



For ASX Market Release: 22 December 2017

Wetar Copper Project Resource and Reserve Update

Finders Resources Limited ("Finders" or "the Company") is pleased to provide its annual Mineral Resource and Ore Reserve update for the Wetar Copper Project in which the Company holds a 74.1% economic interest.

Highlights

- Measured, Indicated and Inferred Mineral Resource Estimate as at 1st December 2017 totals 9.6 million tonnes at 2.1% Cu for 206,000 tonnes of contained copper metal after depletion from copper cathode production of 32,000 tonnes
- Proved and Probable Ore Reserve Estimate as at 1st December 2017 totals 9.3 million tonnes at 2.1% Cu for 196,000 tonnes of contained copper metal after depletion from copper cathode production of 32,000 tonnes
- Ore Reserve increased by 8,000 tonnes of contained copper metal following positive reconciliation for the Kali Kuning open pit and 17,000 tonnes of contained copper metal due to Lerokis Ore Reserve increase previously announced on 23rd November 2017

Managing Director Barry Cahill commented: *"In addition to the previously announced significant increase in the Lerokis Mineral Resource and Ore Reserve, this update also reflects the continuing positive reconciliation being encountered during mining of the Kali Kuning open pit. Mined copper metal at Kali Kuning has outperformed the Ore Reserve by 12% since our last update as at 30th June 2016. The net effect is that after production of 32,000 tonnes of copper metal, the Wetar Copper Project Ore Reserve has reduced by a very modest 6,000 tonnes of copper metal over the past 1.5 years."*



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Wetar Copper Project - Resource and Reserve Update

1. Wetar Copper Project December 2017 Mineral Resource Statement

The Measured, Indicated and Inferred Mineral Resource as at 1st December 2017 on a 100% equity basis now stands at 9.6 million tonnes at 2.1% copper for 206,000 contained tonnes of copper metal (Table 1).

A full summary of the estimates including the methodology, Competent Person's Statements and JORC 2012 Tables is appended to this release.

Table 1 : Mineral Resource Statement

Wetar Copper Project - Mineral Resource Estimate as at 1st December 2017									
	Measured		Indicated		Inferred		Total		
	Mt	Cu%	Mt	Cu%	Mt	Cu%	Mt	Cu%	Cu (Kt)
Kali Kuning (COG 0.4% Cu)									
Primary	1.9	2.7	0.3	2.9	0.01	3.0	2.3	2.7	62
Transition	0.1	1.4	0.1	1.2	0.03	1.5	0.1	1.3	2
Leached	0.01	0.6	0.002	0.8	0.001	0.8	0.01	0.6	0.1
Total	2.0	2.7	0.4	2.6	0.04	1.9	2.4	2.6	64
Lerokis (COG 0.5% Cu)									
SBX	0.1	0.8	0.06	0.9	-	-	0.1	0.8	1
MPY	1.1	1.5	0.04	0.9	0.02	1.0	1.2	1.5	17
PBX2	1.2	3.3	-	-	-	-	1.2	3.3	39
BKO	0.4	5.5	-	-	-	-	0.4	5.5	24
Total	2.8	2.9	0.1	0.9	0.0	1.0	2.9	2.8	82
Total Kali Kuning and Lerokis Open Pits									
COG as above	4.8	2.8	0.5	2.2	0.1	1.6	5.3	2.7	145
Heap Leach Pads (ex-mine minus cathode production and decommissioned leach pads)									
Kali Kuning Valley	4.3	1.4	-	-	-	-	4.3	1.4	60
Total	4.3	1.4	-	-	-	-	4.3	1.4	60
Total Mineral Resource (including Heap Leach Pads)									
TOTAL	9.1	2.1	0.5	2.2	0.1	1.6	9.6	2.1	206

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

Wetar Copper Project - Resource and Reserve Update

The following reconciliation table records the changes from the previous June 2016 estimate.

