Shares. If the participant does not repay the loan within the deadline for the transaction determined by the Board, then Finders may sell the Finders Incentive Shares, the participant is not liable for any shortfall on the sale of the Finders Incentive Shares, and Finders is entitled to retain any surplus.

(b) Finders Incentive Shares currently on issue

As at the date of this Target's Statement, the following Finders Incentive Shares are currently on issue:

- (i) 7,500,000 Finders Incentive Shares issued to Mr Gary Comb (Finders' Non-Executive Chairman); and
- (ii) 3,000,000 Finders Incentive Shares issued to Mr Barry Cahill (Finders' Managing Director),

at issue prices ranging from 20.08 cents to 30.08 cents per Incentive Share.

The Finders Incentive Shares were issued on 8 November 2013, pursuant to Finders Shareholder approval at Finders' extraordinary general meeting held on 23 May 2013.

(c) Ability of holders of Finders Incentive Shares to participate in the Offer

The Finders Incentive Shares are fully paid ordinary shares in the capital of Finders (ie they are Finders Shares), notwithstanding that they are not quoted on ASX until they vest and the loan in respect of them is repaid.

Accordingly, they are bid class securities for the purposes of the Offer, and are capable of being accepted into the Offer. However, pursuant to the terms of the ESOP, the holders of the Finders Incentive Shares will not be able to deal in the Finders Incentive Shares (which includes accepting the Offer) until the applicable vesting conditions have been satisfied (or deemed to have been satisfied on the Offer becoming unconditional) and the loan in respect of the Finders Incentive Shares repaid.

10.4 Effect of the Offer on Finders Performance Rights

(a) Summary of the terms of the Finders Performance Rights

Finders' senior executive remuneration framework includes a performance rights plan, pursuant to which certain senior executives and employees of the Finders Group may be granted Finders Performance Rights. The Finders Performance Rights vest subject to the achievement of certain vesting conditions and performance criteria.

Upon vesting, each Finders Performance Right entitles the holder to be allotted and issued, or transferred, one Finders Share. If Finders Performance Rights held by a participant vest, they will be deemed to have been automatically exercised and Finders may satisfy that exercise by transferring existing Finders Shares, or issuing new Finders Shares, to the participant.

Prior to vesting, Finders Performance Rights do not have voting rights or entitlements to dividends. No amount is payable by the holder of Finders Performance Rights on the vesting of their Finders Performance Rights.

Under the rules of the Performance Rights Plan, if the Offer becomes unconditional the vesting conditions and performance criteria attached to the Finders Performance Rights will be deemed to have been met and the Finders Performance Rights will immediately vest.

As at the date of this Target's Statement there are 7,000,000 unvested Finders Performance Rights on issue. Finders has also agreed to issue a further 4,000,000 Finders Performance Rights to Finders' Managing Director, Mr Barry Cahill, however as at the date of this Target's Statement these have not yet been issued.

(b) Ability of holders of Finders Performance Rights to participate in the Offer

Any Finders Shares issued on vesting of the Finders Performance Rights will be issued after the Register Date, and will therefore be outside of the bid class and will not be capable of being accepted into the Offer.

Eastern Field is not making a separate offer to acquire any outstanding Finders Performance Rights.

10.5 Effect of the Offer on the Finders Mandatory Convertible Notes

(a) The Finders Mandatory Convertible Notes

On 16 March 2012, Finders announced that it had entered into an off-take agreement with Standard Bank Plc for up to 60% of all copper cathode produced from the Wetar copper project. Under the terms of the agreement, Standard Bank Plc subscribed for US\$5.5m of equity in Finders in exchange for the right to buy up to 40 per cent of the Wetar copper off-take.

The equity investment by Standard Bank Plc was structured as the issue of 55 Finders Mandatory Convertible Notes to Standard Bank Plc on 16 March 2012, each with an aggregate face value of US\$100,000 and a conversion price of \$0.427 per share. The Finders Mandatory Convertible Notes will convert into fully paid ordinary shares in Finders.

Standard Bank Plc may convert the Finders Mandatory Convertible Notes to Finders Shares at any time before 16 March 2018. If not converted earlier, the Finders Mandatory Convertible Notes will automatically and mandatorily convert to Finders Shares on 16 March 2018.

The Offer will have no effect on the Finders Mandatory Convertible Notes.

(b) Ability of holders of Finders Mandatory Convertible Notes to participate in the Offer

As at the Register Date, no Finders Mandatory Convertible Notes had been converted. Accordingly, any Finders Shares issued on conversion of the Finders Mandatory Convertible Notes will be issued after the Register Date, and will therefore be outside of the bid class and will not be capable of being accepted into the Offer.

10.6 Material litigation

To the best knowledge of the Directors and senior management of Finders, Finders is not involved in any litigation or dispute which is material in the context of Finders and its subsidiaries taken as a whole.

10.7 Effect on Finders' material contracts

(a) Wetar Facility Agreement

Finders is a guarantor under the debt facility agreement between Finders subsidiary, BTR (as borrower) and BNP Paribas (as facility agent and security agent), Commonwealth Bank of Australia, Hong Kong and Shanghai Banking Corporation and Societe Generale for the financing of the Wetar Copper Project (**Wetar Facility Agreement**).

As at the date of this Target's Statement, the amount outstanding under the Wetar Facility Agreement totalled US\$68 million.

A change of control of Finders constitutes a "Review Event" under the Wetar Facility Agreement. A change of control of Finders will occur if:

- (i) the Offer becomes unconditional; and

- (ii) Eastern Field owns or controls 50% or more of the Finders Shares (or may potentially occur where Eastern Field holds interests in less than 50% of the Finders Shares, but in practice has the capacity to determine the outcome of decisions about Finders' financial and operation policies).

If a Review Event occurs under the Wetar Facility Agreement as a result of a change of control of Finders, Finders and the majority lenders under the Wetar Facility Agreement are required to consult in good faith for a period of 30 days in relation to the change of control and its implications for the Wetar Copper Project.

If, after the 30 day negotiation period, the facility agent (acting on behalf of the majority lenders) notifies BTR that it does not consider the change of control of Finders to be acceptable, BTR must refinance the facility within 90 days of the facility agent providing that notice. Failure to refinance the facility within 90 days in the circumstances will constitute an event of default under the Wetar Facility Agreement.

(b) Other material contracts

Other than as described above, to the best knowledge of the Directors and senior management of Finders, none of the material contracts to which Finders is a party contain change of control provisions which may be triggered as a result of the Offer or acceptances of the Offer, and which may have a material adverse effect on the Finders.

10.8 Effect of the takeover on Finders' senior employee and Director arrangements

To the best of each Director's knowledge, none of the contractual arrangements between Finders and its senior employees or between Finders and its Directors are materially affected by a change in control of the Finders Shares, if that occurs pursuant to the Offer, save to the extent described below.

(a) Finders Incentive Shares

In the case of Mr Gary Comb (Non-Executive Chairman of Finders) and Mr Barry Cahill (Managing Director of Finders), if the Offer becomes unconditional then the vesting conditions attached to their Finders Incentive Shares will be deemed to have been satisfied and, subject to them repaying the loan in respect of any Finders Incentive Shares they hold, they will be able to deal with those Finders Incentive Shares as they see fit.

(b) Finders Performance Rights

In the case of Mr Barry Cahill (Managing Director of Finders), if the Finders Performance Rights that Finders has agreed to issue Mr Cahill (refer section 10.4 above for more about these) are issued before the Offer becomes unconditional, then upon the Offer becoming unconditional the vesting conditions and performance criteria attached to those Finders Performance Rights will be deemed to have been met and those Finders Performance Rights will immediately vest.

(c) **Executive Services Agreements**

Eastern Field has disclosed in section 5.2 of its Bidder's Statement that should it acquire 90% or more of Finders Shares and becomes entitled to proceed to compulsory acquisition in respect of the outstanding Finders Shares it does not own, then Eastern Field intends to replace all members of the Finders Board (other than Gavin Caudle) with Eastern Field nominee directors and to evaluate the capabilities and fit of the existing Finders employees as part of a strategic review to be conducted in respect of Finders' business. Eastern Field has also disclosed in section 5.3 of its Bidder's Statement that should it gain effective control of Finders but not proceed to compulsory acquisition of the outstanding Finders Shares, then Eastern Field intends to replace some or all of the members of the Finders Board (and the board of any company on which Finders has nominee directors) with Eastern Field's nominee directors.

If following the Offer becoming unconditional the employment of Mr Barry Cahill, Managing Director of Finders, is terminated by Finders then under the terms of his Executive Services Agreement he will be entitled to the following benefits on termination:

- (i) annual leave entitlement accrued at the date of termination payable in cash;
- (ii) pro rata long service leave entitlement from 1 July 2017 to the date of termination payable in cash;
- (iii) any short term incentive that the remuneration committee of the Board determines that Mr Cahill is entitled to, payable in Finders Shares (the amount of the incentive is pro-rated at the discretion of the remuneration committee of the Board based on the extent to which Finders achieves its expected outcomes for the relevant financial year, and in any event must not to exceed 100% of his annual salary for the financial year); and
- (iv) a minimum of one year's annual salary payable in cash.

If following the Offer becoming unconditional the employment of Mr Wayne Apted, Chief Financial Officer of Finders, is terminated by Finders then under the terms of his Executive Services Agreement he will be entitled to the following payments on termination:

- (i) annual leave entitlement accrued at the date of termination;
- (ii) pro rata long service leave entitlement from 1 July 2017 to the date of termination;
- (iii) any short term incentive that the remuneration committee of the Board determines that Mr Apted is entitled to, payable in Finders Shares (the amount of the incentive is pro-rated at the discretion of the remuneration committee of the Board based on the extent to which Finders achieves its expected outcomes for the relevant financial year, and in any event must not to exceed 100% of his annual salary for the financial year); and
- (iv) a minimum of six months annual salary payable in cash.

10.9 Consents

Salient Corporate, Ashurst Australia, Behre Dolbear Australia Pty. Limited and the Independent Expert have given and have not, before lodgement of this Target's Statement with ASIC, withdrawn their consent:

- to be named in this Target's Statement in the form and context in which they are named; and
- if applicable, to the inclusion of each statement it has made (if any) in the form and context in which the statement appears in this Target's Statement.

More specifically:

- (a) the Independent Expert has given, and not withdrawn, before lodgement of this Target's Statement with ASIC, its written consent to the inclusion of the Independent Expert's Report in the form and context in which it appears in Annexure A and references to the Independent Expert's Report in the form and context in which they appear in this Target's Statement; and
- (b) Behre Dolbear Australia Pty. Limited has given, and not withdrawn before lodgement of this Target's Statement with ASIC, its written consent to the inclusion of the Independent Technical Specialist's Report in the form and context in which it appears in Appendix 8 to the Independent Expert's Report.

Each person named in this section 10.9 as having given its consent to the inclusion of a statement or being named in this Target's Statement:

- has not authorised or caused the issue of this Target's Statement;
- does not make, or purport to make, any statement in this Target's Statement or any statement on which a statement in this Target's Statement is based other than those statements which have been included in this Target's Statement with the consent of that person; and
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Target's Statement, other than a reference to its name and any statements or report which have been included in this Target's Statement with the consent of that party.

ASIC has published various Class Orders and Legislative Instruments that modify, or exempt parties from compliance with the operation of various provisions of Chapter 6 of the Corporations Act. Finders has relied on that ASIC Class Order and/or Legislative Instrument relief.

As permitted by ASIC Class Order 13/521 this Target's Statement contains statements which are made, or based on statements made, in documents lodged with ASIC or given to ASX. Pursuant to this ASIC Class Order, the consent of persons to whom such statements are attributed is not required for the inclusion of these statements in this Target's Statement. Any Finders Shareholder who would like to receive a copy of any of those documents may obtain a copy free of charge during the Offer Period by contacting the Shareholder Information Line on 1300 648 874 (within Australia) or +61 2 8355 1000 (from outside Australia).

As permitted by ASIC Corporations (Consents to Statements) Instrument 2016/72, this Target's Statement may include or be accompanied by certain statements:

- fairly representing a statement by an official person;
- that are a correct and fair copy of, or extract from, what purports to be a public official document;
- that are a correct and fair copy of, or extract from, a statement which has already been published in a book, journal or comparable publication; or
- trading data from prescribed financial markets or approved foreign exchanges,

provided the statement was not made, or published, in connection with the Offer or Eastern Field or the Consortium Members or any business, property or person the subject of this Target's Statement.

In addition, as permitted by ASIC Corporations (Consents to Statements) Instrument 2016/72, this Target's Statement contains share price trading data sourced from IRESS and LME without their consent.

10.10 **Continuous disclosure**

Finders is a disclosing entity as defined in the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and ASX Listing Rules.

Copies of the documents filed with ASX may be obtained from the ASX website at www.asx.com.au and Finders' website at www.findersresources.com.

Copies of the documents lodged with ASIC in relation to Finders may be obtained from, or inspected at, an ASIC office.

Finders Shareholders may obtain a copy of:

- Finders' half year report for the half year ended 30 June 2017;
- Finders' annual report for the financial year ended 31 December 2016;
- Finders' constitution; and
- any document lodged by Finders with ASX between the release of Finders' annual report and the date of this Target's Statement,

free of charge upon request by contacting the Shareholder Information Line on 1300 648 874 (within Australia) or +61 2 8355 1000 (from outside Australia) or from the ASX website at www.asx.com.au. Finders' annual report, constitution and this Target's Statement are also available on Finders' website at www.findersresources.com.

10.11 No other material information

This Target's Statement is required to include all the information that Finders Shareholders and their professional advisers would reasonably require to make an informed assessment whether to accept the Offer, but:

- only to the extent to which it is reasonable for Finders Shareholders and their professional advisers to expect to find this information in this Target's Statement; and
- only if the information is known to any Finders Director.

The Directors are of the opinion that the information that Finders Shareholders and their professional advisers would reasonably require to make an informed assessment whether to accept the Offer is:

- the information contained in the Bidder's Statement (to the extent that the information is not inconsistent or superseded by information in this Target's Statement);
- the information contained in Finders' releases to ASX, and in the documents lodged by Finders with ASIC, before the date of this Target's Statement; and
- the information contained in this Target's Statement.

The Directors have assumed, for the purposes of preparing this Target's Statement, that the information in the Bidder's Statement is accurate (unless they have expressly indicated otherwise in this Target's Statement). However, the Directors do not take any responsibility for the contents of the Bidder's Statement and are not to be taken as endorsing, in any way, any or all of the statements contained in it.

In deciding what information should be included in this Target's Statement, the Directors have had regard to:

- the nature of the Finders Shares;
- the matters that Finders Shareholders may reasonably be expected to know;
- the fact that certain matters may reasonably be expected to be known to Finders Shareholders' professional advisers; and
- the time available to Finders to prepare this Target's Statement.

10.12 Taxation

(a) Introduction

This section provides a general outline of the key Australian taxation implications for Finders Shareholders from disposing of their Finders Shares, in return for cash under the Offer. The information in this section is based upon Australian taxation law and practice in effect at the date of this Target's Statement.

The taxation consequences to Finders Shareholders of disposing of their Finders Shares depend on a number of factors and will vary depending on their particular circumstances. The outline provided in this section is of a general nature only, does not comprehensively deal with all taxation implications that may arise and does not consider any specific facts or circumstances that may apply to particular Finders Shareholders.

Finders Shareholders should not rely on the disclosure of taxation considerations in this Target's Statement as being advice on their own affairs and should seek their own specific professional tax advice as to the taxation implications applicable to their circumstances. Neither Finders nor any of its directors or advisers accept any liability or responsibility in respect of any statement concerning the taxation consequences to particular Finders Shareholders from disposing of their Finders Shares.

The following comments only apply to Finders Shareholders who hold their Finders Shares on capital account for tax purposes.

This section does not deal with Finders Shareholders who:

- hold their Finders Shares in the course of carrying on a business (eg as trading stock) or on revenue account (eg as part of a profit-making undertaking or scheme);
- acquired their Finders Shares pursuant to an employee share, rights or option scheme;
- are subject to the Taxation of Financial Arrangements provisions in Division 230 of the Income Tax Assessment Act 1997;
- are temporary residents of Australia, life insurance companies or pooled superannuation trusts for tax purposes; or
- are not residents of Australia for tax purposes and hold their Finders Shares in carrying on a business through a permanent establishment in Australia.

This section deals with Australian taxation law only and does not deal with the implications of disposing of Finders Shares under the taxation laws of countries other than Australia.

(b) **Australian resident shareholders**

(i) CGT event

Finders Shareholders who accept the Offer

A disposal by a Finders Shareholder of their Finders Shares pursuant to the Offer will constitute a CGT event for the Finders Shareholder. The date of the CGT event will be the date the contract to dispose of the Finders Shares is entered into by the Finders Shareholder, being the date on which the Finders Shareholder accepted the Offer.

Finders Shareholders who sell their Finders Shares on market

During the Offer Period, Finders Shareholders who have not already accepted the Offer may choose to sell their Finders Shares on the ASX. The sale of Finders Shares by a Finders Shareholder on the ASX will constitute a CGT event for the Finders Shareholder.

The date of the CGT event will be the date the contract to sell the Finders Shares is entered into by the Finders Shareholder.

Compulsory Acquisition

If a Finders Shareholder does not dispose of their Finders Shares either on the ASX or under the Offer and their Finders Shares are compulsorily acquired in accordance with Part 6A.1 of the Corporations Act, the Finders Shareholder will also be treated as having disposed of their Finders Shares for CGT purposes. The date of the CGT event should be the date when the Finders Shareholder ceases to be the owner of the Finders Shares.

(ii) Calculation of capital gain or capital loss

Finders Shareholders will make a capital gain to the extent that the capital proceeds from the disposal of the Finders Shares are more than the cost base of those Finders Shares. Conversely, Finders Shareholders will make a capital loss to the extent that the capital proceeds from the disposal are less than their reduced cost base of those Finders Shares.

(iii) Capital proceeds

The capital proceeds from a disposal of Finders Shares is generally the amount of consideration received by the Finders Shareholder for the disposal.

(iv) Capital gains and capital losses

If a Finders Shareholder makes a capital gain from a disposal of their Finders Shares, the capital gain is aggregated with other capital gains made by the Finders Shareholder in the same income year. Any available capital losses of the Finders Shareholder from the same or previous income years may then be offset against the capital gains (subject to satisfaction of loss recoupment tests). If there is a capital

gain remaining after application of available capital losses, the Finders Shareholder may be entitled to apply a discount (see below). Any net capital gain after applying the discount (if applicable) is included in assessable income of the Finders Shareholder in that income year.

Individuals, complying superannuation entities and trusts that have held the CGT asset to which the capital gain relates for at least 12 months before the CGT event, calculated from the date of acquisition of the CGT asset for CGT purposes, may be entitled to discount the amount of the capital gain (after application of capital losses) by 50% in the case of individuals and trusts or by 33⅓% in the case of complying superannuation entities. For trusts, the ultimate availability of the discount for beneficiaries of the trust in relation to distributions of capital gains by the trust will depend on the particular circumstances of the beneficiaries. No discount is available for Finders Shareholders which are companies.

If a Finders Shareholder makes a capital loss from the disposal of their Finders Shares, the capital loss may only be used to offset capital gains of the Finders Shareholder in the same or future income years (subject to satisfaction of loss recoupment tests).

(c) Non-resident shareholders

This section 10.12(c) applies to Finders Shareholders who are not, and have never been, residents of Australia for Australian income tax purposes.

The disposal by a non-resident Finders Shareholder of their Finders Shares should generally only result in Australian CGT implications to a non-resident Finders Shareholder if the Finders Shares are 'indirect Australian real property interests'.

Finders Shares held by a Finders Shareholder will be an "indirect Australian real property interest" if both of the following conditions are met:

- that Finders Shareholder together with its "associates" holds 10% or more of the total shares on issue in Finders at the time of the CGT event, or has held at least that percentage for any 12 month period within two years preceding the CGT event (referred to as a "non-portfolio interest"); and
- more than 50% of the aggregate market value of Finders' assets is directly or indirectly attributable to 'taxable Australian real property' (including interests in Australian real property, leases of Australian real property and mining, quarrying or prospecting rights in respect of materials situated in Australia) (referred to as satisfying the "principal asset test").

Non-resident Finders Shareholders who hold a "non-portfolio interest" in Finders should obtain independent tax advice as to the tax implications to them of the disposal.

(d) **Non-resident CGT withholding rules**

Finders Shareholders who dispose of their Finders Shares off-market (eg, pursuant to the Offer or whose Finders Shares are compulsorily acquired) may be subject to the non-resident CGT withholding rules. The non-resident CGT withholding rules do not apply to disposals on the ASX.

Broadly, purchasers that acquire indirect Australian real property interests that are shares (as described in section 10.12(c)) may be required to withhold 12.5% of the consideration and pay that amount to the Australian Taxation Office. The withholding tax is not a final tax, and the seller of the shares may receive a credit for amounts withheld on filing an Australian tax return and may receive a refund of tax if amounts have been withheld in excess of their actual Australian tax liability.

These rules are targeted at non-resident sellers. Under the rules, Eastern Field may make a withholding from the cash consideration for the acquisition of a Finders Shareholder's Finders Shares if the Finders Shares are an indirect Australian real property interest and if any of the following apply to the Finders Shareholder:

- Eastern Field knows or reasonably believes that the Finders Shareholder is a non-resident;
- the Finders Shareholder has an overseas address or Eastern Field is authorised to pay the consideration overseas (in a case where Eastern Field does not reasonably believe that the Finders Shareholder is an Australian resident); or
- the Finders Shareholder has a connection outside Australia of a kind specified in the regulations. As at the date of this Target's Statement, no applicable regulations have been made.

Where a Finders Shareholder provides a declaration to Eastern Field that the Shareholder is an Australian resident or their Finders Shares are not indirect Australian real property interests, there is no requirement for Eastern Field to withhold under the rules unless Eastern Field knows the declaration to be false.

Eastern Field may not withhold if it considers that Shares in Finders are not indirect Australian real property interests. Eastern Field has not indicated its views in this regard.

Finders currently believes that the Finders Shares do not satisfy the principal asset test limb of the definition of indirect Australian real property interests. Therefore, Finders does not expect that Eastern Field should withhold any amount with respect to CGT withholding tax from consideration payable to Finders Shareholders.

Finders Shareholders should obtain independent tax advice as to the potential implications to them of the withholding rules.

(e) **GST and stamp duty**

As noted in the Bidder's Statement, you should not incur any liability in respect of GST in relation to a disposal of your Finders Shares. You may be charged GST on costs you incur which relate to the disposal of your Finders Shares (eg legal, financial and tax advisor fees). Certain Finders Shareholders may be entitled to claim input tax credits or reduced input tax credits in relation to the GST amount incurred on these costs, but you should seek independent tax advice in relation to your individual circumstances.

You should not incur any liability in respect of stamp duty in any State or Territory of Australia in relation to a disposal of your Finders Shares. The Bidder has confirmed at section 7.3 of the Bidder's Statement that it will pay any stamp duty that arises on a disposal of your Finders Shares. However, the statements in section 2 of the Bidder's Statement suggest that stamp duty may be payable by you if you choose to dispose of your Finders Shares other than by acceptance of the Offer. This is not correct. Based on current law, if you were to dispose of your Finders Shares either on-market or off-market, you should have no statutory liability to pay any stamp duty.

11. GLOSSARY AND INTERPRETATION

11.1 Definitions

Term	Meaning
Announcement Date	the date of announcement of the Offer, which was 6 October 2017.
ASIC	the Australian Securities and Investments Commission.
ASX	ASX Limited ACN 008 624 691 or the financial market operated by it, as the context requires.
ASX Listing Rules	the official listing rules of the ASX.
Bidder's Statement	Eastern Field's replacement bidder's statement for the purposes of Part 6.5 of the Corporations Act, dated 17 November 2017.
BKP	PT Batutua Kharisma Permai, the mining entity for the Wetar Copper Project, which is 70% owned by BTR.
BTR	PT Batutua Tembaga Raya, the smelting and refining company for the Wetar Copper Project, which is 78% owned by Finders through its wholly owned subsidiary Banda Minerals Pty Ltd.
Board	the board of directors of Finders.
CGT	capital gains tax.
Conditions	the conditions of the Offer set out in and Schedule 2 of the Bidder's Statement.
Consortium	Provident, Saratoga and Merdeka.
Consortium Member	each of Provident, Saratoga and Merdeka.
Deloitte	Deloitte Corporate Finance Pty Ltd ABN 19 003 833 127.
Corporations Act	the <i>Corporations Act 2001</i> (Cth).
Directors	the current directors of Finders.
Eastern Field	Eastern Field Developments Limited BVI CO No 1955552.
ESOP	the Finders Employee Share Ownership Plan approved by Finders shareholders at the general meeting held on 5 November 2013.
Finders	Finders Resources Limited ACN 108 547 413.

Term	Meaning
Finders Group	Finders and its subsidiaries.
Finders Incentive Share	an unvested incentive share issued under or in accordance with the ESOP. Finders Incentive Shares are fully paid ordinary shares in the capital of Finders, but are not quoted on ASX until they vest and the loan in respect of them is repaid by the participant (refer section 10.3 for further information about the Finders Incentive Shares).
Finders Mandatory Convertible Notes	the 55 mandatory convertible notes, each with an aggregate face value of US\$100,000, issued by Finders on 16 March 2012 and converting into a total of 12,248,538 fully paid ordinary shares on or before 16 March 2018.
Finders Performance Right	a performance right issued by Finders pursuant to the terms of the Finders Resources Limited Performance Rights Plan approved by Finders shareholders at the Finders annual general meeting held on 25 May 2017.
Finders Security	either a Finders Share or a Finders Performance Right.
Finders Share	a fully paid ordinary share in the capital of Finders (which, to avoid doubt, includes the Finders Incentive Shares).
Finders Shareholder	a holder of Finders Shares.
Independent Directors	Gary Comb, Barry Cahill and Gordon Galt.
Independent Expert	Deloitte.
Independent Expert's Report	the report produced by the Independent Expert set out in Annexure A of this Target's Statement.
Last Practicable Trading Day	30 November 2017, being the day that is three trading days prior to the date of this Target's Statement.
LME	London Metal Exchange.

Term	Meaning
Material Adverse Change	<p>any event, change, condition, matter or thing occurring or information is disclosed or announced by any member of the Finders Group, or becomes known to the Bidder, concerning any such event, change, condition matter or thing (each a Specified Event) which, whether individually or when aggregated with all Specified Events, has had or would be considered reasonably likely to have a material adverse effect on the:</p> <ul style="list-style-type: none"> (a) assets, liabilities, performance or prospects of the Finders Group; or (b) status or terms of (or rights attaching to) any material permits, licences or approvals issued by a Regulatory Authority and applicable to the Finders Group, <p>including, without limitation where the effect is a diminution, or likely diminution, in the value of the consolidated net assets of the Finders Group, by at least A\$5,000,000 against what it would reasonably have been expected to have been but for such Specified Event, but does not include:</p> <ul style="list-style-type: none"> (c) a Specified Event relating to changes in business conditions affecting the industry in which the Finders Group operates; or (d) a Specified Event that is fairly disclosed, or that is reasonably apparent on its face as potentially to flow from the Specified Event that is fairly disclosed in information publicly disclosed by any member of the Finders Group before the Announcement Date.
Merdeka	PT Merdeka Copper Gold Tbk.
Mineral Resource	has the meaning given to that term in the JORC Code 2012.
Notice of Status of Conditions	Eastern Field's notice disclosing the status of the Conditions which is required to be given by section 630(3) of the Corporations Act.
Offer	the offer by Eastern Field for Finders Shares, which is contained in Schedule 1 of the Bidder's Statement or the off-market takeover bid constituted by that Offer, and Offers the several like Offers which together constitute the Offer, as varied in accordance with the Corporations Act.
Offer Period	the period during which the Offer will remain open for acceptance in accordance with Schedule 1 of the Bidder's Statement.

Term	Meaning
Offer Price	the consideration offered under the Offer, being \$0.23 per Finders Share.
Ore Reserve	has the meaning given to that term in the JORC Code 2012.
Provident	Procap Partners Limited.
Provident Minerals	Provident Minerals Limited, an associated entity of Provident.
Register Date	7.00pm (Perth time) on 24 October 2017.
Relevant Subsidiary	any subsidiary of Eastern Field or the Consortium Members.
Salient Corporate	Salient Corporate Pty Ltd ACN 617 993 503.
Saratoga	PT Saratoga Investama Sedaya Tbk.
Senior Lenders	has the meaning given in section 7.1(h).
Shareholder Information Line	the information line established by Finders in relation to the Offer, which Finders Shareholders can contact on 1300 648 874 (within Australia) or +61 2 8355 1000 (from outside Australia) between the hours of 9.00 am and 5.00 pm (Sydney time) on business days.
SX-EW	solvent extraction electrowinning, the copper extraction process operated by the Wetar Copper Project through its 25,000 tpa SX-EW plant and 3,000 tpa SX-EW plant.
Target Prescribed Occurrence	<p>means:</p> <ul style="list-style-type: none"> (a) (conversion) the Target converts all or any of its shares into a larger or smaller number of shares; (b) (reduction of share capital) the Target resolves to reduce its share capital in any way; (c) (buy-back) the Target: <ul style="list-style-type: none"> (i) enters into a buy-back agreement; or (ii) resolves to approve the terms of a buy-back agreement under subsection 257C(1) or s257D(1) Corporations Act; (d) (distribution) the Target makes or declares, or announces an intention to make or declare, any distribution (whether by way of dividend, capital reduction or otherwise and whether in cash or in specie); (e) (issuing or granting shares or options) the Target, or a

Term	Meaning
	<p>subsidiary of the Target:</p> <ul style="list-style-type: none"> (i) issues shares; (ii) grants an option over its shares; or (iii) agrees to make such an issue or grant such an option, <p>in each case to a person outside the Finders Group, other than pursuant to the exercise or vesting of any convertible securities (including, to avoid doubt, Performance Rights) that are:</p> <ul style="list-style-type: none"> (iv) existing as at, and the issue of which has been notified to the ASX before, the Announcement Date; or (v) issued after the Announcement Date as contemplated by paragraph (f)(iii) or (f)(iv) below; <p>(f) (securities or other instruments) the Target, or a subsidiary of the Target:</p> <ul style="list-style-type: none"> (i) issues securities or other instruments convertible into shares or debt securities; or (ii) agrees to issue securities or other instruments convertible into shares or debt securities, <p>in each case to a person outside the Target or its subsidiaries, other than:</p> <ul style="list-style-type: none"> (iii) securities or other instruments convertible into shares or debt securities existing as at, and the issue of which has been notified to the ASX before the Announcement Date; or (iv) an issue of performance rights (Performance Rights) pursuant to the Finders' performance rights plan approved at its 2017 annual general meeting on 25 May 2017 (Performance Rights Plan) which meets the following conditions: <ul style="list-style-type: none"> (A) the relevant Performance Rights when added to all other Performance Rights issued under the Performance Rights Plan does not exceed 11,000,000 Performance Rights; and (B) the Performance Rights were offered to an Eligible Participant (as that term is defined in the Performance Rights Plan) prior to the

Term	Meaning
	<p>Announcement Date.</p> <p>For the avoidance of doubt, the issue of a Performance Right as permitted by this paragraph (iv) will not be a Target Prescribed Occurrence under Paragraph (m);</p> <p>(g) (constitution) the Target, or a subsidiary of the Target, adopts a new constitution or modifies or repeals its constitution or a provision of it;</p> <p>(h) (disposals) the Target, or a subsidiary of the Target, disposes, or agrees to dispose, of the whole or a substantial part of its business or property;</p> <p>(i) (acquisitions, disposals or tenders) the Target, or a subsidiary of the Target:</p> <p>(i) acquires or disposes of;</p> <p>(ii) agrees to acquire or dispose of; or</p> <p>(iii) offers, proposes, announces a bid or tenders for, any material business, asset, interest in a joint venture, entity or undertaking;</p> <p>(j) (charges) the Target, or a subsidiary of the Target, charges, or agrees to charge, the whole or a substantial part of its business or property;</p> <p>(k) (employment arrangements) the Target, or a subsidiary of the Target:</p> <p>(i) materially increases the remuneration of, or otherwise materially varies the employment arrangements with, any of its directors or key management employees;</p> <p>(ii) accelerates the rights of any of its directors or key management employees to compensation or benefits of any kind; or</p> <p>(iii) pays any of its directors or key management employees a termination or retention payment (otherwise than in accordance with an existing contract which, at the date of the Announcement, was in place and the material terms of which had been disclosed to the ASX), other than in the ordinary course of business, as a result of contracted arrangements that are consistent with past practice and in effect before the Announcement Date;</p>

Term	Meaning
	<p>(l) (commitments and settlements) the Target, or a subsidiary of the Target:</p> <ul style="list-style-type: none"> (i) incurs a liability for unbudgeted opex where the amount of that liability when added to the liability for any other unbudgeted opex incurred in that calendar quarter exceeds US\$2,500,000; (ii) incurs a liability for unbudgeted capex where the amount of that liability when added to the liability for any other unbudgeted capex incurred in that calendar quarter exceeds US\$750,000; (iii) terminates or amends in a material manner any contract material to the conduct of the Target or its subsidiary's business; (iv) waives any material third party default where the financial impact on the Target or its subsidiary will be in excess of \$200,000; or (v) accepts as a settlement or compromise of a material matter (relating to an amount in excess of \$200,000) less than the full compensation due to the Target or a subsidiary of the Target, other than those arrangements notified to the Bidder on or before the Announcement Date; <p>Unbudgeted opex is operating expenditure which is not provided for in any budget approved by the Board of Finders at the Announcement Date or if it relates to the 2018 calendar year, is operating expenditure which is not provided for in the Wetar budget adopted by PT Batutua Tembaga Raya and approved by the Finders Board, other than Excluded Expenditure;</p> <p>Unbudgeted capex is capital expenditure which is not provided for in any budget approved by the Board of Finders at the Announcement Date or if it relates to the 2018 calendar year, is capital expenditure which is not provided for in the Wetar budget adopted by PT Batutua Tembaga Raya and approved by the Finders Board, other than Excluded Expenditure;</p> <p>Excluded Expenditure is a liability incurred in relation to the engagement of professional advisers to advise the Target in respect of the Offer, provided that the fees payable by the Target under those engagements are reasonable in the circumstances;</p>

Term	Meaning
	<p>(m) (652C events) an event set out in section 652C of the Corporations Act occurs in relation to the Target, or a subsidiary of the Target;</p> <p>(n) (breach of law) the Target, or a subsidiary of the Target, takes or omits to take action which results in a breach of law material to the Target or a subsidiary;</p> <p>(o) (related party) the Target, or a subsidiary of the Target, enters into or resolves to enter into a transaction with any related party of the Target as defined in section 228 Corporations Act; or</p> <p>(p) (tax liability) the Target, or a subsidiary of the Target, does anything that results in a material taxable gain for the Target or a subsidiary by either causing a subsidiary to cease being a subsidiary of the Target or causing the Target, or a subsidiary of the Target to cease being a consolidated group.</p>
Target's Statement	this document (including the annexures), being the statement of Finders under Part 6.5 Division 3 of the Corporations Act.
VWAP	volume weighted average price.
Wetar BFS	the revised bankable feasibility study released by Finders on the ASX on 20 November 2013.
Wetar Copper Project	the copper project located on the island of Wetar in the Province of Maluku Barat Daya of eastern Indonesia in which Finders currently holds an economic interest of 74.1%.
Wetar Facility Agreement	has the meaning given in section 10.7.

11.2 Interpretation

In this Target's Statement, unless the context requires otherwise:

- (a) headings are inserted for convenience and do not affect the interpretation of this Target's Statement;
- (b) words and phrases in this Target's Statement have the same meaning given to them (if any) in the Corporations Act;
- (c) the singular includes the plural and vice versa;
- (d) a gender includes all genders;

- (e) a reference to a person includes a corporation, partnership, joint venture, association, unincorporated body or other body corporate and vice versa;
- (f) if a word is defined, another part of speech has a corresponding meaning;
- (g) a reference to a section or appendix is a reference to a section or appendix of this Target's Statement;
- (h) a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- (i) unless expressly stated otherwise, a reference to time is a reference to Perth time;
- (j) unless expressly stated otherwise, a reference to **dollars, \$, A\$ or AUD** is a reference to the lawful currency of Australia;
- (k) a reference to US\$ is a reference to the lawful currency of the United States of America.

12. **AUTHORISATION**

This Target's Statement is dated 5 December 2017 and has been approved by a resolution passed by the Directors of Finders.

Signed for and on behalf of Finders:



Gary Comb

Chairman

ANNEXURE A**Independent Expert's Report**



Finders Resources Limited

Independent expert's report and Financial Services Guide

4 December 2017

Financial Services Guide

What is a Financial Services Guide?

This Financial Services Guide (**FSG**) provides important information to assist you in deciding whether to use our services. This FSG includes details of how we are remunerated and deal with complaints.

Where you have engaged us, we act on your behalf when providing financial services. Where you have not engaged us, we act on behalf of our client when providing these financial services, and are required to give you an FSG because you have received a report or other financial services from us. The person who provides the advice is an Authorised Representative (**AR**) of Deloitte Corporate Finance Pty Limited, which authorises the AR to distribute this FSG. Their AR number is included in the report which accompanies this FSG.

What financial services are we licensed to provide?

We are authorised to provide financial product advice and to arrange for another person to deal in financial products in relation to securities, interests in managed investment schemes, government debentures, stocks or bonds to retail and wholesale clients. We are also authorised to provide personal and general financial product advice and deal by arranging in derivatives and regulated emissions units to wholesale clients, and general financial product advice relating to derivatives to retail clients.

Our general financial product advice

Where we have issued a report, our report contains only general advice. This advice does not take into account your personal objectives, financial situation or needs. You should consider whether our advice is appropriate for you, having regard to your own personal objectives, financial situation or needs.

If our advice is provided to you in connection with the acquisition of a financial product you should read the relevant offer document carefully before making any decision about whether to acquire that product.

How are we and all employees remunerated?

We will receive a fee of approximately \$120,000 exclusive of GST in relation to the preparation of this report. This fee is not contingent upon the success or otherwise of the proposed takeover of Finders Resources Limited by Eastern Field Developments Limited.

Other than our fees, we, our directors and officers, any related bodies corporate, affiliates or associates and their directors and officers, do not receive any commissions or other benefits.

All employees receive a salary and while eligible for annual salary increases and bonuses based on overall performance they do not receive any commissions or other benefits as a result of the services provided to you.

The remuneration paid to our directors reflects their individual contribution to the organisation and covers all aspects of performance.

We do not pay commissions or provide other benefits to anyone who refers prospective clients to us.

Associations and relationships

We are ultimately controlled by the Deloitte member firm in Australia (Deloitte Touche Tohmatsu). Please see www.deloitte.com/au/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu.

We and other entities related to Deloitte Touche Tohmatsu:

- do not have any formal associations or relationships with any entities that are issuers of financial products
- may provide professional services to issuers of financial products in the ordinary course of business.

What should you do if you have a complaint?

If you have any concerns regarding our report or service, please contact us. Our complaint handling process is designed to respond to your concerns promptly and equitably. All complaints must be in writing to the address below.

If you are not satisfied with how we respond to your complaint, you may contact the Financial Ombudsman Service (**FOS**). FOS provides free advice and assistance to consumers to help them resolve complaints relating to the financial services industry. FOS' contact details are also set out below.

The Complaints Officer
PO Box N250
Grosvenor Place
Sydney NSW 1220
complaints@deloitte.com.au
Fax: +61 2 9255 8434

Financial Ombudsman Service
GPO Box 3
Melbourne VIC 3001
info@fos.org.au
www.fos.org.au
Tel: 1800 367 287
Fax: +61 3 9613 6399

What compensation arrangements do we have?

Deloitte Australia holds professional indemnity insurance that covers the financial services provided by us. This insurance satisfies the compensation requirements of the Corporations Act 2001 (Cth).

The Independent Directors
Finders Resources Limited
25 Colin Street
West Perth, WA 6005
Australia

Deloitte Corporate Finance Pty Limited
A.B.N. 19 003 833 127
AFSL 241457
Tower 2, Brookfield Place
123 St Georges Terrace
Perth WA 6000
GPO Box A46
Perth WA 6837 Australia

DX: 10307SSE
Tel: +61 (0) 8 9365 7000
Fax: +61 (0)2 9254 1198
www.deloitte.com.au

4 December 2017

Dear Independent Directors,

Re: Independent expert's report

1 Introduction

On 6 October 2017, Eastern Field Developments Limited (**Eastern Field** or the **Bidder**) sent a letter to Finders Resources Limited (**Finders Resources** or the **Company**) stating its intention to make an off-market takeover offer to acquire all of the issued and outstanding shares in Finders Resources that the Bidder does not already own (the **Takeover Offer**). The consideration offered by Eastern Field to holders of Finders Resources shares other than Eastern Field (**Shareholders**) is an all-cash offer of \$0.23 per Finders Resources share.

The full details of the Takeover Offer are included in the replacement Bidder's Statement released by Eastern Field on 20 November 2017. An overview of the Takeover Offer is provided in Section 3 of this report.

2 Basis of evaluation of the Takeover Offer

2.1 Purpose of the report

The independent directors of Finders Resources (the **Independent Directors**) have requested Deloitte Corporate Finance Pty Limited (**Deloitte Corporate Finance**) to provide an independent expert's report advising whether, in our opinion, the Takeover Offer is fair and reasonable.

Under Section 640 of the Corporations Act 2001 (Cth) (**Corporations Act**), a Target's Statement given in response to a takeover offer must include, or be accompanied by, an independent expert's report if either the bidder's voting power in the target is 30% or more, or the bidder and target have one or more common directors, to assist shareholders in their decision whether to accept or reject the Takeover Offer. Although the Bidder holds less than 30% of the shares in Finders Resources, Eastern Field and Finders Resources have a common director, Gavin Caudle. An independent expert's report is therefore required under Section 640.

We have prepared this report having regard to Section 640 of the Corporations Act and Australian Securities and Investments Commission (**ASIC**) Regulatory Guide 111 and ASIC Regulatory Guide 112.

This report is to be included in a Target's Statement to be sent to Shareholders and has been prepared for the exclusive purpose of assisting Shareholders in their consideration of the Takeover Offer. Neither Deloitte Corporate Finance, Deloitte Touche Tohmatsu, nor any member or employee thereof, undertakes responsibility to any

person, other than the Shareholders and Finders Resources, in respect of this report, including any errors or omissions however caused.

2.2 Guidance

In undertaking the work associated with this report, we have had regard to ASIC Regulatory Guide 111 in relation to the content of expert's report and ASIC Regulatory Guide 112 in respect of the independence of experts. The Regulatory Guides prescribe standards of best practice in the preparation of independent expert's reports pursuant to Section 640.

ASIC Regulatory Guide 111

This regulatory guide provides guidance in relation to the content of independent expert's reports prepared for a range of transactions.

