

**IFFLA WADE****FACSIMILE MESSAGE**

**TO:** ASX Market Announcement Office  
**COMPANY:** ASX Limited  
**FACSIMILE NO:** 1300 135 638/+61 2 9347 0005  
**DATE:** 14 February 2018  
**SUBJECT:** Eastern Field Developments Limited – Off Market Takeover Offer to  
acquire all the ordinary shares in Finders Resources Limited (FND)

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We act for Eastern Field Developments Limited (EFDL).

On behalf of EFDL, we attach a notice from EFDL declaring the offers made under its takeover offer for the ordinary shares in Finders Resources Limited (ACN 108 547 413) (**Finders**) unconditional. A copy of the notice has also been given to Finders.

We also attach a statement by EFDL relating to its waiver of the conditions.

Yours faithfully

Iffla Wade



Iffla Wade

**NOTICE TO FREE OFFERS FROM CONDITIONS UNDER SECTION 650F OF THE  
CORPORATIONS ACT 2001 (CTH)**

To:

Finders Resources Limited

And to:

ASX Limited

Eastern Field Developments Limited (EFDL) gives notice under section 650F of the Corporations Act 2001 (Cth) (**Act**) that in relation to the offers dated 20 November 2017 (**Offers**) made pursuant to its replacement bidder's statement dated 17 November 2017 (**Bidder's Statement**) relating to its off-market takeover bid for all of the ordinary shares in Finders Resources Limited (ACN 108 547 413) (**Finders**) that it declares the Offers and any contract resulting from acceptances of the Offers free from the conditions set out in paragraph 3 to 8 of Schedule 2 to the Bidder's Statement.

Accordingly, the Offers are now unconditional.

As at the date of this notice, EFDL's voting power in Finders is 24.91%, comprising 192,414,018 shares out of a total of 772,367,245 ordinary shares on issue.

Terms used in this notice (unless otherwise defined) have the meanings given in the Bidder's Statement.

Dated 14 February 2018

*D Fowler*

.....  
David Fowler - Director

# EASTERN FIELD DEVELOPMENTS LIMITED

(BVI Co No 1955552)

(a company jointly owned by Procap Partners Limited, PT Saratoga Investama Sedaya Tbk. and PT Merdeka Copper Gold Tbk.)



14 February 2018

ASX and Press Release

For Immediate Release

## Eastern Field waives remaining Takeover Bid Conditions

Eastern Field Developments Limited (**Eastern Field**) has elected to make its 23¢ per share cash bid for Finders Resources (ASX: FND) (**Finders**) unconditional, effective immediately.

Eastern Field commenced its bid in October after Provident Minerals (**Provident**) completed a formal sale process for its Finders stake that attracted little interest and no offers. The reasons given to Provident at the time were Wetar's short mine life, potential investors' requirement for the involvement of a strong Indonesian group such as Provident, and the relatively small resource and production profile at Wetar. The unsuccessful sale process prompted Provident to form the Eastern Field consortium as the vehicle to launch the takeover bid for Finders.

Five months since Eastern Field announced its intention to take over Finders with its 23¢ per share cash offer, and despite Finders' search for a white knight suitor, we are the only bidder. Our offer price of 23¢ per share cash is in excess of Finders' 5-day VWAP of 22.138¢ per Share.

Eastern Field director David Fowler said:

*"The time has come to draw a line in the sand. We announced our intention to take over Finders Resources five months ago. Finders has had ample time to secure a white knight but the reality is that no alternate bidders have emerged.*

*"Provident tried to sell its stake but could not find a buyer. Finders' performance has deteriorated significantly since then. Eastern Field thinks that if the status quo continues, the production and other related financial impacts will continue to worsen, and the share price will fall to well below 23¢. If we can get control of Finders, we hope to recover the 23¢ per share in value over time.*

*"Takeovers can be drawn-out affairs if shareholders wait in hope for a better offer to appear, or for the target company to irresistibly demonstrate its shares are worth much more. Well, the Finders management team may have been able to identify a theoretical valuation of 31¢ per share. However, real potential bidders have seen that valuation for what it is – highly theoretical and unrealistic. The operational performance at Wetar is well below shareholders' expectations and, as a result, Finders' balance sheet is under significant pressure as demonstrated by its small cash balance.*

*"Now that our offer is unconditional and we are Finders' largest shareholder with a 25% stake, we urge Finders' other shareholders to make the most of the certainty of our 23¢ per share cash offer, accept as soon as possible and receive the cash within one month of their acceptances."*

### Recovery and Production Concerns

Production for Quarter 4 2017 was only 4,100 tonnes of copper, 41% below Wetar's theoretical nameplate capacity of 7,000 tonnes. In our opinion, Finders' explanation for the shortfall fails to explain the size of the shortfall and Eastern Field is concerned that recoveries, in accordance with the feasibility study leach curve, are not being achieved. Performance in accordance with this leach curve

is fundamental to Finders' valuation as this leach curve has been used for future production projections that underpin the supposed value of the company.