Mineral Resource Reconciliation	Cu Metal (Kt)
Mineral Resource Estimate as at 30 th June 2016	210
Depletion – Mining at Kali Kuning	(66)
Addition – Heap Leach Pads (including pre-treatment stockpiles)	74
Depletion – Cathode Production	(32)
Reductions/Increases	20
Mineral Resource Estimate as at 1 st December 2017	207

2. Wetar Copper Project December 2017 Ore Reserve Statement

The Proved and Probable Reserve as at 1st December 2017 on a 100% equity basis stands at 9.3 million tonnes at 2.1% copper for 196,000 contained tonnes of copper metal (Table 2).

A 12% positive reconciliation in copper tonnes mined versus the Ore Reserve for the period from 1st July 2016 to the 1st December 2017 demonstrates the robustness of the Mineral Resource and Ore Reserve estimates.

A full summary of the estimates including the methodology, Competent Person's Statements and JORC 2012 Tables is appended to this release.

Table 2 : Ore Reserve Statement

Wetar Copper Project – Ore Reserve Estimate as at 1 st December 2017							
	Proved		Probable		Total		
	Mt	Cu%	Mt	Cu%	Mt	Cu%	Cu (Kt)
Kali Kuning Open Pit (COG 0.4% Cu)							
Primary	1.9	2.6	0.3	2.8	2.2	2.7	58
Transition	0.1	1.3	0.1	1.2	0.1	1.3	1
Leached	0.01	0.6	0.002	0.8	0.01	0.6	0.0
Total	2.0	2.6	0.3	2.6	2.3	2.6	60
Waste					0.8		
Stripping Ratio					0.3		
Lerokis Open Pit (COG 0.5% Cu)							
SBX	0.05	0.8	0.03	0.9	0.1	0.9	1
MPY	1.1	1.5	0.01	0.7	1.1	1.5	16
PBX2	1.1	3.2	-	-	1.1	3.2	37
BKO	0.4	5.3	-	-	0.4	5.3	23
Total	2.7	2.8	0.04	0.9	2.7	2.8	76
Waste					2.6		
Stripping Ratio					0.97		
Total Kali Kuning and Lerokis Open Pits							
COG as above	4.7	2.7	0.4	2.4	5.0	2.7	136
Waste					3.4		
Stripping Ratio					0.7		

Wetar Copper Project - Resource and Reserve Update

Heap Leach Pads (ex-mine minus cathode production and decommissioned leach pads)							
Kali Kuning Valley	4.3	1.4	-	-	4.3	1.4	60
Total	4.3	1.4	-	-	4.3	1.4	60
Total Ore Reserve (including Heap Leach Pads)							
COGs as above	8.9	2.1	0.4	2.4	9.3	2.1	196

Notes – Rounding errors may occur. The Ore Reserve estimate for the open pit mines is derived from the Mineral Resource block models for the Kali Kuning and Lerokis 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.

The following reconciliation table records the changes from the previous estimate.

Ore Reserve Reconciliation	Cu Metal (Kt)
Ore Reserve Estimate as at 30 th June 2016	203
Depletion – Mining at Kali Kuning	(66)
Additions – Heap Leach Pads (including pre-treatment stockpiles)	74
Depletion – Cathode Production	(32)
Reductions/Increases	17
Ore Reserve Estimate as at 1 st December 2017	197

Background Information on Finders

Finders is the operator of the Wetar Copper Project (74.1% economic interest) located in Maluku Barat Daya, Indonesia.

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

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

The project has a total debt of US\$68M repayable by March 2019 and has a projected cash operating cost of US\$1.05/lb Cu over the life of mine.

Wetar Copper Project - Resource and Reserve Update

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Wetar Copper Project
Mineral Resource and Ore Reserve Estimate
As at 1st December 2017

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Executive Summary

The Wetar Copper Project is a fully permitted and operational mine and SX-EW production facility located on Wetar Island, part of the Maluku Barat Daya Regency (MBD), in the Maluku Province of the Republic of Indonesia. Finders Resources Ltd (Finders) interest in the Wetar Copper Project is held through Indonesian subsidiaries, PT Batutua Tembaga Raya (“BTR”) and PT Batutua Kharisma Permai (“BKP”).