ASIC Regulatory Guide 111 refers to a 'control transaction' as being the acquisition (or increase) of a controlling stake in a company that could be achieved, for example, by way of a takeover offer, scheme of arrangement, approval of an issue of shares using item 7 of s611, a selective capital reduction or selective buy back under Chapter 2J.

In respect of control transactions, under ASIC Regulatory Guide 111 an offer is:

- fair, when the value of the consideration is equal to or greater than the value of the shares subject to the takeover offer. The comparison must be made assuming 100% ownership of the target company (i.e. including a control premium)
- reasonable, if it is fair, or, despite not being fair, after considering other significant factors, Shareholders should accept the takeover offer, in the absence of any higher bids before the close of the offer.

To assess whether the Takeover Offer is fair and reasonable to Shareholders, we have adopted the tests of whether the Takeover Offer is either fair and reasonable, not fair but reasonable, or neither fair nor reasonable, as set out in ASIC Regulatory Guide 111.

2.3 Role of the technical expert

Behre Dolbear Australia Pty Ltd (**BDA**), an independent mining expert, was engaged to provide input and advice on the appropriateness of the assumptions adopted in the life-of-mine (**LOM**) financial model (**Wetar Model**) for the Wetar Copper Project (**Wetar Project**) and to provide an assessment of the fair market value of Finders Resources' exploration assets. BDA was engaged by Finders Resources, but carried out its work under the oversight of Deloitte Corporate Finance.

3 Terms of the Takeover Offer

In the Bidder's Statement issued on 23 October 2017, Eastern Field is proposing an off-market all-cash offer to acquire all of the shares issued and outstanding in Finders Resources that Eastern Field does not already own at \$0.23 per share. A replacement Bidder's Statement was dispatched to shareholders on 20 November 2017. The Takeover Offer opened on 20 November 2017 and will close on 20 December 2017.

The Takeover Offer has the following key characteristics and conditions:

- subject to Eastern Field obtaining a relevant interest in more than 50.0% of Finders Resources shares
- subject to Foreign Investment Review Board (**FIRB**) approval
- no adverse material changes occurring in Finders Resources (e.g. changes occurring to assets, liabilities and performance of Finders Resources)
- no prescribed occurrence events (e.g. share buyback, reduction in share capital, distributions)
- no material acquisitions, disposals or commitments greater than \$5.0 million by Finders Resources
- no regulatory actions before the end of the Takeover Offer period
- the three month copper price on the London Metal Exchange (**LME**) does not fall below US\$6,000 for two consecutive days
- the Takeover Offer is not subject to any funding conditions
- does not extend to any Finders Resources shares issued after the registration date (i.e. 24 October 2017) (**Register Date**)
- the Takeover Offer includes any unlisted employee shares
- does not extend to any Finders Resources shares that may be issued as a result of performance shares vesting under the takeover provision in the 2017 performance rights plans
- does not extend to any Finders Resources shares that may be issued from the conversion of unlisted convertible notes after the Register Date
- waiver of brokerage fees if the Takeover Offer is accepted by any current investor in Finders Resources.

Refer to the replacement Bidder's Statement for more information about the Takeover Offer.

4 Profile of Finders Resources

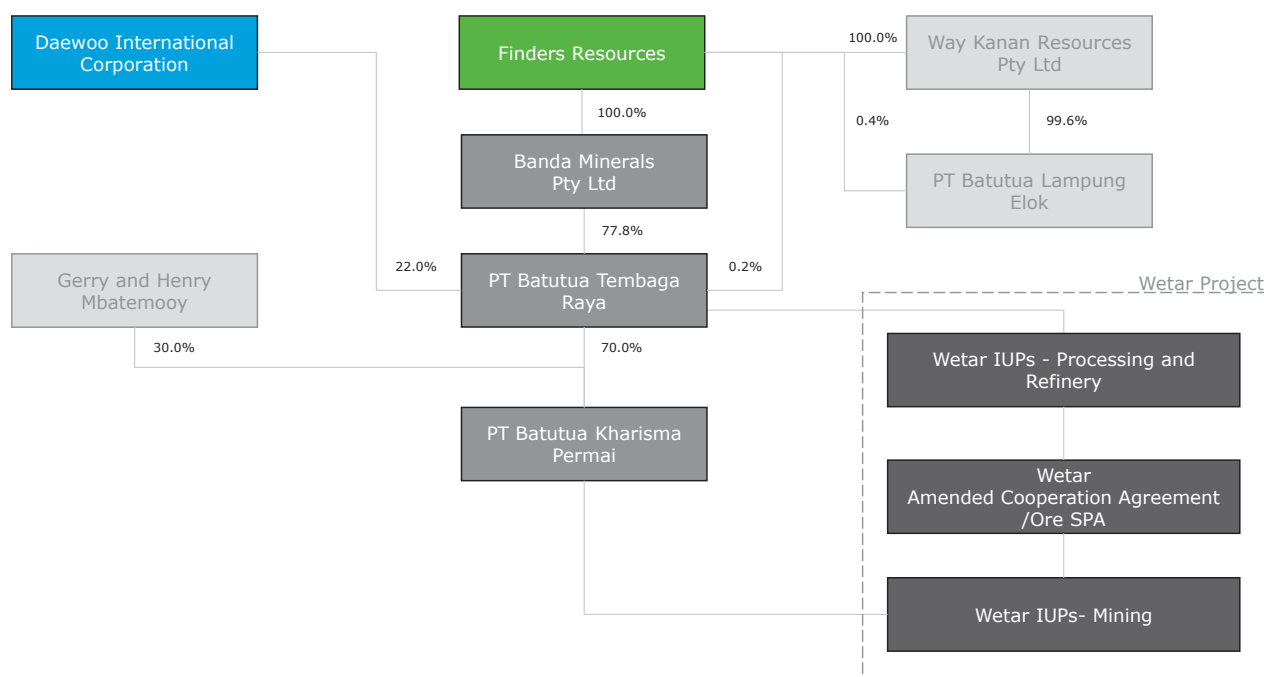
4.1 Overview of Finders

Finders Resources was incorporated on 30 March 2004 and was listed on the Australian Securities Exchange (**ASX**) on 8 June 2007. The company's primary asset is the Wetar Project located in the Republic of Indonesia (**Indonesia**).

4.2 Group Structure

The figure below sets out the Group's existing structure, as well as the relevant interests held by associated entities.

Figure 1



Source: Finders Resources

Notes:

1. Izin Usaha Pertambangan (IUP) relates to mining business license

We note the following in relation to the Company's group structure:

- Finders Resources holds an economic interest in the Wetar Project of 74.1% via its interest in PT Batutua Tembaga Raya (**BTR**) and PT Batutua Kharisma Permai (**BKP**). The economic interest in the Wetar Project is not aligned with its shareholdings based on the Wetar Cooperation Agreement and BKP has agreed to sell all the project ore to BTR under the Ore Sale and Purchase Agreement
- BTR is a limited liability foreign capital investment company established under the laws of Indonesia. BTR holds a business licence for processing and refining for a 20 year period expiring on 9 June 2031. This license allows BTR to process ore from the Wetar Project into copper cathode
- BKP, a company established under the laws of Indonesia, is the registered holder of the mining tenements associated with the Wetar Project
- Way Kanan Resources Pty Ltd (**Way Kanan**) and PT Batutua Lampung Elok (**BLE**) are dormant companies. The companies formerly held the Ojolali Gold Silver project located in Indonesia. Finders Resources terminated the agreement in relation to that project in August 2016 with the tenements returned to the local partner.

4.3 Capital structure

4.3.1 Equity

Shareholdings

The company has 772.4 million shares on issue, including 10.5 million unlisted employee shares, as at 24 October 2017 with the top 10 shareholders being as follows.

Table 1

No	Shareholder	Shares (millions)
1	Provident Minerals Pte Ltd ¹	106.2
2	Taurus Resources ²	87.3
3	JP Morgan Nominees Australia Limited	68.3
4	PT Saratoga Investama Sedaya Tbk ¹	47.0
5	HSBC Custody Nominees (Australia) Ltd	29.7
6	Merrill Lynch (Australia) Nominees Pty Ltd	23.4
7	Goldstar Mining Asia Resources (L) BHD	19.5
8	Hillboi Nominees Pty Ltd	19.1
9	PT Teknologi Riset Global Investama	18.6
10	3rd Wave Investors Ltd	16.5
Total		435.7

Source: Finders Resources

Notes:

1. Part of the Bidder's consortium. Refer to Section 5 for the profile of the Bidder
2. Relates to Taurus Res Ltd Partner A/C and Taurus Resources Tst A/C shareholdings

The unlisted employee shares, which are part of the Takeover Offer, relate to incentive shares issued to certain directors of the Company. These shares were issued at prices ranging from 20.08 cents to 30.08 cents, were funded by loans from the Company and are subject to performance and time based vesting conditions. These shares are part of the overall shares on issue but are not listed on the ASX. Of these 10.5 million shares, 7 million have vested but are not listed as the holders have not yet repaid the loan under the terms of the unlisted employee shares. The remaining 3.5 million shares have not vested at the time of this report but will vest if the Takeover Offer becomes unconditional.

Other securities

In addition to ordinary shares, Finders Resources has the following other securities as at 7 November 2017.

Table 2

	Potential shares ('000)
Unlisted convertible notes	12,249
Performance rights	7,000 ¹
Total	19,249

Source: Finders Resources

Notes:

1. In addition these 7 million performance rights, there are 4 million performance rights yet to be issued by Finders Resources to Barry Cahill, the Managing Director of Finders Resources

The unlisted convertible notes have a current face value of US\$5.5 million and were issued to Standard Bank Plc in 2012. These convertible notes will mandatorily convert into 12.2 million shares in Finders Resources on or before 16 March 2018 at a conversion price of \$0.427 per share. We note that, as at the Register Date, none of the convertible notes were converted into Finders Resources' shares and any subsequent notes that are converted will not form part of the Takeover Offer.

The 11 million performance rights, inclusive of the 4 million performance rights yet to be issued to Barry Cahill, will vest under the takeover provision in the 2017 performance rights plan but will not form part of the Takeover Offer if the Takeover Offer is successful.

In addition, there were 31.3 million unlisted options, with an exercise price \$0.2556, issued to lenders in consideration for the interest-bearing loan facility. These options lapsed on 22 October 2017 (i.e. none exercised).

4.3.2 Debt

In 2014, Finders Resources secured a senior secured project finance facility agreement of US\$162 million (**Debt Facility**) with a syndicate of banks (**Banks**), being BNP Paribas, Commonwealth Bank of Australia (**CBA**), Hong Kong and Shanghai Banking Corporation (**HSBC**) and Societe Generale (**SocGen**). Recently, the Debt Facility limit had been amended to US\$68 million with the breakdown as follows.

Table 3

	Interest Rate LIBOR +%	Facility (US\$ million)
Term loan facility	5.50%	62.0
Cost overrun facility	6.25%	6.0
Total		68.0

Source: Management

These facilities have first ranking security over the Wetar Project and, under the agreements, Finders Resources must undertake a mandatory copper and diesel hedging program.

4.4 Wetar Project

4.4.1 Overview

The Wetar Project is located on the north central coast of Wetar Island in Indonesia. Access to the Wetar Project is by boat only from a number of ports including Alor, Kisar and Atapupu.

Figure 2



Source: Finders Resources company website

The Wetar Project comprises open pit mining and processing of sulphide deposits based on two mining areas in Kali Kuning and Lerokis, as well as further brownfield development areas. Currently all production is from Kali Kuning, with Lekoris scheduled to commence production in 2019. The mine site is approximately 6 kilometres (**km**) from the nearest public port (by road).

Processing typically involves heap leaching of transitional and fresh sulphide ore followed by a solvent extraction electrowinning process to produce copper cathode. However, the Wetar Project leaching process is somewhat unconventional, needing higher temperatures, lower pressures and longer periods of time compared to typical heap leach operations.

Finders Resources has two copper cathode solvent extraction and electrowinning (**SX-EW**) plants. The first SX-EW copper plant (**Initial Copper Plant**) was initially a demonstration plant constructed in 2009 and subsequently

upgraded to nameplate capacity of 3,000 tonnes per annum (**tpa**), commissioned in April 2014. The second SX-EW copper plant (**Main Copper Plant**), with a nameplate capacity of 25,000 tpa, was commissioned in May 2016. Other infrastructure assets include accommodation camp, roads, on-site diesel power generators and a wharf that can berth two 1,500 tonne landing craft transport ships.

4.4.2 Mineral Resource and Ore Reserves

The latest mineral resource and ore reserve statements issued by the Company for the mineral resources attributable to the Wetar Project are as follows.

Kali Kuning

Table 4

	Mineral Resource			Ore Resources	
	Mt	Cu %		Mt	Cu %
Measured	4.6	2.4	Proved	4.6	2.4
Indicated	0.8	2.3	Probable	0.7	2.2
Inferred	0.1	1.9			
Total	5.5	2.4	Total	5.3	2.4

Source: Finders Resources Mineral Resource and Ore Reserve Estimate

Notes:

1. As at 30 June 2016

Lerokis

On 23 November 2017, Finders Resources issued an ASX announcement regarding an upgrade to the Lerokis mineral resource and ore reserves. A summary of the update is as follows.

Table 5

	Mineral Resource			Ore Resources	
	Mt	Cu %		Mt	Cu %
Measured	2.80	2.88	Proved	2.67	2.84
Indicated	0.10	0.89	Probable	0.04	0.84
Inferred	0.02	0.95			
Total	2.92	2.80	Total	2.71	2.81

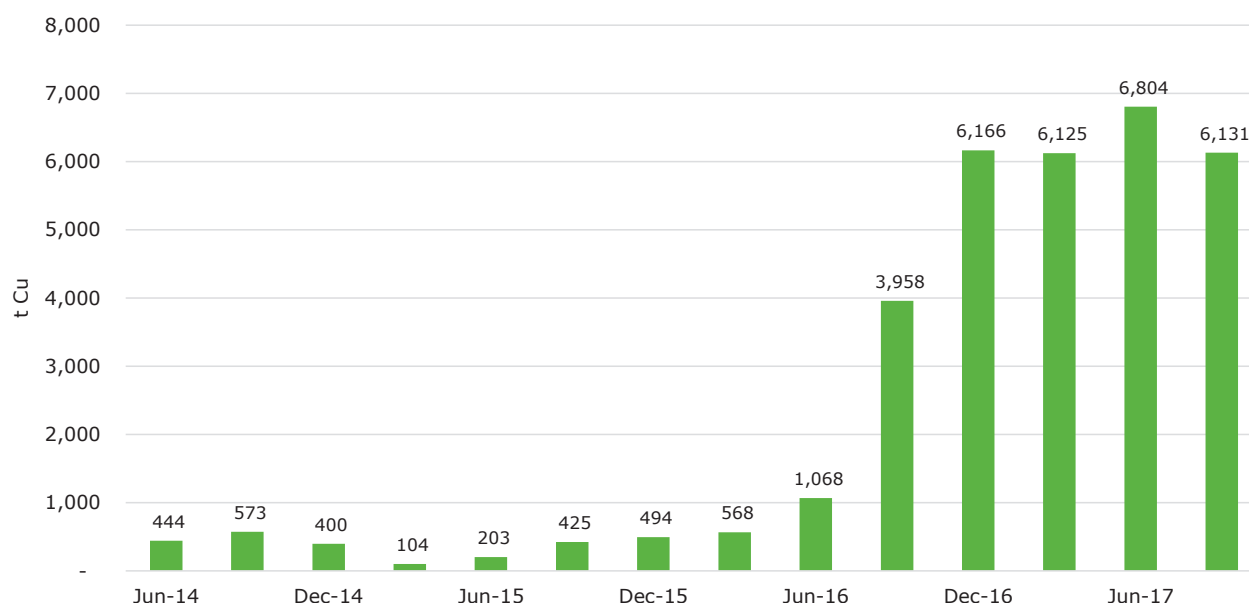
Source: Finders Resources ASX announcement – 23 November 2017

4.4.3 Operations

Production

The Wetar Project commenced copper cathode production in the quarter ending June 2014 through the Initial Copper Plant. Production ramped up after June 2016 when the Main Copper Plant was commissioned. The table below shows the copper cathode production per quarter.

Figure 3



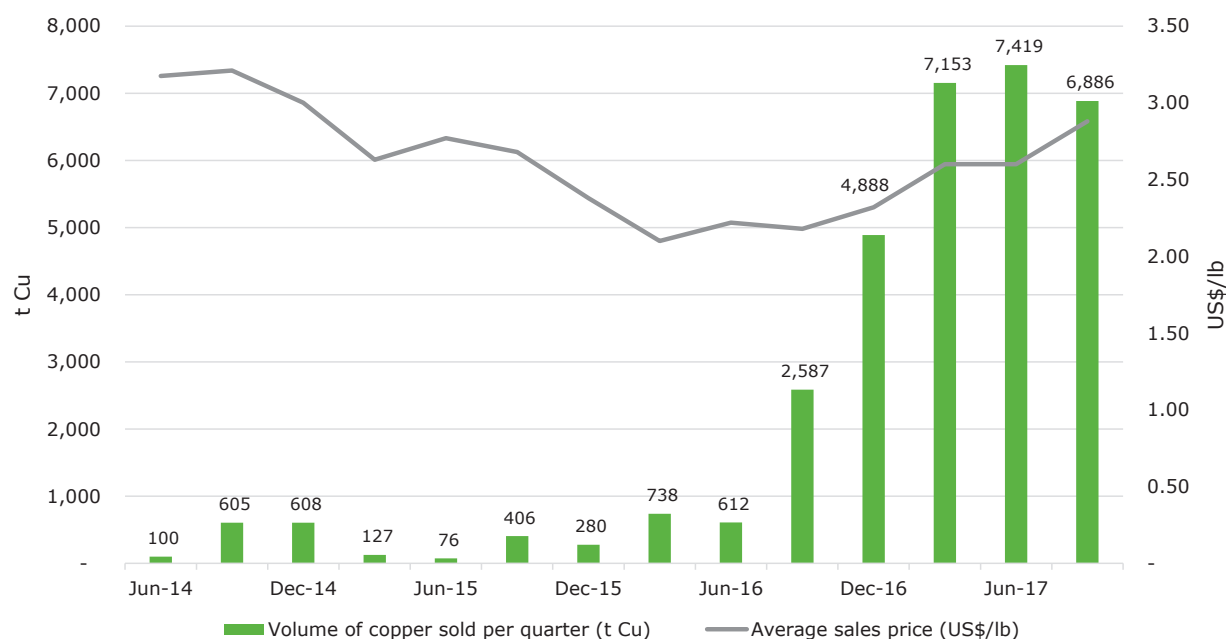
Source: Finders Resources quarterly updates and annual reports

In September and October 2017, operations at the Main Copper Plant were temporarily disrupted due to an overflow of organic and aqueous solution from the solvent extraction settlers into the clean electrolyte for the electrowinning circuit. This affected the operation of the solvent extraction circuit and its ability to plate copper cathode. Additionally, Finders Resources is progressing on the rehandling and relining work on the former truck dump leach pads. The crushing of fresh ore has also been recently affected by a failure to the jaw crusher and while it is expected to be operational again by the end of November 2017, this has slowed down the supply of leached copper tonnes. While the above incidents are expected to slow down the production rate, they do not result in any overall loss of copper production and there will be no material loss of recoverable copper from the LOM reserve profile overall. Production levels are expected to resume to June 2017 levels by the March 2018 quarter.

Sales

Finders Resources sells all its copper on the spot market primarily to the Asia Pacific market with sales generally priced in United States Dollars (**US\$**). Similar to the production profile, copper sales significantly increased after June 2016 when the Main Copper Plant was commissioned. The figure below shows the quarterly volume of copper sold and the average sales price in US\$ per pound (**US\$/lb**) since commencement of production.

Figure 4

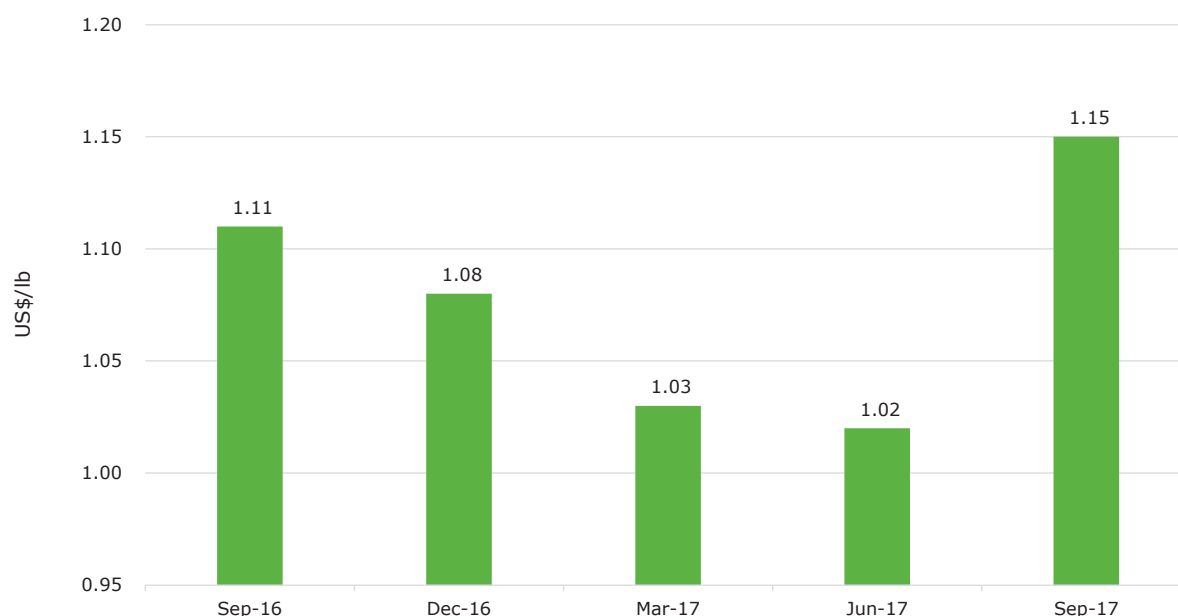


Source: Finders Resources quarterly updates and annual reports

Net direct cash costs

The direct cash costs are predominantly incurred in US\$ and Indonesian Rupiah. The table below shows the net direct cash cost for the Wetar Project for the past few quarters.

Figure 5



Source: Finders Resources quarterly updates

The net direct cash cost in the September 2017 quarter was higher due to costs incurred in relation to the temporary disruption of operations at the Main Copper Plant. Issues affecting the copper production are ongoing (as indicated in the copper production sub-section). Net direct cash cost is therefore expected to be in the range of US\$1.40/lb to US\$1.80/lb for the December 2017 quarter due to the significant fixed costs incurred.

4.5 Other exploration assets

The current major exploration work relates to the Meron sulphide deposit (**Meron**). Meron was discovered during a precious metals search by PT Prima Lirang Mining (**PLM**) in the late 1980s and early 1990s. Meron is approximately 2 km from Kali Kuning and is moving towards an advanced drilling program, which includes deepening and/or redrilling of historical drill holes drilled by PLM.

Finders Resources is also looking to extend the current mine life of the Wetar Project through further drilling and testing of extensions to the Lerokis ore reserve.

Finders Resources also has a number of exploration targets that it intends to explore in the future, including:

- KK2- KK4 (Karkopang)
- Baru Manu (BMU)
- Kali Besar
- Kelapa Tiga.

4.6 Recent share trading

The chart below illustrates Finders Resources' share trading since 2015.

Figure 6



Source: Capital IQ, ASX announcements

Key announcements from the chart above are set out in the following table.

Table 6

Ref	Date	Commentary
1	21-May-15	Finalisation of the senior secured project finance facility agreement (i.e. Debt Facilities).
2	01-Jun-15	First drawn down under the senior secured project finance facility agreement. US\$19 million was drawn under the Term Loan Facility and VAT Facility.
3	01-Jun-16	First copper plated from the Main Copper Plant.
4	14-Jun-16	First copper stripped from the Main Copper Plant.
5	01-Jul-16	Announces that over 300 tonnes of LME Grade A copper cathode has been stripped from the Main Copper Plant.
6	15-Sep-16	Realises US\$42.5 million from a hedge restructure. Proceeds were used to repay debt to US\$103 million.
7	10-Nov-16	Completed a \$12 million equity placement at 12 cents a share.
8	16-Dec-16	Released the reserves and resources of the Wetar Project as at 30 June 2016.
9	20-Jan-17	Increased Wetar Project ownership to 73.5% along with the finalisation of the project finance facilities following the hedge restructure in September 2016.
10	06-Mar-17	Release of high grade copper results from the second open pit mine at Lekoris.
11	31-Jul-17	Announced record copper cathode production and record sales along with debt reduction to US\$73.5 million. Finders Resources also increased its economic interest in the Wetar Project to 74.1%.
12	27-Sep-17	Announces the interruption to the Main Copper Plant at the Wetar Project.
13	03-Oct-17	Release of drilling results at Lerokis. Findings indicate the extension to Lekoris high grade zones.
14	06-Oct-17	Proposed takeover by Eastern Field at an offer price of 23.0 cents per share. Finders Resources shareholders were advised to take no action.
15	23-Oct-17	Release of Bidder's statement from Eastern Field.
16	20-Nov-17	Release of the replacement Bidder's Statement. Takeover Offer opens on this date.
17	23-Nov-17	Announces the upgrade to the Lekoris reserves and resources.

Source: Capital IQ, ASX announcements

4.7 Financial Performance

Table 7

(\$'000)	Audited Actual 31-Dec-14 FY14	Audited Actual 31-Dec-15 FY15	Audited Actual 31-Dec-16 FY16	Reviewed Actual 30-Jun-17 1H17
Sales revenue	9,961	6,042	73,618	119,703
Interest income	24	15	35	13
Raw materials and consumables used ¹	(18,403)	(28,072)	(65,936)	(45,201)
Changes in finished goods and work in progress	888	2,139	25,048	6,537
Development costs written-off	(607)	-	-	-
Personnel costs ^{1, 2}	(3,503)	(16,614)	(18,667)	(7,666)
Administrative cost	-	(1,489)	(2,722)	(1,361)
Provision for impairment	(4,214)	-	-	-
Finance cost	(1,392)	(3,202)	(6,791)	(5,494)
Depreciation and amortisation	(1,913)	(1,850)	(13,767)	(23,197)
Exchange (loss)/gain	673	(531)	(1,291)	(43)
Exploration expenditure written-off	(469)	(165)	-	-
Royalty expense	(62)	(105)	(1,653)	(646)
Other expenses	(1,488)	(610)	(5,703)	(9,062)
Profit (Loss) before tax	(20,505)	(44,442)	(17,829)	33,583
Income tax benefit	-	14,909	4,694	8,163
Profit (Loss) for the year	(20,505)	(29,533)	(13,135)	41,746

Source: Finders Resources Annual Reports and management accounts

Notes:

1. FY14 personnel cost and raw materials and consumables used includes administrative costs
2. 2017 YTD personnel and administrative cost are reported together under management accounts

We note the following in relation to the financial performance of Finders Resources:

- sales and raw materials and consumables used increased in FY16 in line with the commissioning of the Main Copper Plant and mining, crushing and stacking activities for the leach pads
- change in inventories of finished goods and work in progress increased in FY16 due to the commissioning of the Main Copper Plant in 2016 and addition to the leach pads
- depreciation and amortisation predominantly relates to the copper processing plants and mine development activities
- finance cost mainly relates to borrowing costs and interest charges
- exchange gains or losses relate to the differences between functional currencies of the subsidiaries (US\$, Indonesian Rupiah) and reporting currency (\$)
- royalty expenses relate to royalties arising from the sale of copper from the Wetar Project
- development cost written off relates to costs associated with the Main Copper Plant that were expensed rather than capitalised. Costs include salaries and permitting costs
- other expenses in 2017 mainly relate to provisions for value added tax (**VAT**) receivables from the Indonesian government arising from the uncertainty associated with the recoverability of the VAT due to delays in collection
- income tax benefit relates to Indonesian tax losses. The Indonesian tax losses were only previously partially recognised. Finders Resources have now recognised the balance of the tax losses as it is now considered probable that sufficient taxable income will be generated to utilise these losses
- the impairment provision in FY14 relates to the carrying value of the marine fuel oil generators. In September 2014, BTR terminated the contract for the purchase and refurbishment of these generators for use at the

Wetar Project. The contract was terminated following breaches of the contract identified by BTR. Subsequent to balance date, an arbitration process between BTR and the contractor commenced. A provision for impairment was raised due to uncertainty relating to the arbitration.

4.8 Financial Position

Table 8

(\$'000)	Audited Actual 31-Dec-14 FY14	Audited Actual 31-Dec-15 FY15	Audited Actual 31-Dec-16 FY16	Reviewed Actual 30-Jun-17 1H17
Current assets				
Cash and cash equivalents	47,946	33,728	4,879	4,384
Receivables	1,249	780	6,885	18,857
Financial assets	40	2,380	63	116
Inventories	2,762	6,747	39,329	45,037
Other assets	344	2,088	485	868
Total current assets	52,341	45,723	51,641	69,262
Non-current assets				
Receivables	4,700	14,968	14,296	3,223
Financial assets	4,418	1,302	1,344	1,237
Hedge derivative assets	-	67,388	-	-
Plant and equipment	20,660	22,341	145,336	124,069
Development expenditure	39,510	144,259	83,791	71,201
Deferred tax asset	-	-	11,627	23,191
Total non-current assets	69,288	250,258	256,394	222,921
Total assets	121,629	295,981	308,035	292,183
Current liabilities				
Trade and other payables	10,301	23,481	41,703	31,503
Borrowings	-	19,431	42,669	40,472
Provisions	703	604	742	584
Hedge derivative liability	-	-	8,403	12,661
Total current liabilities	11,004	43,516	93,517	85,220
Non-current liabilities				
Borrowings	38,538	147,128	78,888	53,157
Provisions	6,140	11,194	13,036	10,605
Hedge derivative liability	-	6,546	8,537	7,480
Total non-current liabilities	44,678	164,868	100,461	71,242
Total liabilities	55,682	208,384	193,978	156,462
Net assets	65,947	87,597	114,057	135,721

Source: Finders Resources Annual Reports and management accounts

We note the following in relation to the financial position of Finders Resources:

- receivables, inventories, plant and equipment (**PPE**), and trade and other payables increased in FY16 in line with the commissioning of the Main Copper Plant in mid-2016
- non-current receivables balances are reduced by an allowance for impairment due to the uncertainty associated with the recoverability of VAT as a result of the delays in collections from the Indonesian government. The allowance as at 1H17 was \$8.8 million, an increase of \$612,000 since FY16
- current financial assets are monies held in security deposit relating to a bank guarantee. FY15 figures include \$4.1 million in deferred borrowing costs which classified as a non-current financial asset in FY14

- non-current financial assets in FY15 and FY16 predominantly relates to an environmental bond with the Indonesian government for rehabilitation obligations at the Wetar Project and a cash backed bank guarantee
- the deferred tax asset arises from temporary differences and predominantly relates to tax losses that had not previously been brought to account. Given that the Wetar Project has been achieving nameplate capacity production, Finders Resources' management (**Management**) now considers it probable that sufficient taxable income will be generated to utilise these losses
- development expenditure in FY15 increased from FY14 due to the development of the Main Copper Plant. The development expenditure balance decreased in FY16 when costs associated with the Main Copper Plant were transferred to PPE upon its commissioning
- borrowings relate to the Debt Facilities as outlined in Section 4.3.2
- hedge derivatives relate to forward contracts entered into for copper and diesel
- current provisions relate to employee benefits (e.g. Indonesian labour law requirements) while non-current provisions relate to employee benefits and rehabilitation and restoration for the Wetar Project
- Finders Resources has a contingent liability relating to the six marine fuel oil generators as indicated in Section 4.7. A provision for US\$1.7 million has been recognised after taking into account the estimated recovery value of the generators.

5 Profile of Eastern Field

5.1 Background of Eastern Field

Eastern Field (i.e. the Bidder) is a special purpose vehicle incorporated on 18 September 2017 in the British Virgin Islands. Apart from an issued capital of US\$1,000, Eastern Field has no assets or liabilities, and does not have any business operations, as per the Bidder's Statement.

Eastern Field is jointly owned by the following companies (collectively the **Consortium Members**):

- Procap Partners Limited (**Provident**);
- PT Saratoga Investama Sedaya Tbk (**Saratoga**); and
- PT Merdeka Copper Gold Tbk (**Merdeka**)

The Consortium Members currently hold approximately 153.2 million shares (19.8%¹ interest) in Finders Resources which represents the largest relevant interest in Finders Resources.

5.1.1 Provident

Procap Partners Limited is part of the Provident Group. The Provident Group also includes Provident Minerals, which has been a shareholder of Finders Resources since 2012. Earlier in the year, Provident Minerals undertook a formal sales process for its Finders Resources shares but this was discontinued due to limited interest and no offers being received.

5.1.2 Saratoga

Saratoga is an Indonesian investment company listed on the Indonesia Stock Exchange. The company was founded in 1997 and specialises in early stage, growth stage and special situations investments. It primarily focuses on investments in the three key sectors of Indonesian economic development (i.e. Consumer, Infrastructure and Natural Resources).

5.1.3 Merdeka

Merdeka, a mining company founded in 2012, is based in Indonesia and listed on Indonesia Stock Exchange. The company's major asset is the Tujuh Bukit Project located in the Banyuwangi Regency, East Java. The Tujuh Bukit Project is a gold and copper project with an estimated total JORC Compliant Resource of approximately 19 billion lbs of copper and 28 million ounces (**oz**) of gold.

¹ Calculated based on the 772.4 million shares, including 10.5 million unlisted employee shares.

6 Valuation of Finders Resources

6.1 Introduction

For the purpose of our opinion, we have referred to the concept of fair market value. Fair market value is defined as the amount at which the assets and shares the subject of our valuation would be expected to change hands in a hypothetical transaction between a knowledgeable willing, but not anxious, buyer and a knowledgeable willing, but not anxious, seller acting at arm's length.

Special purchasers may be willing to pay higher prices to reduce or eliminate competition, to ensure a source of material supply or sales, or to achieve cost savings or other synergies arising on business combinations, which could only be enjoyed by the special purchaser. Our valuation has not been premised on the existence of a special purchaser.

The fair market value of the equity in Finders Resources reflects the value attributed to its operations, plus surplus assets, less net debt, and includes a premium for control.

6.2 Selection of valuation methodologies

We have assessed the equity value of Finders Resources using a sum of the parts approach, which requires the aggregation of the fair market value of interests held by Finders Resources in its production and exploration assets, before adding the value of surplus assets and deducting net debt.

In applying the sum of the parts approach, we have valued each of the primary assets and liabilities of Finders Resources based on the following valuation methods:

- Wetar Project – discounted cash flow method based on the Wetar Model. BDA has reviewed and provided advice on the appropriateness of the technical assumptions adopted in the Wetar Model. In addition, we have also considered the reserve multiples implied by our valuation to provide additional evidence of the fair market value of the Wetar Project
- exploration upside – BDA has assessed the fair market value of the exploration upside not included in the Wetar Model (**Exploration Upside**). BDA's valuation is based on a number of valuation methodologies including market and cost based approaches
- surplus assets and liabilities – the only surplus asset identified relates to the receivable in relation to cash proceeds to be received from the Finders Resources directors pursuant to the issue of 7.0 million unlisted employee shares which have vested but have not yet been paid for. The only surplus liability identified relates to a provision in relation to an arbitration process between BTR and one of its contractors
- net debt – based on the current face value of cash on hand and amounts due under short and long term borrowings, as presented in the most recent quarterly accounts, adjusted for movements to date.

6.3 Appointment and role of the technical expert

BDA was engaged as a technical expert to assist us in our assessment of the value of the Wetar Project, including an assessment of the Exploration Upside at the Wetar Project. BDA's work included:

- providing input and advice on the appropriateness of assumptions (**the Technical Assumptions**) adopted in the Wetar Model, including
 - the level of reserves and resources contained in the Wetar Model
 - production profile
 - production rates (ore mined, recovery rates)
 - operating expenditure, including rehabilitation and abandonment costs
 - sustaining capital expenditure
- assessing the fair market value of the Exploration Upside attributable to the exploration properties within the Wetar Project that are not included in the Wetar Model.

BDA prepared its technical report having regard to the “Code for Technical Assessment and Valuation of Minerals and Petroleum Assets and Securities for Independent Expert Reports” (VALMIN code). The scope of BDA’s work was controlled by Deloitte Corporate Finance. A copy of BDA’s report is provided in Appendix 8.

6.4 Sum of the parts valuation

6.4.1 Economic assumptions

As outlined above, Management has provided us with the Wetar Model, which includes projected LOM cash flows for the Wetar Project. We have made amendments to the Wetar Model to reflect our selected copper price, foreign exchange rate and inflation rate assumptions. Our consideration of these assumptions is set out below.

Copper prices

The Wetar Project is projected to produce approximately 122,500 tonnes of copper cathode over its remaining life. In estimating appropriate copper price assumptions, we have had regard to the following:

- consensus analyst copper price forecasts
- open copper futures contracts
- other publicly available industry estimates and commentary, including but not limited to industry research and brokers’ estimates

Based on our analysis, we have adopted the following copper prices, on a real basis:

Table 9

US\$ real	Unit	2017	2018	2019	2020	2021	2022+
Copper	tonne	6,800	6,700	6,200	6,200	6,200	6,300

Source: Deloitte Corporate Finance analysis

Foreign exchange

The majority of projected cash flows in the Wetar Model are denominated in US\$, with some cost inputs being denominated in Indonesian Rupiah (**IDR**). As a result, we have selected IDR:US\$ foreign exchange rate assumptions for the Wetar Project, based on our consideration of the following:

- historical and current IDR:US\$ exchange rates
- forecasts prepared by economic analysts and other publicly available information, including analyst forecasts.

Based on the above, we have adopted the following foreign exchange rate assumptions.

Table 10

Foreign exchange	2017	2018	2019	2020	2021	2022+
IDR:US\$	13,250	13,500	13,500	13,500	13,500	13,000

Source: Deloitte Corporate Finance analysis

Inflation

The Wetar Model includes forecast operating expenditure and capital expenditure denominated in both US\$ and IDR. As a result, we have selected United States (**US**) and Indonesian inflation rate assumptions, based on our consideration of the following:

- historical and current US and Indonesian Consumer Price Index (**CPI**)
- forecast inflation targets set by Bank Indonesia and the US Federal Reserve
- forecasts prepared by economic analysts and other publicly available information, including analyst forecasts.

Based on the above, we have adopted the following inflation rate assumptions.

Table 11

Inflation	Unit	2018	2019	2020	2021	2022+
US	%	2.0	2.0	2.0	2.0	2.0
Indonesia	%	4.0	4.5	4.5	4.5	4.5

Source: Deloitte Corporate Finance analysis

6.4.2 Wetar Project

We have adopted the discounted cash flow method to value the Wetar Project. As outlined above, Management has provided us with the Wetar Model, which includes detailed cash flow projections for the Wetar Project based on the current mine plan. Our discounted cash flow valuation has considered the technical and operating characteristics of the Wetar Project. On this basis, we have performed an analysis of the cash flow projections, including:

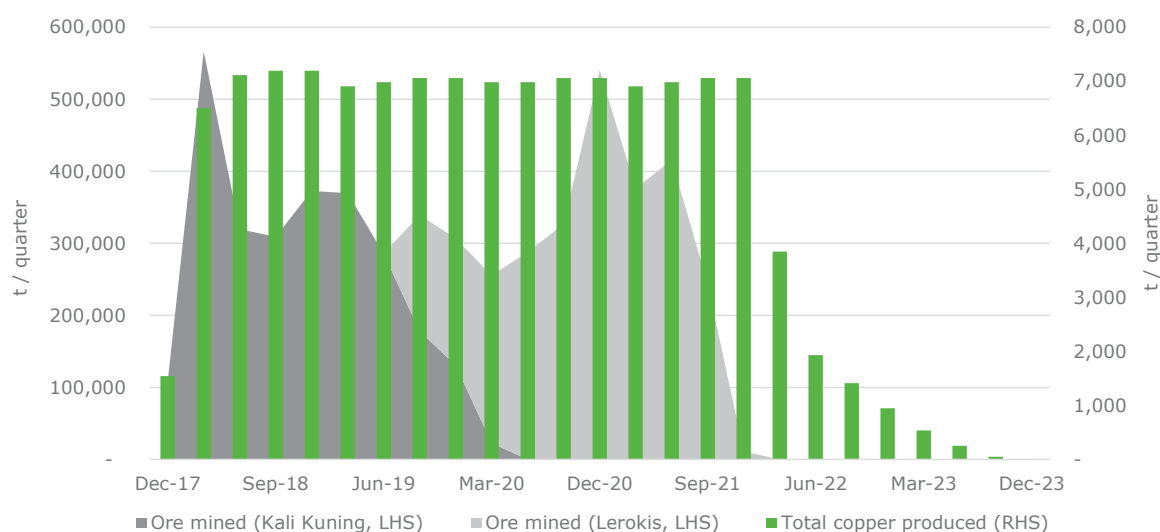
- limited procedures regarding the mathematical accuracy of the Wetar Model (but have performed neither a detailed review nor an audit)
- review of the basis of the underlying assumptions such as revenue, operating expenditure, capital expenditure and royalties
- discussions with Management regarding the preparation of and basis for the projections
- updating the Wetar Model for changes arising from BDA's review of the Technical Assumptions, which included a review of reserves, ore grade, operating costs, sustaining capital costs, rehabilitation costs and process recoveries. These updates include changes to reserve tonnage, copper grades and copper recovery rates at the Wetar Project
- a high-level cross check of cash flow outputs against recent financial performance.

The key assumptions adopted in the preparation of the cash flow projections, and the adjustments we have made, are discussed below.

Revenue

Revenue is a function of the quantity and price of copper, which are discussed in the following sections. The figure below shows the copper production profile over the LOM of the Wetar Project, in addition to the quantity of ore mined over this period at the project's two principal deposits, Kali Kuning and Lerokis.