In its response to issues raised by Eastern Field on recoveries, Finders committed to evaluate Wetar's project-to-date recoveries. However, no further information has been subsequently released. In the absence of disclosure by Finders, Eastern Field has undertaken its own analysis of Finders' recoveries to date using the methodology set out in Appendix 1. The methodology and resulting calculations have been reviewed for reasonableness by a qualified technical expert, Bruce Middlin, who has significant experience with heap leach copper projects. The conclusion is that Finders' actual recoveries to date should have been 15% to 20% higher than the rates set out in the leach recovery curves adopted in the feasibility study had been achieved. This goes some way to explaining the dismal performance at Wetar for Quarter 3 2017 and Quarter 4 2017 and raises significant questions about the expected cash flow from Wetar. These are issues which Finders must address and which require immediate disclosure to the market.

Given the uncertainty of the level of production at Wetar and the unwillingness of Finders to make a production forecast for Quarter 1 2018, it is imperative that Finders keeps the market informed by disclosing the production figures for this quarter on a month-by-month basis. A shareholder who makes a decision on whether to accept Eastern Field's offer in this period is entitled to know the level of production now - not after the takeover bid has expired. There is no reason why Finders cannot disclose this information now and Eastern Field calls on Finders to do so.

Based on Eastern Field's recovery analysis, Wetar is likely to fall materially short of the Quarter 1 2018 production level anticipated by Finders' independent expert Deloitte when it calculated Finders' value for the Target's Statement. Deloitte appears to have used a production estimate of approximately 6,700 tonnes of copper in Quarter 1 2018 though, as noted in Finders' Supplementary Target's Statement, Finders "has not made any forecast as to the total March 2018 quarter copper cathode production".

From Quarter 2 2018 onwards for 15 quarters, Deloitte has used approximately 7,000 tonnes of copper production per quarter in its Finders valuation model. If the recovery performance continues to fall 15% short – as we believe it has done to date – we think that the production figures used by Deloitte will be materially incorrect or Finders will need to mine and stack at a higher rate, which will increase costs and consume reserves faster.

Eastern Field director David Fowler said:

*"We wonder where the Deloitte estimates of production for Quarter 1, 2018 have come from given that Finders now claims not to have provided any guidance on Quarter 1 2018 production, despite the independent technical expert BDA stating that its analysis is based on information from management. Deloitte, BDA and Finders should get their story straight and tell the market where these production estimates come from and what Quarter 1 2018 production will be."*

### **Working Capital Concerns**

Finders' Quarter 4 2017 production performance resulted in its EBITDA falling 68% to US\$6.8 million (compared with Quarter 3 2017). In its Quarter 4 2017 Appendix 5B, Finders disclosed cash flow from operations of \$A27 million (approximately \$US21 million). The difference between EBITDA and cash flow has likely resulted from Finders stretching its working capital position by liquidating receivables and/or finished goods inventory and/or by deferring payments to its suppliers. In the absence of any disclosure from Finders, Eastern Field estimates at least US\$15 million of cash is likely to be required to normalise working capital. Any failure to pay its suppliers has the potential for further disruption to production.

Eastern Field is concerned that any further shortfall in production will mean that Finders will not have the necessary cash to fund principal, interest, hedging and Debt Service Reserve Account (DSRA) payments due to its banks in 2018, let alone develop Lerokis and fund exploration to deliver a much-needed project life extension for Wetar.

In January 2018, Eastern Field extended its takeover bid deadline until 28 February to give Finders time to clarify the Wetar recovery performance and provide production guidance and details of its working capital position. No disclosure has been made. Eastern Field is therefore writing to Finders, Deloitte and BDA seeking clarity on these issues as they are clearly material to shareholders' evaluation of the merits of Eastern Field's 23¢ per share cash bid.