The island preserves 4.7-million-year old precious metal-rich volcanogenic massive sulphide and barite deposits. The polymetallic massive sulphides are dominated by pyrite, with minor chalcopyrite that are cut by late fractures infilled with copper minerals (covellite, chalcocite, tennantite–tetrahedrite, enargite, bornite). Barite orebodies are developed on the flanks and can locally overlie the massive sulphides. The most striking similarities to the mineralisation have come from recent discoveries on the sea floor “black smoker” deposits such as in the Woodlark Basin, Okinawa Trough and Juan de Fuca Ridge.

Extensive exploration including drilling and open pit mining was carried out during the period 1990-1997 by PT Prima Lirang Mining (a subsidiary of Billiton). This gold/precious metals exploration, mining and processing phase was subsequently rehabilitated at the completion of processing and practical completion of this was eventually achieved in late 2004.

In 2004 and 2005, Finders re-established the geological and assay database from the previous operator, and used this to predict potential for a mining operation based on epigenetic copper sulphides previously recognised as occurring below several of the gold/silver-barite resources. The first mineral resource estimates for copper were completed prior to Finders’ listing on London’s AIM bourse in March 2006.

Finders successfully operated a trial mine at the Kali Kuning deposit in conjunction with a 5tpd SX-EW demonstration plant to test heap leach kinetics, optimise process design and to provide additional data for project finance purposes over the period February 2009 to December 2010. Subsequent to this, an upgraded 3Ktpa demonstration plant has operated continuously since February 2014 using mineralisation that was mined from the Kali Kuning deposit. Over this time, the operation has continuously produced copper cathodes that are predominantly equivalent to LME Grade A specifications.

Full-scale mining at the Kali Kuning deposit commenced in April 2015 after successful project financing and has, since that time, provided feedstock to an expanded 3Ktpa heap leach SX-EW demonstration plant and a 2016 commissioned 25Ktpa heap leach SX-EW copper operation that has now produced over 30Kt tonnes of copper as cathode.

A large body of drilling data in conjunction with recent production experience has been used to generate the mineral resource estimates for the Kali Kuning and Lerokis deposits which together make up the mineral resource inventory of the Wetar Copper Project.

During the second half of 2017, a final pre-development drilling program (2.991m) was undertaken at the Lerokis deposit to resolve any remaining areas of complexity and support for high grade zones and to provide “sterilisation” for the location of key mining infrastructure.

The December 2017 Ore Reserve Estimate continues to include estimates of copper metal remaining in heap leach pads in conjunction with “conventional” estimates of the mineralisation remaining within the Kali Kuning and Lerokis open pits.

The project’s heap leach pads are depleted over lengthy time periods that exceed the annual inventory reporting timeframe adopted by Finders. Each pad, is at any time, in multiple and varying stages of production based on their irrigation rates, expected copper extraction leach kinetics and observed progress when measured against the mineralisation’s cumulative theoretical leach curves established from pre-production metallurgical testwork.

The Ore Reserve Estimate is derived from the Mineral Resource block models for the Kali Kuning and Lerokis deposits. The following tables summarise the current total copper mineral inventory for the Wetar Copper Project and provide a reconciliation table of the changes from the previous calculation.

Technical Report

Mineral Resource Estimate

Wetar Copper Project - Mineral Resource Estimate as at 1st December 2017									
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COG as above	4.8	2.8	0.5	2.2	0.1	1.6	5.3	2.7	145
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Kali Kuning Valley	4.3	1.4	-	-	-	-	4.3	1.4	60
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Technical Report

Ore Reserve Estimate

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Total	2.7	2.8	0.04	0.9	2.7	2.8	76
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Stripping Ratio					0.97		
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COG as above	4.7	2.7	0.4	2.4	5.0	2.7	136
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Notes – The Ore Reserve Estimate for the open pit mines is derived from the Mineral Resource block models for the Kali Kuning and Lerokis 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.