Figure 7



Source: Finders Resources, Deloitte Corporate Finance analysis

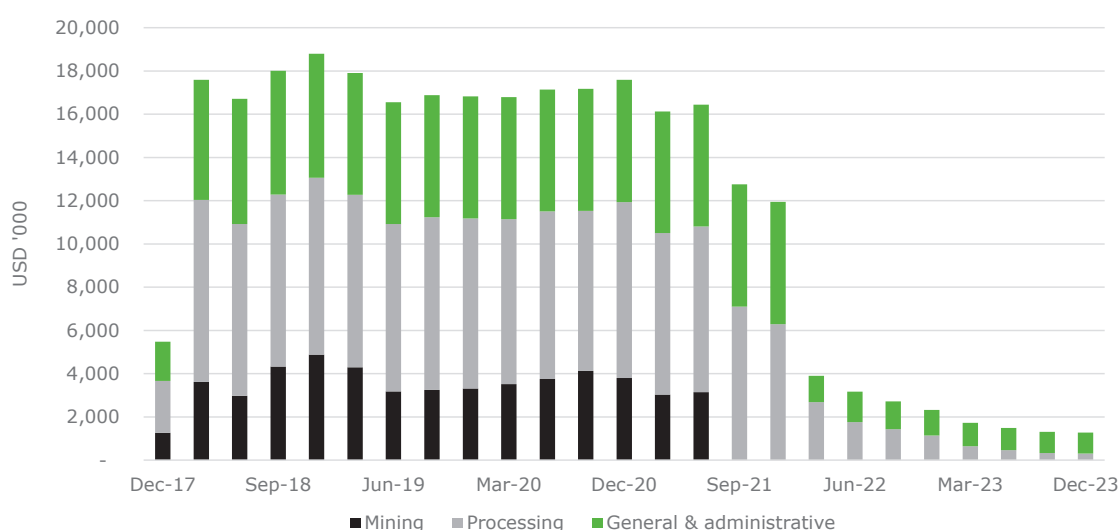
We note the following in relation to the figure above:

- production in the first forecast period relates to the remaining period of the December 2017 quarter
- according to the current mine plan, mining activities will continue at Kali Kuning until early 2020, with mining at Lerokis commencing in mid-2019 and continuing until late 2021
- it is projected that copper production, which is undertaken via heap leach, continues at the Wetar Project until 2023, when current proven and probable reserves are expected to be depleted
- total copper cathode production from the Wetar Project is projected to be approximately 122,600 tonnes over its remaining life.

Operating expenditure

Operating expenditure consists of mining, processing and general and administrative costs. The following figure sets out projected operating expenditure at the Wetar Project (in real terms, on a 100% basis).

Figure 8



Source: Finders Resources, Deloitte Corporate Finance analysis

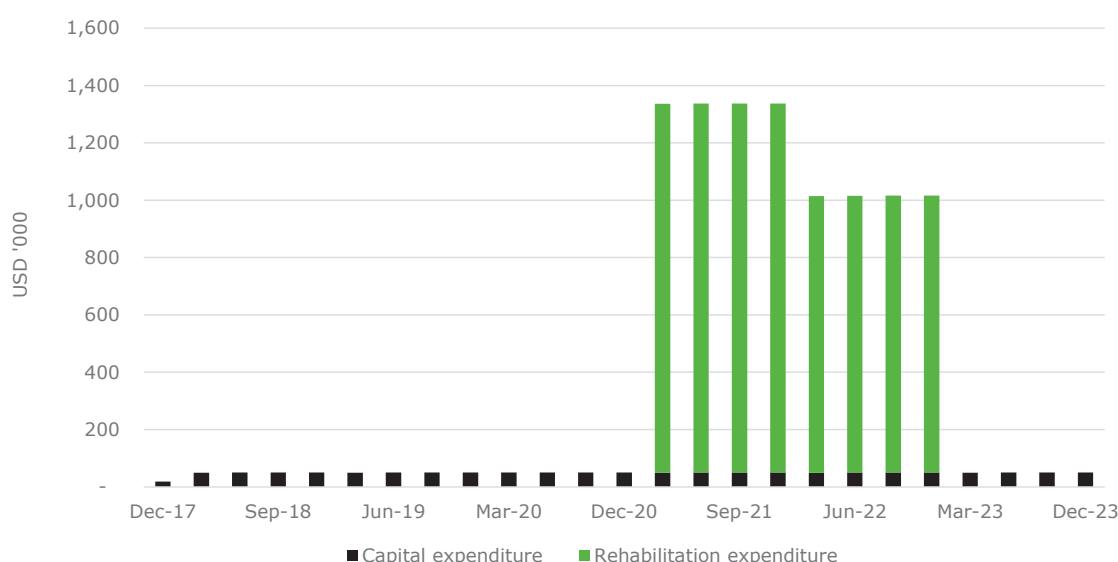
We note the following in relation to the figure above:

- total operating expenditure over the Wetar Project's remaining life is projected to be approximately US\$288.6 million (in real terms), which is equivalent to approximately US\$2,354 per tonne of copper cathode produced. It is projected that total operating expenditure will decrease towards the end of the Wetar Project's life as mining and processing activities wind down
- processing costs represent the most significant component of operating expenditure at the Wetar Project, with power making up the majority of these costs. It is projected that total processing costs over the Wetar Project's remaining life will be approximately US\$134.7 million (in real terms)
- general and administrative costs include marketing and head office costs, in addition to transport, shipping and certain labour costs at the Wetar Project. It is projected that total general and administrative costs over the Wetar Project's remaining life will be approximately US\$101.4 million (in real terms)
- mining costs are a function of ore and waste tonnes mined at the Wetar Project. As a result, it is expected that no material mining costs will be incurred once mining activities cease at the project in 2021.

Capital and rehabilitation expenditure

The following figure sets out projected sustaining capital and rehabilitation expenditure at the Wetar Project (in real terms, on a 100% basis).

Figure 9



Source: Finders Resources, Deloitte Corporate Finance analysis

We note the following in relation to the figure above:

- given that the Wetar Project has commenced production, no development capital expenditure is expected to be incurred at the project over its remaining life
- capital expenditure relates to sustaining capital only and is projected to be approximately US\$0.2 million per annum over the project's remaining life
- the Wetar Model includes projections for rehabilitation expenditure at the end of the Wetar Project's remaining life

Other assumptions

In addition to the assumptions discussed in the preceding sections, we have also made the following assumptions:

- cash flows are modelled on a post-tax basis, incorporating an Indonesian corporate tax rate of 25%, and dividend withholding tax of 10%². We note the current tax balances as at 30 September 2017 have been included in the Wetar Model
- the Wetar Project is currently subject to statutory royalty payments to the Indonesian Government. Royalty payments are levied on production of copper and are variable depending on the grade and sales price of copper produced at the project
- cash flows have been adjusted for working capital movements based on existing terms between Finders Resources and its contractors and suppliers, inclusive of inventory movements
- Finders Resources' existing hedging arrangements have been included in the Wetar Model
- we have converted the US\$ denominated valuation outcome for the Wetar Project to \$, based on a spot exchange rate of US\$0.7613 as at 27 November 2017.

Discount rate

The discount rate used to equate the future cash flows to a present value reflects the risk adjusted rate of return demanded by a hypothetical investor. We have selected a US\$ denominated, nominal after tax discount rate in the range of 11.5% to 12.0% to discount the future cash flows of the Wetar Project to their present value. Refer to Appendix 4 for greater detail on our selected discount rate.

In selecting this range we considered the following:

- the required rates of return on listed companies in a similar business
- the specific business and financing risks of the Wetar Project
- an appropriate level of financial gearing.

Sensitivity analysis

We have considered the sensitivity of the Wetar Project valuation outcome to changes in commodity price, discount rate, operating expenditure and capital and rehabilitation expenditure assumptions adopted, as set out in the table below. We note the valuation outcomes presented below represent the outcomes after applying the relevant sensitivity to all periods in the Wetar Model.

² The dividend withholding tax rate is based on information provided by management and relates to a concessional rate provided by the Indonesian Government

Table 12

\$ million (74.1% interest) ^{1,2}	Discount rate			
	11.00%	11.50%	12.00%	12.50%
Copper prices				
+10%	332.1	328.7	325.3	322.0
+5%	313.9	310.6	307.5	304.3
Selected assumptions	295.6	292.6	289.6	286.7
-5%	277.3	274.5	271.8	269.1
-10%	259.0	256.4	253.8	251.4
Operating expenditure				
+10%	275.8	272.9	270.2	267.5
+5%	285.8	282.9	280.0	277.2
Selected assumptions	295.6	292.6	289.6	286.7
-5%	305.2	302.1	299.0	296.0
-10%	314.6	311.4	308.2	305.1
Capital and rehabilitation expenditure				
+15%	294.0	291.0	288.1	285.2
+10%	294.5	291.5	288.6	285.7
+5%	295.0	292.0	289.1	286.2
Selected assumptions	295.6	292.6	289.6	286.7
-5%	296.1	293.1	290.1	287.2
-10%	296.7	293.6	290.7	287.7
-15%	297.2	294.2	291.2	288.2

Source: Deloitte Corporate Finance analysis

Notes:

1. Finders Resources holds an effective 74.1% economic interest in the Wetar Project. Refer to Section 4.2 for greater detail on Finders Resources' economic interest in the Wetar Project
2. Based on a spot \$ to US\$ foreign exchange rate of 0.7613 as at 27 November 2017

In addition to the above sensitivities, we have also considered two additional sensitivity cases as recommended by BDA. These additional cases, referred to as the Upside Case and Downside Case, include the following adjustments to certain Technical Assumptions based on BDA's knowledge of the Wetar Project, including its recent production history and drilling results:

- Upside Case
 - + 5% sensitivity to remaining reserves at Kali Kuning
 - + 5% sensitivity to remaining reserves at Lerokis
 - + 10% sensitivity to copper grades at Kali Kuning
 - + 5% sensitivity to copper grades at Lerokis
 - + 2% sensitivity to copper recovery rates at Kali Kuning
 - + 10% sensitivity to copper recovery rates at Lerokis

- Downside Case
 - - 5% sensitivity to copper grades at Lerokis
 - - 2% sensitivity to copper recovery rates at Kali Kuning
 - - 5% sensitivity to copper recovery rates at Lerokis

The table below sets out the valuation outcomes under the Upside Case and Downside Case based on our selected economic assumptions set out in Section 6.4.1.

Table 13

\$ million (74.1% interest) ¹	Discount rate			
	11.00%	11.50%	12.00%	12.50%
Base Case	295.6	292.6	289.6	286.7
Upside Case	320.6	317.0	313.5	310.0
Downside Case	277.2	274.6	272.0	269.4

Source: Deloitte Corporate Finance analysis

Note:

1. Based on a spot \$ to US\$ foreign exchange rate of 0.7613 as at 27 November 2017

Based on the above, we have estimated the fair market value of Finders Resources' 74.1% interest in the Wetar Project to be in the range of \$280.0 million to \$305.0 million.

6.4.3 Exploration Upside

The following table sets out BDA's assessment of the fair market value of the Exploration Upside.

Table 14

\$ million (74.1% interest) ¹	Low	High
Exploration Upside	11.8	20.5

Source: Deloitte Corporate Finance analysis

Note:

1. Based on a spot \$ to US\$ foreign exchange rate of 0.7613 as at 27 November 2017

Refer to Appendix 8 for greater detail on BDA's valuation of the Exploration Upside.

6.4.4 Surplus assets and liabilities

The following table sets out the surplus assets and liabilities currently held by Finders Resources.

Table 15

	\$ million
Director receivable	1.6
Contingent liability	(2.2) ¹
Total	(0.7)

Source: Deloitte Corporate Finance analysis

Note:

1. Equal to US\$1.7 million converted to \$ at the spot exchange rate of spot foreign exchange rate of 0.7613 as at 27 November 2017

We note the following in relation to the table above:

- the current Finders Resources ordinary shares outstanding include 10.5 million unlisted employee shares issued to certain Finders Resources directors. Of this amount, 7.0 million unlisted employee shares have vested, with the total issue costs associated with these unlisted employee shares totalling approximately \$1.6 million³. Given these costs were funded by interest-free loans provided by Finders Resources, we have included this receivable as a surplus asset in our sum of the parts valuation
- the contingent liability relates to a provision recognised on the Finders Resources balance sheet in relation to an arbitration process between BTR and one of its contractors for the purchase and refurbishment of six marine fuel oil generators for use at the Wetar Project.

6.4.5 Net debt

Finders Resources' current net debt position is shown in the table below.

Table 16

	\$ million
Current interest bearing liabilities	31.2
Non-current interest bearing liabilities	31.0
Cash	(9.5)
Net debt	52.7

Source: Deloitte Corporate Finance analysis

6.4.6 Number of shares outstanding

We have adjusted the number of shares outstanding to take account of the effect of existing unlisted employee shares, performance rights and convertible notes, as shown in the table below.

Table 17

	million
Current ordinary shares outstanding	772.4
<i>Adjustments</i>	
Unlisted employee shares	(3.5)
Unlisted convertible notes	12.2
Performance rights	-
Total ordinary shares outstanding	781.1

Source: Deloitte Corporate Finance analysis

We note the following regarding the above:

- the current Finders Resources ordinary shares outstanding include 3.5 million unlisted employee shares granted to certain Finders Resources directors which have not yet vested. Based on discussions with Management, we understand it is not likely that the vesting conditions for these unlisted employee shares will be met prior to their expiry. As a result, we have removed these shares from Finders Resources ordinary shares outstanding

³ Based on issue prices between \$0.2008 and \$0.3008

- unlisted convertible notes relate to a \$5.5 million convertible note issued to Standard Bank plc which will automatically convert into ordinary shares in March 2018. It is therefore likely that the current Finders Resources share price already reflects the expectation of this conversion and, as a result, we have added these shares to Finders Resources ordinary shares outstanding
- Finders Resources has 7 million performance rights plus 4 million performance rights yet to be issued under the 2017 performance rights plan. The vesting conditions for the performance rights are non-market in nature and are based on several conditions, including production outputs, net direct cash cost, employee service period and progress of project development. Based on our discussions with Management, we note that it is unlikely, based on current information, that these vesting conditions will be met and, therefore, the performance rights are unlikely to vest. We have therefore not considered any potential shares to be issued from the performance rights.

6.4.7 Valuation summary

We have assessed the fair market value of a Finders Resources share to be in the range of \$0.31 to \$0.35 per share, as shown in the table below.

Table 18

	Section	Unit	Low	High
Wetar Project	6.4.2	\$ million	280.0	305.0
Exploration Upside	6.4.3	\$ million	11.8	20.5
Enterprise value		\$ million	291.8	325.5
Surplus assets	6.4.4	\$ million	(0.7)	(0.7)
Net debt	6.4.5	\$ million	52.7	52.7
Equity value (control basis)		\$ million	238.4	272.1
Number of shares outstanding	6.4.6	million	781.1	781.1
Value per Finders Resources share		\$	0.31	0.35

Source: Deloitte Corporate Finance analysis

Note:

1. The table above is subject to rounding

6.5 Valuation cross-checks

6.5.1 Resource multiple

We have cross checked the enterprise value of the Wetar Project with reference to the proven and probable reserve (**2P reserve**) multiples implied by our valuation on a contained copper equivalent basis. Reserve multiples provide only a high level cross check to our valuation as reserve multiples may vary significantly due to different cost structures, technical characteristics of the resources, stages of development, ratios of reserves to total resources, mine lives and access to infrastructure and funding.

The following table sets out the 2P reserves multiple implied by our selected valuation range of the Wetar Project.

Table 19

	Units	Low	High
Wetar Project enterprise value	\$ million	280.0	305.0
2P reserve estimate ¹	Kt	154.6	154.6
2P reserve multiple	\$/t	1,908	2,037

Source: Deloitte Corporate Finance analysis

Note:

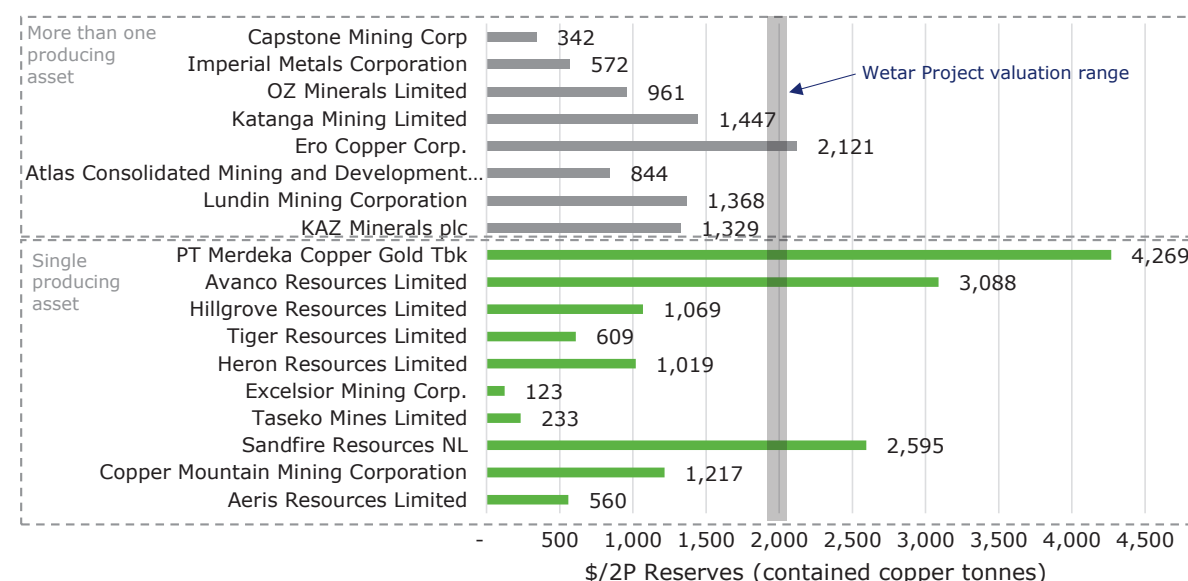
- Represents the sum of projected contained copper production from the Wetar Model and the existing contained copper on the Wetar Project heap leach pads

The multiple implied by our valuation of the Wetar Project is on a control basis; whereas the multiples observed for comparable listed companies do not reflect the market value for control given they are based on the price of portfolio trades and therefore represent the value of a minority interest. Australian studies indicate the premiums for control of companies range between 20% and 40% of minority interests. To approximate a control multiple, we have added a control premium of 30% to the market capitalisation of the comparable companies when calculating 2P reserve multiples. Refer to Appendix 7 for further details on the control premium.

Trading multiples

The following figure sets out the 2P reserves multiples for comparable trading companies.

Figure 10



Source: CapitalIQ, Deloitte Corporate Finance analysis

Note:

- Based on a contained copper equivalent basis
- Multiples as at 27 November 2017

We note the following in relation to the figure above:

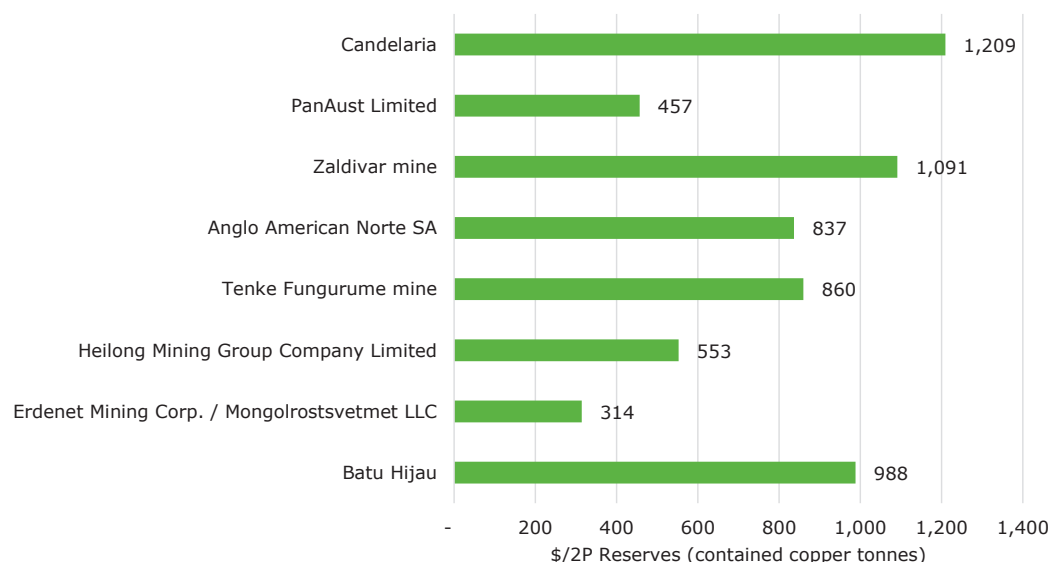
- many of the comparable companies analysed do not operate in Indonesia and produce more than one commodity
- we did not consider the large global copper miners as they have highly diversified operations often with multiple commodities and operating in multiple jurisdictions
- the 2P reserve multiples for the listed comparable companies presented above range between \$123/t and \$4,269/t with an average of \$1,320/t

- the 2P reserve multiples for the listed comparable companies with a single producing asset range between \$123/t and \$4,269/t with an average of \$1,478/t
- we consider the following companies to be the most comparable to the Wetar Project:
 - Merderka has a 2P reserve multiple of \$4,269. The company holds the Tujuh Bukit project and is considered one of the largest gold and copper projects in Indonesia. Merderka started production at the Tujuh Bukit project in early 2017 with an initial mine life of 9 years. However, the next stage of the project could see a mine life of approximately 25 years. Considering the Wetar Project is a smaller project with a shorter mine life, we consider it reasonable that the Wetar Project has a lower multiple than that of Merderka
 - Avanco Resources Limited (**Avanco**) is an ASX listed company with a 2P reserve multiple of \$3,088. Avanco's Antas mine commenced production in July 2016 and its operation is considered conventional in nature. Antas has similar in-situ grade and mine life to the Wetar Project but has a higher cash cost. However, given that Avanco's second project, the CentroGold mine, is expected to come online in 2019, we consider it reasonable that the Wetar Project has a lower multiple than that of Avanco
 - Sandfire Resources NL (**Sandfire**) is an ASX listed company with a 2P reserve multiple of \$2,595. The company's Degussa mine has a similar mine life and similar cash cost. Notwithstanding that the mine produces copper concentrate, which is a lower quality product compared to copper cathode produced by the Wetar Project, the company is not exposed to sovereign risk as the Degussa mine is located in Western Australia. Considering the above, we consider it reasonable that the Wetar Project has 2P reserve multiple broadly similar to Sandfire.

Transaction multiples

The following table sets out the 2P reserve multiples implied by precedent comparable transactions.

Figure 11



Source: SNL, Deloitte Corporate Finance analysis

We note the following in relation to the figure above:

- the transactions analysed relate to target companies that have copper projects predominantly located outside Indonesia and in some cases commodities other than copper
- we considered only those transactions that involved a sale of more than a 50% stake (control) and that included target companies that had at least one producing asset
- we consider the following transactions to be most comparable to the Wetar Project:

- a 50% interest in the Zaldviar mine in Chile was purchased by Antofagasta Plc in 2015. The mine is a joint venture between Antofagasta Plc and Barrick Gold with Antofagasta Plc the operator of the mine. The Zaldviar mine is similar to the Wetar Project in that it is an open-pit heap leach copper mine. Notwithstanding that the Zaldviar mine has a longer mine life than the Wetar Project, the Wetar Project generally has a higher in-situ grade and a lower cash cost. Additionally, the copper prices back in 2015 were almost half of the spot copper price today. We conducted a high level cross check by running 2015 copper prices through the Wetar Project and noted that the implied 2P multiple was similar to that of Zaldviar's implied 2P reserve multiple of \$1,091. We therefore consider it reasonable that our implied 2P multiple for the Wetar Project is higher
- the most recent transaction involving an Indonesian mine was the Batu Hijau mine (**Batu Hijau**), albeit the acquired interest was only 48.5%⁴. PT Amman Mineral Internasional acquired the stake from Newmont Mining Corporation with the sale agreed to in June 2016. The implied 2P reserve multiple from the transaction is \$988/t. Batu Hijau is an open pit mine and is the second largest copper and gold mine in Indonesia. Notwithstanding that Batu Hijau has a longer mine life than the Wetar Project, we note that copper prices were lower back then - copper prices during that period were approximately US\$4,800/t with average forecast long term prices being below current spot prices. Additionally, Batu Hijau's in-situ copper grade is lower than the Wetar Project as produces copper concentrate rather than the pure copper cathode that the Wetar Project produces. Considering the above, we consider it reasonable that our implied 2P multiple for the Wetar Project is higher than the implied 2P reserve multiple of this transaction.
- the 2P reserve multiples for the comparable transactions presented above range between \$314/t and \$1,209/t with an average of \$848/t. We note, however, that the transactions predominantly occurred in 2016 or earlier. Given spot and projected copper prices during that period were lower than what they are now, all other things being equal, we consider it reasonable that our implied 2P multiple for the Wetar Project is higher.

Conclusion

Based on the above, we consider the trading 2P reserve multiples to be the more appropriate comparison given that they reflect current copper market prices. Overall, considering the unique characteristics of the Wetar Project (e.g. project located in Indonesia), we consider our valuation of the Wetar Project to be broadly supported by the observed comparable trading multiples.

6.5.2 Recent share trading

As noted above, the Wetar Project is Finders Resources' principal asset. Although the Company's asset portfolio includes other early stage mining projects, we believe the value being ascribed to these assets by the market is minor, relative to the value of the Wetar Project.

The market can be expected to provide an objective assessment of the fair market value of a listed entity, where the market is well informed and liquid. Market prices incorporate the influence of all publicly known information relevant to the value of an entity's securities. We believe that the share price and therefore, market capitalisation of Finders Resources, prior to the announcement of the Takeover Offer (i.e. 6 October 2017), provides an appropriate basis to cross-check the enterprise value of Finders Resources for the following reasons:

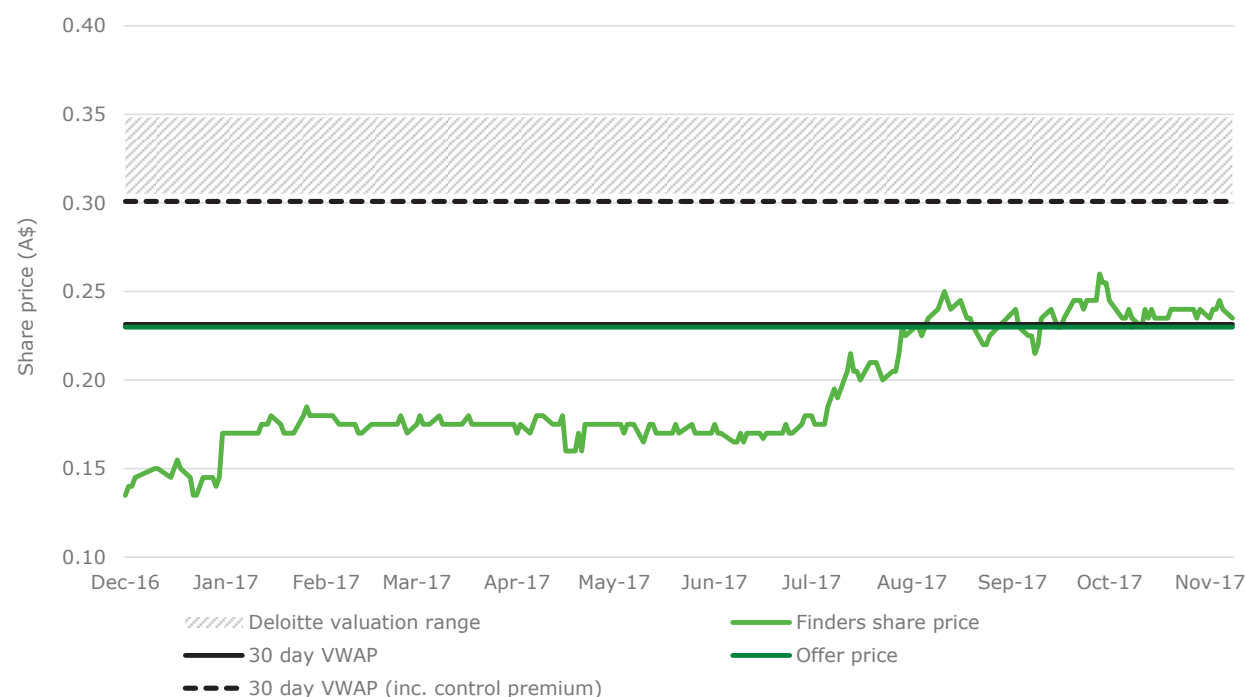
- in the past twelve months, approximately 4.3 million Finders Resources shares have traded on average on a weekly basis. This equates to an average trading volume of approximately 0.6% of the Company's total issued shares per week, and 0.7% of the Company's total issued shares per week on a free-float basis, based on Finders Resources' free-float of approximately 75%. This equates to 29% and 39% respectively for the entire twelve month period. On this basis, we consider Finders Resources shares are somewhat liquid
- reviewed financial statements for Finders Resources for the full year ended 31 December 2016 and half year ended 30 June 2017 were released to the market, providing updates regarding the Company's financial performance

⁴ PT Amman Mineral Internasional in separate transactions, purchased small blocks of interest in Batu Hijau from other shareholders to give it control of the mine.

- Finders Resources publishes quarterly activities reports on its operation, and exploration and project development progress. This provides the market with regular updates on Finders Resources' exploration and development progress against expected outcomes.

The following figure illustrates a comparison of our selected value of a Finders Resources share using the sum of the parts approach with the Company's share price, its 30 day volume weighted average share price (**VWAP**) prior to the announcement of the Takeover Offer (including and excluding a 30% premium for control) and the offer price.

Figure 12



Source: CapitalIQ, Deloitte Corporate Finance analysis

As shown above, the Company's 30 day VWAP prior to the announcement of the Takeover Offer including a notional 30% control premium is slightly lower than our selected value range using the sum of the parts approach on a control basis. This is not unexpected, given that our valuation of the Wetar Project includes the effect of the recent reserve upgrade at Lerokis, which was announced subsequent to the Takeover Offer.

7 Conclusion and opinion

7.1 Conclusion

In our opinion the Takeover Offer is neither fair nor reasonable. In arriving at this opinion, we have had regard to the following factors.

The Takeover Offer is not fair

According to ASIC Regulatory Guide 111, in order to assess whether the Takeover Offer is fair, the independent expert is required to compare the fair market value of a share in Finders Resources on a control basis with the fair market value of the consideration under the Takeover Offer. The Takeover Offer is fair if the value of the consideration is equal to or greater than the value of the securities subject to the offer.

Set out in the table below is a comparison of our assessment of the fair market value of a Finders Resources' share with the consideration offered by the Bidder.

Table 20

\$	Low	High
Estimated fair market value of a Finders Resources share (Section 6)	0.31	0.35
Consideration offered per share	0.23	0.23

Source: Deloitte Corporate Finance analysis

Note:

1. All amounts stated in this report are in \$ unless otherwise stated and may be subject to rounding

The consideration offered by the Bidder is below the range of our estimate of the fair market value of a Finders Resources' share. Accordingly it is our opinion that the Takeover Offer is not fair.

7.2 Reasonableness factors

The Takeover Offer is not reasonable

RG 111 considers an offer in respect of a control transaction to be reasonable if either:

- the offer is fair
- despite not being fair, but considering other significant factors, Shareholders should accept the offer in the absence of any higher bid before the close of the offer.

To assess the reasonableness of the Takeover Offer we have considered the following significant factors in addition to determining whether the Proposed Transaction is fair.

Eastern Field may withdraw its support for Finders Resources if the Takeover Offer is unsuccessful

As stated previously, the Consortium Members currently hold approximately 153.3 million shares (19.8%⁵ interest) in Finders Resources which represents the largest relevant interest in Finders Resources. We understand Provident, via a related entity Provident Minerals, has been a Finders Resources shareholder since 2012 and has provided assistance to Finders Resources in obtaining Indonesian regulatory approvals for the Wetar Project.

Eastern Field director David Fowler stated in the original announcement of the Takeover Offer on 6 October 2017 that, in the event the Takeover Offer is unsuccessful, Provident and Saratoga will review their Finders Resources' interest and may divest all their Finders Resources' shares and withdraw their involvement in Finders.

The support that Provident, via a related entity Provident Minerals, provided to Finders Resources in obtaining Indonesian regulatory approvals for the Wetar Project related primarily to being a conduit between the Company and the Indonesian central government to assist with the required approvals for the Wetar Project. This support was important at that stage of the project. However, the Wetar Project is now fully permitted and in production and therefore, support from an Indonesian partner is no longer critical for Finders Resources. In addition, Management has now built its own relationships with the Indonesian government, both centrally and locally.

On this basis, we do not consider the Consortium Members' potential withdrawal of support for Finders Resources to be a significant risk to the future success of Finders Resources. However, it is worth noting that if the Consortium Members do withdraw their support and move to sell their shares in Finders Resources, given their large collective interest of 19.8%, such a sell off could depress the Company's share price for a period of time. This is likely to be an issue for the short to medium term.

No control premium being offered by the Bidder

Based on the Company's share price on the day prior to the announcement of the Takeover Offer of \$0.23, the VWAP for the 5 days prior to the announcement of the Takeover Offer of \$0.232 and the VWAP for the 30 days prior to the announcement of the Takeover Offer of \$0.231, no control premium is being offered by the Bidder.

⁵ Calculated based on the 772.4 million shares, including 10.5 million of unlisted employee shares.

Finders Resources' share price is unlikely to fall if the Takeover Offer is unsuccessful

The Company's share price is currently \$0.24⁶, which is slightly above the offer price of \$0.23. Our analysis indicates that a number of copper mining companies listed on the ASX have seen their share prices increase as a result of an increase of approximately 8% in the Australian dollar equivalent spot copper price in the period since the Takeover Offer was announced. However, the Finders Resources share price has not experienced the same price increase, which may be attributable to the Takeover Offer, which has limited the market's response to a rising copper price.

On this basis, we consider it unlikely that, if the Takeover Offer is unsuccessful, Finders Resources share price will fall significantly from pre-offer levels.

Conclusion on reasonableness

We have not identified any significant factors that would make the Takeover Offer reasonable despite it not being fair. The Takeover Offer is therefore not reasonable.

7.3 Opinion

In our opinion, the Takeover Offer is neither fair nor reasonable to Shareholders. An individual shareholder's decision in relation to the Takeover Offer may be influenced by his or her particular circumstances. If in doubt Shareholders should consult an independent adviser, who should have regard to their individual circumstances.

This opinion should be read in conjunction with our detailed report which sets out our scope and findings.

Yours faithfully



Nicki Ivory

Authorised Representative Number: 461005



Robin Polson

Authorised Representative Number: 461010

⁶ As at 27 November 2017

Appendix 1: Context to the report

Individual circumstances

We have evaluated the Takeover Offer for Shareholders as a whole and have not considered the effect of the Takeover Offer on the particular circumstances of individual investors. Due to their particular circumstances, individual investors may place a different emphasis on various aspects of the Takeover Offer from the one adopted in this report. Accordingly, individuals may reach different conclusions to ours on whether the Takeover Offer is fair and reasonable. If in doubt investors should consult an independent adviser, who should have regard to their individual circumstances.

Limitations, qualifications, declarations and consents

The report has been prepared at the request of the Independent Directors of Finders Resources and is to be included in the Target's Statement to be given to Shareholders in accordance with Section 640. Accordingly, it has been prepared only for the benefit of the Independent Directors and those persons entitled to receive the Target's Statement in their assessment of the Takeover Offer outlined in the report and should not be used for any other purpose. Neither Deloitte Corporate Finance, Deloitte Touche Tohmatsu, nor any member or employee thereof, undertakes responsibility to any person, other than the Shareholders and Finders Resources, in respect of this report, including any errors or omissions however caused. Further, recipients of this report should be aware that it has been prepared without taking account of their individual objectives, financial situation or needs. Accordingly, each recipient should consider these factors before acting on the Takeover Offer. This engagement has been conducted in accordance with professional standard APES 225 Valuation Services issued by the Accounting Professional and Ethical Standards Board Limited.

This report represents solely the expression by Deloitte Corporate Finance of its opinion as to whether the Takeover Offer is fair and reasonable in relation to Section 640. Deloitte Corporate Finance consents to this report being included in the Target's Statement.

Statements and opinions contained in this report are given in good faith but, in the preparation of this report, Deloitte Corporate Finance has relied upon the completeness of the information provided by Finders Resources and its officers, employees, agents or advisors (as set out below in 'Sources of Information'). Deloitte does not imply, nor should it be construed, that it has carried out any form of audit or verification on the information and records supplied to us. Drafts of our report were issued to Finders Resources' management for confirmation of factual accuracy.

In recognition that Deloitte Corporate Finance may rely on information provided by Finders Resources and its officers, employees, agents or advisors, Finders Resources has agreed that it will not make any claim against Deloitte Corporate Finance to recover any loss or damage which Finders Resources may suffer as a result of that reliance and that it will indemnify Deloitte Corporate Finance against any liability that arises out of either Deloitte Corporate Finance's reliance on the information provided by Finders Resources and its officers, employees, agents or advisors or the failure by Finders Resources and its officers, employees, agents or advisors to provide Deloitte Corporate Finance with any material information relating to the Takeover Offer.

Deloitte Corporate Finance also relied on the work of BDA in relation to the review of the technical mining assumptions in the Wetar Project model and the valuation of the exploration assets. Deloitte assessed the professional competence and objectivity of BDA and believes the work performed is appropriate and reasonable. Deloitte has received consent from BDA for our reliance on and inclusion of their opinion in the preparation of this report.

To the extent that this report refers to prospective financial information we have considered the prospective financial information and the basis of the underlying assumptions. The procedures involved in Deloitte's consideration of this information consisted of enquiries of Finders Resources personnel and analytical procedures applied to the financial data. These procedures and enquiries did not include verification work nor constitute an audit or a review engagement in accordance with standards issued by the AUASB or equivalent body and therefore the information used in undertaking our work may not be entirely reliable.

Based on these procedures and enquiries, Deloitte Corporate Finance considers that there are reasonable grounds to believe that the prospective financial information for Finders Resources included in this report has been prepared on a reasonable basis in accordance with ASIC Regulatory Guide 111. In relation to the prospective financial information, actual results may be different from the prospective financial information of Finders Resources referred to in this report since anticipated events frequently do not occur as expected and the variation may be material. The achievement of the prospective financial information is dependent on the outcome of the assumptions. Accordingly, we express no opinion as to whether the prospective financial information will be achieved.

Deloitte Corporate Finance holds the appropriate Australian Financial Services licence to issue this report and is owned by the Australian Partnership of Deloitte Touche Tohmatsu. The employees of Deloitte Corporate Finance principally involved in the preparation of this report were Nicki Ivory, B.Com., CA, CFA and Robin Polson, B.Comm, G. Dip. App Fin, FINSIA. Each have many years of experience in the provision of corporate financial advice, including specific advice on valuations, mergers and acquisitions, as well as the preparation of expert reports.

Consent to being named in disclosure document

Deloitte Corporate Finance Pty Limited (ACN 003 833 127) of Tower 2, Brookfield Place, 123 St Georges Terrace, Perth, WA 6000 acknowledges that:

- Finders Resources proposes to issue a Target's Statement in respect of the Takeover Offer between Finders Resources and Eastern Field
- the Target's Statement will be issued in hard copy and be available in electronic format
- it has previously received a copy of the draft Target's Statement (draft Target's Statement) for review
- it is named in the Target's Statement as the 'independent expert' and the Target's Statement includes its independent expert's report in Annexure A of the Target's Statement.

On the basis that the Target's Statement is consistent in all material respects with the draft Target's Statement received, Deloitte Corporate Finance Pty Limited consents to it being named in the Target's Statement in the form and context in which it is so named, to the inclusion of its independent expert's report in Annexure A of the Target's Statement and to all references to its independent expert's report in the form and context in which they are included, whether the Target's Statement is issued in hard copy or electronic format or both.

Deloitte Corporate Finance Pty Limited has not authorised or caused the issue of the Target's Statement and takes no responsibility for any part of the Target's Statement, other than any references to its name and the independent expert's report as included in Annexure A.

Sources of information

In preparing this report we have had access to the following principal sources of information:

- Bidder's Statement
- the Wetar Model
- minutes of Finders Resources board meetings
- BTR loan agreements
- documents relating to the cash flow hedges
- draft Target's Statement in relation to the Takeover Offer
- audited financial statements for Finders Resources for the years ending 31 December 2014, 31 December 2015 and 31 December 2016
- reviewed financial statements for Finders Resources for the half year ending 30 June 2017
- Management provided financial accounts as at 30 September 2017
- Finders Resources company website
- publicly available information on comparable companies and market transactions published by ASIC, Thomson Research, Thomson Reuters Financial markets, SDC Platinum and Mergermarket

- IBIS World company and industry reports
- other publicly available information, media releases and brokers reports on Finders Resources and the copper industry / sectors.

In addition, we have had discussions and correspondence with certain directors and executives of Finders Resources, including Barry Cahill, Managing Director and Wayne Apted, Chief Financial Officer; in relation to the above information and current operations and prospects.

Appendix 2: Valuation methodologies

Common market practice and the valuation methodologies which are applicable to corporate entities and businesses are discussed below.

Market based methods

Market based methods estimate an entity's fair market value by considering the market price of transactions in its shares or the fair market value of comparable companies. Market based methods include:

- capitalisation of maintainable earnings
- analysis of an entity's recent share trading history
- industry specific methods.

The capitalisation of maintainable earnings method estimates fair market value based on an entity's future maintainable earnings and an appropriate earnings multiple. An appropriate earnings multiple is derived from market transactions involving comparable companies. The capitalisation of maintainable earnings method is appropriate where the entity's earnings are relatively stable.

The most recent share trading history provides evidence of the fair market value of the shares in an entity where they are publicly traded in an informed and liquid market.

Industry specific methods estimate market value using rules of thumb for a particular industry. Generally rules of thumb provide less persuasive evidence of the market value of an entity than other valuation methods because they may not account for entity specific factors.

Discounted cash flow methods

Discounted cash flow methods estimate market value by discounting an entity's future cash flows to a net present value. These methods are appropriate where a projection of future cash flows can be made with a reasonable degree of confidence. Discounted cash flow methods are commonly used to value early stage companies or projects with a finite life.

Asset based methods

Asset based methods estimate the market value of an entity's shares based on the realisable value of its identifiable net assets. Asset based methods include:

- orderly realisation of assets method
- liquidation of assets method
- net assets on a going concern basis.

The orderly realisation of assets method estimates fair market value by determining the amount that would be distributed to shareholders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the entity is wound up in an orderly manner.

The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the entity may not be contemplated, these methods in their strictest form may not necessarily be appropriate. The net assets on a going concern basis method estimates the market values of the net assets of an entity but does not take account of realisation costs.

These asset based methods ignore the possibility that the entity's value could exceed the realisable value of its assets as they ignore the value of intangible assets such as customer lists, management, supply arrangements and goodwill. Asset based methods are appropriate when companies are not profitable, a significant proportion of an entity's assets are liquid, or for asset holding companies.

Appendix 3: Global copper industry

Overview

Copper is a highly ductile, semi-precious metal that has high thermal and electrical conductivity and excellent corrosion resistance properties. Accordingly, it is widely regarded as one of the world's most versatile and useful metals available.

The most common uses for copper, based on its properties, are as follows:

- **electrical conductivity:** Used for the transportation of electricity given that copper is very efficient in moving electrons. Copper is commonly used for wiring and power cables located in consumer appliances, consumer goods and buildings. Of all metals, copper ranks second only to silver in terms of conductivity and therefore makes it the most economical conductor of electricity
- **thermal conductivity:** used in industrial equipment such as heat exchangers, pressure vessels and vats
- **corrosion resistance:** Copper and its alloys are used for the construction of gas and water pipes. Alloys improve the strength of a metal with the most common alloys being bronze, brass and cupronickel (Copper Nickel). This makes copper suitable for use in marine and other demanding environments.