Eastern Field director David Fowler said:

*"If Finders has nothing to hide, why doesn't Finders disclose the actual production for the month of January, provide an estimate of Quarter 1 2018 production and details of the company's working capital position, so that shareholders can properly assess the bid?"*

The formal notice under section 650F of The Corporations Act 2001 (Cth) (Act) making the Eastern Field's offers unconditional is attached to this announcement.

Should you have any queries, please contact Eastern Field on 1300 079 762 (for callers within Australia) or +61 8 6314 6314 (for callers outside Australia) between 10.00am and 5.00pm (Perth time) Monday to Friday, or visit the Eastern Field website at [www.easternfielddevelopments.com](http://www.easternfielddevelopments.com).

Yours sincerely,



**David Fowler**  
Eastern Field Developments Limited  
Director

For more information please contact:

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Cannings Purple

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E: [pklinger@canningspurple.com.au](mailto:pklinger@canningspurple.com.au)

## Appendix 1

### Methodology used to Estimate Project to Date Recovery

Finders Resources ("Finders") has project-to-date (until 31 December 2017) stacked approximately 102,000 tonnes of contained copper (98,000 tonnes until 30 November 2017 plus an estimated 4,000 tonnes during December 2017) and stripped 37,688 tonnes of copper. Eastern Field Developments Limited ("Eastern Field") estimates that, based on the feasibility study leach curve, copper stripped should have been 43,300 to 45,200 tonnes, 15% to 20% higher than has actually been stripped.

#### 1.1 Introduction

Finders has disclosed limited information on metallurgical recoveries for the Wetar project. A methodology was developed by Eastern Field to calculate Wetar's recovery performance by estimating what copper should have been produced based on actual tonnes stacked, grade stacked and the feasibility study leach curve. Simply put:

Target copper stripped = (Actual tonnes stacked x Actual grade of tonnes stacked x recovery % based on assumed leach curve) less estimated in process inventory.

Actual copper stripped was then compared to target copper stripped to determine whether copper is being recovered in accordance with the assumed leach curve.

#### 1.2 Actual Tonnes and Grade Stacked

Tonnes and grade stacked were based on Finders' quarterly activity reports given to the ASX. Finders reports on a quarterly basis and does not provide monthly figures. For the purpose of the calculation, the quarterly tonnes were divided by 3 to come up with an average monthly tonnage for the quarter. The monthly grade is assumed to be the same as the quarterly grade.

The quarterly tonnes and grade stacked and the source of this information are shown in the table below.