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Mineral Resource Estimate

Ownership / Permitting

The Wetar Copper Project (Finders Resource Ltd 74.1%) is a fully permitted and operational mine and SX-EW treatment facility located on Wetar Island, part of the Maluku Barat Daya Regency (MBD), in the Maluku Province of the Republic of Indonesia.

Finders Resources Ltd (Finders) interest in the Wetar Copper Project is held through Indonesian subsidiaries, PT Batutua Tembaga Raya (“BTR”) and PT Batutua Kharisma Permai (“BKP”).

Permits (IUP & WIUPs) covering the exploitation of copper, limestone and sand and gravel have been obtained for periods covering the current life of the project. An AMDAL environmental permit for life of mine was granted in April 2010.

BTR holds a business license 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 copper cathode.

BKP holds a production stage forestry use permit Number SK478/Menhut II/2013) for 134.63Ha (“Pinjam Pakai”) which allows the company to carry out development, mining and production activities at the Wetar Copper Project through to expiry in December 2031.

Background

Extensive exploration including drilling and mining was carried out during the period 1990-1997 by PT Prima Lirang Mining (a subsidiary of Billiton). The gold/precious metals exploration, mining and processing activities were subsequently rehabilitated at the completion of mining with practical completion eventually achieved in 2004 (COW terminated on 18th October 2004).

In 2004 and 2005, Finders re-established the geological and assay database from PLM, the previous operator, and used this to predict potential for a mining operation based on epigenetic copper sulphides previously recognised as occurring below several of the gold-barite mineral resources. Mineral resource estimates were first completed by Hellman & Schofield prior to Finders’ listing on London’s AIM in March 2006.

Initial work by Finders focussed on the concept of the production of a low grade copper concentrate and on-processing by an off-site hydrometallurgical plant. However, success with column leach testwork lead to a decision in mid-2007 to change the focus to development of the Wetar Island copper resources to use heap-leach and solvent extraction and electrowinning to produce copper cathode on site.

Infrastructure

Wetar is a sparsely populated island located towards the eastern end of the Indonesian archipelago and its remoteness dictates that all supplies and personnel must be delivered by barge or boat. However, a mining presence has been in operation on the island since the 1990s and the recent construction of processing infrastructure and development of a new open pit mine suggests that logistics required to operate in this area are well understood.