Copper also exhibits inherent antimicrobial properties and is sometimes used as an effective touch surface in schools and hospital to reduce the spread of bacteria.

Copper production

The majority of copper is mined through open cut mining, however, underground mining methods are also used. In addition to these traditional methods of mining, copper is also mined using in-situ or solution mining and offshore extraction. Most copper ores contain only a small percentage of copper with grades varying from 0.3% for open-cut mines to 2.0% for underground mines. Once extracted and processed, miners typically sell their copper concentrate to smelters and refiners for treatment into final copper products.

In general, copper production occurs in three main stages, namely beneficiation, smelting or leaching and refining. In beneficiation, copper ores are typically crushed and grinded to separate the copper material from large amounts of waste material known as gangue. Water and chemical reagents are then added to form a slurry. These chemicals enable copper particles to bind to air bubbles being pumped through the slurry forming a froth which overflows from the flotation tank. The froth is collected and allowed to condense while tailings are discarded. The remaining copper concentrate is then transported to a smelter for further processing.

Smelting helps remove further impurities from the concentrate. Smelting is the process in which the dry concentrate is heated in a furnace with oxygen-enriched air to produce sufficient heat to smelt the concentrate to slag. At this stage, the copper formed is 98% pure and is called blister copper. Alternatively, the leaching method may be adopted. Leach solution is brought in contact with the ore to dissolve the copper which is highly soluble. Similar to smelting, impurities are left behind during this process.

The final stage is called electro refining and involves passing electric current through an electrolytic cell and copper from the anode is deposited onto the cathode. This gradually accumulates, reaching a purity of over 99.9%.

For Finders Resources, the method of copper production is different in which copper cathode is produced using a combination of heap leach and solvent extraction and electrowinning. Once copper ore is mined and crushed, it is hauled to the heap leach pads where it is stacked. Next, water and sulphuric acid are added to the stacks and copper is drawn into a pregnant leach solution (**PLS**). The PLS is collected into ponds and processed via a SX-EW plant to produce copper cathode.

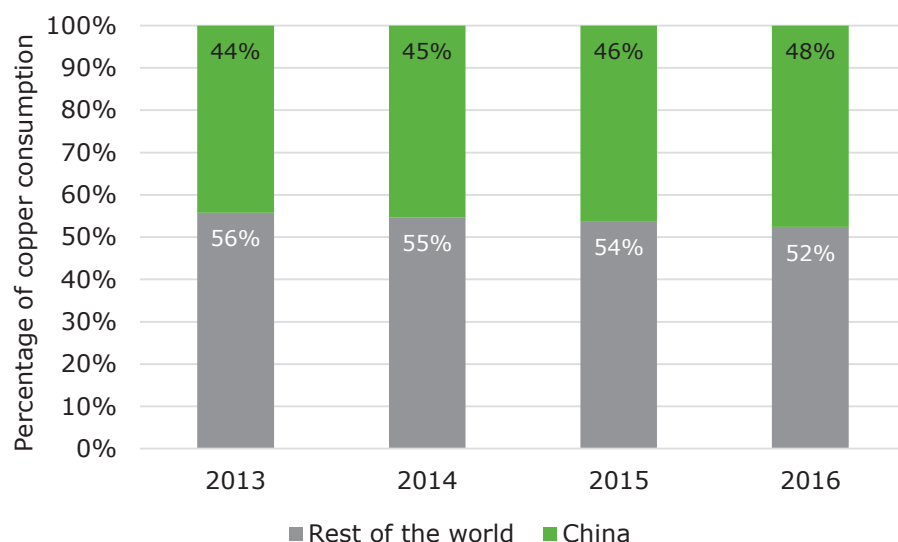
Demand and supply

Demand

Copper is a globally traded metal and, for most copper producing nations, is typically exported in large volumes to foreign countries. As a result of this, and the fact that its primary applications relate largely to industrial

construction and production, the demand for the metal is significantly affected by economic growth in large developing countries. In the past decade, China has consumed almost half of the world's copper and has been the biggest source of global consumption growth over the same period. The table on the next page shows China's copper consumption relative to the rest of the world since 2013.

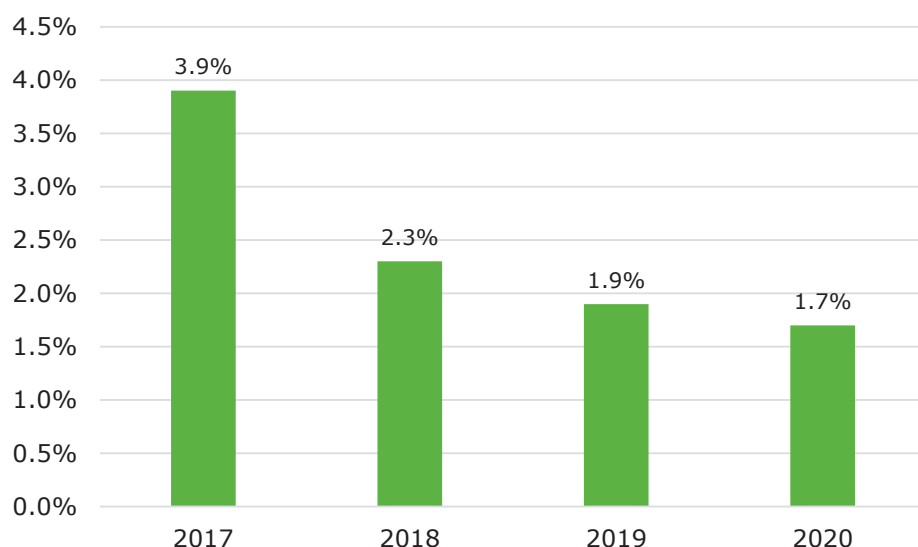
Figure 13



Source: Australia and New Zealand first edition – 25 October 2017 (Credit Suisse)

Going forward, China is still expected to dominate the copper market and account for half of global copper demand increases over the next five years. However, China's growth is expected to slow down as the country shifts away from an unbalanced economy where the property market has played an overly dominant role. With China in the midst of a major construction boom due to its infrastructure stimulus, China's demand for copper for 2017 is expected to be relatively high. Although it is currently unclear at the moment whether such stimulus will remain, analysts are of the view that China's housing boom will start to slow down in 2018. This will translate to a lower copper demand from the construction sector and the consumer appliance sector in China. The figure below shows China's forecast year-on-year copper consumption growth from 2017 to 2020 from various industry reports and brokers.

Figure 14



Source: Deloitte Corporate Finance analysis

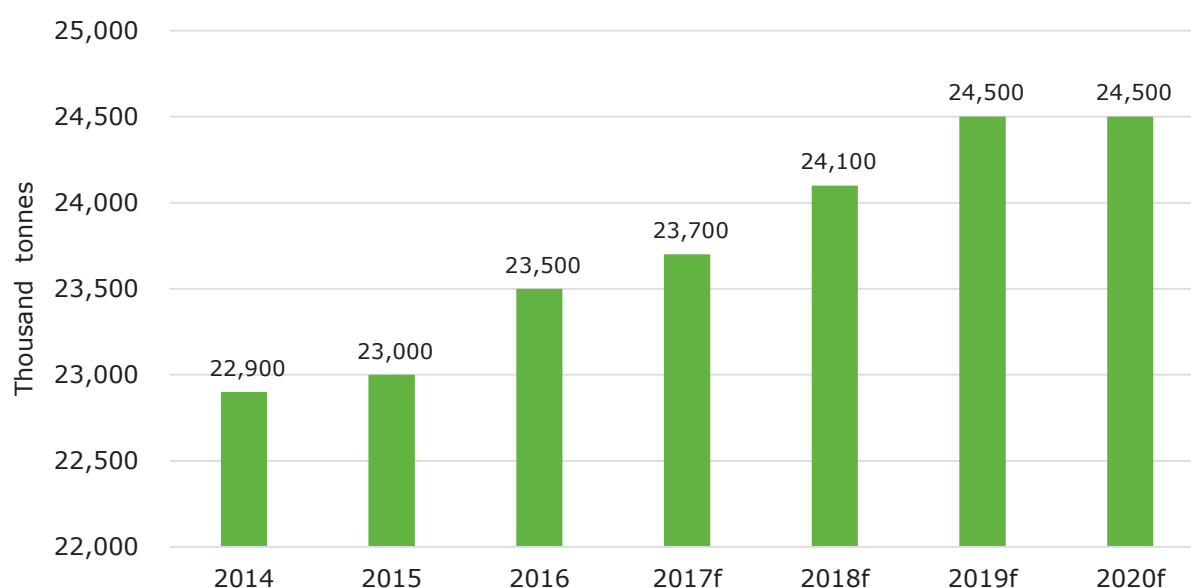
Note:

1. Figures are based on average of the data points and are rounded to the nearest decimal place

A potential game changer to the demand for copper will be in the form of electric vehicles. Electric vehicles use a significant amount of copper, such as in lithium-ion batteries and rotary motors. An average pure battery-powered electric car uses around four times the amount of copper than traditional fossil fuel-powered vehicles. BHP Billiton and BP are predicting in excess of 100 million electric vehicles by 2035, up from approximately 1 million electric vehicles today⁷. If China does eventually push through a plan to ban the sale of fossil fuel-powered vehicles, this would change the expected demand for copper and have a significant effect on copper prices over the next decade.

Based on various industry reports and brokers, copper consumption is expected to increase by around 4% over the next 3 years. The figure below shows refined copper consumption between 2014 and 2020.

Figure 15



Source: Deloitte Corporate Finance analysis

Note:

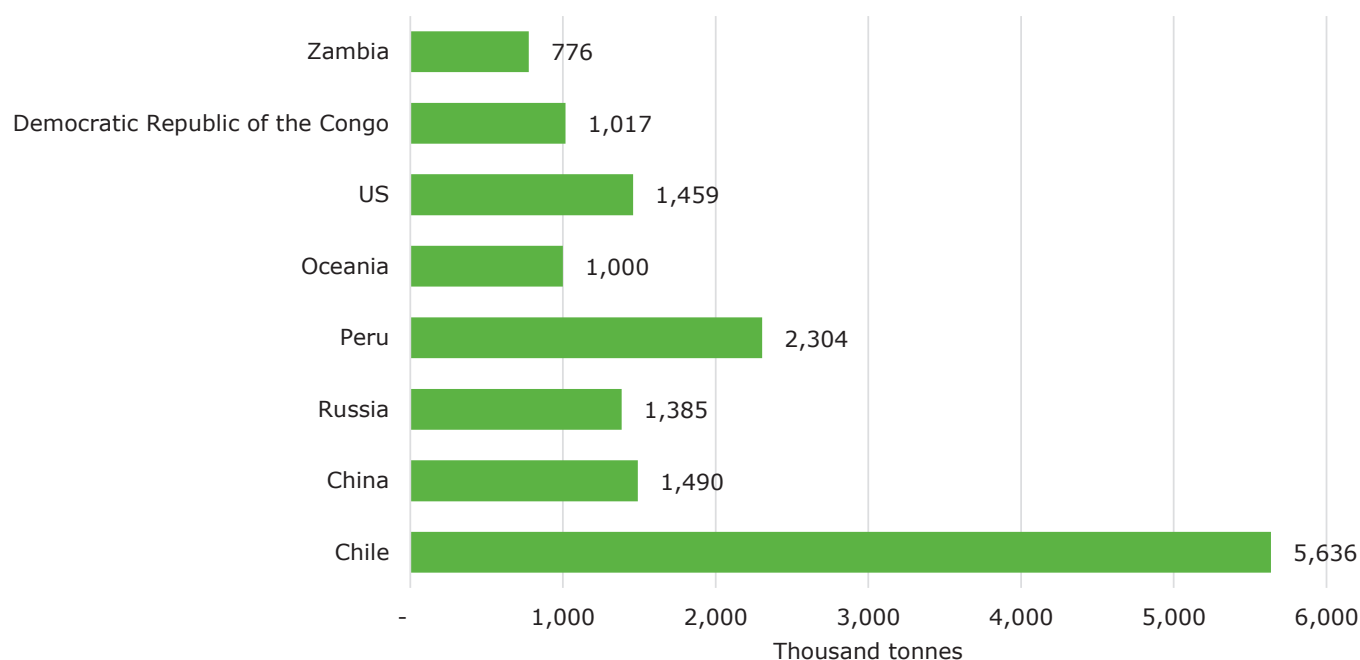
1. Figures are based on average of the data points and are rounded to the nearest

Supply

Copper ore deposits are located in various parts of the world. The largest copper-producing nations are Chile, China, Peru and the United States (**US**). Other copper-producing nations also include Australia, Canada and Central Africa. The figure below shows the top producing nations in 2016.

⁷ Electric cars to drive copper demand, BHP predicts (The Australian – 27 September 2017)

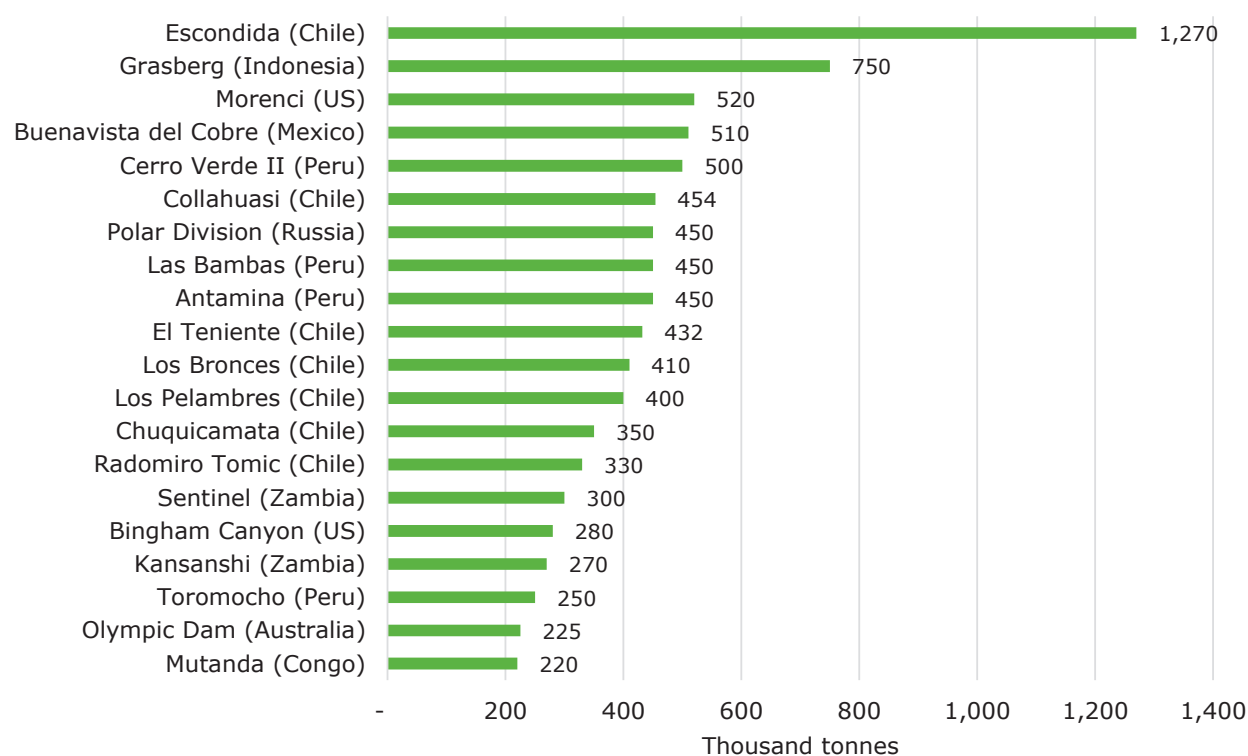
Figure 16



Source: Credit Suisse Aust Gold Copper – March 2017

Chile is the world leader in copper production. Unsurprisingly, the world's largest copper mine is located in Escondida, Chile. The figure below shows the top 20 copper mines by capacity in 2017.

Figure 17



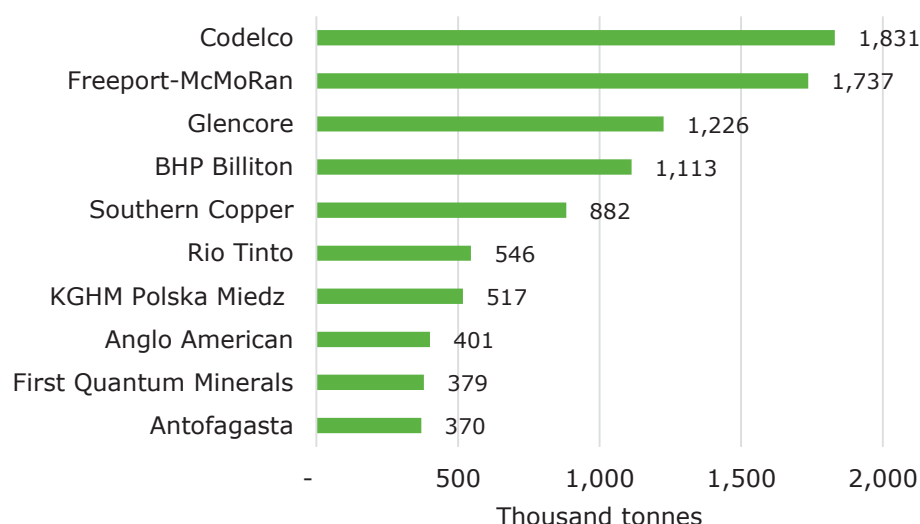
Source: ICGS World Copper Factbook 2017

Note:

1. Data reflects production capabilities and not necessarily production forecasts

When ranked by company, the top 10 copper producing companies in 2016 were as follows.

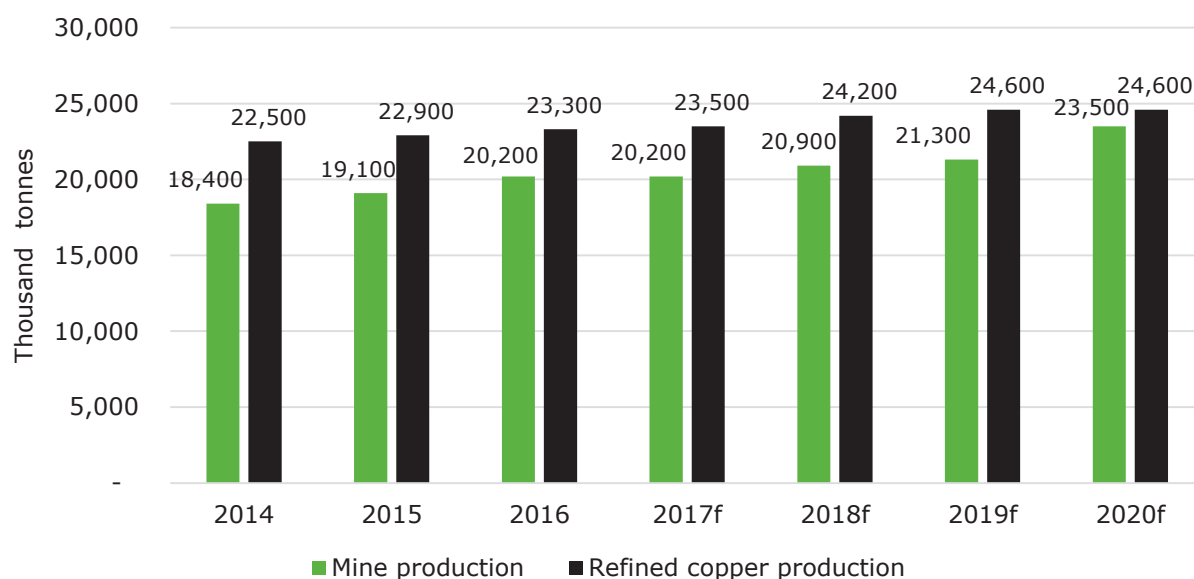
Figure 18



Source: Copper Mine Economics 2016 (Thomson Reuters), GFMS

Many existing copper ore deposits are experiencing declining ore grades placing downward pressure on supply, exacerbated by the fact that higher grade deposits are becoming harder to find. This will partly offset some of the forecast growth in the next few years as new mines and mine expansions come online, predominantly from developing countries. Similarly, the majority of new smelting capacity will come from the developing world, with the highest demand growth rates in Russia, China, Brazil and India. This will boost the growth of refined copper production. The table below shows figures for mine production and refined copper production from 2014 to 2020 from various industry reports and brokers.

Figure 19



Source: Deloitte Corporate Finance analysis

Note:

1. Figures are based on average of the data points and are rounded to the nearest thousands

Copper prices

Copper is a global commodity and, as such, prices are determined by global supply and demand factors. As a result, copper prices have historically reflected global economic cycles and experienced major fluctuations.

Figure 20



Source: CapitalIQ

Copper prices peaked in 2011 when demand was driven largely by significant growth from emerging economies such as China. Copper prices decreased thereafter due to the weaker market sentiment and uncertainty regarding economic growth from China, particularly in the construction and industrial manufacturing industries. In addition, a strengthening of the US\$ has also had a negative impact on copper prices. Other factors limiting growth in copper prices included a slower-than-expected economic recovery in the Eurozone, ongoing geopolitical issues in the Middle East, and lower-than-expected copper consumption in the United States, India and Brazil. Since 2016, however, copper has surged almost 50 per cent. This was predominantly spurred by the Chinese government announcement of the implementation of an infrastructure stimulus which resulted in a major construction boom. Going forward, demand growth coupled with a weaker US dollar and forecast slowdown in Chinese demand is expected to create some volatility in copper prices in the near term. In the long term, however, real prices are expected to remain relatively flat.

Appendix 4: Discount rate

The discount rate used to equate the future cash flows to their present value reflects the risk adjusted rate of return demanded by a hypothetical investor for the asset or business being valued. Discount rates are determined based on the cost of an entity's debt and equity weighted by the proportion of debt and equity selected. This is commonly referred to as the weighted average cost of capital (**WACC**). The WACC can be derived using the following formula:

$$\text{WACC} = \left(\frac{E}{V} \times K_e \right) + \left(\frac{D}{V} \times K_d \times (1 - t_c) \right)$$

The components of the formula are:

K_e = cost of equity capital

K_d = cost of debt

t_c = corporate tax rate

E/V = proportion of enterprise funded by equity

D/V = proportion of enterprise funded by debt

We have used the CAPM to estimate the K_e for the Wetar Project. CAPM calculates the minimum rate of return that the company must earn on the equity-financed portion of its capital to leave the market price of its shares unchanged. The CAPM is the most widely accepted and used methodology for determining the cost of equity capital. The cost of equity capital under CAPM is determined using the following formula:

$$K_e = R_f + \beta (R_m - R_f) + \alpha$$

A brief description of the above factors and a summary of the build-up of our selected discount rate is set out below.

Table 21

	Low	High	Mid
Risk free rate (R_f)	2.59%	2.59%	2.59%
Equity market risk premium (EMRP)	6.0%	6.0%	6.0%
Beta (ungeared β)	1.20	1.30	1.25
Beta (geared β)	1.34	1.42	1.38
Country risk premium	3.0%	3.0%	3.0%
Calculated K_e	13.60%	14.10%	13.85%
Net debt / enterprise value	25.0%	25.0%	25.0%
Tax rate	25.0%	25.0%	25.0%
K_d (pre-tax)	6.5%	7.0%	6.8%
K_d (post-tax)	4.88%	5.25%	5.06%
WACC (post-tax)	11.42%	11.89%	11.66%
Selected WACC	11.50%	12.00%	11.75%

Source: Capital IQ, Deloitte Corporate Finance analysis

- R_f : compensates the investor for the time value of money and the expected inflation rate over the investment period. In determining R_f , we have adopted the five-day average zero coupon yield on the 20-year United States Government Bond as at 27 November 2017.

- **EMRP:** represents the risk associated with holding a market portfolio of investments, that is, the excess return a shareholder can expect to receive for the uncertainty of investing in equities as opposed to investing in a risk free alternative. We consider an EMRP of 6.0% to be reasonable having regard to our current view on the expected total US market return
- **β :** measures the systematic risk or non-diversifiable risk of a company in comparison to the market as a whole. In estimating the beta for Finders Resources, we have considered the betas of listed companies that operate in the copper industry. These betas, which are presented in Appendix 5, have been calculated based on weekly and monthly returns, over a two year and four year period, respectively, compared to a relevant domestic index and the MSCI Index.

We note the following:

- many of the comparable companies analysed are much larger than Finders Resources and have operations that include multiple operating assets located in different countries. Large and diversified companies typically have a lower risk profile than smaller and less diversified companies
- the comparable companies with flagship assets located in developed countries generally have a lower beta compared with comparable companies with flagship assets located in a developing countries
- the comparable companies with flagship assets located in developed countries have an average unlevered beta of 1.12 and 1.24, benchmarked against the 2 year and 4 year MSCI Index
- the comparable companies with flagship assets located in developing countries have an average unlevered beta of 1.25 and 1.52, benchmarked against the 2 year and 4 year MSCI Index
- Finders Resources itself has an unlevered beta of 1.61, benchmarked against the 4 year MSCI Index.

Given that betas of companies with flagship assets located in developing countries would generally contain an element of country risk and we are separately taking account of country risk through a country risk premium, we consider it more appropriate to consider the betas of companies located in developed countries. We have, therefore, selected an unlevered beta ranging from 1.20 to 1.30, with more consideration given to the betas benchmarked over a 4 year period. We have re-gearred the selected ungeared beta based on a gearing ratio of 25% (see below) and a tax rate of 25.0%

- **gearing ratio:** we have considered the current capital structure of Finders Resources and the capital structure of the companies considered comparable to Finders Resources to determine a gearing ratio of 25.0%
- **country risk premium:** a country risk premium reflects the additional risk associated with operating in a particular geography, relative to a mature economy. This risk is often driven by factors such as exchange rate volatility and political and economic stability. Although there are a number of possible methods of applying a country risk premium, the most common (and widely-accepted) method is to add the country risk premium to the cost of equity when calculating a WACC. As our estimated WACC for the Wetar Project is premised on US\$ denominated cash flows (and Indonesian-based operations) our calculations do not adequately capture the risk of operating a copper project in this geography.

In order to estimate the country specific risk premium for the Wetar Project, we have considered the analysis performed by Aswath Damodaran in the Country Default Spreads and Risk Premiums study dated 1 January 2017. In calculating country specific risk premiums, Damodaran considers the following:

- the local currency credit rating for each country. Damodaran uses the credit ratings published by ratings agency, Moody's
- this credit rating is then used to estimate the default spread over a default free government bond for the given country based on the average spread of traded bonds of countries with the same credit rating.

Based on the above, we have estimated an appropriate country-specific risk premium for the Wetar Project to be 3.0%.

- **Kd:** we have estimated Finders Resources' cost of debt to be in the range of 6.5% to 7.0% based on Finders Resources' current cost of debt, current credit spreads for BBB and BB rated borrowers, current yields for BBB and BB rated borrowers, our selected level of gearing and the average cost of debt of listed comparable companies.

Appendix 5: Comparable companies

Table 22

Company name	Enterprise value (\$ million) ¹	Debt to enterprise value ¹	MSCI World Index			
			2 year		4 year	
			Levered	Unlevered	Levered	Unlevered
Big copper miners						
Freeport-McMoRan Inc.	43,886	28%	3.30	2.21	3.13	2.24
First Quantum Minerals Ltd.	19,235	34%	3.96	2.68	4.14	3.03
Antofagasta plc	20,312	6%	1.76	1.60	1.02	0.97
KGHM Polska Miedz Spółka Akcyjna	10,906	22%	1.55	1.18	1.90	1.57
Southern Copper Corporation	51,358	13%	1.09	0.97	1.05	0.95
Average	29,139	20%	2.33	1.73	2.25	1.75
Median	20,312	22%	1.76	1.60	1.90	1.57
Low	10,906	6%	1.09	0.97	1.02	0.95
High	51,358	34%	3.96	2.68	4.14	3.03
Companies with flagship assets in developed countries						
Imperial Metals Corporation	1,113	78%	1.78	0.69	1.43	0.69
Copper Mountain Mining Corporation	629	51%	1.70	0.60	3.78	1.56
Sandfire Resources NL	905	(14%)	1.17	1.16	1.08	1.04
Metals X Limited	585	(7%)	n/m	n/m	n/m	n/m
Aeris Resources Limited	146	71%	n/m	n/m	n/a	n/a
Heron Resources Limited	43	(299%)	n/m	n/m	n/m	n/m
Excelsior Mining Corp.	191	(3%)	n/m	n/m	n/m	n/m
OZ Minerals Limited	1,926	(32%)	0.82	0.82	0.97	0.97
Capstone Mining Corp	973	24%	n/m	n/m	n/m	n/m
Taseko Mines Limited	894	27%	2.45	1.20	3.48	1.93

Company name	MSCI World Index					
	2 year			4 year		
	Enterprise value (\$ million) ¹	Debt to enterprise value ¹	Levered	Unlevered	Levered	Unlevered
Hillgrove Resources Limited	53	36%	4.09	2.21	n/m	n/m
Average	678	(6%)	2.00	1.12	2.15	1.24
Median	629	24%	1.74	0.99	1.43	1.04
Low	43	(299%)	0.82	0.60	0.97	0.69
High	1,926	78%	4.09	2.21	3.78	1.93

Companies with flagship assets in developing countries						
Nevsun Resources Ltd.	971	(20%)	0.77	0.77	n/m	n/m
Finders Resources Limited	305	29%	n/m	n/m	2.18	1.61
KAZ Minerals plc	9,735	33%	2.56	0.85	3.31	1.38
Lundin Mining Corporation	6,289	(23%)	1.86	1.78	2.09	2.00
Atlas Consolidated Mining and Development Corporation	990	74%	n/m	n/m	1.10	n/m
Ero Copper Corp.	706	27%	n/m	n/m	n/a	n/m
Katanga Mining Limited	5,687	80%	n/m	n/m	n/m	n/m
Tiger Resources Limited	345	73%	n/m	n/m	2.95	1.46
Avanco Resources Limited	212	(8%)	1.13	1.13	1.13	1.13
PT Bumi Resources Minerals Tbk	393	71%	n/m	n/m	n/m	n/m
PT Merdeka Copper Gold Tbk	962	17%	n/m	n/m	n/m	n/m
Average	2,562	37%	1.58	1.13	2.13	1.52
Median	834	31%	1.50	0.99	2.13	1.46
Low	212	(23%)	0.77	0.77	1.10	1.13
High	9,735	80%	2.56	1.78	3.31	2.00

Source: CapitalIQ. Deloitte Corporate Finance analysis

Note:

1. As at 27 November 2017
2. n/m: not meaningful

Appendix 6: Comparable trading companies

Table 23

Company	EV (\$mil -with control)	Reserve (Mt)	EV/Reserve (\$/t)
Single Asset - producing			
Aeris Resources Limited	118	0.21	560
Nevsun Resources Ltd.	1,260	0.18	n/m
Copper Mountain Mining Corporation	700	0.57	1,217
Sandfire Resources NL	1,213	0.47	2,595
Taseko Mines Limited	1,091	4.67	233
Excelsior Mining Corp.	250	2.04	123
Heron Resources Limited	94	0.09	1,019
Tiger Resources Limited	374	0.61	609
Hillgrove Resources Limited	63	0.06	1,069
Avanco Resources Limited	280	0.09	3,088
PT Merdeka Copper Gold Tbk	1,202	0.28	4,269
Average			1,478
Median			1,044
Low			123
High			4,269
More than 1 asset - producing			
KAZ Minerals plc	11,699	8.80	1,329
Lundin Mining Corporation	8,439	6.17	1,368
Atlas Consolidated Mining and Development Corporation	1,068	1.27	844
Ero Copper Corp.	860	0.41	2,121
Katanga Mining Limited	6,332	4.38	1,447
OZ Minerals Limited	2,691	2.80	961
Imperial Metals Corporation	1,187	2.07	572
Capstone Mining Corp	1,153	3.37	342
Average			1,123
Median			1,145
Low			342
High			2,121
Overall			
Average			1,320

Company	EV (\$mil -with control)	Reserve (Mt)	EV/Reserve (\$/t)
Median			1,044
Low			123
High			4,269

Source: CapitalIQ, Deloitte Corporate Finance analysis

Note:

- 1. As at 27 November 2017
- 2. Based on the latest reserves and resources data available
- 3. Reserves are based on contained copper equivalent converted at current spot market prices
- 4. n/m: not meaningful

Appendix 7: Comparable transactions

Table 24

Agreement date	Target	Interest (%)	Deal value (\$ mil)	Reserves Equivalent Acquired (Mt)	EV/Reserve (\$/t)	Copper spot price as at agreement date (US\$/lb)
30-Jun-16	Batu Hijau mine	48.5	1,779	1.80	988	4,840
24-Jun-16	Erdenet Mining Corp. / Mongolrostsvetmet LLC	49.0	660	2.01	314	4,690
03-Jun-16	Heilong Mining Group Company Limited	100.0	328	0.59	553	4,697
09-May-16	Tenke Fungurume mine	56.0	3,767	4.38	860	4,699
22-Aug-15	Anglo American Norte SA	100.0	683	0.82	837	5,064
30-Jul-15	Zaldivar mine	50.0	1,376	1.26	1,091	5,253
08-May-15	PanAust Limited	75.7	908	1.99	457	6,392
06-Oct-14	Candelaria	80.0	2,309	1.92	1,209	6,750
Average					789	
Median					848	
Low					314	
High					1,209	

Source: SNL, CapitalIQ, Deloitte Corporate Finance analysis

Appendix 7: Control premium

Set out in this appendix are a number of studies and analysis we have identified in order to inform our assessment of the appropriate range of control premiums to apply. Most specifically, we maintain our own database of transactions in the Australian market and using this database we are able to calculate historical control premiums.

Deloitte database of Australian public company M&A activity

We conducted a study of premiums paid in Australian transactions completed between 1 January 2000 and 31 July 2017. Our merger and acquisition data was sourced from MergerMarket, Capital IQ and Thomson Reuters along with publicly available news and information sources. This identified 601 transactions that were completed during the period under review⁸.

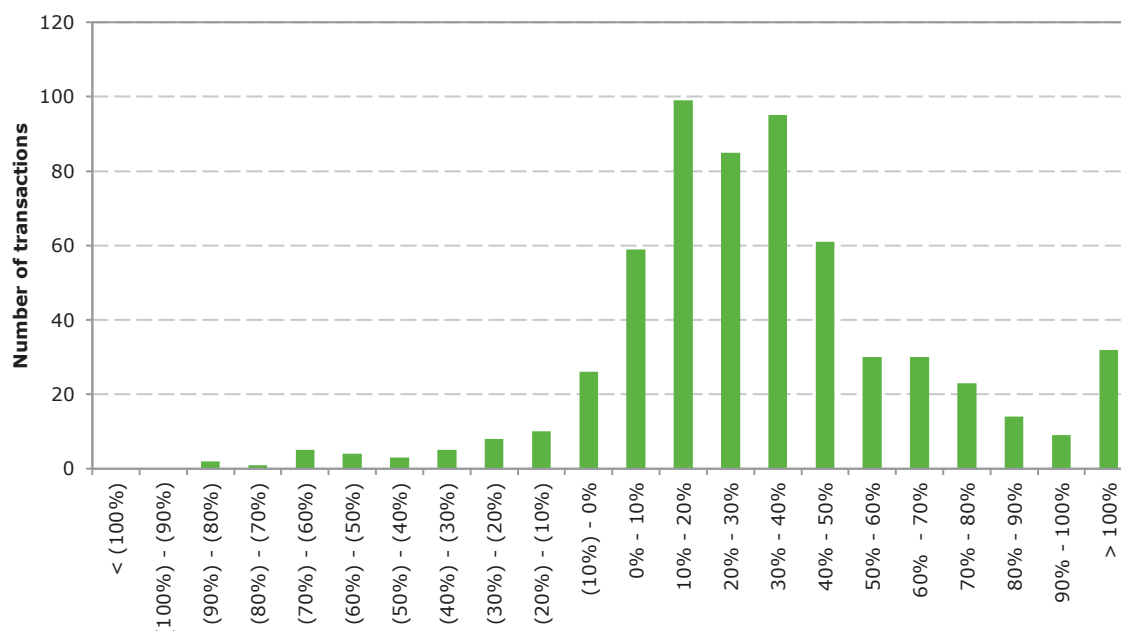
Our data set consisted of transactions where an acquiring company increased its shareholding in a target company from a minority interest to a majority stake or acquired a majority stake in the target company.

We assessed the premiums by comparing the offer price to the closing trading price of the target company one month prior to the date of the announcement of the offer. Where the consideration included shares in the acquiring company, we used the closing share price of the acquiring company on the day prior to the date of the offer.

Summary of findings

As the following figure shows, premiums paid in Australian transactions between 1 January 2000 and 31 July 2017 are widely distributed with a long 'tail' of transactions with high premiums.

Figure 21



Source: Deloitte Corporate Finance analysis

⁸ Excluding transactions where inadequate data was available.

The following table details our findings.

Table 25

	Control premium
Upper quartile	48%
Average	35%
Median	30%
Lower quartile	13%

Source: Deloitte Corporate Finance analysis

Many of the observed control premiums below 20% are likely to have been instances where the market has either been provided with information or anticipated a takeover offer in advance of the offer being announced. Accordingly, the pre-bid share trading price may already reflect some price appreciation in advance of a bid being received, which creates a downward bias on some of the observed control premiums in our study.

Many of the observed control premiums above 40% are likely to have been influenced by the following factors which create an upward bias on some of the observed control premiums in our study:

- some acquirers are prepared to pay above fair market value to realise 'special purchaser' value which is only available to a very few buyers. Such 'special purchaser' value would include the ability to access very high levels of synergistic benefits in the form of cost and revenue synergies or the ability to gain a significant strategic benefit
- abnormally high control premiums are often paid in contested takeovers where there are multiple bidders for a target company. In such cases, bidders may be prepared to pay away a greater proportion of their synergy benefits from a transaction than in a non-contested situation
- some of the observations of very high premiums are for relatively small listed companies where there is typically less trading liquidity in their shares and they are not closely followed by major broking analysts. In such situations, the traded price is more likely to trade at a deeper discount to fair market value on a control basis.

Accordingly, the observed control premiums to share trading prices for such stocks will tend to be higher.

For the reasons set out above, we consider the control premium range of 20% to 40% to be representative of general market practice for the following reasons.

Other studies

In addition to our own analysis as set out above, we have also had regard to the following:

- a study conducted by S.Rossi and P.Volpin of London Business School dated September 2003, 'Cross Country Determinants of Mergers and Acquisitions', on acquisitions of a control block of shares for listed companies in Australia announced and completed from 1990 to 2002. This study included 212 transactions over this period and indicated a mean control premium of 29.5% using the bid price of the target four weeks prior to the announcement
- 'Valuation of Businesses, Shares and Equity' (4th edition, 2003) by W.Lonergan states at pages 55-56 that: "Experience indicates that the minimum premium that has to be paid to mount a successful takeover bid was generally in the order of at least 25 to 40 per cent above the market price prior to the announcement of an offer in the 1980s and early 1990s. Since then takeover premiums appear to have fallen slightly."
- a study conducted by P.Brown and R.da Silva dated 1997, 'Takeovers: Who wins?', JASSA: The Journal of the Securities Institute of Australia, v4 (Summer):2-5. The study found that the average control premium paid in Australian takeovers was 29.7% between the period January 1974 and June 1985. For the ten year period to November 1995, the study found the average control premium declined to 19.7% (however, we note that during this period the Australian economy went through a period of unusually weak economic growth, including a recession)
- a study conducted by A. Gilmore, G. Yates and I. Douglas of RSM dated 2017, 'Control Premium Study 2017 – Insights into market dynamics, financial dynamics and other factors', on successful takeovers and schemes of arrangement completed between 1 July 2005 and 30 June 2016 for companies listed on the Australian Stock Exchange. The study included 463 transactions (for which meaningful data was available) and indicated an average implied control premium at 20 days pre-bid of 34.5% and a median implied control premium of 27.0%.

Appendix 8: Technical report from BDA



Minerals Industry Consultants

ACN No. 065 713 724

Level 9, 80 Mount Street
North Sydney, NSW 2060
Australia

Tel: 612 9954 4988
Fax: 612 9929 2549
Email: bdaus@bigpond.com

ABN 62 065 713 724

4 December 2017

The Directors
Deloitte Corporate Finance Pty Limited
Tower 2, Brookfield Place
123 St Georges Terrace
Perth WA 6000

Dear Sirs

**INDEPENDENT TECHNICAL EXPERT REPORT
MINERAL ASSETS OF FINDERS RESOURCES LIMITED
BEHRE DOLBEAR AUSTRALIA PTY LIMITED**

1.0 INTRODUCTION

Deloitte Corporate Finance Pty Limited (“Deloitte Corporate Finance”) has been engaged by Finders Resources Limited (“Finders”) to prepare an Independent Expert Report (“IER”) in relation to a takeover offer by Eastern Field Developments Limited (“EFD”) for 100% of the shares in Finders for a consideration of A\$0.23 per share. The IER will opine on whether the offer is fair and reasonable to Finders non-associated shareholders.

Finders is a public company listed on the Australian Stock Exchange Limited (“ASX”) and owns 74.1% of the Wetar copper project on the island of Wetar in eastern Indonesia. The Operator of the project, PT Batutua Tembaga Raya (“BTR”), is an Indonesian limited liability foreign capital investment (“PMA”) company. The project tenements are held by the Indonesian company, PT Batutua Kharisma Permai (“BKP”). BKP is 70% owned by BTR. BKP is party to a co-operation agreement with Banda Minerals Pty Limited (“Banda”), a 100% owned subsidiary of Finders. BTR is a 78% owned subsidiary of Banda and Finders, with Daewoo International Corp (“Daewoo”) owning a 22% interest.

The Wetar project comprises an open pit mine, Kali Kuning (“KK”), a copper heap leach operation and solvent extraction and electrowinning (“SX/EW”) process operations, producing copper cathode. A second deposit, Lerokis, is scheduled to commence mining in 2019. The location of the Wetar project, tenements and prospects is shown in Figure 1. The layout of the Wetar site is shown in Figure 2.

The former Demonstration Plant (“DP”) has been upgraded (“UDP”) and re-commissioned to produce copper cathode at a rate of approximately 3,000 tonnes per annum (“tpa”). The construction of a 25,000tpa copper cathode plant at Kali Kuning Valley (“KKV”), the KKV plant, was completed in July 2016. The total project scheduled output is 28,000tpa of copper, or approximately 2,333 tonnes per month (“tpm”); copper production rates have been progressively ramping up and attained the annualised target level in May 2017.

The project Completion Test commenced on 1 March 2017 and ran for three months to end May 2017. In July 2017 the project Lenders approved the passing of the project Completion Tests.

Deloitte Corporate Finance has requested that Behre Dolbear Australia Pty Limited (“BDA”) act as the Independent Technical Expert (“ITE”) to review and advise on the technical assumptions that form the basis of the Deloitte Corporate Finance valuation and prepare an Independent Technical Report (“ITR”) that sets out the basis of that advice, describes Finders’ mineral projects, and provides a valuation for any exploration assets that may not be appropriately valued by Deloitte Corporate Finance’s discounted cashflow methodology.