**Table 1: Quarterly Tonnes and Grade Stacked**

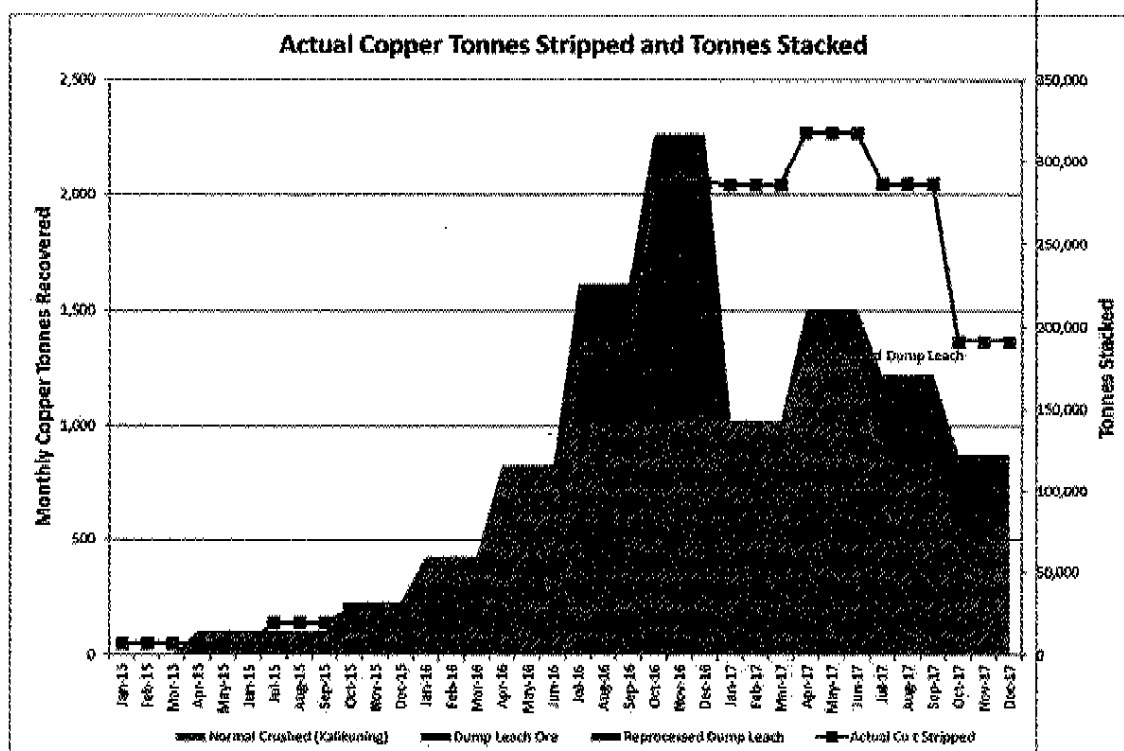
	Source	Tonnes	Cu %	Cu t	Comments
Q1 2014	Quarterly	26,870	1.26	339	
Q2 2014	Quarterly	112,717	2.70	3,046	
Q3 2014	Quarterly	-	-	-	
Q4 2014	Quarterly	-	-	-	
<b>Total 2014</b>		<b>139,587</b>	<b>2.43</b>	<b>3,385</b>	
Q1 2015	Quarterly	-	-	-	
Q2 2015	Quarterly	44,540	1.72	766	
Q3 2015	Quarterly	42,898	1.59	682	
Q4 2015	Quarterly	97,119	1.99	1,935	
<b>Total 2015</b>		<b>184,557</b>	<b>1.83</b>	<b>3,383</b>	
Q1 2016	Quarterly	178,556	2.43	4,342	
Q2 2016	Quarterly	346,879	2.33	8,085	
Q3 2016	Quarterly	677,510	2.33	15,763	
Q4 2016	Quarterly	949,629	2.01	19,057	
<b>Total 2016</b>		<b>2,152,574</b>	<b>2.19</b>	<b>47,247</b>	
Q1 2017	Quarterly	429,616	1.47	6,299	
Q2 2017	Quarterly	633,648	1.65	10,450	
Q3 2017	Quarterly	513,516	2.41 (1)	12,385	
Q4 2017	Quarterly	367,750	2.66	9,765	
<b>Total 2017</b>		<b>1,944,530</b>	<b>2.00</b>	<b>38,899</b>	
<b>Total Project</b>		<b>4,421,248</b>	<b>2.10</b>	<b>92,914</b>	

1) Quarterly report shows 513,516 at 2.32% Cu for 12,385 contained CU. To achieve 12,385 tonnes grade needs to be 2.41%

Tonnes and grade stacked were split into normal crushed ore, dump leach ore, and "re-crushed" dump leach ore as each category will leach at different rates. Finders has not separately disclosed tonnes and grade of dump leach ore and tonnes and grade of dump leach material which was "re-crushed". These amounts were estimated based on Table 5.7 of BDA's Independent Technical Expert

(ITE) report included in Finders' Target's Statement. The tonnage and Cu % set out in Table 1 are the sum of the three categories of ore as shown in figure 1.

Figure 1: Project to Date Tonnes Stacked



### 1.3 Reconciliation of Reserve Reports to Quarterly Report Tonnes Stacked

Finders' appears to have understated the contained copper added to the heaps as per table 1.

On 22 December 2017 Finders released its annual Mineral Resource and Ore Reserve report showing resources and reserves as at 1 December 2017. This reserve report showed that for the period from 1 July 2016 until 30 November 2017, 74,000 tonnes of copper had been added to the heap leach pads. Finders' previous reserve report released on 16 December 2016 for resources and reserves as at 30 June 2016, showed that until 30 June 2016 24,000 tonnes had been added to the heap leach pads. Finders' reserve reports show that at 1 December 2017, 98,000 tonnes of contained copper had been added to the heap leach pads since 1 January 2014. This needs to be reconciled with the figures of 92,914 tonnes which is the amount calculated by adding the amounts set out in the Finders' quarterly reports and includes the tonnes stacked for December 2017.

Table 2 summarises the data in the two reserve reports.

Table 2: Contained Copper Stacked – Reserve versus Reported

	30-6-16	1-Dec-17	Total
	000 Cu t	000 Cu t	000 Cu t
Ore reserve estimate (opening)	209	203	209
Depletion from mining	(24)	(66)	(90)
<b>Additions to heaps (1)</b>	<b>24</b>	<b>74</b>	<b>98</b>
Decommissioned pads	(1)	-	(1)
Depletion cathode production	(4)	(32)	(36)
Reductions/increases		17	17
Ore reserve estimate (closing)	204	196	197

On the basis that Finders' Resources and Reserve reports are correct and with estimates that the copper stacked in December 2017 was 3,906 tonnes, Eastern Field estimates that the actual copper stacked up to 31 December 2017 was 101,906 tonnes.