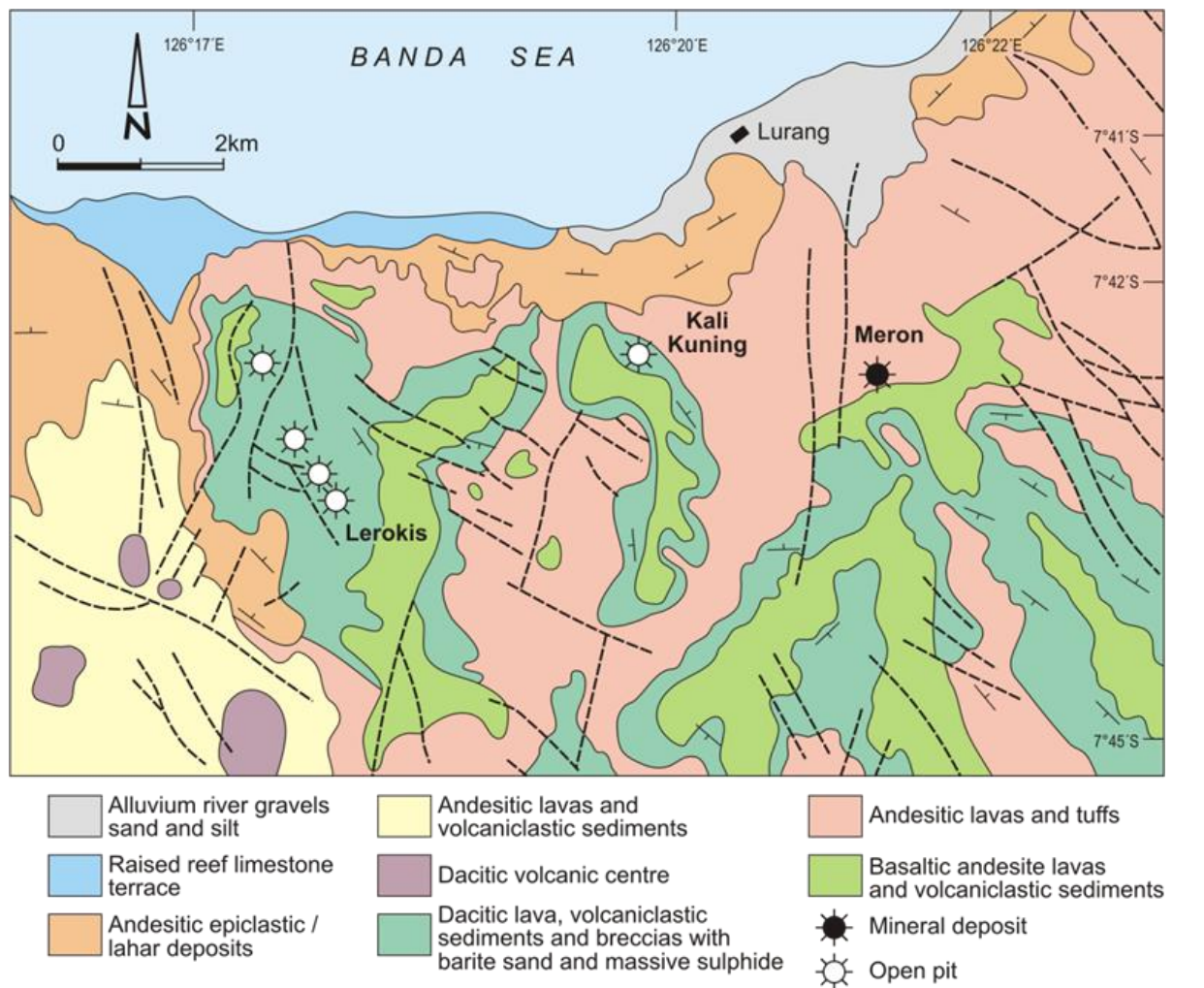
All support infrastructure including a jetty, offices, 800-person camp and 10MW power station are established and commissioned. An acid neutralisation plant has been commissioned and is currently in use.

Geology

Regional

The volcanogenic massive sulphide (VMS) deposits of Kali Kuning and Lerokis are located on Wetar Island in the Maluku Province of the Republic of Indonesia.

The geology of Wetar Island is composed entirely of Neogene volcanic rocks and minor oceanic sediments (Sewell and Wheatley, 1994). Submarine, basaltic-andesites, with local pillows, form the volcanic basement to the island. The basaltic-andesites are intruded by rhyodacite domes and overlain by dacitic lavas, tuffs and breccias, debris flows, globigerina limestones and lahar deposits. Reef limestones are evident around the perimeter of the island at varying heights.








After Sewell & Wheatley (1994)

The precious metal mineralisation previously mined comprised poorly consolidated gold and silver rich barite sands, which are interpreted to have formed from submarine exhalative processes.

Underlying, and variably offset to this later mineralisation are copper-rich massive sulphide bodies or “mounds” which comprise the Wetar copper ores. These overlie intensely altered submarine volcanic breccias and pillow basalts.

Technical Report

Period	Epoch	Age	Tectonic Setting	Sequence	Lithology	Thickness (m)	Mineralisation	Date	
QUATERNARY	Holocene		Continued uplift of both the inner and outer arcs		Massive grey reef limestones	20	Late veins + disseminations		
		Lahars + dykes			70				
	Pleistocene		Rapid arc exhumation related to continued shortening of the collision zone		Sperulitic rhyolites	>250			
		Debris flows			Dacite				
TERTIARY	Pliocene	Piacenzian	Late volcanism in the south + uplift of the inner banda arc related to the locking of the arc		Limestones	15		2.39 Ma	
		Zancian	Arrival and collision between the Australian continental margin and the outer banda arc + possible reversal in the inner banda arc			Chert / gypsum	3	Waning Stages	
						Basaltic andesite + dacites	>450	As rich sulphides with flanking Cu-Au-Ag-Hg rich barite mounds	4.7 Ma (altered footwall)
						Syenogranite			4.93 Ma
	Miocene	Messinian	Extension + faulting - preparation of sites for mineralisation		Felsic domes	>450	Stockwork zones		
		Andesitic pillow lavas	5.05 Ma						
		Tortonian	Extensive volcanism on Wetar Collision of the micro-continental fragment at ~8 Ma with the subduction zone		Multiple lavas (bimodal + intrusive rocks)			7.78-6.52 Ma	
		Serravalian	Subduction related volcanism + early back arc rifting (evolution of Wetar edifice)		Basaltic pillow lavas	?		12 Ma	
			Basalts						