BDA has advised Deloitte Corporate Finance on aspects relating to the Mineral Resources, Ore Reserves, likely production profile, schedules and costs of the Wetar operation to assist Deloitte Corporate Finance in its project valuation. BDA has also reviewed and valued associated exploration prospects and potential.

BDA is the Australian subsidiary of Behre Dolbear & Company Inc., an international minerals industry consulting group which has operated continuously in North America and worldwide since 1911, with offices or agencies in Denver, London, New York, Sydney, Toronto, Vancouver, Hong Kong, Beijing and Guadalajara. BDA is well qualified to carry out this assignment; BDA specialises in independent technical due diligence, advisory, review and valuation work for financial institutions and companies on mining and processing projects and has been involved in numerous mining-related studies, valuations, prospectuses and ITE/IE assignments in recent years.

BDA has previously undertaken work on Finders' Wetar project in Indonesia as the Independent Engineer ("IE") to the bank financiers, and has prepared IE reports for the financiers as required. BDA has not undertaken any work directly for Finders, and is thus independent of Finders. BDA confirms that there is no conflict of interest in undertaking the ITE assignment. Finders' bank financiers on the Wetar project have similarly confirmed that they do not consider there is any conflict of interest.

BDA is also IE to the bank financiers on the Tujuh Bukit project in Indonesia. This project is operated by PT Bumi Suksesindo ("BSI") and the exploration tenement covering the Tujuh Bukit project area is held by PT Damai Suksesindo, a wholly-owned subsidiary of PT Merdeka Copper and Gold ("Merdeka"); Merdeka is associated with the parties involved in EFD. BDA has not undertaken any work directly for Merdeka or associated parties and is thus independent of any parties involved in EFD. BDA has confirmed with Merdeka and with the bank financiers to Tujuh Bukit that there is no conflict of interest in undertaking the current ITE assignment for Deloitte Corporate Finance.

BDA visited the Wetar site in June 2017 as part of the project Operational Completion Test, and has visited the site on several previous occasions as part of its monitoring and reporting duties to the bank financiers. Finders has confirmed that there have been no material changes to the operation since the last BDA visit and BDA has reviewed the site monthly operating reports through to end September 2017 and summary reports for October 2017. Finders has provided data on exploration results, resource and reserve estimates, operating and development plans, production schedules and operating and capital costs. BDA has also held discussions with technical and managerial staff as part of this review.

BDA confirms that it is independent of all parties in the proposed transactions and has no interest in the assets or parties involved.

BDA has conducted its review consistent with Australian mining industry standards. Resources and reserves have been reviewed in compliance with the Code and Guidelines for Reporting Exploration Results, Mineral Resources and Ore Reserves - Joint Ore Reserve Committee of the Australasian Institute of Mining and Metallurgy ("AusIMM"), Australian Institute of Geoscientists ("AIG") and Minerals Council of Australia ("MCA") - December 2012 ("the JORC Code"). This BDA Independent Technical Report has been prepared in accordance with the Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets ("VALMIN Code 2015").

BDA has not undertaken an audit of the data or re-estimated the resources or reserves. BDA has not independently verified the current ownership status or legal standing of the material tenements that are the subject of this report; Finders has provided documentation for BDA's review that confirms that all material tenements are in good standing or under renewal application; application has been made or is in the process of being made for renewal of leases for the mining of limestone and sand and gravel.

This report contains forecasts and projections based on data provided by Finders. BDA's assessment of the most likely production schedule, the projected capital and operating costs and the estimate of mine life is based on technical reviews of project data and discussions with technical personnel. However, these forecasts and projections cannot be assured and factors both within and beyond the control of Finders could cause the actual results to be materially different from BDA's assessments and estimates contained in this report.

The sole purpose of this BDA report is for use by Deloitte Corporate Finance and the independent directors of Finders and their advisors in connection with the takeover offer and should not be used or relied upon for any other purpose. A draft copy of the report has been provided to Finders for correction of any material errors or omissions. Neither the whole nor any part of this report nor any reference thereto may be included in or with or attached to any document or used for any other purpose, without our written consent to the form and context in which it appears.

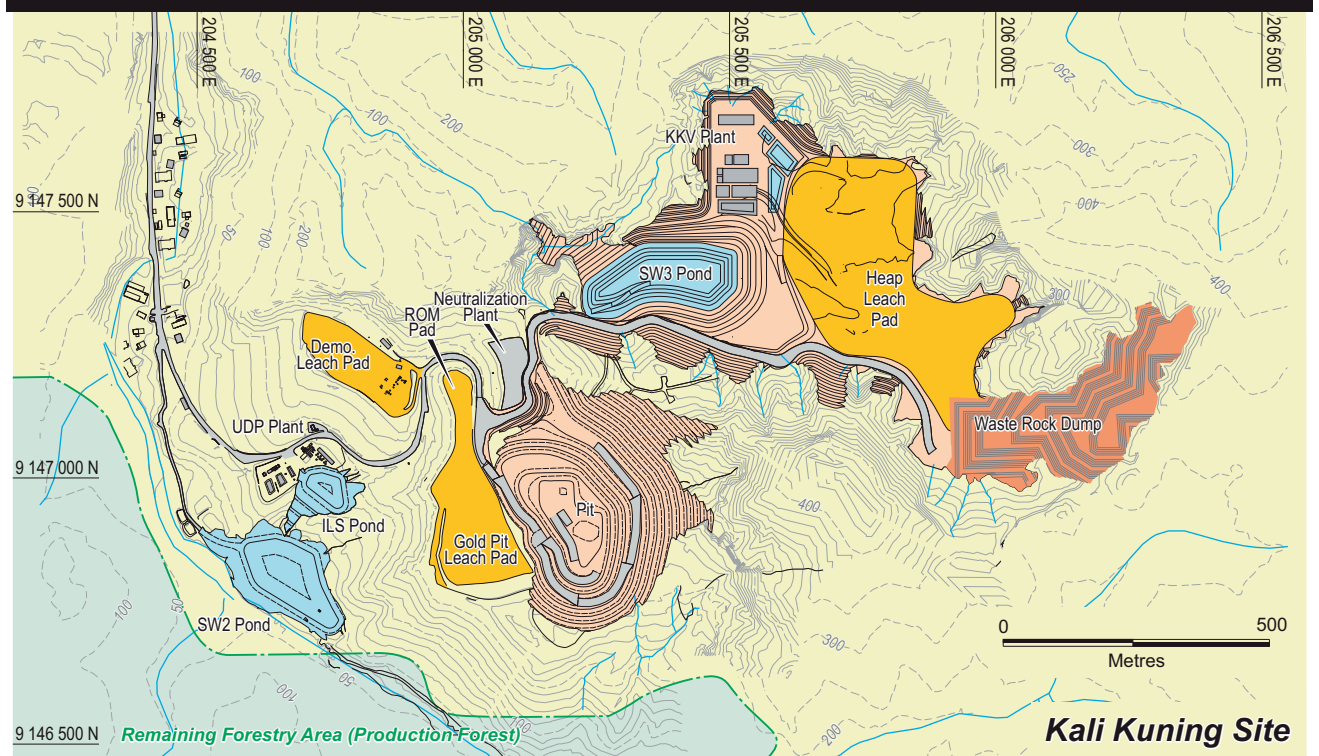
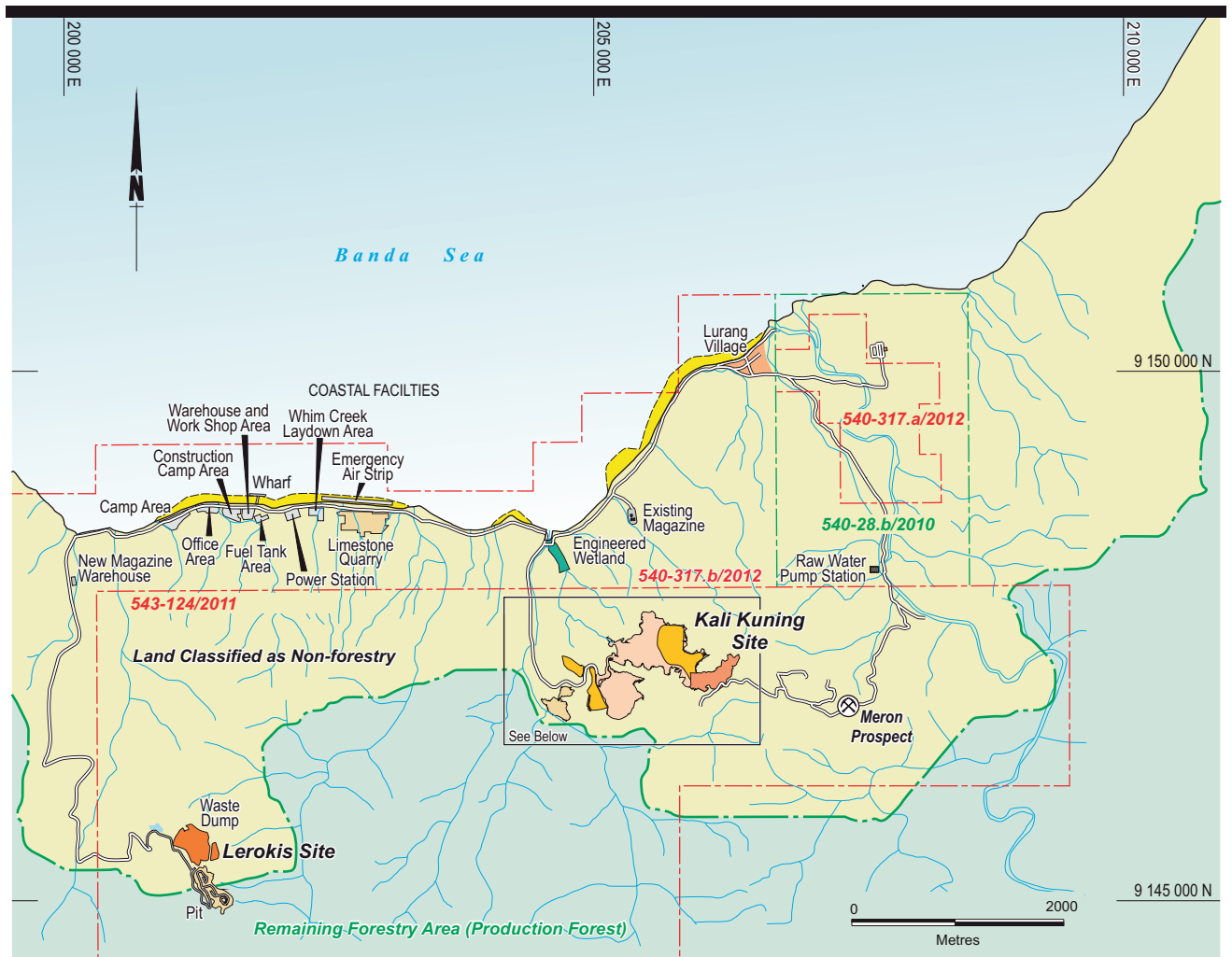


Finders Resources Ltd

Wetar Copper Project

Figure 1

PROJECT LOCATION



Finders Resources Ltd

Wetar Copper Project

Figure 2

SITE LAYOUT PLANS

2.0 EXECUTIVE SUMMARY

2.1 Overview

The Wetar project is located close to the northern coastline of Wetar Island, which lies towards the eastern end of the Indonesian archipelago, north of East Timor (Figure 1). The project occupies the same site as a former Billiton Indonesia BV (“Billiton”) gold operation, carried out in the 1990s.

The principal Wetar project tenement comprises a single tenement which covers the project’s two planned open pit mining areas, together with the heap leach pads and processing plants (Figure 2). The tenement is referred to as an IUP - Mining Exploitation (*Izin Usaha Pertambangan*), and is held by BKP (IUP 543-124/2011). In addition, an IUP OPK – Processing and Refining (*Izin Usaha Pertambangan Khusus*) is held by BTR which permits the processing operations and the production, transport and sale of copper cathode. The IUPs were awarded in June 2011 and are valid for twenty years.

BKP also holds two additional IUPs which cover the mining of limestone and sand and gravel for the operation (IUP 540-317.a/2012 and 540-317.b/2012). These IUPs were granted for five years and are currently in the process of renewal. Finders advises that IUP-Exploration tenement 540-28.b/2010 is also in the process of application for renewal (Figures 1 and 2).

The Wetar project comprises the development of two open pit mining areas (Kali Kuning and Lerokis), a copper heap leach operation and solvent extraction/electrowinning (SX/EW) process operations to produce copper cathode. The copper cathode is shipped from the wharf at Wetar to Surabaya in East Java and thence to customers, supplying both domestic and export markets, the latter principally in east and southeast Asia.

The latest published Wetar Mineral Resource (“resource”) and Ore Reserve (“reserve”) estimates for Kali Kuning are as of June 2016. Updated Mineral Resources and Ore Reserves for Lerokis were published on 21 November 2017 following completion of an infill drilling programme. Total in situ open pit reserves at Kali Kuning as of June 2016 were stated as 5.3 million tonnes (“Mt”) of copper ore averaging 2.4% copper (“Cu”) containing 126,000t of copper. Allowing for mining depletion at Kali Kuning over the intervening 15 months, remaining in situ reserves at Kali Kuning as of 30 September 2017 total approximately 2.6Mt at 2.6% Cu containing approximately 68,000t of copper. The updated Lerokis reserve totals 2.7Mt at 2.8% Cu containing approximately 76,000t of copper.

A summary of the assets to be valued is set out below:

- Wetar copper heap leach project, incorporating SX/EW operations producing a targeted 28,000tpa of copper cathode from the Kali Kuning and Lerokis open pit reserves; the Kali Kuning mine, heap leach pads, process operations, and site infrastructure are established and in place, with mining at Lerokis scheduled to commence in 2019
- open pit reserves at Kali Kuning and Lerokis totalling approximately 5.4Mt of near surface ore, averaging 2.8% Cu containing approximately 148,000t of copper metal as of end September 2017; these figures are based on the latest published ore reserves at Kali Kuning (as of June 2016), less mining depletion from July 2016 through to September 2017, plus the recently published (November 2017) updated reserves at Lerokis, but do not incorporate any allowance for potential upgrades indicated by Kali Kuning reserve reconciliations
- additional upside from potential reserve upgrades at Kali Kuning, potential exploration upside at nearby prospects and potential for recovery of residual precious and base metals from the leached heaps at the end of mine life.

BDA has reviewed the technical and cost data provided by Finders for the mineral assets including the Mineral Resources and Ore Reserves, the BTR life of mine (“LOM”) production schedule and capital and operating cost projections and has advised Deloitte Corporate Finance on appropriate technical parameters to assist Deloitte Corporate Finance in developing a discounted cashflow model.

BDA has reviewed the potential for extensions to the defined mine life by mining additional mineralisation and extensions of the known deposits. BDA’s approach to these potential extensions is as follows:

- *Kali Kuning reserve upside* - reconciliation data, project to date, has shown a consistent underestimate by the reserve model of the ore actually defined by grade control drilling; having mined in excess of 3.7Mt of reserves to date, a +10% positive tonnage reconciliation, bench by bench, appears well established; Finders has not yet re-estimated the reserves remaining, but, based on the reconciliation data, a minimum 10% increase in reserves remaining is considered likely; BDA considers that a willing and knowledgeable buyer would come to the same opinion, and has recommended to Deloitte Corporate Finance that it model a 10% increase in the remaining Kali Kuning reserves, together with an upside sensitivity based on recent data

- *Lerokis reserve* – Finders announced the results of a Mineral Resource and Ore Reserve upgrade on 21 November 2017, based on the recent infill drilling programme at Lerokis; BDA considers that the Lerokis reserve potential is largely captured in this latest estimate, but has recommended to Deloitte Corporate Finance a 5% upside sensitivity on the reserve tonnage to reflect the possibility of a similar positive reconciliation as experienced at Kali Kuning
- *Exploration potential of additional prospects* – geochemical and geophysical surveys, together with ground mapping and drilling, have identified other prospects within the tenements which appear to have a similar geological signature to Kali Kuning and Lerokis, ie. gold-rich barite rocks overlying a massive pyrite sulphide zone incorporating lenses of copper mineralisation; of the several prospects identified, two, Meron and Bara Manu to the east of Kali Kuning, have been drilled and estimates of pre-resource mineralisation completed; much of the early drilling was focussed on the near-surface gold potential of the barite rocks and limited work has been undertaken on the copper sulphide mineralisation; nevertheless, BDA considers that a willing and knowledgeable buyer would ascribe some value to the exploration potential of the tenements, and the possibility that additional reserves can be defined to extend the project mine life, or that a modest gold resource can be identified in the overlying barite rocks, warranting development
- *Residual metal values in the Spent Heaps* – on completion of the current LOM plan there will be approximately 9Mt of crushed material remaining on the heap leach pads containing residual gold and silver values, together with base metals, principally zinc and lead; no work has been undertaken on any potential recovery of these metal values, but Finders plans to undertake some testwork and BDA considers that a willing and knowledgeable buyer would ascribe some modest value to this potential opportunity.

Deloitte Corporate Finance has determined what value, in terms of NPV, would be attributed to the project based on the forecast production, together with the upside represented by the positive Kali Kuning reconciliations, and other modifications and sensitivities as recommended by BDA for valuation purposes. BDA has considered the additional potential value represented by the exploration potential of other prospects within the Wetar tenements, and the possible extraction of residual precious metals and base metals from the spent heaps. BDA has considered a range of valuation methodologies including exploration expenditure, comparable transactions, yardstick values, and potential value from extension of mine life to assess a likely range of values.

The valuation principles adopted by BDA are reviewed in Section 3; the list of the information relied upon for this assessment is provided in Section 4.

The Wetar project is described in Section 5, and the valuation of the exploration assets is discussed in Section 6.

2.2 Wetar Copper Project

Mineralisation was first discovered on Wetar Island during regional geochemical exploration surveys undertaken by CSR Limited (“CSR”) in the mid-1980s. A gold anomaly was discovered at Lerokis, and follow-up work indicated the potential for near-surface gold-silver mineralisation within barite rocks, overlying massive sulphide deposits which contained copper mineralisation, the subject of the current operation.

In 1988, CSR sold its share in the operating company, PT Prima Lirang Mining (“PLM”) to Billiton Indonesia. Billiton completed a drilling programme and feasibility study and a decision was made to develop a 600,000tpa gold mining operation. Construction was completed in October 1990 and operations commenced based on the Lerokis deposit.

In 1991 the Kali Kuning gold deposit was discovered, some 4 kilometres (“km”) east of Lerokis. The deposit was of similar type to Lerokis, with gold-rich barite rocks overlying massive sulphides. Mining commenced at Kali Kuning in late 1993; mining ceased at Lerokis in 1994 and at Kali Kuning in 1997.

No development of the copper mineralisation took place at this time. PLM undertook environmental closure programmes and final closure approval was received and the Contract of Work (“COW”) terminated in 2004.

On termination of the COW, new *Kuasa Pertambangan* (“KP”) applications were lodged over the area by BKP in partnership with Finders. Finders commenced evaluation of the copper project from the PLM data and in 2005 drilling was undertaken for resource estimation and to provide samples for metallurgical test work. A resource estimate was completed in 2006.

In 2008 Finders established a test heap leaching facility and a SX/EW Demonstration Plant. Copper production commenced in February 2009 with approximately 100,000t of ore grading 4.2% Cu mined and placed on four heaps which produced approximately 2,540t of copper metal.

Feasibility study work for a full-scale operation was undertaken through 2010 to 2013, culminating in a proposal for a project producing 28,000tpa of electrowon London Metal Exchange (“LME”) A Grade copper cathode.

In 2014 the Demonstration Plant was re-commissioned and upgraded (the UDP) to produce copper cathode at a rate of approximately 3,000tpa. Construction of a new 25,000tpa SX/EW plant in the Kali Kuning Valley (KKV) commenced in 2015, to provide a total output capacity of 28,000tpa of cathode copper, and was completed in July 2016. A schematic flowsheet of the operation is shown in Figure 3.

The project progressively ramped up to design production levels; from Q2 2017 the KKV plant has effectively been operating at or near to design capacity. Issues with one of the crushers and a re-construction and re-lining of one of the heaps together with a contamination incursion into the EW circuit have resulted in a reduction in Q4 2017 production, but Finders anticipates that full production levels will be re-established in Q1 2018.

As of October 2017, remaining reserves at Kali Kuning and Lerokis total approximately 5.4Mt at 2.8% Cu containing approximately 148,000t of copper. BTR's mine plan shows mining at Kali Kuning is planned to be completed in 2019, with mining at Lerokis staged from 2019 to 2021. Copper production from the heap leach pads continues for another two years to 2023. Copper production during the years of mining, crushing and stacking is forecast at around 28,000tpa. Finders forecasts total production from Q4 2017 through to 2023 at approximately 130,000t of recovered copper. Production schedules and tables in this BDA report are based on BTR's and Finders' forecasts; for valuation purposes, Deloitte Corporate Finance has modified some of these projections in accordance with BDA's recommendations.

The Wetar project is based on the defined reserves at Kali Kuning and Lerokis. Indications from grade control data at Kali Kuning suggests that the current estimates may be conservative; grade control and mine production reconciliation, project to date, indicates that approximately 10% more ore is being defined on each bench than predicted by the ore reserve, at approximately the same grade. Data over the last two quarters has been even more positive, with up to a 20% increase in ore tonnes; average grades have also shown a positive reconciliation against the reserve model. Finders is planning to update its Kali Kuning reserve estimates to reflect the grade control information, but this work is not yet complete. BDA has discussed with Deloitte Corporate Finance an adjustment to the base case together with sensitivities to reflect this Kali Kuning reconciliation data.

As no mining has yet taken place at Lerokis, there is no reconciliation data available, and the best estimate of reserves is the latest November 2017 update. However, there is some potential that Lerokis could experience a similar positive reconciliation to that occurring at Kali Kuning.

2.3 Other Mineral Assets and Exploration Prospects

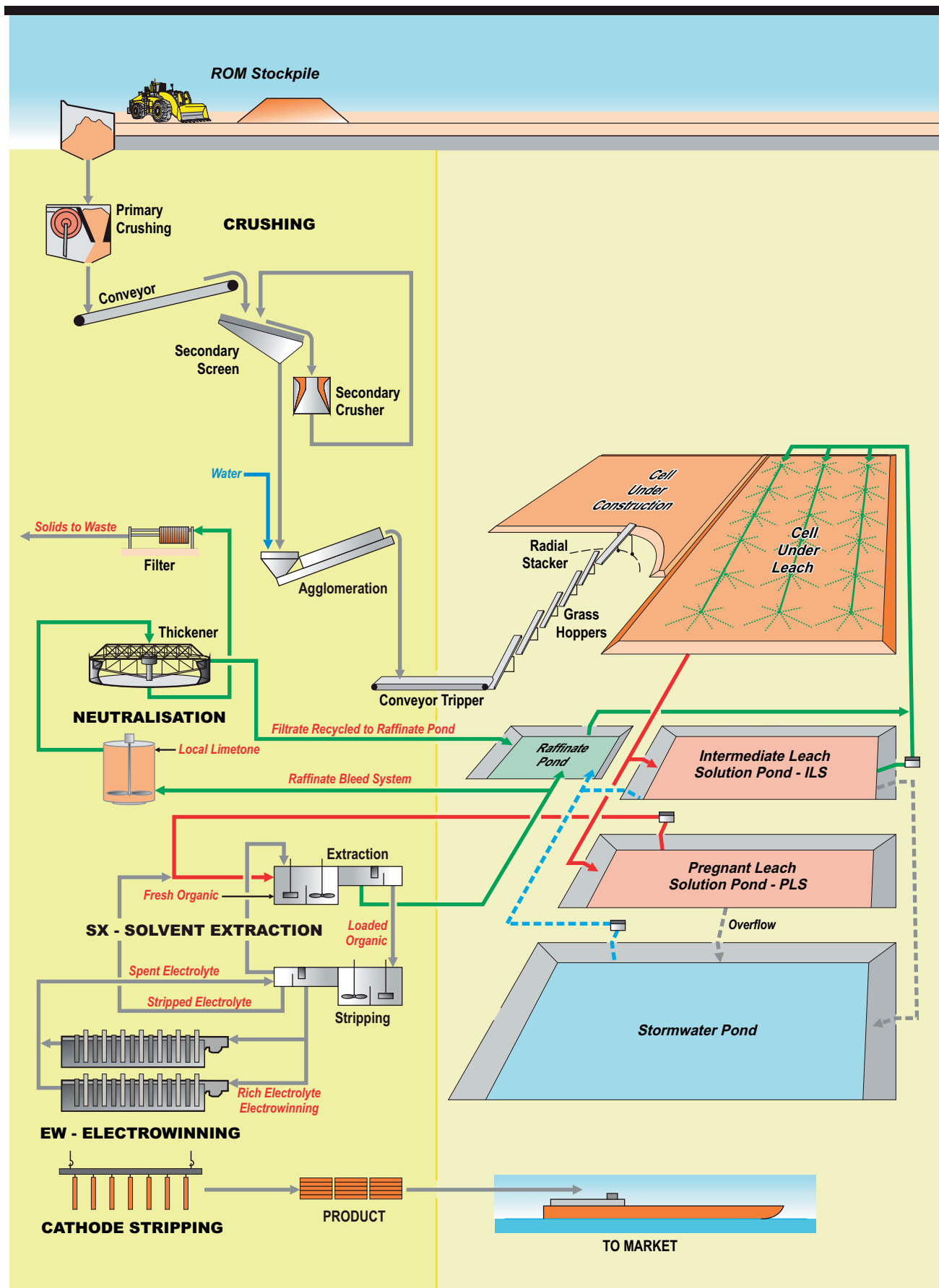
Finders' tenements are limited to those shown in Figures 1 and 2, on the northern coast of the island of Wetar. The only defined reserves are those at Kali Kuning and Lerokis, as described above. However, within the Wetar tenements there are other prospects where anomalies and mineralisation have been identified, and in some cases drilled.

During the 1990s, PLM conducted regional geochemical exploration and geophysical surveys. Several prospects were identified, and ground mapping and surveying carried out. These prospects lie generally in the Lerokis and Kali Kuning areas and have been given prospect numbers, Z1-6 in the Lerokis region and KK 1-4 in the Kali Kuning region.

The two principal prospects on which further follow up work and drilling have been undertaken are Meron, approximately 2km east of Kali Kuning, and Bara Manu, between Meron and Kali Kuning. Both prospects have gold-rich barite rocks at surface, overlying massive pyrite lodes containing copper mineralisation. The focus of PLM's exploration was the gold mineralisation within the barite rocks, so many of the drill holes were stopped at the base of the gold mineralisation.

At Meron, 30 of 86 historical drill holes intersected massive sulphides, but many of these were stopped within the pyrite body without providing a complete intersection. PLM estimated a barite resource of 0.3Mt grading 3.3g/t gold ("Au") and 142g/t silver ("Ag"). A sulphide resource was estimated totalling 2.6Mt at 0.89% Cu and 0.49g/t Au. BDA suggests that both estimates would be considered Inferred, and neither is likely to be fully compliant with JORC 2012 processes and procedures; however, the estimates were undertaken by a subsidiary of a major international mining group and in BDA's opinion provide a reasonable indication of the drilled mineralisation at the time.

The sulphide body appears substantial, from both drilling and geophysical surveys, approximately 150m wide and dipping shallowly to the northwest, for at least 400m. Thicknesses of up to 50m have been intersected, but not all of the massive pyrite contains copper mineralisation; also, the thickness of surface cover increases to the north.



Finders Resources Ltd

Wetar Copper Project

Figure 3

SCHEMATIC FLOWSHEET

Finders has planned a 40 hole, approximately 4,000m drilling programme, to infill and extend the current drilling to approximately a 50m grid, with the intention of confirming and defining an Inferred resource. However, there is currently some opposition to any exploration activity in this area from the local landowners due to concerns regarding any impact on water supplies; discussions are ongoing.

At Bara Manu a similar geological environment has been identified. PLM outlined a geochemical and geophysical anomaly and follow-up mapping and shallow drilling confirmed the presence of barite rock outcrops containing gold mineralisation together with an underlying massive sulphide zone. Eighteen holes were completed, mainly focussed on the barite zone. A small Inferred gold resource was estimated totalling 30,000t at approximately 1.3g/t Au. Finders has proposed a four4 hole, approximately 800m drilling programme to test the sulphide potential at depth.

As noted, several other anomalies were identified by the PLM geochemical and geophysical surveys, warranting further investigation, but at this stage no follow-up programmes have been defined and Finders' proposed work is focussed on Meron and Bara Manu.

At completion of the mining of Kali Kuning and Lerokis, approximately 9Mt of sulphide ore will have been crushed and placed on heap leach pads. Finders has noted that, as well as residual copper, this material contains gold and silver values together with some zinc and lead; average grades are estimated at 0.5% Cu, 0.7g/t Au, 30 g/t Ag, 0.5% Zn and 0.2% Pb. No testwork has been undertaken to date as to whether any precious or base metals can be economically recovered from the spent heaps, but Finders considers there is some potential, and plans to undertake future testwork.

2.4 Valuation

The Wetar project is an ongoing operation with defined resources and reserves, a life of mine plan and schedule, and detailed estimates of future capital and operating costs. Construction of the KKV process plant was completed in July 2016, and, together with the upgraded Demonstration Plant, the operation has a total output capacity of 28,000tpa of copper cathode. The project ramped up to design production levels through 2016 and early 2017, and from Q2 2017 has effectively been operating at or near to design capacity, with a forecast dip in production in Q4 2017 as previously noted.

The BTR LOM plan involves the mining of the Kali Kuning deposit to 2019 and the Lerokis deposit from 2019 to 2021. Copper production from the heaps is projected to continue for a further two years to 2023. The BTR LOM plan shows total production from Q4 2017 of around 130,000t of copper. Deloitte Corporate Finance has made some adjustments to BTR's forecasts for the purposes of valuation, in accordance with BDA's recommendations.

BDA has reviewed the BTR LOM plans and production schedule and forecasts of capital and operating costs and has provided advice to Deloitte Corporate Finance in terms of a reasonable base case for valuation purposes, and potential sensitivities. Deloitte Corporate Finance has undertaken a valuation of the Wetar operation based on discounted cash flows and other relevant methodologies.

Deloitte Corporate Finance has requested BDA to provide a valuation of any additional mineral assets or exploration potential. BDA has considered the following aspects in assessing any additional value:

- *additional tonnage or grade from the current Kali Kuning Ore Reserves* – BDA has reviewed the current Kali Kuning reserve estimates and the mine production reconciliations, project to date; production reconciliation data is available for approximately 4Mt of Kali Kuning ore and shows a significant positive tonnage reconciliation relative to the existing estimate; no reserve update has been undertaken since June 2016, but when the next update is completed, BDA considers the detailed grade control data is likely to have a positive impact on the estimation of Kali Kuning reserves remaining; BDA considers that a willing and knowledgeable buyer would take such factors into account, and accordingly has advised Deloitte Corporate Finance regarding possible model adjustments and sensitivities; these factors are included in Deloitte Corporate Finance's discounted cashflow valuation
- *additional tonnage or grade from the current Lerokis Ore Reserves* – BDA has reviewed the current reserve estimates, and the results of the recent infill definition drilling; no mining of the sulphide resource has been undertaken at Lerokis and thus no reconciliation data is available for Lerokis; BDA considers that the recent Lerokis reserve update essentially captures the likely value of the Lerokis deposit, however, there is a possibility that a similar positive reconciliation will be experienced at Lerokis as has been identified at Kali Kuning; BDA has suggested that Deloitte Corporate Finance model a 5% upside sensitivity on the Lerokis reserve tonnage to reflect this possibility

- *exploration potential - extensions to mine life from development of additional deposits* – several geochemical and geophysical anomalies have been identified within the tenements, and ground mapping and, in the case of two prospects, drilling and sampling, have confirmed the presence of gold-rich barite rocks overlying massive pyritic sulphides with zones of copper mineralisation; while additional drilling is planned, none of these prospects are yet at the stage where they would clearly add to the current reserves and mine life, and there is also some opposition from local villagers to development in certain areas; nevertheless, there is clearly significant exploration potential (both for copper mineralisation and gold) and BDA considers that a willing and knowledgeable buyer would ascribe some value to the additional potential; BDA has considered a range of methodologies to ascribe a value to this exploration potential
- *treatment of the 'spent' heaps* – on completion of mining at KK and Lerokis, approximately 9Mt of crushed material will remain on the heap leach pads; as well as the residual copper values, this material will contain precious metal values (estimated at approximately 0.7g/t Au and 30g/t Ag) and base metals (averaging approximately 0.5% Zn and 0.2% Pb); no work has been undertaken to determine whether any of these metals could be economically extracted from the crushed material on the heaps, but Finders intends to undertake a programme of work to investigate this possibility; until such investigations are undertaken, the question of residual value remains uncertain, however, BDA considers that a willing and knowledgeable buyer would ascribe some modest value to the potential.

Valuation Summary

Details of the valuation methodologies considered are given in Section 3 of this report, Valuation Methodology; details of the valuations adopted are provided in Section 6, Valuation Discussion. A summary of the valuations derived is given in Table 2.1 below. Deloitte Corporate Finance has determined the valuation of the Wetar operation and this valuation is discussed in the Deloitte Corporate Finance Independent Expert report; BDA has determined a value of any additional mineral assets or exploration potential.

Table 2.1
Valuation Summary of Finder's Mineral Assets and Exploration Potential (100% Basis)

Property	Valuation (US\$M)			Comments
	Low	Most Likely	High	
Wetar Mine Project – Defined Reserve/Mine Plans				
Kali Kuning and Lerokis reserves, heap leach, SX/EW and cathode copper production	See IER	See IER	See IER	Assessed by Deloitte Corporate Finance with technical input from BDA
Kali Kuning Reserve adjustments and sensitivities based on mine production reconciliation and grade control data	See IER	See IER	See IER	Incorporated in Deloitte Corporate Finance assessment based on technical advice from BDA
Summary Valuation Exploration Interests				
Exploration Value from Exploration Expenditure	9.8	12.4	15.0	Expenditure x PEM (50% weighting)
Exploration Value – LOM Extension plus gold and Spent Heap potential	13.9	17.1	20.2	Sum: LOM extension, gold, residual value (30% weighting)
Independent Valuations (Brokers Reports)	15.0	26.3	37.5	Range and average of Brokers estimates (20% weighting)
Final Assessment - Additional Exploration Interests	12.1	16.6	21.1	Weighted Average

Note – final assessment based on a weighted average

BDA notes that the estimates above have all been made on a 100% basis. Finders' 74.1% interest in the additional exploration potential would be valued in a range of US\$9.0-15.6M with a most likely value of US\$12.3M.

3.0 VALUATION METHODOLOGY

3.1 Effective Date

The effective date for the valuation is as of the date of this report, 4 December 2017. The production tables in the report however show production forecasts from 1 October 2017 (ie from Q4 2017 onwards).

3.2 Standards and Procedures

This report has been prepared in keeping with the VALMIN Code for the Technical Assessment and Valuation of Mineral Assets and Securities for Independent Expert Reports as adopted by the Australasian Institute of Mining and Metallurgy in 1995 and as amended and updated in 2005 and 2015. Mineral Resource and Ore Reserve estimation procedures and categorisations have been reviewed in terms of the JORC Code, 2012.

3.3 Valuation Principles

As a general principle, the fair market value of a property as stated in the VALMIN Code is the amount a willing buyer would pay a willing seller in an arm's length transaction, wherein each party acted knowledgeably, prudently and without compulsion.

3.4 Valuation Methods

There is no single method of valuation which is appropriate for all situations. Rather, there are various methods, all of which have some merit and are more or less applicable depending on the circumstances. The following are appropriate items to be considered:

- discounted cash flow
- amount an alternative acquirer might be willing to offer
- the amount which could be distributed in an orderly realisation of assets
- the most recent quoted price of listed securities
- the current market price of the asset, securities or company.

The *discounted cash flow* or net present value method is generally regarded as the most appropriate primary valuation tool for operating mines or mining projects close to development. Valuing properties at an earlier stage of exploration where Ore Reserves, mining and processing methods, and capital and operating costs, are yet to be fully defined, involves the application of alternative methods. The methods generally applied to exploration properties are the *related transaction* or real estate method, the value indicated by *alternative offers* or by *joint venture terms*, and the *past expenditure* method. *Rules of thumb or yardstick values* based on certain industry ratios can be used for both mining and exploration properties. Under appropriate circumstances values indicated by *stock market valuation* should be taken into account as should any *previous independent valuations* of the property.

The valuation methods considered are briefly described below.

Net Present Value (NPV)

If a project is in operation, under development, or at a final feasibility study stage, and Ore Reserves, mining and processing recoveries and capital and operating costs are well defined, it is generally accepted that the net present value of the project cash flows is a primary component of any valuation study. This does not imply that the fair market value of the project necessarily is the NPV, but rather that the value should bear some defined relationship to the NPV.

If a project is at the feasibility study stage, additional weight has to be given to the risks related to uncertainties in costs and operational performance, risks related to the ability to achieve the necessary finance for the project, risks related to granting of licenses or permits, environmental and community aspects, political or sovereign risk and sometimes a lower degree of confidence in the reserves and recoveries. In an ongoing operation, many of these items are relatively well defined.

The NPV provides a technical value as defined by the VALMIN Code. The fair market value could be determined to be at a discount or a premium to the NPV due to other market or risk factors. Deloitte Corporate Finance has undertaken the valuation of Finders' Wetar project using the NPV method. A detailed life of mine plan has been completed for the project, the Mineral Resources and Ore Reserves are well defined, the mine is in production with an established production history, appropriate mine planning and metallurgical testwork have been carried out and a production schedule has been developed together with estimates of capital and operating

costs to an appropriate level of accuracy. BDA has reviewed the technical assumptions of the Wetar project model and has advised Deloitte Corporate Finance accordingly.

There is potential for some extension of the current mine life. Production and grade control reconciliations from Kali Kuning have indicated that the current reserve model provides a conservative estimate of the likely tonnes and contained copper, and that therefore there is potential for an increased tonnage to be mined from Kali Kuning, with a commensurate extension of mine life and increased copper production. BDA considers that a willing and knowledgeable buyer would take such factors into account; BDA has discussed this potential with Deloitte Corporate Finance and these factors have been incorporated in Deloitte Corporate Finance's NPV assessments.

In certain circumstances, the NPV method can be applied to the valuation of exploration properties, where those properties are adjacent to an existing or planned mining operation, and there is a reasonable likelihood that mineralisation delineated within the exploration properties could provide a future source of feed to the existing plant. In purchasing such a property, a willing and knowledgeable buyer would be mindful of the opportunity of exploiting such mineralisation and would pay a higher price where this potential was considered high. The principal value of the Meron or Bara Manu prospects to the east of Kali Kuning would be to provide additional ore feed to the Wetar operation and BDA has considered the value of these prospects as a potential satellite operation, while recognising that significant additional expenditure will be required to demonstrate this potential. BDA has also considered alternative means of valuation including the exploration expenditure, the yardstick method and comparable transactions as discussed below.

Alternative Valuation Methods

Related Transactions

Recent comparable transactions can be relevant to the valuation of projects and tenements. While it is acknowledged that it can be difficult to determine to what extent the properties and transactions are indeed comparable, unless the transactions involve the specific parties, projects or tenements under review, this method can provide a useful benchmark for valuation purposes. The timing of such transactions must also be considered as there can be substantial change in value with time.

BDA has considered whether, in recent years, there have been any comparable relevant transactions that could be used as a basis for estimation of value of any of Finders' additional mineral assets or exploration prospects.

Alternative Offers and Joint Venture Terms

If discussions have been held with other parties and offers have been made on the projects or tenements under review, then these values are certainly relevant and worthy of consideration. Similarly, joint venture terms where one party pays to acquire an interest in a project, or spends exploration funds in order to earn an interest, may also provide an indication of value. BDA has considered whether there are any relevant joint ventures which might provide a guide to assessing a value for Finders exploration properties.

Rules of Thumb or Yardsticks

Certain industry ratios are commonly applied to mining projects to derive an approximate indication of value. The most commonly used ratios relate to gold projects and comprise dollars per ounce of gold in resources, dollars per ounce of gold in reserves, and dollars per ounce of annual production, but similar ratios are also estimated and quoted for copper. The ratios used commonly cover a substantial range which is generally attributed to the 'quality' of the reserves. Contained metal which can be produced at low cost is clearly worth more than a high cost source. Where a project has substantial future potential not yet reflected in the quoted resources or reserves, a ratio towards the high end of the yardstick range may be justified.

BDA has considered whether any relevant copper yardstick values can be determined and whether these provide any guide to the value of Finders' exploration tenements.

Past Expenditure

Past expenditure, or the amount spent on exploration of a tenement is commonly used as a guide in determining the value of exploration tenements, and 'deemed expenditure' is frequently the basis of joint venture agreements. The assumption is that well directed exploration has added value to the property. This is not always the case and exploration can also downgrade a property and therefore a 'prospectivity enhancement multiplier' ("PEM"), which commonly ranges from 0.5-3.0, is applied to the effective expenditure or to the original acquisition cost or deemed valuation. The selection of the appropriate multiplier is a matter of experience and judgement. To eliminate some of the subjectivity with respect to this method, BDA typically applies a scale of PEM ranges as follows to the exploration expenditure:

- PEM 0.5 - 0.9 Previous exploration indicates the area has limited potential
- PEM 1.0 - 1.4 The existing (historical and/or current) data consists of pre-drilling exploration and the results are sufficiently encouraging to warrant further exploration
- PEM 1.5 - 1.9 The prospect contains one or more defined significant targets warranting additional exploration
- PEM 2.0 - 2.4 The prospect has one or more targets with significant drill hole intersections
- PEM 2.5 - 2.9 Exploration is well advanced and infill drilling is required to define a resource
- PEM >3.0 A resource has been defined but a (recent) pre-feasibility study has not yet been completed.

BDA has considered exploration expenditure in determining a value for Finders' exploration prospects.

Prospectivity

Over-riding any mechanical or technical valuation method for exploration ground must be recognition of prospectivity and potential, which is the fundamental value in relation to exploration properties, and this has been considered in BDA's valuation of the exploration prospects.

Market Valuation

On the fundamental definition of value, as being the amount a knowledgeable and willing buyer would pay a knowledgeable and willing seller in an arm's length transaction, it is clear that due consideration has to be given to market capitalisation. In the case of a one project company or a company with one major asset, the market capitalisation gives some guide to the value that the market places on that asset at that point in time, (with suitable adjustments for a control premium and other assets and liabilities), although certain sectors may trade at premiums or discounts to net assets, reflecting a view of future risk or earnings potential. Commonly however a company has several projects at various stages of development, together with a range of assets and liabilities, and in such cases it is difficult to define the value of individual projects in terms of the share price and market capitalisation. Deloitte Corporate Finance has considered market valuations in its overall assessment of value.