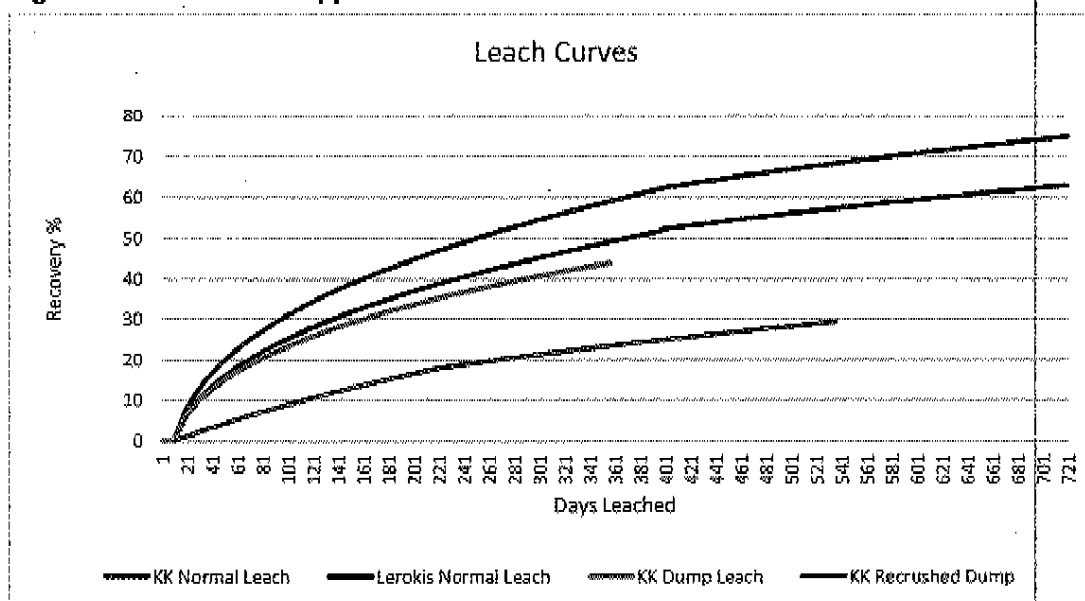
#### 1.4 Recovery % per Leach Curve

The feasibility study defined leach curves which was expected to represent the average rate of recovery for normal crushed ore for each of Kali Kuning and Lerokis.

No leach curves are provided for Kali Kuning dump leach ore or for dump leach ore that has been subsequently re-crushed. However, BDA note in its ITE report [Page 27] that dump leach recovery until rehandling was 44%. Eastern Field understands this recovery occurred over a period of 365 days and therefore has factored down the normal crushed ore leach curve to reflect this level of recovery after 365 days. Dump leach ore that was then subsequently re-crushed was estimated to leach a further 31% (75% terminal recovery less the 44% recovered). This additional recovery is estimated to occur over a period of 547 days.

The leach curves that were used to estimate recovery are shown in Figure 2 below.

**Figure 2: Leach Curves Applied**



Eastern Field allowed for a 15-day delay between stacking and commencement of irrigation. No information is provided by Finders or BDA to verify this assumption.

#### 1.5 Inventories

No information is disclosed by Finders on inventory levels. Eastern Field has therefore estimated process inventories made up as follows:

- Ore stacked & not irrigated (based on a 15 days delay between stacking and irrigating)
- Ponds, tanks, mixer-settlers & electrowinning cells (estimated to be 683 tonnes)
- Electrowinning cells as copper plated & not stripped (based on a 3.5 days of average production)
- Moisture in the heap (based on tonnes stacked x 8% moisture x 7.5 g/l Cu)



**NOTICE TO FREE OFFERS FROM CONDITIONS UNDER SECTION 650F OF THE  
CORPORATIONS ACT 2001 (CTH)**

To:

Finders Resources Limited

And to:

ASX Limited

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Accordingly, the Offers are now unconditional.

As at the date of this notice, EFDL's voting power in Finders is 24.91%, comprising 192,414,018 shares out of a total of 772,367,245 ordinary shares on issue.

Terms used in this notice (unless otherwise defined) have the meanings given in the Bidder's Statement.

Dated 14 February 2018

*D Fowler*

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David Fowler - Director