Other Expert Valuations

Where other independent experts or analysts have made recent valuations of the same or comparable properties these opinions clearly need to be reviewed and to be taken into consideration. BDA has inquired of Finders whether any other recent valuations of the Company or its assets have been undertaken and has been advised that the only other recent assessments have been various brokers' reports.

Special Circumstances

Special circumstances of relevance to mining projects or properties can have a significant impact on value and modify valuations which might otherwise apply. Examples could be:

- *environmental risks* - which can result in a project being subject to extensive opposition, delays and possibly refusal of development approvals
- *local population or indigenous peoples/land rights issues* - projects in areas subject to claims from indigenous peoples or traditional landowners can experience prolonged delays, extended negotiations or veto
- *country issues* - the location of a project can significantly impact on the cost of development and operating costs and has a major impact on perceived risk and sovereign risk
- *technical* - issues peculiar to an area or orebody such as geotechnical or hydrological conditions, or metallurgical difficulties could affect a project's economics.

We have considered, and have inquired of Finders, whether any such factors apply to the projects and prospects under review.

4.0 SOURCES OF INFORMATION

BDA has undertaken several site visits to the Wetar Mine on Wetar Island in Indonesia, the latest being in June 2017. Meetings have been held with Finders management and technical staff and consultants. BDA's report is based on the site visits and reviews of the available documentation and reports provided by Finders. The principal reports and documents reviewed are listed below:

Finders - Public Information

- Annual Reports 2015, 2016 - Finders Resources Ltd
- Quarterly Reports 2015, 2016, 2017 - Finders Resources Ltd
- Brokers Assessments 2017 - Petra Capital, Euroz, Canaccord, Morgans, October 2017
- Stock Exchange and Press Announcements 2015, 2016, 2017 - Finders Resources Ltd

Wetar Project Reports

- Mineralogy of Sized Lerokis Ore Zone Material - HRL Memorandum 0892, February 2008
- Wetar Island Copper Project AMDAL Documents (ANDAL, RKL, RPL) (English translation) - 2010
- Wetar Copper Project Integrated Mine Closure Plan - AECOM Australia Pty Ltd (ENSR), March 2010
- Wetar Island Copper Project Feasibility Study - Ausenco, May 2010
- Wetar Demonstration Project Copper Reconciliation - PT Batutua Tembaga Raya, June 2011
- Wetar Island Copper Project Integrated Mine Closure - O'Kane Consultants Pty Ltd, September 2013
- Lerokis Column Leach Proposal - Finders Resources Ltd, 2014
- Wetar Copper Mine Monthly Reports 2014-2017 - PT Batutua Kharisma Permai/PT Batutua Tembaga Raya
- Wetar Copper Project, Evaluation of Heaps 3kt-H05 and 3kt-H06 - PT Batutua Tembaga Raya, May 2015
- Wetar Copper Project Resources and Reserve Statement and JORC Table 1 as of 30 June 2016 - Finders Resources Ltd, December 2016
- Meron Drilling Proposal - Finders Resources Ltd, July 2016
- Lerokis Metallurgy Sample Drilling Campaign CEA - PT Batutua Tembaga Raya, July 2017
- Bara Manu Drilling Proposal - Finders Resources Ltd, September 2017
- Lerokis Drilling Results - Finders Resources Ltd, October 2017
- Wetar Production Update - Finders Resources Ltd, October 2017
- Wetar Project Financial Model ("*Keepers Model_221117.xlsx*") - Finders Resources Ltd, November 2017
- Lerokis Metallurgy Study Status - PT Batutua Tembaga Raya, November 2017

General Data

- Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves - Report of the Joint Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia - December 2012 Edition ("The JORC Code December 2012")
- Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets ("The VALMIN Code 2015 Edition")

5.0 WETAR PROJECT

5.1 History

The project is located on the north central coast of Wetar Island (Figure 1). Wetar Island is part of the Maluku Barat Daya Regency (“MDA”) in the Maluku Province of Indonesia. Wetar Island is the largest island of the Kepulauan Barat Daya island chain in the Banda Sea, with a total population of around 9,000. It is approximately 100km north of the northeastern coast of East Timor, across the Wetar Strait. There are no regular airstrips on Wetar Island, however BTR has constructed an emergency airstrip by widening a section of the coastal mine access road. The nearest alternative airport is on Kisar Island, located approximately 100km southeast of Wetar Island and 50km directly north of the northern tip of East Timor. BTR operates regular boat transport for staff and supplies from Kupang in West Timor (Figure 1); major supplies and copper shipments are via Surabaya in East Java by LCT (landing craft). The closest villages to the project, Lurang and Uhak, have a population of around 900 people in total.

Mineralisation was first discovered on Wetar Island during regional geochemical exploration surveys undertaken by CSR Limited (“CSR”) in the mid-1980s. A gold anomaly was discovered at Lerokis, and follow-up mapping, sampling and trenching were carried out in 1987. This work indicated the potential for near-surface gold-silver mineralisation within baritic rocks, which overlie the massive sulphide deposits containing the copper mineralisation which are the focus of the current Wetar operations.

In mid-1988, CSR sold its share in the operating company, PT Prima Lirang Mining (“PLM”) to Billiton Indonesia. Billiton completed a 513 hole, 10,500m drilling programme in 1988/89 and a feasibility study was completed by mid-1989.

A development decision was made and construction of a 600,000tpa gold mining project commenced. Construction was completed in October 1990 and operations commenced.

In 1991, a substantial open pit gold resource of similar type to Lerokis was discovered at Kali Kuning, some 4km east of Lerokis. By early 1992, Ore Reserves were defined at Kali Kuning and mining at Kali Kuning commenced in late 1993. Mining ceased at Lerokis in 1994 and at Kali Kuning in 1997.

Deeper drilling at both Kali Kuning and Lerokis indicated that the gold-silver-barite mineralisation was underlain by a massive pyrite deposit containing copper sulphide mineralisation, but no development of the copper mineralisation took place at that time.

On completion of the mining of the gold reserves in 1997, heavy plant and equipment were removed from the site and a six-year environmental closure programme commenced. PLM received final mine closure approval in 2004 and the Contract of Work (COW) was terminated in late 2004. As a result of these previous mining operations, infrastructure including a wharf facility, offices and housing remained on site, and some of these facilities are used for the current project.

On termination of the COW, new *Kuasa Pertambangan* (“KP”) applications were lodged over the area by BKP in partnership with Finders. The geological database was re-established and in 2005, Finders commenced evaluation of the copper project from the PLM data. A drilling programme was initiated for resource confirmation and to provide representative samples for metallurgical test work. A resource estimate was completed by resource consultants Hellman and Schofield Pty Ltd (“H&S”) in 2006.

Through 2005 and 2006, Finders undertook metallurgical testwork focussed on the concept of producing a copper concentrate, with hydrometallurgical processing of the concentrate to deal with the high levels of arsenic. Concurrently, Finders re-assayed all drill cores for ferric iron soluble copper to assess the potential of heap leaching. The programme demonstrated encouraging results from Kali Kuning samples with around 65% ferric soluble copper and lower levels from Lerokis, at around 45%, due to higher proportions of chalcopyrite. Towards the end of 2006 some heap leach testwork was initiated comprising two programmes of bacterial leaching. Success with this work led to a decision in mid-2007 to change the focus of the project development to heap leaching with solvent extraction and electrowinning to produce copper cathode on site.

In late 2007, after good results from column leach test work, Finders decided to establish small commercial scale test heaps and a five tonne per day (“tpd”) SX/EW Demonstration Plant. The test heaps for the treatment of 100,000t of ore were permitted in January 2008 and construction of the Demonstration Plant was completed, with copper production commencing in February 2009. Approximately 100,000t of ore grading 4.2% Cu was mined and placed on four heaps, which produced 2,540t of copper metal.

A feasibility study was completed by Ausenco Limited (“Ausenco”) in May 2010, based on open pit mining and heap leaching with SX/EW copper recovery, treating approximately 1.2 million tonnes per annum (“Mtpa”) of ore at an average grade of around 2.5% Cu, producing around 23,000tpa of LME A Grade copper cathode. An updated Bankable Feasibility Study (“BFS”) was prepared in 2013 by Finders, with a revised development plan to produce 28,000tpa of LME A Grade copper cathode by incorporating production from the Demonstration Plant, and a decision was made to develop the project on this basis.

In 2014 the Demonstration Plant was re-commissioned and upgraded (the UDP) to produce copper cathode at a rate of approximately 3,000tpa. Construction of the new 25,000tpa SX/EW plant in the Kali Kuning Valley (KKV), commenced in 2015 to provide a total output capacity of 28,000tpa of copper. The 18,000tpa capacity Whim Creek plant in Western Australia was purchased, refurbished and upgraded to provide the basis of the KKV plant.

Construction of the KKV plant was completed in July 2016 (Certification of Physical Completion) and the project progressively ramped up to design production levels. The project 90-day Operational Completion Test was undertaken in March, April and May 2017, confirming the capacity of the plant to effectively operate at or near to design capacity.

5.2 Regulatory Approvals and Tenement Holdings

Finders holds its interest in the Wetar copper project through its subsidiary, PT Batutua Tembaga Raya (BTR), which is 78% owned by Finders through its wholly-owned subsidiary, Banda Minerals Pty Ltd. Daewoo holds a 22% interest in BTR. BTR is a limited liability foreign capital investment company (PMA), and an industrial copper plate manufacturer established under the laws of the Republic of Indonesia.

BTR in turn holds 70% of PT Batutua Kharisma Permai (BKP) which is the registered holder of the mining tenements. The remaining 30% is held by Indonesian interests. Under an Ore Sale and Purchase Agreement BKP has agreed to sell all the project ore to BTR. Through its shareholdings in both BKP and BTR, Finders has a 74.1% economic interest in the project.

BKP is the relevant entity for the purposes of Indonesian local ownership requirements. BKP’s local ownership of 30% is sufficient to satisfy the local ownership requirements until 2021.

The Wetar copper project tenements comprise one principal IUP *Exploitation Mining (Izin Usaha Pertambangan* or Mining Business Licences) surrounding the Kali Kuning and Lerokis deposits (IUP 543-124/2011) and two adjacent IUPs covering the mining of limestone, and sand and gravel (IUP 540-317.a/2012 and 540-317.b/2012) (Figures 1 and 2). The IUPs are owned by BKP and cover rights for mining the copper deposits at Kali Kuning and Lerokis and rights for mining the specified industrial minerals. In addition, over the main project area an IUP OPK (*Izin Usaha Pertambangan Khusus* or Special Mining Business Licence) - *Processing and Refining* was awarded to BTR which provides the required permit to process the ore and produce, transport and sell the copper cathode. These IUPs were granted in June 2011 and are valid for twenty years, with the exception of the industrial minerals IUPs which were granted for five years and are currently under renewal application.

An Exploration IUP (540-28.b/2010) surrounding IUP 540-317.a/2012 is also under renewal application.

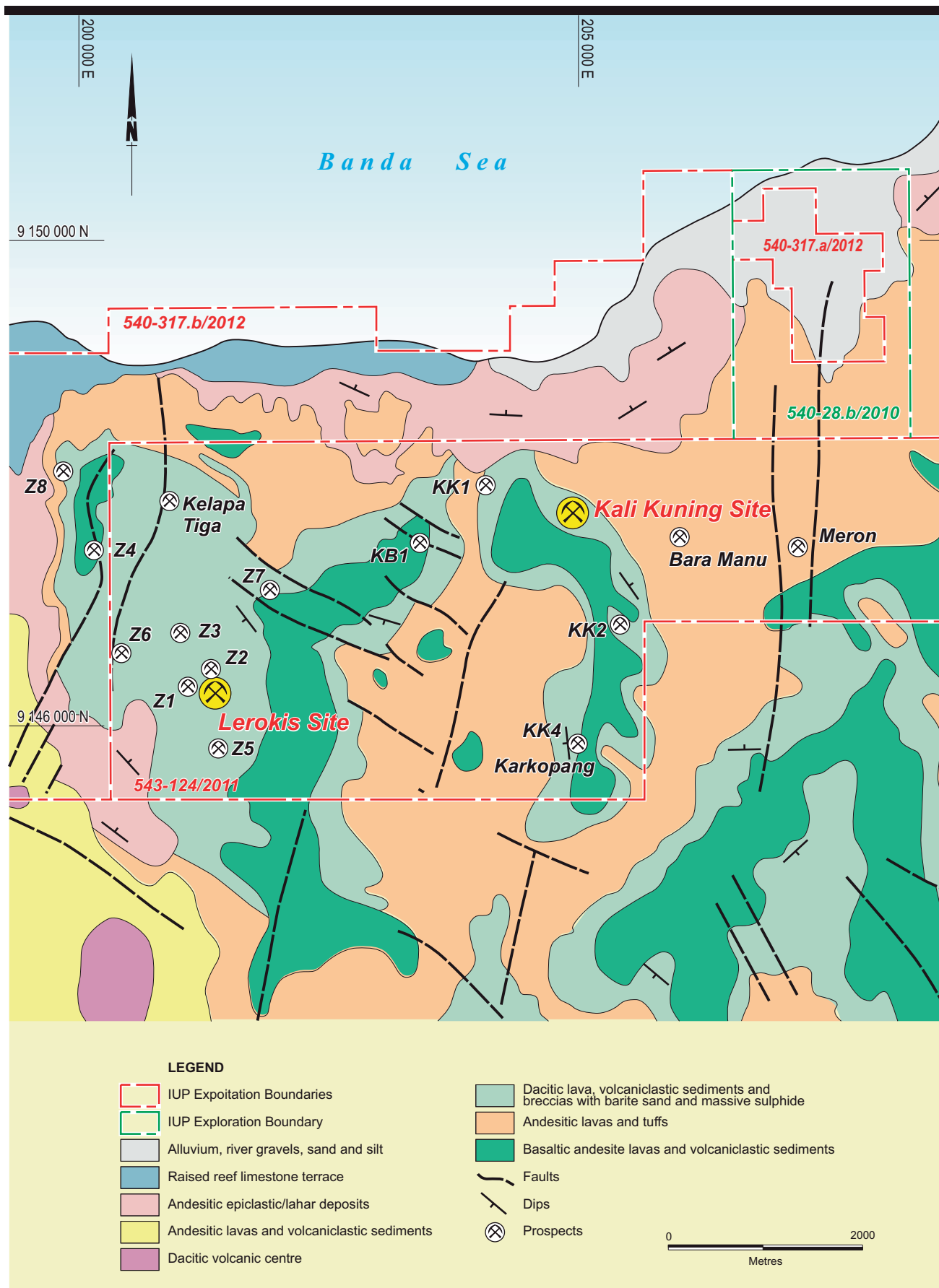
As part of the project approvals process, the project Feasibility Study, Environmental Impact Assessment, Environmental Management Plan and Environmental Monitoring Plan were submitted to government to support the conversion of the IUPs to the exploitation phase.

5.3 Geology and Mineralisation

The geology of Wetar Island is composed of Tertiary and Quaternary volcanic rocks and minor oceanic sediments (Figure 4). Miocene and Pliocene submarine basalts and andesites, from 12 million years (“Ma”) to 4Ma old, form the basement to the island; these volcanics have been intruded by Pliocene rhyodacites and are overlain by Pliocene and Pleistocene dacitic lavas, tuffs, breccias, debris flows and limestones.

Copper-rich massive pyrite bodies occur within the Pliocene volcanic breccias and basalts, interpreted to have been formed by submarine exhalative processes. Two principal copper deposits have been identified to date, Kali Kuning and Lerokis. The Kali Kuning and Lerokis deposits are 4km apart and are separated by rugged topography.

The massive sulphide mineralisation is overlain by poorly consolidated gold- and silver-rich barite sands which were the main focus of the former Billiton/PLM mining activity. The deposits are unconformably overlain by younger dacitic lavas, tuffs, breccias and minor limestones.



Finders Resources Ltd

Wetar Copper Project

Figure 4

BDA - 0126/05 - November 2017

GEOLOGY PLAN

Behre Dolbear Australia Pty Ltd

The principal copper mineralisation at Kali Kuning and Lerokis occurs within pyrite/marcasite massive sulphides and breccias, up to 50m thick, with an areal extent of up to 150 x 350m. Lower grade clay-sericite-pyrite altered andesitic tuffs occur in the footwall and as lateral extensions of the massive sulphide units.

The copper mineralisation comprises primarily chalcocite, covellite and chalcopyrite, together with copper arsenates including enargite and tennantite and minor zinc and lead sulphides (sphalerite and galena), hosted in massive pyrite/marcasite. The massive pyrite is fractured, overprinted and re-cemented by a later copper-rich phase of mineralisation. The Lerokis deposit has a significantly higher zinc content at around 0.8% Zn, compared with 0.2% Zn at Kali Kuning.

The sulphide zone is subdivided into a massive sulphide (“MS”) and a pyrite breccia (“PBX”), with the latter including a range of lithologies from essentially no matrix through to more than 50% matrix, with pyrite and other sulphide clasts. Boundaries between the lithologies are typically irregular and gradational.

The mineralisation can also be sub-divided into a leached, transition and primary zone, with the upper leached and transition zones representing in-situ leaching of the massive sulphide by natural groundwater. The transition zone is generally of lower grade but contains a high proportion of chalcocite, covellite and readily leachable copper minerals. At Kali Kuning, the bulk of the remaining reserve is within the primary zone.

The geology and mineralisation at Kali Kuning and Lerokis are reasonably well defined and understood from previous mining involving the mining of the gold cap, and from subsequent mapping and drilling. The trial mining and leach pad operations during 2010 and 2011 added further to the knowledge of the geology and the mineralisation, and at Kali Kuning approximately 4Mt of copper ore has now been mined. The geological and metallurgical sub-divisions and interpretations appear logical and provide an appropriate basis for resource estimation and categorisation.

Geological Data

The Kali Kuning and Lerokis deposits have been drilled using both diamond drilling (“DD”) and reverse circulation (“RC”) drilling methods. Drill spacing averages approximately 25 x 25m. Historically PLM drilled 75 holes at Kali Kuning and 166 holes at Lerokis. Finders drilled an additional 255 holes in four programmes in 2005, 2006, 2008 and 2009, and in 2017 completed another 60 holes at Lerokis. All drill holes were sampled on a 1m basis and analyses carried out at the Intertek Laboratory in Jakarta. Blanks, standards and duplicates were included in the samples sent for assay, to maintain an appropriate quality control. Historical check assaying was carried out by ALS Australia (“ALS”) on selected samples.

BDA has not undertaken an audit of the geological data as part of this review. From discussions with project staff, resource consultants H&S, and review of geological logs and drill core, BDA considers that the geological investigations have been thorough, and the drilling, logging, sampling and assaying procedures adopted are appropriate and generally in accordance with industry standards. Details of drilling, sampling and assaying procedures are documented in the JORC Table 1 attachments to the Mineral Resource and Ore Reserve Statements.

Reconciliation data, based on close-spaced grade control drilling, generally confirms the exploration drill data and resource interpretations, and overall, to date, has indicated that the resource interpretations are conservative, with grade control drilling typically outlining an increased ore tonnage compared with the reserve block model.

In BDA’s view, while some variances are indicated, there is no suggestion of any material bias in the geological database, and overall the data is considered to provide an appropriate basis for the estimation of resources and reserves.

Exploration and Other Potential

Finders tenements are limited to those shown in Figures 1, 2 and 4, on the northern coast of the island of Wetar. The only defined reserves are those at Kali Kuning and Lerokis, as described above. However, within the Wetar tenements there are other prospects where anomalies and mineralisation have been identified, and in some cases drilled.

PLM, during the 1990s, carried out regional mapping, geochemical exploration and geophysical surveys. Most of the Wetar tenement area is covered by post-mineralisation volcanic rocks, ranging from 10-100m in thickness. In places where the mine sequence rocks are exposed, alteration and evidence of sulphide mineralisation can be seen. The massive sulphide zones are strong electrical conductors and are associated with geophysical electromagnetic (“EM”) anomalies. Airborne EM surveys carried out by PLM identified a number of anomalies. A number of prospects were identified, and ground mapping and surveying carried out. These prospects lie generally in the Lerokis and Kali Kuning areas and have been given prospect numbers, Z1-8 in the Lerokis region and KK 1-4 in the Kali Kuning region (Figure 4).

The two principal prospects on which further follow up work and drilling have been undertaken are Meron, approximately 2km east of Kali Kuning, and Bara Manu, between Meron and Kali Kuning. Both prospects have gold-rich barite rocks at surface, overlying massive pyrite lodes containing copper mineralisation. The focus of PLM's exploration was the gold mineralisation within the barite rocks, so many of the drill holes were stopped at the base of the gold mineralisation.

At Meron, 30 of 86 historical drill holes intersected massive sulphides, but many of these were stopped within the pyrite body without providing a complete intersection. PLM estimated a barite resource of 0.3Mt grading 3.3g/t Au and 142g/t Ag. Sulphide pre-resource mineralisation was estimated totalling 2.6Mt at 0.89% Cu and 0.49g/t Au. These resources may be classified as Inferred, but the estimates are not fully compliant with JORC 2012 standards and procedures. Nevertheless, BDA considers the estimates to be indicative of the drill intersections. The sulphide body appears substantial, approximately 150m wide and dipping shallowly to the northwest, for at least 400m. Thicknesses of up to 50m have been intersected, but not all of the massive pyrite contains copper mineralisation; also, the thickness of surface cover increases to the north. Finders has planned a 40 hole, approximately 4,000m drilling programme, to infill and extend the current drilling to approximately a 50m grid, with the intention of confirming and defining an Inferred resource. However, there is currently some opposition to any drilling in this area from the local landowners due to concerns regarding any impact on water supplies; discussions are ongoing.

At Baru Manu a similar geological anomaly has been defined. PLM identified a geochemical and geophysical anomaly and follow-up mapping and shallow drilling confirmed the presence of barite rock outcrops containing gold mineralisation and an underlying massive sulphide zone. Eighteen holes were completed, mainly focussed on the barite zone. A small gold resource was estimated totalling 30,000t at approximately 1.3g/t Au. Finders has proposed an initial four hole, approximately 800m, drilling programme to test the sulphide potential at depth.

As noted, other anomalies have been identified by the geochemical and geophysical surveys, including Karkopang 3km to the south of Kali Kuning (KK4 Figure 4). No drilling has been undertaken but geochemical anomalies have been located and alteration haloes have been identified in stream mapping and sampling. Several of these prospects warrant further investigation, but at this stage no follow-up programmes have been defined and the proposed work is focussed on Meron and Baru Manu. There appears good potential for the discovery of further massive sulphide pods, but confirmation of economic copper mineralisation will require systematic exploration and drilling.

As previously noted, the early mining at Wetar during the 1990s was focussed on gold mineralisation within the barite rocks. Although the gold-mineralisation overlying the massive sulphides at Kali Kuning and Lerokis has been largely mined out, significant gold mineralisation has been intersected at and near surface at Meron and Baru Manu, and barite-gold mineralisation would also appear to be present at other prospects. Finders has not to date undertaken any estimation of the potential gold resources, nor any investigation of the potential to re-establish a gold processing operation. However, the resource estimated by PLM at Meron indicates that, if replicated at other prospects, a review of the gold potential could be warranted.

At completion of the mining of Kali Kuning and Lerokis, approximately 9Mt of sulphide ore will have been crushed and placed on heap leach pads. Finders has noted that, as well as residual copper, this material contains gold and silver values together with some zinc and lead. No testwork has been undertaken to date as to whether any precious or base metals can be economically recovered from the spent heaps, but Finders considers there is some potential and plans to undertake future testwork.

5.4 Mineral Resources/Ore Reserves

Mineral Resource Methodology

The Wetar resource estimate represents the tonnage of in-situ mineralisation delineated within the drilled area and above the defined cut-off. Mineral Resources have been estimated for Kali Kuning and Lerokis. The original Finders resource estimation work was conducted by resource consultants, H&S; the June 2016 update was undertaken by BTR geologists and consultants overseen by Finders' Chief Geologist and Exploration Manager.

The estimates are based on geological domains defined on cross section and long section and in three dimensions to produce wireframes for resource estimation purposes. The domains are based on the principal metallurgical and geological sub-types.

The resource estimates are based on diamond drill holes and RC holes drilled by Finders and PLM; drill hole spacing averages 25 x 25m. Variography was carried out to determine the kriging parameters and reasonable variograms were generated for the main mineralised domains. Ordinary Kriging ("OK") within mineralised

domains of 2m composite sample data was used to estimate Cu, Au, Ag, As, Ba, Pb, Sb, and Zn grades; estimates were also completed for ferric-soluble copper and cyanide-soluble copper. Density values within each domain were modelled using inverse distance weighting. Block model dimensions are 12.5 x 12.5 x 3m for Kali Kuning and 12.5 x 12.5 x 2.5m for Lerokis.

Progressive searches were used for block estimation and categorisation, although data confidence and drill recoveries were also considered in block classification. Kali Kuning Measured resource blocks were based on a 30 x 30 x 8m (eastings, northings and elevation) search requiring a minimum 10 data points; Indicated blocks were based on a second search of 40 x 40 x 10m and Inferred by a 60 x 60 x 16m search requiring a minimum of 8 data points. A similar process was applied at Lerokis though with smaller search radii and increased minimum data point requirements. The searches were constrained by the main mineralisation domain boundaries defined by geology, sulphur content and copper grade.

Over 95% of the Kali Kuning and Lerokis resources are categorised as Measured and Indicated. Detailed grade control drilling and mining at Kali Kuning have largely confirmed the reasonableness of the resource models and resource estimates.

Mineral Resource Results

The latest published Mineral Resource figures for Kali Kuning were announced in a 31 October 2017 ASX Market Release, which repeated a December 2016 announcement; these are shown in Table 5.1, but it should be noted that these figures relate to the resource as of 30 June 2016. Finders has advised that work is currently underway to update the Kali Kuning resource and reserve figures.

The Lerokis Mineral Resource was updated in an ASX Market Release on 21 November 2017 and these updated figures are shown in Table 5.1. The updated estimate incorporates the results of recent drilling completed during 2017.

Table 5.1
Summary of Wetar In-Situ Resources

Kali Kuning October 2017 ASX Release (as at 30 June 2016) and Lerokis November 2017 ASX Release

Deposit	Category	Tonnage Mt	Copper Grade Cu %	Contained Copper kt
Kali Kuning (as at June 2016)	Measured	4.6	2.4	110
	Indicated	0.8	2.3	19
	Inferred	0.1	1.9	2
	<i>Subtotal</i>	<i>5.5</i>	<i>2.4</i>	<i>130</i>
Lerokis (as at November 2017)	Measured	2.8	2.9	81
	Indicated	0.1	0.9	1
	Inferred	0.0	1.0	0
	<i>Subtotal</i>	<i>2.9</i>	<i>2.8</i>	<i>82</i>

Note: cut-off grade approximately 0.4% Cu for Kali Kuning and 0.5% Cu for Lerokis; Mt = 1,000,000t and kt = 1,000t; BDA has not totalled the resources as the figures are as of two different dates; mining has been taking place at Kali Kuning since the June 2016 Statement, so the in-situ resource has been depleted (see Production Schedules Table 5.4)

Ore Reserve Estimates

The Kali Kuning and Lerokis Ore Reserve estimates are based on the Measured and Indicated components of the resource block models and define the tonnes and grade of ore planned to be mined by conventional open pit mining. Feasibility study reserve estimation work was carried out by Australian Mine Design and Development Pty Ltd (“AMDAD”) and has since been updated by BTR and Finders. Geotechnical parameters were provided by SRK Consulting (Australasia) Pty Ltd (“SRK”) and more recently by Golder Associates (“Golder”). A Whittle optimisation study was carried out using a copper price of US\$3.00/lb and the results were used as a guide to pit designs. The cut-off grade is approximately 0.4% Cu for Kali Kuning and 0.5% Cu for Lerokis.

Reserves have been estimated for Kali Kuning and Lerokis, based on optimised open pit mine designs at the two locations. The maximum depth of the planned pits is around 75m below the lowest point on the pit perimeter, but at Kali Kuning, the northeastern pit wall cuts into a steep hill, resulting in a highwall rising a further 125m.

The figures for the Kali Kuning and Lerokis Ore Reserves are shown in Table 5.2. The Lerokis figures are based on the updated numbers published in an ASX Market Release on 21 November 2017. The Kali Kuning Ore Reserves are those published in a 31 October 2017 ASX Market Release, repeating a December 2016 announcement and are as of June 2016. The Kali Kuning figures quoted are the in-situ tonnages; there was also a small amount of material on stockpiles and leach pads as at June 2016.

Finders has advised that work is currently underway to update the Kali Kuning reserve figures to account for mining depletion. BDA has not totalled the Kali Kuning and Lerokis Ore Reserve figures, as they are as of two different dates. Mining depletion is appropriately accounted for in Finders' Production Schedules, and the reserves remaining are shown in the Production Schedule Table 5.4.

Table 5.2

Summary of Wetar In-Situ Open Pit Reserves

Kali Kuning October 2017 ASX Release (as at 30 June 2016) and Lerokis November 2017 ASX Release

Deposit	Category	Tonnage Mt	Copper Grade Cu %	Contained Copper kt
Kali Kuning (as at June 2016)	Proved	4.6	2.4	110
	Probable	0.7	2.2	16
	<i>Subtotal</i>	<i>5.3</i>	<i>2.4</i>	<i>126</i>
Lerokis (as at November 2017)	Proved	2.7	2.8	76
	Probable	0.0	0.8	0
	<i>Subtotal</i>	<i>2.7</i>	<i>2.8</i>	<i>76</i>

Note: cut-off grade approximately 0.4% Cu for Kali Kuning and 0.5% Cu for Lerokis; stripping ratio waste:ore 0.7 (Kali Kuning) and 0.8 (Lerokis); Mt = 1,000,000t, kt = 1,000t; BDA has not totalled the reserves as the figures are as of two different dates; mining has been taking place at Kali Kuning since the June 2016 Statement, so the in-situ reserve has been depleted (see Production Schedules Table 5.4)

Based on mining depletion from 1 July 2016, the Kali Kuning in situ reserve remaining as of 30 September 2017 is approximately 2.6Mt at a grade of 2.6% Cu containing approximately 68,000t of copper. This remaining in-situ reserve is planned to be mined through Q4 2017, 2018 and 2019.

The Lerokis reserve is unmined; recent in-fill drilling at Lerokis to better define the mineralisation and structural controls has generally been positive, with some significant high-grade intersections. Following a re-estimate of the reserves, Finders issued an ASX Market Release on 21 November 2017. The updated Lerokis Ore Reserve totals 2.7Mt at 2.8% Cu containing 76,000t of copper. Mining at Lerokis is scheduled from 2019 to 2021.

Overall BDA considers that the reserve estimates provide a reasonable estimate of the recoverable tonnes and grade of mineralisation within the proposed open pits. Reconciliations to date (see Section 5.5 below) suggest that the Kali Kuning reserve estimate is conservative with generally more ore tonnes being identified on each bench by detailed grade control drilling than predicted by the ore reserve model.

5.5 Reconciliations

BTR carries out grade control drilling on each bench to be mined, and refines the reserve outlines based on the detailed grade control drilling. Grade control sampling is based on blast hole drilling (approximately 3.5m spacing), with two 3m samples taken from each 6m blast hole. Ore and waste boundaries are marked out to provide realistic dig patterns, and the actual ore mined is estimated from survey data and grade control grades.

In Table 5.3 BDA has reported the Reserve Depleted, Grade Control and Mine Production figures for the September 2017 quarter and for the project to date.

Table 5.3

Reconciliation - Grade Control and Mine Production vs Reserve – Q September 2017 and Project to Date

Quarter and Project to Date	Estimation Basis	Tonnes	Grade % Cu	Contained Copper Tonnes
September 2017 Quarterly Data				
Grade Control vs Reserve	Grade Control Model Estimate	519,250	2.50	12,975
	Reserve Block Model Depleted	433,199	1.88	8,157
	Reconciliation Percentage	120	133	159
Mine Production vs Reserve	Mine Production Estimate	518,204	2.41	12,497
	Reserve Block Model Depleted	433,199	1.88	8,157
	Reconciliation Percentage	120	128	153
Project to Date				
Grade Control vs Reserve	Grade Control Model Estimate	4,160,873	2.23	92,973
	Reserve Block Model Depleted	3,677,856	2.20	80,794
	Reconciliation Percentage	113	101	115
Mine Production vs Reserve	Mine Production Estimate	4,123,839	2.13	87,864
	Reserve Block Model Depleted	3,677,856	2.20	80,794
	Reconciliation Percentage	112	97	109

For each bench, and for each month, BTR records the reserve depleted, the grade control tonnage and grade estimate, the mark-out tonnage and grade (a refinement of the grade control pattern to provide realistic dig

blocks and remove isolated non-recoverable blocks of ore or waste) and the actual mined production tonnage and grades based on survey pick-ups. The Mine Production (Ore Haulage) figures represent the tonnes and grade that are estimated to be delivered to the crusher or stockpiles.

The September 2017 quarterly grade control figures show a strong positive tonnage and grade reconciliation with tonnes 20% and grade 33% above the reserve block model predictions. After allowing for mining recovery and dilution, the mine production figures still show a strong positive reconciliation with overall contained copper 53% above the block model projections. The bulk of the additional ore tonnage is being defined around the margins of the ore reserve blocks, where grade control drilling shows mineralisation extending into ‘waste’ areas. In addition some of the high grade areas are proving more continuous than modelled.

The project to date figures are also generally positive, but show a more modest increase; Mine Production figures show that around 12% more ore tonnes have been defined at close to the reserve grade, giving overall a 9% positive reconciliation in contained metal.

BDA has reviewed the historical reconciliation data; while variable on a month to month basis, there is a general trend of increasing positive reconciliations with depth. BDA suggests that the project to date figures (approximately a 10% increase in ore tonnes and a 10% increase in contained metal relative to the reserve remaining) would represent a reasonable base case assumption, and that a willing and knowledgeable buyer, considering the available reconciliation data, would be likely to assess such an increase as a minimum. The September 2017 quarterly data suggests that results over recent months can be significantly higher in tonnes, grade and contained metal compared with reserve projections. However, it would not be prudent to assume that such results will persist over the longer term. Nevertheless, as an upside case BDA considers that it would be reasonable to consider an additional 5% positive sensitivity on tonnes and a 10% increase in grade for Kali Kuning.

No mining of the copper mineralisation has been undertaken at Lerokis, and there is no firm basis for assuming a similar positive reconciliation will result. The 2017 drilling has resulted in some significant high-grade intersections, but these have been incorporated in the resource and reserve update. BDA suggests that a 5% increase in the current Lerokis reserve tonnes as an upside sensitivity would not be unreasonable to reflect the possibility of similar positive reconciliation results to Kali Kuning, with a $\pm 5\%$ sensitivity on grade, simply to reflect estimation variance.

5.6 Mining

Two pits have been designed based on the Measured and Indicated resources within the Kali Kuning and Lerokis mineralised zones. The Kali Kuning pit is currently being mined and is scheduled to be completed in 2019. Mining at Lerokis is planned to commence in 2019 and to be completed in 2021. Proved and Probable reserves at Kali Kuning and Lerokis as of 1 October 2017 total approximately 5.4Mt at a grade of 2.8% Cu, containing approximately 148,000t of copper.

Ore and waste mining is undertaken by a contractor, PT Madhani Talatah Nusantara (“Madhani”), using conventional open pit mining with 40t and 80t hydraulic excavators and a combination of rigid 50t and all-wheel-drive (“AWD”) 40t dump trucks. The mining fleet has an annualised capacity of around 4Mtpa. Madhani is an Indonesian company established in 2001 and is an experienced contractor currently working on several mining projects in Indonesia.

The Kali Kuning pit was initially mined by Finders in 2009 to provide 100,000t of copper ore for heap leaching and processing through the Demonstration Plant. In 2014, a further 152,000t of ore was mined and processed through the Upgraded Demonstration Plant or UDP. In the first half of 2015 ore mining resumed for stacking on the gold pit leach pad (“GPLP” – the site of the former PLM barite-gold pit in the 1990s). Ore mining ramped up in 2016 as the heap leach pads in the Kali Kuning Valley became available for stacking ore.

The Kali Kuning and Lerokis deposits are 4km apart (Figure 2) and are separated by rugged topography. The pit design at Kali Kuning extends over approximately 450m north-south and 350m east-west with around 2.6Mt of ore and 3.2Mt of total material still to be mined from the pit. The designed pit at Lerokis extends over approximately 450m northwest-southeast and 200m northeast-southwest with 2.8Mt of ore and 5.5Mt of total material to be mined.

The Kali Kuning pit is currently supplying ore to the heap leach operation and, as the pit is exhausted, ore mining will continue with the development of the Lerokis pit. Ore from Lerokis will require hauling via road to Kali Kuning; early planning considered a road via the coast, around 14km, but a more direct route avoiding the coastal infrastructure is being considered.

Pit optimisation analysis has been carried out as part of the mine design. The mine planning assumes that sufficient allowance has been made in the resource block modelling for mining losses and dilution; reconciliation studies to date confirm that the reserves provide a reasonable and generally conservative estimate of the mineable ore. The wall slope angles were set to follow the slopes recommended in the feasibility study. Mining, processing and other operating costs used in the optimisation were generally in line with the operating cost estimates. The pit designs and staging were based on the results of the optimisation. The Kali Kuning pit was designed with six stages and is currently mining Stage 5; Lerokis has been designed in two stages to optimise ore extraction. With the positive results from recent resource drilling at Lerokis, an updated resource and reserve model has been prepared, which has led to some increase in reserve tonnes and grade and some modifications to the pit design.

BTR has mined around 9.5Mt of ore and waste from the Kali Kuning open pit over the last three years. Mining operations have generally progressed well, but the northeast and southeast walls have had upper bench failures where the rock strength was weaker than anticipated; rehabilitation of the failure areas has included cutting back the pit walls, reducing the wall angles and establishing drain holes to reduce pore pressures on the pit wall.

Pit walls are monitored using prisms located across the eastern high wall. Although there have been adjustments to the pit slopes, the cut backs have allowed the final pit design to be retained, so that the Ore Reserve tonnage remains unchanged. Golder Associates (PT Geotechnical and Environmental Services Indonesia) is providing ongoing site geotechnical support.

The BTR life of mine (LOM) plan is based on ore production from Kali Kuning and Lerokis at a mining rate of 1.2-1.6Mtpa over three and a half years from 2018 to 2021. There is limited waste mining required; overall the strip ratio for the remaining LOM averages 0.6:1, waste tonnes to ore tonnes (0.2:1 for Kali Kuning and 1.0:1 for Lerokis pit).

Table 5.4

BTR Wetar Mine Summary LOM Production Schedule – Kali Kuning and Lerokis Reserves

Actual 2015 to Q3 2017 - Forecast Q4 2017 to 2021

Item	Unit	Actual					Forecast/Estimate									
		2015	2016	Q1 2017 Act	Q2 2017 Act	Q3 2017 Act	Q4 2017 F'cst	2017 Est	2018 F'cst	2019 F'cst	2020 F'cst	2021 F'cst	2022 F'cst	2023 F'cst	Total F'cst	
Kali Kuning																
Ore Mined	Mt	0.26	2.13	0.42	0.55	0.52	0.29	1.79	1.58	0.73						2.60
Ore Grade	% Cu	2.49	2.34	1.67	1.66	2.41	2.79	2.06	2.47	2.87						2.62
Waste Mined	Mt	1.74	2.39	0.65	0.48	0.33	0.08	1.53	0.56	0.00						0.63
Total Mined	Mt	2.00	4.53	1.07	1.03	0.85	0.37	3.31	2.14	0.73						3.23
Strip Ratio	W:O	6.70	1.12	1.53	0.86	0.63	0.26	0.86	0.35	0.00						0.24
Lerokis																
Ore Mined	Mt								0.00	0.47	1.53	0.78				2.77
Ore Grade	% Cu								0.00	4.20	2.92	2.05				2.89
Waste Mined	Mt								0.94	0.86	0.91	0.00				2.71
Total Mined	Mt								0.94	1.32	2.44	0.78				5.48
Strip Ratio	W:O								0.00	1.83	0.60	0.00				0.98
Total Mined																
Ore Mined	Mt	0.26	2.13	0.42	0.55	0.52	0.29	1.79	1.58	1.20	1.53	0.78				5.37
Ore Grade	% Cu	2.49	2.34	1.67	1.66	2.41	2.79	2.06	2.47	3.39	2.92	2.05				2.76
Contained Cu	kt	6.47	49.94	7.07	9.18	12.49	8.13	36.86	38.96	40.57	44.63	15.93				148.21
Waste Mined	Mt	1.74	2.39	0.65	0.48	0.33	0.08	1.53	1.50	0.86	0.91	0.00				3.34
Total Mined	Mt	2.00	4.53	1.07	1.03	0.85	0.37	3.31	3.08	2.05	2.44	0.78				8.71
Strip Ratio	W:O	6.70	1.12	1.53	0.86	0.63	0.26	0.86	0.95	0.72	0.60	0.00				0.62

Note: Total Forecast is from Q4 2017 to 2023; forecasts shown above are based on BTR's LOM plan as of Q4 2017; some forecast estimates have been adjusted for Deloitte Corporate Finance's discounted cashflow valuation in accordance with BDA's recommendations

The scheduled mining rates are planned to reduce slightly in 2018, with further reductions in subsequent years, so that targets should be readily met. The Lerokis area and access is quite rugged, and there will be some logistical challenges during the pioneering stage in 2019, but it should be noted that the area has already been mined in the 1990s (PLM gold pit) and BTR and the mine contractor have experience with such work and should be able to mobilise an appropriate mining fleet to establish operations and meet the proposed mining schedule.

5.7 Processing

The Wetar copper heap leach project is designed to treat copper mineralisation from the two deposits, Kali Kuning and Lerokis. The mineralisation, metal extraction and recovery differ somewhat between these two deposits although in all samples the predominant sulphide mineral is pyrite (FeS_2):

- the Kali Kuning ore contains, in addition to pyrite, the copper minerals chalcopyrite (CuFeS_2), chalcocite (Cu_2S) and covellite (CuS), with some enargite (Cu_3AsS_4) and tennantite ($\text{Cu}_{12}\text{As}_4\text{S}_{13}$) and sparse sphalerite (ZnS) and galena (PbS)
- the Lerokis ore contains, in addition to pyrite, the copper minerals chalcopyrite and covellite together with the copper-arsenic minerals enargite and tennantite with minor sphalerite and galena.

The Wetar ores can contain up to 85% pyrite and marcasite ('white pyrite'); marcasite is a less-stable, more reactive, form of pyrite and in some samples can comprise up to 30% of the sulphide. The Wetar ores also contain gold and silver within the mineral assemblage; gold and silver mineralisation are present within the barite rocks which typically overlie the massive sulphides, and which were mined and processed for their precious metal content in the 1990s.

Process Testwork

Feasibility Study process development testwork was carried out by two principal laboratories, Pacific Ore (Australia) Pty Limited ("Pacific Ore") and Hydrometallurgical Research Laboratories Testing Pty Limited ("HRL"), and managed by an experienced consultant, Graeme Miller of Miller Metallurgical Services Pty Limited ("MMS"). The results of these testwork programmes were reviewed and assessed by another well respected consultant, Randolph Scheffel ("RS"). Mineralogy on the testwork samples was conducted by HRL and by Roger Townend and Associates Pty Limited ("RT"). The heap leach pad design was undertaken by SRK and the hydrodynamic characterisation of the materials was assessed by Arcadis G&M Inc. ("Arcadis"). The heap development was dynamically simulated by Simulus Pty Limited ("Simulus").

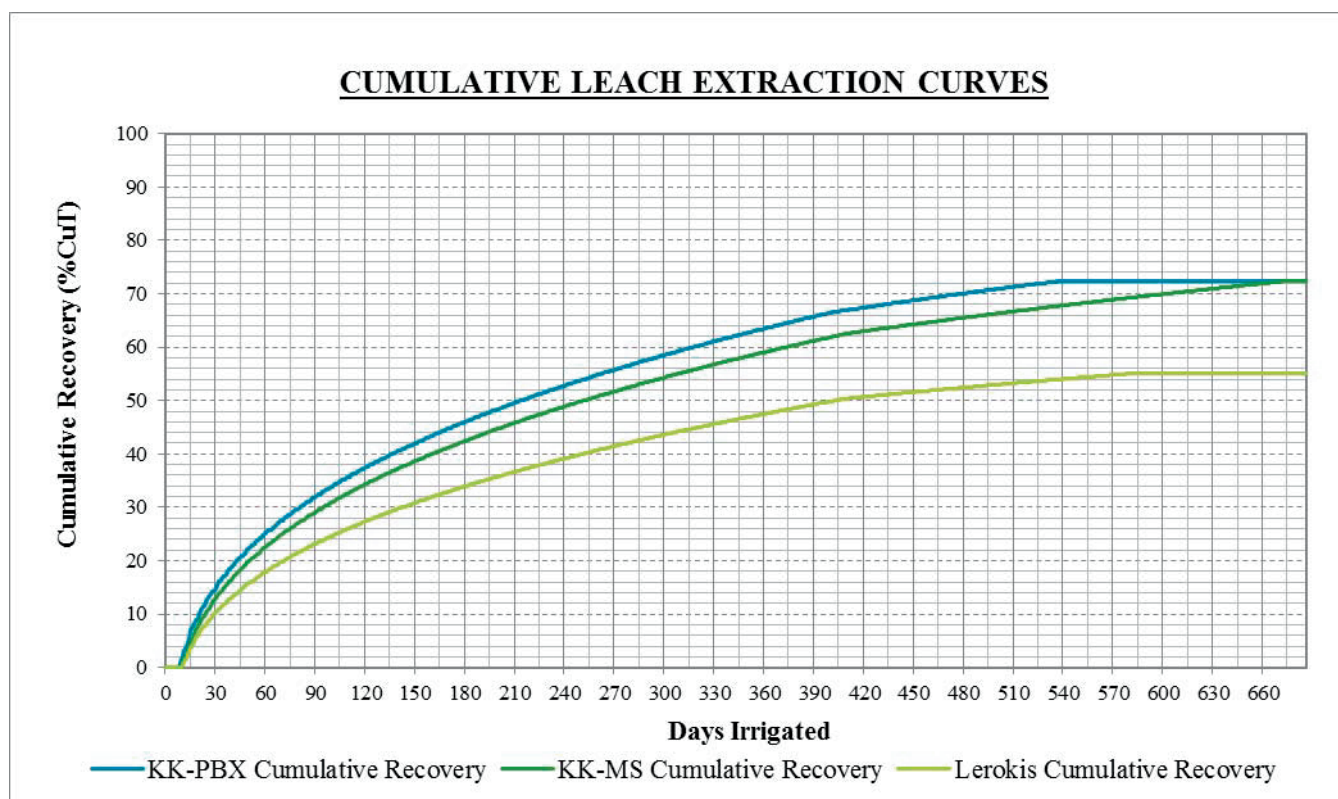
To augment the bench-scale testwork, Finders operated a Demonstration Plant (DP) in 2009/10, designed to recover about 2,000t of copper cathode per annum. The DP was based on leaching 100,000t of mined material from the Kali Kuning deposit. Four leach cells were set up at a lift height of 6m and a crush size of nominally 6.5mm. An agglomerator was used to allow fines to be formed into small balls with the addition of recycled and neutralised raffinate from the SX circuit.

Bench-scale testwork had indicated that the projected copper recoveries from the two pits would be moderate to high with leach extraction from the Kali Kuning material projected at about 82.5% and Lerokis estimated at 65%, after a relatively long leach cycle of 720 days. The DP calculated extractions based on Kali Kuning ore averaged 63.5% and ranged from 48% (Cell 4) to 80% (Cell 3). Once decommissioned, Cell 3 was deconstructed and re-sampled and a reconciled recovery calculated at 87%, using the sampled tails grade and the copper production.

BTR, along with its consultants, applied the various testwork results and determined practical commercial leach extraction curves for the two deposits. Figure 5 illustrates the proposed recovery curves for the massive sulphide (MS) material and the pyrite breccia (PBX) material from Kali Kuning and the massive sulphide material from Lerokis.

Recent testwork on PBX ores from Lerokis have shown high leach extractions in excess of 80%. However, ores from the primary sulphides which make up around 60% of the deposit have shown much poorer and slower leaching, trending over time towards a 50-55% extraction limit. In BDA's opinion the higher extractions are likely to reduce to the mid-70s in a heap leach environment, and on a weighted basis this would suggest an overall extraction from Lerokis material of around 60%. Given the limited testwork undertaken to date, BDA has suggested to Deloitte Corporate Finance that an overall recovery of 55% would be a prudent current assumption, with a downside sensitivity of 5% and an upside sensitivity of 10%.

Figure 5
Modified Model Extraction Curves



Wetar Process Plant Overview

The Feasibility Study was based on re-establishing and upgrading the Demonstration Plant and constructing a new plant in the Kali Kuning Valley, with a combined capacity of 28,000tpa of copper cathode.

The DP leach site was re-established, and a second leach pad site was constructed in the abandoned PLM Kali Kuning gold pit (GPLP). New leach pad sites were constructed in the KKV.

Upgrading of the DP circuit (to the UDP) commenced in 2014. The UDP plant was designed to produce around 8t of copper cathode per day or 3,000tpa by adding six extra EW cells to the original DP (utilising EW cells from the Whim Creek plant, which had been bought by Finders), and operating the SX circuit at a higher level of extractant.

Design and construction of the KKV plant commenced in early 2015 and was completed in June 2016, when the first cathode was stripped from the EW circuit. The KKV plant follows the same general flowsheet as the UDP. The KKV plant utilises two new crushers, a new agglomerator, grasshopper conveyors and a new radial stacker. The SX circuit was built with four used Whim Creek mixer-settlers that were modified to handle increased flows, plus a new scrub mixer-settler. The KKV EW plant utilises the cells from the 18,000tpa Whim Creek plant, together with additional cells required to upgrade the cell house capacity to 25,000tpa. The Whim Creek cathode stripping machine was also installed together with new equipment including new rectifiers and anodes.

The combined design capacity of the Wetar plant is 28,000tpa of copper cathode comprising 25,000tpa from the KKV plant and 3,000tpa from the UDP.

Crushing

The Feasibility Study plan involved establishing a fixed 400tph crushing plant comprising a primary jaw crusher with secondary and tertiary cone crushers operating in closed circuit with a screen to produce a product 80% passing 15 millimetres ($P_{80}=15\text{mm}$). Following agglomeration, this material would then be transported using movable conveyors (“grasshoppers”) and placed using a radial stacker on the individual heap leach pads.

Subsequently, it was determined to replace the fixed crushing plant for the KKV operation with a moveable crushing plant. The existing UDP crushing plant would be used to stack material on the DP site as well as the GPLP area.

The crushing configuration as at the end of September 2017 is as follows:

- the UDP crushing plant, now identified as C21, is operating in its original location and crushes and agglomerates material to be stacked on the DP and GPLP heaps
- a moveable 300tph Striker crushing plant, now identified as C31, operates in the KKV heap leach area, providing primary and secondary crushing and agglomeration
- an additional crusher, originally hired, but now purchased, and identified as C41, also operates in the KKV heap leach area; this unit has a similar jaw crusher to C31, and uses the tertiary crusher from C31 as a secondary crusher; the unit is not equipped with an agglomerator, so fines are sent to C31 for agglomeration; BDA understands that Finders intends to purchase an additional agglomerator to operate with C41.

Early crushing throughputs were below target, with poor availability and low overall utilisation. These issues contributed to a relatively slow ramp up. However, the three units are more than capable of crushing the required tonnage, and the crushing plants have generally been operating at target throughput since mid-2017.

BDA notes that the third crusher has recently been taken out of operation while importation issues are resolved with the Indonesian Customs authorities. Finders advises that these issues should be resolved before the end of 2017 and the crusher should be back into operation by Q1 2018; however, BDA notes this could impact on crushed ore throughput in the meantime.

Heap Leaching

The heap leaching process at Wetar has been in operation for over two years. There are three separate leaching areas, the Demonstration Plant or DP area, the Gold Plant Leach Pads or GPLP area and the new Kali Kuning Valley or KKV area. Construction of the pads is basically similar; the crushed and agglomerated ore is transported by the grasshoppers to a radial stacker that is capable of stacking the material to a height of 8m. While the pads are being stacked, air duct piping is installed at the base to allow aeration which assists the leaching process and promotes elevated pad temperatures to enhance leaching performance. Once the design height is attained over a sufficient area, irrigation solution piping and sprays or wobblers are placed on the top of the pad and irrigation commences.

Copper leaching within a heap leach environment is dependent on two or three components:

- acidity or pH, provided generally by introducing acid in the leach solution; in Wetar's case the heap itself produces acid with the oxidation of the pyrite in the ore
- the presence of ferric ions (Fe^{3+}) which oxidise the copper minerals into soluble cupric ions (Cu^{2+})
- the effect of natural bacteria within the ore, or bacteria introduced by the operator; the bacteria act as a catalyst to the reaction, especially in the oxidation of the pyrite, by consuming the sulphur and oxidising the ferrous iron to ferric which then, in turn, oxidises the copper minerals into soluble copper ions.

Depending upon the minerals in the ore, the copper can be extracted into solution at varying rates, from very quickly with naturally occurring copper oxides or carbonates, to moderate leaching with secondary copper sulphides such as chalcocite and covellite as found at Wetar, to very slow leaching with minerals such as chalcopyrite which is also present in the Lerokis and Kali Kuning deposits.

The leaching at Wetar has varying rates dependent upon the mix of chalcocite, covellite and chalcopyrite in the ore. The presence of rapidly oxidising pyrite allows BTR to heap leach the Wetar ores with no acid addition once leaching commences; in fact, pyrite oxidation is such that BTR has to neutralise the excess acid produced.

The leach solution is re-circulated through the heaps and the process plant. Once the copper has been extracted from the solution in the process plant, the barren solution or raffinate is returned to the heaps to continue the leaching process (Figure 3). In addition, solution flows from older heap leach pads, that are not of sufficient copper tenor to send to the processing plant (termed Intermediate Leach Solution or ILS), are recirculated to the fresh heaps to raise the copper in solution grades.

Both the barren raffinate and ILS contain significant amounts of free acid as well as ferric iron to promote copper leaching in the heaps. These solutions percolate through the heaps, extracting the soluble copper, and flow by gravity to the toe of the heap as Pregnant Leach Solution ("PLS"). Both PLS and ILS have their

respective containment ponds in the heap leach areas while the barren solution or raffinate has a containment pond near the processing plant (Figure 3). Any overflows from these ponds flow to a large Storm Water Pond (“SWP”) which allows the solutions to be contained until they can be recycled back to the heap leach ponds.

Because of areal constraints, over time it becomes necessary to place new material for leaching on top of existing heaps as extra lifts. This is termed overstacking and it is expected that the Wetar heaps will ultimately comprise at least four lifts.

Finders has significantly reduced its projections of copper leached from the heaps into PLS during Q4 2017, from a ramped-up target of approximately 7,000t per quarter to a little over 4,000t. This is partially due to the reduced crushing capacity noted above, but also to the reconstruction and re-lining of one of the heaps and taking the UDP plant off line for refurbishment. Finders is forecasting that the project will return to full targeted output in Q1 2018.

Dump Leaching

In 2016, BTR commenced dump leaching, ie. leaching run-of-mine material without crushing. This was a temporary measure aimed at increasing the material under leach at a time when the crusher operation was still ramping up. In early 2017, BTR commenced reclaiming some of the dump material and crushing it to be stacked in the normal heap leach fashion. At the end of the September 2017 quarter, the bulk of the dump material had been reclaimed and crushed. As of end September 2017, BTR estimated 6,542t of copper had been recovered from 14,949t of contained copper on dump leach pads (approximately 44% recovery); BTR anticipates that overall recovery will approach the targeted +70% heap leach extraction once the residual material has been crushed for heap leaching.

Reprocessing of dumped material (recovery, crushing, restacking) is planned to be completed in 2018.

Solvent Extraction (SX)

To recover the copper from the PLS, the solution is contacted with an organic extractant. The copper ions transfer from the aqueous PLS into the organic extractant in mixing tanks. The organic and aqueous fluids are separated in settling vessels and the loaded organic containing the copper is sent to a second set of mixers and settlers called the strip circuit. The aqueous solution that has had the copper removed is called raffinate and is returned to the heap leach circuit as the irrigating leach solution (Figure 3).

In the strip circuit, a strong acid aqueous solution (the spent electrolyte from the electrowinning EW circuit) extracts the copper ions from the loaded organic and forms the copper-rich electrolyte. These two fluids are separated in a settler; the barren organic is returned to the extraction circuit and the rich electrolyte is sent to the EW plant.

Wetar has two SX plants, the UDP plant that is designed to extract about 3,000tpa of copper, or 8tpd, and the KKV SX plant that is designed to extract 25,000tpa of copper or about 68.5tpd.

Electrowinning (EW)

The rich electrolyte feeds the electrowinning circuit which comprises a number of cells with stainless steel cathode plates and lead anode plates. By passing direct current (“DC”) electricity (low voltage but high current) through these cells, the copper ions in the rich electrolyte are plated onto the stainless-steel cathodes. The spent electrolyte (with the copper ions removed) is recycled to the SX circuit (Figure 3). The DC power is controlled by a rectifier.

After approximately seven days, a block of cathodes is removed (harvested), washed with water and the plated copper stripped from the stainless-steel cathode. By staggering the cells that are harvested, a steady production of copper cathode can be maintained. Stripping in the UDP EW plant is manual, but the KKV plant incorporates a mechanised stripping machine.

Wetar has two EW plants, the UDP plant and the KKV plant, which includes two cell houses. The EW plants operate in conjunction with their respective SX plants with a design output of 3,000t and 25,000t of copper cathode per annum.

BDA notes that as of October 2017 the UDP EW and SX plants have been taken off-line for re-furbishing, as the forecast of copper tonnes leached is relatively low for Q4 2017 and forecast throughputs can be handled by the KKV plant alone. Copper production does not return to target levels until the end of Q1 2018.

Neutralisation

The Wetar copper heap leaching operation is relatively unusual in that it is not an acid-consuming process, but rather is acid-producing. Because of the need to control the free acid (“FA”) levels to 20 grams per litre (“gpl”) in the SX flows, it is necessary to reduce the acid levels in the raffinate using limestone.

The Wetar flowsheet incorporates a neutralisation circuit that comprises a series of reaction tanks into which the raffinate flows and limestone slurry is added (Figure 3). Limestone is mined from a local deposit, crushed and ground and stored as a slurry for use in the neutralisation circuit. The discharge from the neutralisation reaction vessels flows into a settling thickener which separates the precipitated solids from the neutralised raffinate. The solids are removed and filtered with the filtered solids discarded to a disposal site. The filtered solution and the thickener raffinate are returned to the heap leach circuit for ongoing irrigation.

Production Schedule and Performance-To-Date

Heap leaching commenced at Wetar in 2008 with four small heaps set up to demonstrate the viability of heap leaching the Kali Kuning material. The four pads were stacked over a period from December 2008 to October 2009; irrigation commenced on Pad 1 in January 2009 and all irrigation for the four pads ceased in January 2011. Results from the four heaps were quite varied and are summarised in Table 5.5.

Table 5.5
Demonstration Pad Heap Leach Performance

Parameter	Units	Pad 1	Pad 2	Pad 3	Pad 4	Total
Stacked	kt	20.0	23.4	19.1	37.3	99.8
Grade	% Cu	2.77	3.58	4.91	4.99	4.20
Contained Copper	tonnes	555	837	939	1,861	4,192
Leached Time*	days	591	687	661	539	539-687
Copper Extracted	tonnes	326	557	754	902	2,538
Extraction	%	58.7	66.1	79.8	48.2	60.2

**Leach time adjusted for varying times each pad is stacked and irrigation commences*

The pads were stacked at different heights with Pads 1 and 2 at 6.5m, Pad 3 at 5.5m and Pad 4 at 8.0m. All material was crushed to 11-13mm (80% passing). At the end of the test 2,439t of copper had been electrowon (plated) with the remaining copper extracted contained as inventory in solution ponds. Pad 3 was sampled and analysed after decommissioning and it was determined that the average residual grade was 0.66% Cu which, when added to copper extracted from Pad 3 gave a revised contained copper in ore of 880t and a revised feed grade of 4.60% Cu; the revised reconciled extraction was calculated at 85.7%.

Extraction percentage relates to a number of factors including the mineralogy of the material, the efficiency of the crushing, agglomerating and stacking processes, the distribution of the leaching solutions through the heaps, and the oxygen flow and the temperature of the heaps. Given the range of results from the demonstration heaps, it is difficult to predict precisely what level of extraction would be achieved from a commercial scale operation, but with the experience gained it was forecast that average extractions on Kali Kuning material should exceed 70%.

The upgrading of the DP circuit (to the UDP) commenced in 2014. Material from the original testwork heaps was removed and saved as base material for future pad construction. Material from the Kali Kuning pit was mined, crushed and stacked onto two new pads, Pad 5 and Pad 6. Stacking commenced in March 2014 and the two 8m high pads were completed in June 2014 with a total of approximately 140,000t of ore.

Irrigation of Pad 5 commenced in April 2014, with irrigation of Pad 6 commencing in May 2014. At the end of processing, 1,879t of copper was leached from the two pads.

BTR conducted a thorough analysis of the residual material as the two pads were deconstructed. The average residual grade was estimated at 0.54% Cu; this combined with the copper extracted gave a calculated head grade of 1.89% Cu and an overall calculated extraction of 71.4% (see Table 5.6).

Table 5.6
Pads 5 and 6 Leach Performance

	Pad 5	Pad 6	Total
Material Stacked (kt)	79,098	60,488	139,586
Extracted Cu (t)	817	1,062	1,879
Days Irrigated/Leached	837	799	799-837
Calculated Residual Grade from Sampling (% Cu)			0.54
Calculated Residual Cu (t)			754
Calculated Original Contained Copper (t)			2,633
Calculated Original Head Grade (% Cu)			1.89
Calculated Extraction (%)			71.4

Design and construction of the KKV plant commenced in early 2015 and was completed in June 2016, when the first cathode was stripped from the EW circuit. The combined design capacity of the Wetar plant is 28,000tpa of copper cathode comprising 25,000tpa from the KKV plant and 3,000tpa from the UDP.

Wetar production from 2015 to the end of the September quarter 2017 is summarised in Table 5.7, together with the forecast production details to the end of the mine life, based on BTRs' Q4 2017 LOM plan. The forecasts are based on BTR's prediction of an extraction of 75% from KKV material and 63% at Lerokis.

Table 5.7
BTR Wetar Process Summary - LOM Production Schedule – Kali Kuning and Lerokis Reserves
Actual 2015 to Q3 2017 - Forecast Q4 2017 to 2023

Item	Unit	Actual					Forecast/Estimate									
		2015	2016	Q1	Q2	Q3	Q4	2017	2018	2019	2020	2021	2022	2023	Total	
				2017	2017	2017										2017
Total Ore Mined																
Ore Mined	Mt	0.26	2.13	0.42	0.55	0.52	0.29	1.79	1.58	1.20	1.53	0.78				5.37
Ore Grade	% Cu	2.49	2.34	1.67	1.66	2.41	2.79	2.06	2.47	3.39	2.92	2.05				2.76
Contained Cu	kt	6.47	49.94	7.07	9.18	12.49	8.13	36.86	38.96	40.57	44.63	15.93				148.21
Ore Crushed																
Ore Stacked	Mt	0.18	1.39	0.43	0.63	0.68	0.56	2.13	1.58	1.20	1.53	0.78				5.65
Ore Grade	% Cu	1.83	2.68	1.44	1.72	2.09	1.87	1.88	2.47	3.39	2.92	2.05				2.66
Contained Cu	kt	3.38	33.03	6.21	10.90	14.24	10.48	40.07	38.95	40.57	44.63	15.93				150.56
Ore Stacked																
Ore Stacked	Mt	0.18	2.15	0.43	0.63	0.51	0.56	2.13	1.58	1.20	1.53	0.78				5.64
Ore Grade	% Cu	1.83	2.19	1.47	1.66	2.32	1.87	1.88	2.47	3.39	2.92	2.05				2.66
Contained Cu	kt	3.38	47.25	6.30	10.45	12.84	10.48	40.07	38.95	40.57	44.63	15.93				150.56
Copper Production																
Copper Production	kt	1.33	11.78	6.13	6.80	6.13	4.17	23.23	28.00	28.00	28.08	28.00	12.89	0.47		129.60
Copper Production	Mlbs	2.93	25.97	13.51	14.99	13.51	9.20	51.22	61.73	61.72	61.89	61.72	28.42	1.03		285.72

Note: Total Forecasts are from Q4 2017 to 2023; Mlbs = million pounds; forecasts shown above are based on BTR's LOM plan as of Q4 2017; some forecast estimates have been adjusted for Deloitte Corporate Finance's discounted cashflow valuation in accordance with BDA's recommendations

BDA considers the long-term forecast extraction of 75% for KK material to be reasonable, but slightly optimistic, and has suggested to Deloitte Corporate Finance that, for valuation purposes, a recovery of 73% would be more prudent, based on results to date and the likely approach of a willing and knowledgeable buyer, with a ±2% sensitivity.

Testwork has shown that the recovery from Lerokis ores is likely to be somewhat lower, and BDA has previously considered 50% a prudent estimate. However, recent testwork has shown somewhat improved results, though still quite variable. Given the additional time for optimisation testwork and the leaching experience gained by 2019 when processing of Lerokis ore will commence, BDA has suggested to Deloitte Corporate Finance that a 55% extraction rate would be an appropriate assumption for valuation purposes, rather than BTR's production forecasts of 63%. Given the greater uncertainty on the performance of Lerokis ores compared with KK material, BDA considers a -5% and +10% sensitivity to be appropriate, the latter upside reflecting the good leach extractions recently obtained on oxide and transition pyrite breccia material which is projected to comprise around 40% of the Lerokis reserve.

BDA notes that the Q4 2017 copper production forecast has been reduced to approximately 4,170t, well short of the 7,000t per quarter production target, the principal reasons being:

- one of the heap leach pads is being deconstructed and the liner replaced, reducing the copper in solution to the SX plant
- one of the crushers has been taken out of operation while import issues are resolved with the Indonesian Customs authorities
- the UDP plant has been taken off-line and is being refurbished as the reduced copper flows can all be handled by the KKV plant.

In addition, a crud contamination event that occurred in September 2017 continues to impact copper electrowinning and the quality of the cathode produced. However, these aspects have been allowed for in the Finders schedule and the Deloitte Corporate Finance modelling, and Finders is projecting a return to full production capacity towards the end of Q1 2018.

5.8 Infrastructure

The project is located on Wetar Island in the Indonesian province of Maluku, some 100km north of the island of Timor and approximately 1,500km from the major Indonesian port of Surabaya located on the island of Java. The nearest commercial airport is on Kisar Island, approximately 100km to the southeast. The project is on the north coast of the island, around 1km from the sea. The principal means of access is via a wharf located some 3km to the west of the project site (Figure 2) which is capable of servicing small freight vessels and also incorporates a landing craft (LCT) bay. LCTs can also land directly on the beach which has been done in the past. The government has recently built a separate wharf complex close to where the mine haul road meets the beach area.

The road network on Wetar is limited, and movement of all equipment, materials, supplies and personnel is generally by sea through the existing wharf and LCT landing areas. A section of the access road to the mine site has been widened to serve as an emergency airstrip. An access road from the wharf to the mine site has been upgraded to service the UDP and the KKV plant and to allow for a raw water pipeline corridor.

BTR is operating in accordance with a logistics plan which is considered by BDA to be reasonable and appropriate. BDA notes that the transport of personnel and freight has been effectively carried out to date.

Supply of power to the KKV process plant is provided from a power station operated under a build-own-operate (“BOO”) contract with PT Aggreko Energy Services Indonesia (“Aggreko”). The Aggreko plant comprises 16 high speed diesel units each being rated at 970kW; the total power station capacity is 15.5MW; the Aggreko facilities provide the generally accepted redundancy for power stations in locations such as Wetar of N+2, ie. there are two more generators than are needed for normal operation to cater for planned and unplanned outages.

Fuel for the power station is delivered by LCT to the existing wharf, connected via a pipeline to two 1,250kL storage tanks.

In addition, a series of back-up diesel-fired generators are located at the three crushers, the KKV neutralisation plant, the UDP process plant and the accommodation camp to provide approximately another 10MW. These units are primarily in place as back-up to the reticulated power delivered by the Aggreko plant. Diesel for the back-up generators, the mining fleet and the light vehicle fleet is delivered by LCT to a single 850 kilolitre (“kL”) diesel storage tank.

Raw make-up water for the heap leach facilities and process plants is supplied from a pump station on the Lurang River to Kali Kuning Valley via a pipeline, along a corridor beside the main site access road, to a raw water tank.

Accommodation is provided for expatriate and national personnel in a village in the vicinity of the project wharf. The local workforce is accommodated in villages in the surrounding area. Administration offices and service buildings are maintained to support project operations. The communications system for voice and data transmission includes an internet and satellite connection for the private network, a cable TV network and a Jakarta office server through a satellite dish and distribution system located at the administration office. Mobile equipment is provided for the process plant, and light vehicles are provided for managerial and supervisory staff.

BDA considers that the infrastructure facilities are generally reasonable and appropriate for the Wetar operation, and do not present any particular technical difficulty or risk. Logistics planning is in place and appears to be effective. However it is noted that the supply of power is reliant on regular fuel deliveries which may be subject to interruption during periods of severe weather. The risks of interruption to supply are mitigated by the storage capacity of around 47 days’ supply.

5.9 Environmental and Social Issues

Environment

Wetar Island is 120km long east-west and 40km wide north-south covering an area of 1,100 square kilometres (“km²”). The island is surrounded by coral reefs and deep seas. Away from the coast, rugged mountains rise to approximately 1,400m above sea level. The island is geologically young, and the terrain is generally steep and rugged. The Wetar copper project is located on the north central coast of Wetar Island.

The climate of the Wetar region is subject to two distinct seasons, with the west monsoon occurring from November to March when most rainfall occurs. Typical daily temperatures are 38°C maximum and 25°C minimum with 85% relative humidity. Average annual rainfall is estimated to be about 2,000mm.

Finders commissioned AECOM Australia Pty Limited (“AECOM”) to provide environmental advice on project design, operation, mine closure and rehabilitation to minimise potential impacts associated with acid rock drainage (“ARD”) and water management. AECOM also provided guidance on the project approvals process and the technical review of the approvals documentation prepared by Institut Pertanian Bogor (“IPB”).

Baseline environmental studies and potential impacts, including pre-existing impacts are described in the Environmental Impact Assessment (or AMDAL) documentation. These baseline site-specific environmental studies included both terrestrial and aquatic ecology surveys for site environmental planning purposes and provide the necessary information used in compiling the Environmental Impact Assessment. The AMDAL was approved by the Indonesian regulatory authority, Maluku Barat Daya (“MBD”) in March 2010.

The main environmental risk of the project relates to the potential for offsite water contamination via site contaminated water run-off, acid rock drainage from waste rock dumps and pits, and overtopping of process ponds and environmental dams. The inclusion of an engineered wetland, storm water diversion channels, collection ponds, water segregation, and the selective handling and encapsulation of sulphide-rich waste rock mitigate the risk of offsite water contamination occurring during operations. Water treatment may be necessary for an unspecified time following mine closure to handle potential acid rock drainage from the engineered waste rock dump emplacements. The inclusion of the engineered wetland facility helps mitigate against both short and long term potential water quality impacts.

A Mine Reclamation and Closure Plan has been developed in accordance with the Ministry of Energy and Mineral Resources Regulation No. 18 (2008) and having regard to international guidelines and practices by O’Kane Consultants Pty Ltd. BDA considers that the closure estimates which are based on limestone and topsoil ‘cover’ materials movement and placement costs, together with monitoring and environmental management costs are reasonable for the planned rehabilitation of areas disturbed by project infrastructure and mining activities.

Social/Community

The villages of Lurang and Uhak are located on the northern coast of Wetar Island near the copper project site. Lurang has a population of 364 and Uhak has 205 residents. No resettlement of villages has been required for the project. Socio-economic surveys of the villages were conducted for the purposes of the feasibility study and approvals process including education, livelihood and population surveys.

BTR has been successful to date in its approach in dealings with local communities. Land ownership, living standards, community relations, sustainable development and local/regional political issues appear as the key social issues for the project. BTR has engaged experienced and professional personnel for handling community relations and community development projects as part of its project development plan. BDA notes that there is currently discussion with local landowners regarding access to the Meron site for exploration drilling, with the landowners expressing concern regarding possible water contamination; discussions are ongoing.

Local communities may become disenchanted from issues such as land compensation, employment, immigration, disturbance from increased traffic or other social issues. However, to date, there appears to be a large measure of good will, and anticipation of continuing employment and other benefits. The project’s development has already provided significant socio-economic benefits to the two nearby small communities and to the wider Wetar Island community. To manage community perceptions and address community concerns, the community development programme is focused on livelihood, health, education, infrastructure and community services and community capacity building.

The Wetar project currently has a workforce of 593 employees. Of the total number employed, 45% are from the local MBD and other regions of Maluku Province, mostly filling unskilled positions. A total of 268 employees live in Lurang, Kampung Baru and Uhak Villages. There were 61 contract and 532 permanent employees at the end of September 2017.

5.10 Capital Costs

Initial Capital

Capital expended to bring the project into production was US\$115.6M as summarised in Table 5.8.

Table 5.8
Initial Capital Cost Summary

Item	Initial Expenditure US\$M
Mining	3.3
Demonstration Plant	1.7
KKV Process Plant	54.5
Utilities and Reagents	2.5
Infrastructure On-Site	8.3
Infrastructure Off-Site	5.9
<i>Subtotal Direct Costs</i>	<i>76.3</i>
Indirect Costs	30.4
Owners and Other Costs	8.8
Total	115.6

Current Budget/BTR LOM Plan

Estimated deferred and sustaining capital for the remaining life of the mine from the beginning of the December quarter of 2017 is US\$18.3M as summarised in Table 5.9.

Table 5.9
BTR Deferred and Sustaining Capital Cost Estimate

Item	Unit	2017 Estimate	2018 Forecast	2019 Forecast	2020 Forecast	2021 Forecast	2022 Forecast	2023 Forecast	Total
Earthmoving	US\$M	0.65							0.65
Agglomeration and Stacking	US\$M	0.55							0.55
Other	US\$M	0.17							0.17
Lerokis Haul Road	US\$M		1.74						1.74
Redundancies	US\$M	0.10	0.85	1.09	1.05	1.19	0.71		5.00
Rehabilitation	US\$M					5.15	3.86		9.01
General Sustaining Capital	US\$M	0.05	0.20	0.20	0.20	0.20	0.20	0.15	1.20
Total	US\$M	1.52	2.79	1.29	1.25	6.54	4.77	0.15	18.31

Note: all costs are estimated in real terms; capital allowance estimates in Deloitte Corporate Finance's valuation may differ slightly due to modified exchange rate assumptions

Earthmoving costs are the costs of completing remaining project earthworks and have been estimated on the basis of historical unit rates applied to quantities taken from the final designs for those works. Agglomeration and stacking costs are the costs for rectifying and upgrading the agglomeration and stacking facilities and the purchase of an additional agglomerator, and are based on historical data from the initial construction phase.

Other costs in the capital budget are mobile equipment, light vehicles, spares and first fills. BDA understands that the expenditure in 2017 is for minor outstanding items not previously procured and that the estimate is based on historical costs for similar items.

The road to Lerokis requires to be upgraded for access and haulage of ore to the KK heap leach pads. The route of the haul road is still to be finalised, but BDA considers the allowance of US\$1.74M to be reasonable for valuation purposes.

Redundancy costs are allowances for payments to operations personnel as they become superfluous to requirements as the operation reaches the end of the mine life and are based on the experience of BTR management at similar projects elsewhere in Indonesia. Rehabilitation costs include the costs for the movement and placement of limestone capping and a topsoil cover to disturbed areas and are based on historical unit costs applied to quantities derived from preliminary designs and known disturbed areas.

General sustaining capital costs are nominal allowances for replacement of minor capital items such as light vehicles and office equipment.

In BDA's opinion the estimates are reasonable and appropriate for valuation purposes. The inherent uncertainties in such estimates indicate that a sensitivity of +15% should be included in any valuation process.

5.11 Operating Costs

Site operating costs as set out in Finders' financial model ("Keepers Model 221117.xlsm") are shown in Table 5.10; the cost estimates are based on contract prices and historical costs compiled by BTR/BKP. Total site operating costs are projected to be US\$295M over the remaining life of mine. Mine, process plant and general and administration ("G&A") operating costs comprise 18%, 47% and 35% of the total respectively. Actual cost per pound of copper has been reducing as production has increased to full capacity, with cash cost reducing from US\$2.40/lb in 2016 to US\$1.18/lb by Q3 2017. Cash cost of copper produced, inclusive of royalty, is projected to be US\$1.05/lb over the remaining LOM, ranging between US\$0.88-1.19/lb during full production of around 28,000tpa Cu.

Table 5.10
Operating Costs for the Wetar Copper Heap Leach Project
Wetar Project Operating Costs Actual 2015 to Q3 2017, Forecast Q4 2017 to 2023

Item	Unit	Actual					Forecast/Estimate								
		2015	2016	Q1	Q2	Q3	Q4	2017	2018	2019	2020	2021	2022	2023	Total
				2017	2017	2017									
Costs															
Mining	US\$M	5.19	12.65	4.74	4.20	3.55	3.42	15.90	16.61	13.69	14.78	3.28	0.02	0.00	51.81
Processing	US\$M	5.12	21.34	9.00	8.81	8.45	6.47	32.73	32.54	31.20	31.33	27.58	10.06	0.30	139.50
G&A	US\$M	22.16	28.56	6.74	6.63	3.52	4.88	21.78	22.91	22.87	22.89	22.87	7.18	0.11	103.70
Total Site Costs	US\$M	32.47	62.54	20.48	19.64	15.51	14.78	70.41	72.06	67.76	69.00	53.74	17.26	0.41	295.00
Royalties	US\$M	0.08	0.92	0.20	0.29	0.38	0.27	1.14	1.32	1.38	1.52	0.54	0.00	0.00	5.03
Total Cash Cost	US\$M	32.55	63.46	20.68	19.93	15.90	15.05	71.55	73.38	69.14	70.52	54.28	17.26	0.41	300.03
Production															
Mined	Mt	2.00	4.53	0.42	0.55	0.52	0.37	3.31	3.08	2.05	2.44	0.78	0.00	0.00	8.71
Cu Production	kt	1.33	11.78	6.13	6.80	6.13	4.17	23.23	28.00	28.00	28.08	28.00	12.89	0.47	129.60
Cu Production	Mlb	2.93	25.97	13.51	14.99	13.51	9.20	51.22	61.73	61.72	61.89	61.72	28.42	1.03	285.72
Unit Costs															
Mining	US\$/t	2.59	2.79	11.19	7.59	6.84	9.34	4.80	5.40	6.67	6.07	4.22	0.00	0.00	5.95
Processing	US\$/lb	1.75	0.82	0.67	0.59	0.63	0.70	0.64	0.53	0.51	0.51	0.45	0.35	0.29	0.49
Administration	US\$/lb	7.59	1.14	0.51	0.46	0.29	0.53	0.43	0.37	0.37	0.37	0.37	0.25	0.11	0.36
Total Cash Cost	US\$/lb	11.11	2.44	1.53	1.33	1.18	1.64	1.40	1.19	1.12	1.14	0.88	0.61	0.39	1.05

Note: Total is from Q4 2017 to 2023; G&A costs include realisation costs and Jakarta Office costs; unit mining costs are per tonne mined; unit processing and admin costs are per lb copper produced; royalty is based on forecast copper price of US\$2.75/lb until December 2015 and US\$2.50/lb over the remainder of the LOM; forecasts shown above are based on BTR's LOM plan as of Q4 2017; some forecast estimates have been adjusted for Deloitte Corporate Finance's discounted cashflow valuation; all costs are estimated in real terms; operating cost estimates in Deloitte Corporate Finance's valuation may differ slightly due to modified exchange rate assumptions

Mine operating costs have been estimated at approximately US\$5.95/t of material mined. Mine operating costs are based on the schedule of rates in the current contract with the mining contractor, Madhani, for the planned mining fleet over the LOM, and other mining costs are based on historical costs. Mining costs for the remaining LOM are forecast to vary between A\$4-9/t due to varying quantities of ore and waste mined in each period and the level of fixed costs carried by the mining fleet. Operating costs may vary either up or down through changes in key consumables, such as diesel, but overall the mining cost projections are considered reasonable.

The BTR LOM operating costs for heap leaching and processing, including neutralisation costs and maintenance, are forecast to average US\$0.49/lb of copper produced over the remaining LOM; BDA considers the estimates to be reasonable, with an accuracy of $\pm 15\%$. Power comprises 55% of the total processing costs (~US\$0.28/lb); hence a 10% change in power costs would result in about US\$0.03/lb variation.

BDA notes that BTR's model provides power consumption figures for the both the UDP and KKV plants at 3,145kWh/t of copper produced. These factors are reasonable based on the performance to date of the EW plants. If current efficiency could be improved, these power costs could drop further.

Reagent costs are acceptable and reagent consumptions are based on plant operating experience. BDA considers that the maintenance costs are reasonable based on experience to-date; there is scope for improvement in the operation of the crusher plants, which could reduce crushing maintenance costs. Labour costs have been estimated based on organisation charts, 12-hour shifts and a fly-in/fly-out ("FIFO") schedule using a three panel roster with five weeks on, three weeks off.

The G&A costs include site management and administration costs, personnel transport and accommodation and realisation costs including shipping and assays. Labour on-costs, including camp accommodation and travel to and from the island, comprise approximately 47% of G&A costs, with boat hire costs accounting for

approximately a further 15% of total G&A costs. Cathode marketing and realisation charges total approximately 26% of G&A costs; head office charges amount to approximately 9% of the total G&A costs.

5.12 Implementation

The project was designed and constructed by a BTR project team responsible for the overall project management. The contracting strategy adopted by BTR comprised:

- a contract with Madhani, an Indonesian mining contractor, for initial site earthworks, mine development and mining operations
- a contract with PT GR Engineering Services Indonesia (“GRES”) for the engineering and construction management of the KKV process plant
- a build-own-operate contract with Aggreko for the supply and installation of the diesel power plant
- direct management by the BTR project team of procurement for the KKV process plant
- direct management by the BTR project team, supported by specialist consultants, of the engineering, procurement and construction activities for on- and off-site infrastructure.

The deferred and sustaining capital works are proposed to be carried out in a similar manner. Earthworks are to be carried out by Madhani mining equipment supervised by BTR mining personnel, agglomeration and stacking works are to be carried out by BTR personnel and the Lerokis haul road is to be constructed by Madhani mining equipment supervised by BTR mining personnel.

5.13 Financial Model Inputs

The Deloitte Corporate Finance valuation is based on a project financial model provided by Finders. BTR’s forecasts as of Q4 2017 are shown in Table 5.11.

Table 5.11

BTR Wetar Financial Model Production Projections - Actual 2015 to Q3 2017, Forecast Q4 2017 to 2023

Item	Unit	Actual					Forecast/Estimate								
		2015	2016	Q1 2017 Act	Q2 2017 Act	Q3 2017 Act	Q4 2017 F'cst	2017 Est	2018 F'cst	2019 F'cst	2020 F'cst	2021 F'cst	2022 F'cst	2023 F'cst	Total F'cst
Kali Kuning															
Ore Mined	Mt	0.26	2.13	0.42	0.55	0.52	0.29	1.79	1.58	0.73					2.60
Total Mined	Mt	2.00	4.53	1.07	1.03	0.85	0.37	3.31	2.14	0.73					3.23
Lerokis															
Ore Mined	Mt									0.47	1.53	0.78			2.77
Total Mined	Mt								0.94	1.32	2.44	0.78			5.48
Total Ore Mined															
Ore Mined	Mt	0.26	2.13	0.42	0.55	0.52	0.29	1.79	1.58	1.20	1.53	0.78			5.37
Ore Grade	% Cu	2.49	2.34	1.67	1.66	2.41	2.79	2.06	2.47	3.39	2.92	2.05			2.76
Contained Cu	kt	6.47	49.94	7.07	9.18	12.49	8.13	36.86	38.96	40.57	44.63	15.93			148.21
Ore Stacked															
Ore Stacked	Mt	0.18	2.15	0.43	0.63	0.51	0.56	2.13	1.58	1.20	1.53	0.78			5.65
Ore Grade	% Cu	1.83	2.19	1.47	1.66	2.32	1.87	1.88	2.47	3.39	2.92	2.05			2.66
Contained Cu	kt	3.38	47.25	6.30	10.45	12.84	10.48	40.07	38.95	40.57	44.63	15.93			150.56
Copper Production															
Copper Production	kt	1.33	11.78	6.13	6.80	6.13	4.17	23.23	28.00	28.00	28.08	28.00	12.89	0.47	129.60
Copper Production	Mlbs	2.93	25.97	13.51	14.99	13.51	9.20	51.22	61.73	61.72	61.89	61.72	28.42	1.03	285.72
Operating Costs															
Mining	US\$M	5.19	12.65	4.74	4.20	3.55	3.42	15.90	16.61	13.69	14.78	3.28	0.02	0.00	51.81
Processing	US\$M	5.12	21.34	9.00	8.81	8.45	6.47	32.73	32.54	31.20	31.33	27.58	10.06	0.30	139.50
G&A	US\$M	22.16	28.56	6.74	6.63	3.52	4.88	21.78	22.91	22.87	22.89	22.87	7.18	0.11	103.70
Total Site Costs	US\$M	32.47	62.54	20.48	19.64	15.51	14.78	70.41	72.06	67.76	69.00	53.74	17.26	0.41	295.00
Royalties	US\$M	0.08	0.92	0.20	0.29	0.38	0.27	1.14	1.32	1.38	1.52	0.54	0.00	0.00	5.03
Total Cash Cost	US\$M	32.55	63.46	20.68	19.93	15.90	15.05	71.55	73.38	69.14	70.52	54.28	17.26	0.41	300.03
Unit Op Costs															
Mining	US\$/t	2.59	2.79	11.19	7.59	6.84	9.34	4.80	5.40	6.67	6.07	4.22	0.00	0.00	5.95
Processing	US\$/lb	1.75	0.82	0.67	0.59	0.63	0.70	0.64	0.53	0.51	0.51	0.45	0.35	0.29	0.49
Administration	US\$/lb	7.59	1.14	0.51	0.46	0.29	0.53	0.43	0.37	0.37	0.37	0.37	0.25	0.11	0.36
Total Cash Cost	US\$/lb	11.11	2.44	1.53	1.33	1.18	1.64	1.40	1.19	1.12	1.14	0.88	0.61	0.39	1.05
Capital Costs															
Project & Sustaining	US\$M	70.4	41.5	0.39	0.30	0.81	1.52	3.02	2.79	1.29	1.25	6.54	4.77	0.15	18.31

Note: Total Forecasts are from Q4 2017 to 2023; forecasts shown above are based on BTR’s LOM plan as of Q4 2017; some forecast estimates have been adjusted for Deloitte Corporate Finance’s discounted cashflow valuation; all costs are estimated in real terms; capital and operating cost estimates in Deloitte Corporate Finance’s valuation may differ slightly due to modified exchange rate assumptions

Some of the model parameters have been adjusted by Deloitte Corporate Finance for valuation purposes, in accordance with BDA's recommendations, as discussed below.

BDA has reviewed the technical assumptions including the production and capital and operating costs inputs to financial model and has advised Deloitte Corporate Finance as to the amounts considered appropriate for the valuation analysis. BDA's principal comments on the physical and cost inputs to the model are as follows:

- *LOM Tonnage* - the 5.4Mt mined tonnage from October 2017 to end of mine life is consistent with the in-situ reserve tonnage, based on the Kali Kuning June 2016 Ore Reserve figures less mining depletion from July 2016 to end September 2017 and the recently announced (November 2017) Lerokis Ore Reserves. The crushed figure of 5.68Mt is generally consistent with the mined tonnage plus the reported material on stockpile and on dump leach as of end September 2017; the dump leach material is planned to be recovered, crushed and heap leached to complete the copper extraction.
- *LOM Tonnage adjustments/sensitivities* - based on the Kali Kuning tonnage reconciliation data PTD (+12%), BDA considers that a willing and knowledgeable buyer would ascribe a high probability to a 10% increase in the remaining Kali Kuning in situ reserve tonnage for the purposes of valuation; BDA has suggested to Deloitte Corporate Finance that a 10% increase in ore tonnes mined from Kali Kuning would be a reasonable base case adjustment, given that a re-estimation of the remaining reserve (which BDA understands is in progress) is likely to produce an increase of this order, if the grade control data is taken into account. Strongly positive tonnage reconciliations have been achieved over the last quarter (20%) and the previous three months (14%) and while there is no guarantee that such results will continue, BDA considers that a further 5% upside would be a reasonable upside sensitivity. No mining of the sulphide reserve has taken place at Lerokis, and there is therefore no reconciliation data to support an increase in tonnage; BDA considers that the current reserve numbers provide a reasonable base case with a +5% upside sensitivity to reflect a possible similar reconciliation outcome to Kali Kuning.
- *LOM Grade Sensitivities* - the Kali Kuning PTD grade reconciliation data suggests simply retaining the Kali Kuning Ore Reserve grade as the base case. Recent (CY Q2 and Q3 2017) reconciliation data has shown a 10-25% positive grade reconciliation; while there is no guarantee that such results will continue, BDA suggests that a +10% upside grade sensitivity would be appropriate. Again, there is no reconciliation data for Lerokis and BDA considers the reserve grade appropriate as the base case with a $\pm 5\%$ sensitivity.
- *Production Targets* - BDA considers that the mining schedule is reasonable and consistent with the performance to date. The mine plan completes the mining at the Kali Kuning pit, and mining is forecast to commence at Lerokis in 2019, after road construction in 2018. The Lerokis pit is approximately 4km west of the operation at Kali Kuning. Production rates are considered appropriate and achievable, provided the access road to Lerokis is established for the start of ore mining. No adjustment is recommended to the base case except for the increased KK LOM tonnage as discussed above.
- *Crushing and Stacking* - BDA considers that the projected crushing and stacking rate is appropriate and in line with the ore mining schedule and rates currently being achieved. After a number of initial ramp up problems, BTR has improved the crushing performance; an additional crusher has been purchased and monthly throughputs are now on or close to target. While there has been some set-back in Q4 2017 this has been accounted for in the modelling, and a return to full capacity throughput is forecast for Q1 2018.
- *Metallurgical Extraction and Recovery* - the metallurgical extraction rates for Kali Kuning in the BTR forecasts are set at 75%; while, over the longer term, this may be achieved on some heaps, based on current performance, BDA considers that 73% is a more appropriate base case for valuation purposes, with a $\pm 2\%$ sensitivity. The ore at Lerokis is of somewhat different mineralogy, with less chalcocite and covellite and more chalcopyrite; no heap leaching has been undertaken on Lerokis ores, but based on previous and more recent column and bench scale testwork, BDA has suggested to Deloitte Corporate Finance that a 55% base case extraction rate be applied for the purposes of valuation. BTR has adopted a target of 63% recovery in its forecasts. Recent testwork, as reported in the BTR September 2017 monthly report and ASX announcements has shown some encouraging results on samples from the oxide and transition zone; BDA suggests that a sensitivity range of -5% and +10% would be appropriate.
- *Copper Production* - copper production in the Finders' financial model (Table 5.10) is based on extraction assumptions of 75% for KK and 63% for Lerokis; as discussed above, BDA has suggested to Deloitte Corporate Finance some modifications to the base case extraction rates, which impact on the overall production figures. BDA has also suggested sensitivities to reflect the upside potential and downside risk.

- *Operating Costs* - the year to date total operating costs have been generally in line with budget and forecast. The forecast costs in the financial model have been prepared from the current 2017 budget and extended for the LOM, based on the proposed production targets. BDA considers the operating costs as set out in the BTR LOM model to be reasonable and likely to be accurate to within $\pm 5\text{-}10\%$; BDA has suggested to Deloitte Corporate Finance that a sensitivity of $\pm 10\%$ be considered.
- *Capital Costs* - the capital cost estimates reflect a project which has been constructed and reached steady-state operation. Future capital expenditure requirements are limited and include expenditure to access the Lerokis orebody, extend the heap leach areas, upgrade the agglomeration equipment, provide for closure costs and redundancy payments to operations personnel at the end of operations plus general sustaining capital. The capital costs in the project financial model are considered by BDA to be accurate within $\pm 15\%$. BDA considers that for valuation purposes the capital estimates are generally reasonable but has recommended to Deloitte Corporate Finance a sensitivity range of 15%.
- *Closure Costs* – there is allowance in the financial model for closure costs; the timing of the final expenditure may be delayed, in line with any additional ore identified or any extended leaching period, but BDA considers the total estimated closure costs to be reasonable.

6.0 VALUATION DISCUSSION

6.1 Overview

The mineral assets of Finders comprise the company's interest in:

- the ongoing and future planned mining, heap leaching and SX/EW processing and copper production from the defined Kali Kuning and Lerokis Ore Reserves
- potential extensions to the Kali Kuning Ore Reserves based on reconciliation data, project to date
- exploration potential for additional copper mineralisation amenable to heap leaching at Meron, Bara Manu, and other prospects within the tenements
- exploration potential for near-surface gold mineralisation within barite rocks
- potential recovery of precious and base metals from the spent heaps at the completion of copper leaching.

The Wetar project is an ongoing operation with defined resources and reserves, a life of mine plan and schedule, and detailed estimates of future capital and operating costs. Construction of the Kali Kuning Valley process plant was completed in July 2016, and, together with the upgraded Demonstration Plant the operation has a total output capacity of 28,000tpa of copper cathode. The project ramped up to design production levels through 2016 and early 2017, and from Q2 2017 has effectively been operating at or near to design capacity. A crud contamination event impacted production at the end of September 2017, and this, together with the reconstruction of one of the heaps, and an issue with one of the crushers, will also have an impact on production levels in the December 2017 quarter. This has been allowed for in the production modelling, with a significant drop in copper output (30-40% below target) projected for Q4 2017.

The BTR LOM plan involves mining the Kali Kuning deposit to 2019 and the Lerokis deposit from 2019 to 2021. Copper production from the heaps is projected to continue for a further two years to 2023. The BTR LOM plan forecasts total production from Q4 2017 of around 130,000t of copper.

BDA has reviewed the BTR LOM plans and production schedule and forecasts of capital and operating costs and has provided advice to Deloitte Corporate Finance in terms of a reasonable base case for valuation purposes, and potential sensitivities. Deloitte Corporate Finance has undertaken a valuation of the Wetar operation based on discounted cash flows and other relevant methodologies.

Deloitte Corporate Finance has requested BDA to provide a valuation of any additional mineral assets or exploration potential. BDA has considered the following aspects in assessing any additional value.

LOM Production Forecasts

Overall BDA considers the BTR LOM forecasts to be reasonable and to form an appropriate basis for valuation. However, BDA has suggested to Deloitte Corporate Finance certain modifications for the purposes of valuation, considering the most likely approach of a willing and knowledgeable buyer.

Tonnage and Grade - additional tonnage or grade potential from the current Kali Kuning and Lerokis Ore Reserves

BDA has reviewed the current Ore Reserve estimates, the mine production reconciliations and the results of additional drilling. BDA considers the tonnage and grade projections to be generally reasonable and to be appropriately based on the Kali Kuning and Lerokis Ore Reserve data. However:

- project to date production reconciliation data is available for approximately 4Mt of Kali Kuning ore and shows a significant positive tonnage reconciliation relative to reserve estimates; BDA considers the positive tonnage reconciliation at Kali Kuning to be well established, and that a willing and knowledgeable buyer would take such factors into account; no Kali Kuning Ore Reserve update has been undertaken since June 2016, but when the next update is completed, BDA considers the detailed grade control data is likely to have a positive impact on the estimation of Kali Kuning reserves remaining; BDA has suggested to Deloitte Corporate Finance a 10% increase in the remaining Kali Kuning LOM tonnage as a reasonable adjustment to the base case
- Kali Kuning reconciliations in recent quarters have been strongly positive for both tonnage and grade; BDA has suggested to Deloitte Corporate Finance that this should be reflected in terms of further upside sensitivity studies, considering the impact of a further 5% increase in tonnage and a 10% increase in grade (see reconciliation data Table 5.3)

- no mining of the sulphide resource has been undertaken at Lerokis and thus no reconciliation data is available for Lerokis; recent drilling to better define the structure and mineralisation has reported some significant high grade intersections and Finders has updated the Lerokis Ore Reserve to incorporate this drill data (ASX announcement 21 November 2017) and the updated Ore Reserve numbers have been incorporated in the Deloitte Corporate Finance discounted cash flow modelling; based on the Kali Kuning reconciliation experience, there is a possibility that Lerokis will achieve a similar positive reconciliation once mining commences, and on this basis BDA has suggested to Deloitte Corporate Finance that a 5% increase in tonnage be considered as a sensitivity study, with a $\pm 5\%$ variance in grade.

Extraction/Recovery Percentages

- ultimate extraction levels from the heap leach pads are difficult to predict even after significant testwork, trial leaching and actual production performance, given the long leach time and the variation in performance, heap to heap; BDA considers the overall extraction trend for the Kali Kuning heaps is trending towards 70-75%; Finders, in its planning and forecasting adopts a long term recovery of 75%; BDA has suggested to Deloitte Corporate Finance that an average extraction of 73% would be an appropriate basis for valuation with a sensitivity of $\pm 2\%$;
- no heap leaching or large scale trial leaching has been undertaken to date on Lerokis ores; laboratory tests and column tests have generally shown the Lerokis ores to have a lower recovery than Kali Kuning material, due largely to a higher percentage of difficult-to-leach chalcopyrite; Finders has adopted 63% extraction in its LOM modelling, while the Wetar financiers have adopted a more conservative 50% recovery; Finders has recently published some test results showing much higher recoveries on two test samples, but from the information available, this material was from the upper levels of the deposit representing leached and transition material, while tests on deeper massive sulphide material, which represents approximately 60% of the reserve, still showed recoveries trending towards 50-55%; from a valuation perspective, and reflective of the approach likely to be taken by a willing and knowledgeable buyer, BDA has suggested to Deloitte Corporate Finance that it adopt a 55% average extraction level for Lerokis material, with a sensitivity of -5% and +10% reflecting the greater level of variability in test results.

Exploration Potential

Exploration potential relates to possible extensions to known resources/reserves and to the definition of additional resources/reserves at other prospects within the tenements. The principal value in such extensions or additions would be in the extension to the overall project life from the development of these deposits. Possible extensions to mineralisation include:

- *extensions to mine life from known resources/reserves at Kali Kuning* – the Kali Kuning deposit has been relatively well drilled and detailed pit optimisations undertaken; a significant hill to the east of the pit makes further cutbacks difficult and of questionable economic value due to the additional waste stripping involved; BDA considers the additional value from reserve extensions at Kali Kuning has been largely captured with consideration of possible increases to the in-pit reserves indicated by the positive reconciliation data, and included in the Deloitte Corporate Finance modelling
- *extensions to mine life from known resources/reserves at Lerokis* – the recent drilling results have been incorporated in updated Mineral Resource and Ore Reserve estimates and the updated reserve has been incorporated in the latest BTR LOM plan and the Deloitte Corporate Finance modelling; BDA considers that the Lerokis reserve potential is now included in the BTR LOM plan and in Deloitte Corporate Finance modelling
- *exploration potential - extensions to mine life from development of additional deposits* – several geochemical and geophysical anomalies have been identified within the tenements, and surface mapping and, in the case of two prospects, drilling and sampling, have confirmed the presence of gold-rich barite rocks overlying massive pyritic sulphides with zones of copper mineralisation; while additional drilling is planned, none of these prospects are yet at the stage where they would clearly add to the current reserves and mine life, and there is also some opposition from local villagers to development in certain areas; nevertheless, there is clearly significant exploration potential (both for copper mineralisation and gold) and BDA considers that a willing and knowledgeable buyer would ascribe some value to this additional potential.
- *gold mineralisation potential* - the original mining on Wetar was based on gold mineralisation within barite rocks; as noted above, several prospects within the tenements have anomalous gold values, and drilling at the two most advanced prospects has confirmed the presence of near-surface gold mineralisation; further work is required to determine the size of the potential gold resource and whether this is sufficient to re-

establish a gold mining and processing operation; BDA notes that Billiton/PLM, after substantial exploration and with an operating plant, determined not to develop any additional deposits, which might diminish the likelihood of a new precious metals operation being developed, but gold prices and economics have changed in the interim; BDA considers that a willing and knowledgeable buyer would ascribe some value to this potential

Treatment of the ‘Spent’ Heaps

On completion of mining at Kali Kuning and Lerokis, approximately 9Mt of crushed material will remain on the heap leach pads; as well as the residual copper values, this material will contain precious metal values (gold and silver) and base metals (zinc and lead) with an estimated average grade of 0.5% Cu, 0.7g/t Au, 30g/t Ag, 0.5% Zn and 0.2% Pb; no work has been undertaken to determine whether any of these metals could be economically extracted from the crushed material on the heaps, but Finders intends to undertake a programme of work to investigate the potential; until such investigations are undertaken, the question of residual value remains uncertain; however, BDA considers that a willing and knowledgeable buyer would ascribe some modest value to the potential.

6.2 Valuation Methodology

The Wetar project is well established with defined resources and reserves, a life of mine plan and schedule, and detailed estimates of capital and operating costs. The mining conditions and processing parameters are reasonably well understood.

Deloitte Corporate Finance has undertaken the valuation of the Wetar mine project by applying the discounted cash flow method as well as other considerations (see Deloitte Corporate Finance Independent Expert Report). Deloitte Corporate Finance has appointed BDA as the technical expert to provide an assessment of the technical assumptions in the financial model of the Wetar project and to advise on the technical inputs to the discounted cash flow model.

Finders has provided a life of mine plan and schedule based on the mining and processing of the defined reserves at Kali Kuning and Lerokis. BDA has reviewed the production forecasts for the Wetar project and has considered the capital and operating cost projections. BDA has advised Deloitte Corporate Finance as to the reasonableness of the production and cost parameters for valuation purposes and has suggested certain modifications and sensitivities to BTR’s LOM projections for the purpose of valuation.

Deloitte Corporate Finance has requested that BDA undertake a valuation of the resources not already included in the financial model of the mine project as well as any exploration assets. Accordingly, BDA has valued these mineral assets by applying the valuation principles outlined in Section 3. BDA has considered the likely increment in value from an extension to the mine life and has considered multiples of exploration expenditure, comparable transactions and yardstick values and the values indicated by other independent reports.

6.3 General Assumptions

BDA’s valuations assume that:

- All licences, permits, certificates and consents issued by the Indonesian government, local authorities or other authorised entities or organisations that will affect the continuity of operations will be obtained as required in the future, and all applicable laws and regulations will be complied with; there will be no material changes which will materially affect the revenue and income being generated.
- The financial and operational information provided by Finders has been prepared on a reasonable basis, reflecting estimates that have been arrived at after due and careful consideration.
- While metal prices and exchange rates may differ materially from those forecast, the assumptions used are considered reasonable in the current context.
- Management will implement financial and operational strategies that will seek to optimise the efficiency of the operation of the business, and adequate financial capital for the projected capital expenditure and working capital will be available and any scheduled interest or repayments of loans will be paid on time.
- Management has sufficient knowledge and experience in respect of the operation of the business that staff turnover or departure of any key manager or person will not significantly affect the operation of the business; reasonable and appropriate contingency measures have been adopted against any human disruption or natural disaster, and the occurrence of any such disruption will not significantly affect the operation of the business.

6.4 Valuation – Additional Exploration and Other Potential

Exploration Prospects – Meron, Bara Manu and Others

Finders tenements on the northern coast of the island of Wetar are shown in Figures 1, 2 and 4. The only defined reserves are those at Kali Kuning and Lerokis, however, within the Wetar tenements there are other prospects where anomalies and mineralisation have been identified, and in some cases drilled.

PLM, during the 1990s, carried out regional mapping, geochemical exploration and geophysical surveys. Most of the Wetar tenement area is covered by post-mineralisation volcanic rocks, but in places where the mine sequence rocks are exposed, alteration and evidence of sulphide mineralisation can be seen. The massive sulphide zones are strong electrical conductors and are associated with geophysical electromagnetic (EM) anomalies. Airborne EM surveys carried out by PLM identified a number of anomalies; prospects were identified, and ground mapping and surveying carried out. These prospects lie generally in the Lerokis and Kali Kuning areas and have been given prospect numbers, Z1-8 in the Lerokis region and KK 1-4 in the Kali Kuning region (Figure 4).

The two principal prospects on which further follow up work and drilling have been undertaken are Meron, approximately 2km east of Kali Kuning, and Bara Manu, between Meron and Kali Kuning. Both prospects have gold-rich barite rocks at surface, overlying massive pyrite lodes containing copper mineralisation. The focus of PLM's exploration was the gold mineralisation within the barite rocks, so many of the drill holes were stopped at the base of the gold mineralisation.

Other anomalies identified by the geochemical and geophysical surveys include Karkopang, 3km to the south of Kali Kuning. No drilling has been undertaken but geochemical anomalies and alteration haloes have been identified in stream mapping and sampling.

Several of the known prospects warrant further investigation, but to date Finders' work has been focussed on the construction and ramp up of the Kali Kuning project. Infill drilling and exploration drilling programmes have been proposed for Meron and Bara Manu, but no work has commenced on the ground, awaiting the completion of negotiations with the local landowners, who have currently indicated some opposition to disturbance of the area. There appears reasonable potential for the discovery of further massive sulphide pods, but confirmation of economic copper mineralisation will require systematic exploration and drilling.

Valuation Based on Past Exploration Expenditure

Past expenditure, or the amount spent on exploration of a tenement can be used as a guide in determining the value of exploration tenements, and 'deemed expenditure' is frequently the basis of joint venture agreements. The assumption is that well directed exploration has added value to the property. This is not always the case and exploration can also downgrade a property and therefore a 'prospectivity enhancement multiplier' or PEM, which commonly ranges from 0.5-3.0, is applied to the effective expenditure.

Finders has provided BDA with estimates of expenditure on the exploration prospects, totalling from US\$3.9-5.0M (depending on conversion of historical costs), excluding Kali Kuning and Lerokis, based on both PLM and Finders' expenditure. The bulk of these costs relate to the carrying out of geochemical and geophysical surveys and the drilling programmes at Meron and Bara Manu.

While the resource estimates at Meron and Bara Manu are preliminary and pre-date the JORC 2012 Code, nevertheless mineralisation has been intersected and resources outlined, with follow up infill drilling and pre-feasibility study work still required. In BDA's opinion, a PEM factor of 2.5-3 is appropriate (*a resource has been defined but a (recent) pre-feasibility study has not yet been completed*), resulting in a valuation range based on past expenditure of approximately US\$9.8-15.0M with a most likely estimate of US\$12.4M (see Table 6.1).

Table 6.1
Valuation of Finders' Additional Mineral Assets and Exploration Potential (100% Basis)

Property	Exploration Expenditure			Comments
	Low	Most Likely	High	
Exploration Value from Exploration Expenditure	9.8	12.4	15.0	Expenditure x PEM

Valuation Based on Estimated Production Potential

The value of any of the prospects within the Wetar tenements relates primarily to their ability to provide additional feed to the current heap leach and process plant, and thus to extend the project life and copper production.

There may also be some value related to gold content if any of the prospects have a significant tonnage of gold-rich barite rock overlying or peripheral to the massive sulphide; the potential value of the gold-barite mineralisation is discussed separately below.

A 1997 PLM resource estimate of copper mineralisation at Meron (based on a 1% Cu cut off) totalled 0.6Mt at 2.3% Cu containing approximately 14,000t of copper. This estimate is unlikely to be JORC compliant, but nevertheless is considered indicative, however, BDA notes that most of the drill holes did not penetrate the full sulphide deposit, and that the sulphide body remains open to the north, though under an increasing cover thickness.

BDA considers that a willing and knowledgeable buyer would certainly ascribe some value to the potential for perhaps two or three of the exploration prospects to host significant bodies containing economic concentrations of copper that would warrant development and would contribute to an extension to mine life.

The magnitude of such bodies remains speculative, but given the extent of historic exploration, it would appear unlikely that any of the remaining prospects would approach the size of Kali Kuning or Lerokis. The Lerokis reserve, based on the latest update, contains approximately 76,000t of copper. At an average 55% extraction figure, copper recovered would total approximately 42,000t; with a 28,000tpa operation, this represents 1.5 years of production.

In BDA's opinion, a willing and knowledgeable buyer might anticipate that with further exploration, one or two small additional deposits might be discovered that together might contribute up to a Lerokis-sized reserve. For valuation purposes BDA suggests that a willing and knowledgeable buyer would consider the possibility that further work might outline an additional year's production, with a downside of 6 months production and an upside of 18 months production.

Based on a high-level analysis, Deloitte Corporate Finance has advised that an additional 12 months production, extending the current mine life, would add approximately US\$45M to the project NPV. As such a resource still has to be established, and economic viability demonstrated, and there could be considerable cost in completing the required work, BDA considers that a willing and knowledgeable buyer at this stage would ascribe only 25-35% of the potential upside to the yet to be proved value of the exploration potential. On this basis, BDA considers US\$11.3-15.8M with a most likely value of US\$13.6M to be a reasonable guide to the value that a willing and knowledgeable buyer might ascribe to the Wetar exploration potential (see Table 6.2).

Valuation Based on Yardstick Values

The application of yardstick values requires the yardstick to be based on reasonably comparable projects. The Wetar project and the Kali Kuning and Lerokis deposits are relatively unusual examples of recent massive sulphide submarine exhalative deposits exposed at surface and under current development in a remote location. BDA has not identified any recent transactions involving reasonably comparable projects. Nevertheless, BDA has considered whether yardstick values from copper project transactions in general might provide some guide.

The range of prices paid is wide, depending on the nature of the mineralisation, the size, grade and depth and the likely capital required to develop the project and the likely operating costs. Prices paid per tonne of copper in resource typically range from around US\$0.02-0.05/lb of copper in resource (US\$45-110/t), or from US\$0.20-0.35/lb of copper in reserve (US\$440-770/t). For relatively high-grade copper mineralisation close to surface with low mining costs and an existing plant, as at Wetar, BDA considers the upper range more relevant.

An additional year's production at Wetar would require approximately an additional 50,000t of copper in reserve, allowing for Lerokis-type heap leach recovery factors. Applying a US\$440-770/t yardstick, such a reserve might be valued at around US\$22-38M, with a most likely value of around US\$30M. Again, BDA notes that a resource still has to be established, and economic viability of a reserve demonstrated, and therefore suggests that a willing and knowledgeable buyer at this stage would ascribe only 25-35% of the potential value. On this basis, BDA considers US\$7.5-10.5M to be a reasonable guide to the value that a willing and knowledgeable buyer might ascribe to the Wetar exploration potential, with a most likely value of around US\$9.0M (see Table 6.2).

Table 6.2
Valuation of Finders' Additional Mineral Assets and Exploration Potential (100% Basis)
LOM Extension and Yardstick Values

Property	Valuation (US\$M)			Comments
	Low	Most Likely	High	
Additional prospects – LOM extension	11.3	13.6	15.8	Based on estimated production potential
Additional potential reserves – yardstick values	7.5	9.0	10.5	Potential additional copper in reserve
<i>Mean Value</i>	<i>9.4</i>	<i>11.3</i>	<i>13.2</i>	

Exploration Prospects – Gold Potential

As previously noted, the early mining at Wetar during the 1990s was focussed on gold mineralisation within the barite rocks overlying the massive sulphides at Lerokis and Kali Kuning. PLM mined and processed approximately 5Mt of barite-rock averaging approximately 4g/t Au and 120g/t Ag. Around 60-70,000 ounces (“ozs”) per annum of gold were produced via a gravity and Merrill Crowe process over a seven-year operation.

Although the barite-gold mineralisation overlying the massive sulphides at Kali Kuning and Lerokis has been largely mined out, gold mineralisation has been intersected at and near surface at Meron and Bara Manu, and barite-gold mineralisation would also appear to be present at other prospects.

Finders has not, to date, undertaken any estimation of the potential gold resources, nor any investigation of the potential to re-establish a gold processing operation. BDA notes that PLM, with an existing gold operation and processing plant, did not consider any of the known prospects warranted development to extend the operation in the 1990s, but it is acknowledged that gold prices and economics have changed significantly in the interim.

In 1996 PLM estimated the gold resource at Meron to total 0.3Mt at 3.3g/t Au; if replicated at other prospects, a review of the gold potential could be warranted, though there is no suggestion from the current data that any large gold resource (approaching the 2-3Mt Lerokis and Kali Kuning gold deposits), is likely to be discovered. However, three to four Meron-size deposits would appear a possible target, say 1-1.5Mt at 3-4g/t Au.

BDA considers that a willing and knowledgeable buyer would ascribe some value to the gold potential, but this is likely to be relatively modest. A resource of 1-1.5Mt of ore or about 100-150,000ozs would appear to be a reasonable minimum target to warrant development consideration, though this would still be a relatively small operation. Using a yardstick measure of US\$15-20/oz (given that these are largely conceptual and not yet defined resources, and significant exploration expenditure would be required), would give a value range of approximately US\$1.5-3.0M. BDA considers a willing and knowledgeable buyer might ascribe a value of this order to the gold exploration potential with a most likely value of around US\$2.3M (see Table 6.3).

Residual Precious and Base Metals in Spent Heaps

At completion of the mining of Kali Kuning and Lerokis, approximately 9Mt of sulphide ore will have been crushed and placed on heap leach pads. Finders has noted that, as well as residual copper, this material contains gold and silver values together with some zinc and lead. No testwork has been undertaken to date as to whether any precious or base metals can be economically recovered from the spent heaps, but Finders considers there is some potential and plans to undertake future testwork.

From analytical work on Kali Kuning and Lerokis samples, grades of the residual heap leach material are likely to average approximately 0.5% Cu, 0.7g/t Au, 30g/t Ag, 0.5% Zn and 0.2% Pb. These are broad, average values, and certainly some portions of the deposits have significantly higher precious metal and base metal grades, but it is assumed that these values will be diluted with lower grade material following the crushing and stacking process.

The residual heaps would represent a crushed resource, on surface, containing approximately 200,000ozs of gold, 8.5Mozs of silver and 45,000t of zinc. How much of this contained metal would be recoverable, and by what process, remains to be determined, and whether the process would be economic also needs to be established. Significant expenditure would also be required to confirm the optimum extraction process and construct a process plant. Applying the US\$15-20/oz yardstick measures, as above, to the potential gold resource would give a value ranging from US\$3-4M. While the spent heaps will contain other metals, BDA considers that a willing and knowledgeable buyer would ascribe most of the value (and probably all of the value) to the gold potential. BDA considers that a willing and knowledgeable buyer might ascribe a value of around US\$3-4M with a most likely value of US\$3.5M to the potential opportunity to set up a viable operation extracting gold (and possibly other metals) from the spent heaps (see Table 6.3).

Table 6.3
Valuation of Finders' Additional Mineral Assets and Exploration Potential (100% Basis)
Gold Resources and Residual Gold in Spent Heaps

Property	Valuation (US\$M)			Comments
	Low	Most Likely	High	
Wetar tenements – gold exploration potential	1.5	2.3	3.0	Yardstick – barite gold mineralisation
Spent Heaps – residual value	3.0	3.5	4.0	Based on residual gold in spent heaps
<i>Total Additional Gold plus Spent Heaps Value</i>	<i>4.5</i>	<i>5.8</i>	<i>7.0</i>	

Independent Expert Valuations

The ValMin Code notes that an Independent Expert valuation report should refer to other recent valuations undertaken on the company or property. We have inquired of Finders whether any other recent valuations of the company's exploration assets have been undertaken and have been advised that the only other relevant independent valuations have been in various broker reports. We have reviewed four recent (October 2017) broker reports where an estimate has been made of exploration value. These values range from A\$20-50M (US\$15-37.5M). While no details are given of the derivation of the estimates, BDA considers the range worthy of consideration and has included these values in its overall assessment of exploration value, though a relatively low weighting has been applied (see Table 6.5).

6.5 Valuation Summary

Deloitte Corporate Finance has determined the valuation of the Wetar operation and this valuation is discussed in the Deloitte Corporate Finance report. BDA has determined a value of any additional mineral assets or exploration potential and a summary of these asset valuations is shown in Table 6.5.

BDA has considered Exploration Value based on previous expenditure (multiplied by an appropriate Prospectivity Enhancement Multiplier). BDA considers the assessment based on past exploration expenditure to be a well-accepted methodology, and in these circumstances, a reasonable guide to accepted exploration values; BDA has therefore given these estimates a weighting of 50% (Item A, Table 6.5).

BDA has determined a value for the possible life of mine extension, based on the possibility of identifying additional resources, convertible to economic mineable reserves at one or more of the identified prospects within the Wetar tenements. These values have been estimated from the additional net present value which would accrue from any extension to the mine life, and from a yardstick assessment of the value of possible additional tonnes of contained copper in reserves; the mean of these values has been used as the preferred value. Both of the values have been discounted to allow for the fact that at this point in time, no additional reserves have been defined at any of the exploration prospects within the Wetar tenements, though appropriate rock types and geology have been identified and ore grade copper intersections obtained at two prospects. BDA also notes, in assessing these values, that currently the local landowners have shown some opposition to development at the most promising prospect.

BDA considers that the possible value relating to the gold potential in the barite rocks overlying the massive sulphides, and the possible value relating to extraction of other metals from the spent heaps at the end of the mine life, are additional to the value ascribed to the potential for mine life extension of the copper heap leach SX/EW operation. These values have therefore been summed to give a total Exploration Value based on possible extensions to the life of the copper project plus possible precious metal developments (see Table 6.4 and Item B, Table 6.5).

Table 6.4
Valuation of Finders' Additional Mineral Assets and Exploration Potential (100% Basis)
LOM Extension and Yardstick Values

Property	Valuation (US\$M)			Comments
	Low	Most Likely	High	
LOM extension – Mean Value	9.4	11.3	13.2	Additional copper production potential
Additional Gold potential	4.5	5.8	7.0	Additional gold plus spent heaps value
<i>Total</i>	<i>13.9</i>	<i>17.1</i>	<i>20.2</i>	

With no material additional defined resources and no additional defined reserves, the values based on LOM extension are, of necessity, somewhat speculative. However, these are the principal considerations that a willing and knowledgeable buyer would address, in that these factors represent the real additional potential value. The value of any additional gold resource, given that Billiton/PLM determined not to mine any additional resources, is likely to be modest. The value of any residual metals in the spent heaps at the end of the mine life remains to be proved, and significant work is required to demonstrate whether any of these metal values can be economically extracted. Nevertheless, these values are additional to the copper LOM extension value. Given the speculative nature of these considerations, BDA has applied a 30% weighting to the combination of these subtotals.

BDA has also considered other independent assessments, in this case estimates of exploration value in recent Broker reports. In BDA's view these estimates warrant consideration, but no back-up detail is provided; on this basis BDA has applied a weighting of 20% (see Item C, Table 6.5).

Table 6.5
Valuation Summary of Finders' Mineral Assets and Exploration Potential (100% Basis)

Property	Valuation (US\$M)			Comments
	Low	Most Likely	High	
Wetar Mine Project – Defined Reserve/Mine Plans				
Kali Kuning and Lerokis reserves, heap leach, SX/EW and cathode copper production	See IER	See IER	See IER	Assessed by Deloitte Corporate Finance with technical input from BDA
Kali Kuning Reserve adjustments and sensitivities based on mine production reconciliation and grade control data	See IER	See IER	See IER	Incorporated in Deloitte Corporate Finance assessment based on technical advice from BDA
Summary Valuation Exploration Interests				
A. Exploration Value from Exploration Expenditure	9.8	12.4	15.0	Table 6.1 - Expenditure x PEM (50% weighting)
B. Exploration Value - LOM Extension plus gold and Spent Heaps potential	13.9	17.1	20.2	Table 6.2 plus Table 6.3: LOM extension, gold, residual value (30% weighting)
C. Independent Valuations (Brokers Reports)	15.0	26.3	37.5	Range and average of Brokers estimates (20% weighting)
Weighted Mean - Additional Exploration Interests	12.1	16.6	21.1	Weighted Average

Note – final assessment based on a weighted average

BDA notes that the estimates above have all been made on a 100% basis. Finders' 74.1% interest would be valued in a range of US\$9.0-15.6M with a most likely value of US\$12.3M.

7.0 STATEMENT OF CAPABILITY

This report has been prepared by Mr Malcolm Hancock and Mr John McIntyre, both of whom are Directors of BDA, Mr Peter Ingham, Mr Roland Nice, Mr Richard Frew, and Mr Adrian Brett, BDA Senior Associates. Mr Hancock and Mr McIntyre have reviewed the data and report. A summary of the professional qualifications and experience of the consultants involved is included below.

Both Mr Hancock and Mr McIntyre are qualified as Competent Persons under the JORC Code, and each is qualified as a Certified Minerals Valuer (CMV) under the Australasian Institute of Minerals Valuers and Appraisers (“AIMVA”). Mr McIntyre is also a Certified Valuer as a Member of the International Institute of Mineral Appraisers (“IIMA”), formerly the American Institute of Mineral Appraisers (“AIMA”).

BDA is a mineral industry consulting group, specialising in independent due diligence reviews, valuations and technical audits of resources and reserves, mining and processing operations, project feasibility studies, and Independent Engineer work on project development, construction, and certification. BDA specialises in review and due diligence work for companies and financial institutions. The parent company, Behre Dolbear and Company Inc. has operated continuously as a mineral industry consultancy since 1911, and has offices in Denver, New York, Toronto, Vancouver, London, Hong Kong, Guadalajara and Sydney.

Mr Malcolm Hancock (BA, MA, FGS, FAusIMM, MIMMM, MMICA, CP (Geol), MAIMVA (CMV)) is a Principal and Executive Director of BDA. He is a geologist with more than 40 years of experience in the areas of resource/reserve estimation, reconciliation, exploration, project feasibility and development, mine geology and mining operations. Before joining BDA, he held executive positions responsible for geological and mining aspects of project acquisitions, feasibility studies, mine development and operations. He has been involved in the feasibility, construction, and commissioning of several mining operations. He has worked on both open pit and underground operations, on gold, base metal, light metal and industrial mineral projects, and has undertaken the management and direction of many of BDA’s independent engineer operations in recent years.

Mr John McIntyre (BE (Min) Hon., FAusIMM, CP (Min), MAIMVA (CMV), MMICA, MAIMA) is a Principal and Managing Director of BDA. He is a mining engineer who has been involved in the Australian and international mining industry for more than 45 years, with operational and management experience in copper, lead, zinc, nickel, gold, uranium and coal in open pit and underground operations. He has been involved in numerous mining projects and operations, feasibility studies and technical and operational reviews in Australia, West Africa, New Zealand, North America, PNG and Southeast Asia. He has been a consultant for more than 30 years and has been Managing Director of BDA since 1994, involved in the development of the independent engineering and technical audit role.

Mr Peter Ingham (B.Sc. (Min), M.Sc., DIC, GDipAppFin (Sec Inst), CEng, FAusIMM, MIMMM, MAIMVA) is General Manager Mining for BDA and is a graduate mining engineer with more than 35 years in the mining industry in Europe, Africa, Australia and Asia. His experience includes operations management, mining contract management, strategic planning, project assessment and acquisition, cost estimation and operational audits and trouble-shooting. He is experienced in a range of commodities, including copper, nickel, base metals, gold and platinum, in both surface and underground mining. Mr Ingham reviewed the project’s mining, geotechnics and operating costs.

Mr Roland Nice (BSc, MAusIMM, LMCIM, MAIME, MIEAust, Chartered Engineer) is a Senior Associate of BDA with more than 50 years of experience as a professional metallurgical engineer. He has extensive experience in process engineering and operations, project evaluation, technical design and analysis. He has held senior management positions, including General Manager, Metallurgy and Concentrator Manager. Mr Nice has been closely involved with the process plant design, development and construction of gold, copper, uranium and base metal mines as well as numerous other metallurgical projects. He has worked principally in Australia, Southeast Asia, South America, Canada and Africa. Mr Nice reviewed the project processing aspects and operating costs.

Mr Richard Frew (BE Civil, MIE Aust) is a Senior Associate of BDA with more than 40 years’ experience as a planning, estimation and contracts engineer. He is experienced in contract management, feasibility study review, financial modelling, capital cost estimation, infrastructure, project controls, critical path analysis, project implementation and contract assessment. He has worked on a large number of projects providing management and project services to the owners or financiers, including major projects in Australia, the Philippines, Argentina, Mauritania, New Zealand and Romania. Mr Frew reviewed the project infrastructure and capital costs.

Mr Adrian Brett (BSc (Hon) Geology, MSc (Geotech.), MEnvir.Law, FAusIMM) is a Senior Associate of BDA with more than 40 years' experience in environmental and geo-science, including the fields of environmental planning and impact assessment, site contamination assessments, environmental audit, environmental law and policy analysis and the development of environmental guidelines and training manuals. He has worked in an advisory capacity with several United Nations, Australian and overseas government agencies. He has completed assignments in Australia, Indonesia, Thailand, Laos, the Philippines, the Middle East, Africa and South America. Mr Brett reviewed the project environmental and social aspects together with the project tenements and approvals.

8.0 STATEMENT OF INDEPENDENCE

Neither the Principals nor Associates of BDA have any interest or entitlement in the securities or assets of Finders or any associated companies. BDA will be paid a fee for this report comprising its normal professional rates and reimbursable expenses. The fee is not contingent on the conclusions of this report.

9.0 LIMITATIONS AND CONSENT

This assessment has been based on data, reports and other information made available to BDA by Finders and Deloitte Corporate Finance. BDA has been advised that the information is complete as to material details and is not misleading. A draft copy of this report has been provided to Finders and Deloitte Corporate Finance for comment as to any errors of fact, omissions or incorrect assumptions.

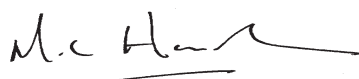
The opinions stated herein are given in good faith. We believe that the basic assumptions are factual and correct and the interpretations reasonable.

With respect to the BDA report and use thereof by Finders and Deloitte Corporate Finance, Finders agrees to indemnify and hold harmless BDA and its shareholders, directors, officers, and associates against any and all losses, claims, damages, liabilities or actions to which they or any of them may become subject under any securities act, statute or common law and will reimburse them on a current basis for any legal or other expenses incurred by them in connection with investigating any claims or defending any actions.

This report is provided to the Directors of Finders and Deloitte Corporate Finance in connection with the valuation and proposed transaction and should not be used or relied upon for any other purpose. This report does not constitute an audit. Neither the whole nor any part of this report nor any reference thereto may be included in or with or attached to any document or used for any purpose without our written consent to the form and context in which it appears.

Yours faithfully

BEHRE DOLBEAR AUSTRALIA PTY LTD



Malcolm C Hancock

Executive Director - BDA



John McIntyre

Managing Director - BDA

*Prepared by Behre Dolbear Australia Pty Limited
Level 9, 80 Mount Street
North Sydney
NSW 2060
Australia
Tel 612 9954 4988; Fax 612 9929 2549*



About Deloitte

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com/au/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

Deloitte provides audit, tax, consulting, and financial advisory services to public and private clients spanning multiple industries. With a globally connected network of member firms in more than 150 countries, Deloitte brings world-class capabilities and high-quality service to clients, delivering the insights they need to address their most complex business challenges. Deloitte has in the region of 225,000 professionals, all committed to becoming the standard of excellence.

About Deloitte Australia

In Australia, the member firm is the Australian partnership of Deloitte Touche Tohmatsu. As one of Australia's leading professional services firms, Deloitte Touche Tohmatsu and its affiliates provide audit, tax, consulting, and financial advisory services through approximately 6,000 people across the country. Focused on the creation of value and growth, and known as an employer of choice for innovative human resources programs, we are dedicated to helping our clients and our people excel. For more information, please visit Deloitte's web site at www.deloitte.com.au.

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Touche Tohmatsu Limited

© 2017 Deloitte Corporate Finance Pty Ltd

Finders Resources Limited

25 Colin Street
West Perth WA 6005
AUSTRALIA

PO Box 597
West Perth WA 6872