After Scotney et al (2005)

The mine sequence is unconformably overlain locally by limestones and sub-aerial dacitic volcanic and thick andesitic lahar deposits. The age of the mineralisation has been estimated by Scotney (2005) at around 4.7 million years.

Mineralisation

Copper mineralisation at both Kali Kuning and Lerokis occurs within coherent massive sulphide units, with a lesser amount of generally lower grade material occurring within intensely clay-sericite pyrite altered andesitic tuffs-in the footwall and lateral extent of the massive sulphides.

The contact between the massive sulphide and footwall tuff is generally quite sharp, but in some drill holes, a mixed breccia of massive sulphide and altered tuff fragments occurs, that are possibly structurally controlled.

The massive sulphide bodies at Kali Kuning and Lerokis comprise early, coarse grained, copper poor pyrite which is fractured and overprinted and cemented by a later, copper rich, phase of massive sulphide mineralisation. Copper grades are generally proportional to the magnitude of the late stage cementing phase present, which ranges from relatively sparse stockwork mineralisation to a high grade matrix supported breccia mineralisation.

Boundaries between the massive sulphide sub-types are irregular, and gradational, and at the 25 x 25m drill spacing employed, it is not always possible to reliably correlate individual zones between drill holes,

and so for resource definition purposes the sulphide lenses at both Kali Kuning and Lerokis were modelled for the most part as simpler and generally more cohesive units.

In the upper portions of the Kali Kuning massive sulphide, incipient supergene alteration has manifested a progressive breakdown of the more reactive late stage matrix and stock work fill material resulting in a largely unconsolidated, rubble-like pyritic breccia (PBX) phase of the massive sulphide. This unit is in stark contrast to the well cemented primary massive sulphide material.

A direct consequence of the unconsolidated matrix in the PBX unit is that it is extremely difficult to drill either using diamond or reverse circulation drilling techniques.

In diamond drilling, the tough pyrite clasts tend to rotate with the drilling and cause the fine unconsolidated matrix to be washed out by drilling fluid and not recovered. In reverse circulation drilling, the very dense and abrasive fine and un-cemented matrix material causes excessive wear and also bogging of the drill hammer.

Copper is present mainly as covellite, chalcocite and chalcopyrite at Kali Kuning and covellite and chalcopyrite at Lerokis. However, locally up to 20% of the copper can be present as enargite and tennantite in both Kali Kuning and Lerokis. Bornite has been reported in several QEMSCAN studies, but rarely identified in numerous optical studies.

The Lerokis deposit also has a significantly higher zinc content (average 1.05% Zn as sphalerite), compared to Kali Kuning (average 0.24% Zn as sphalerite).

At depth, the pyritic massive sulphide units have a sharp contact with clay-sericite-pyrite altered, bleached andesitic lavas and breccias with pyritic stockwork veining.

Mineralisation in the PBX unit at Kali Kuning is dominated by fine loosely bonded covellite within the poorly consolidated matrix material.

The most striking similarities to the mineralisation have come from recent discoveries on the sea floor 'black smoker' deposits such as in the Woodlark Basin, Okinawa Trough and Juan de Fuca Ridge. There are also similarities with Kuroko deposits albeit at shallower depths and temperatures.

Ore Types

The Kali Kuning massive sulphide resource has been re-classified into three metallurgical sub-types, Leached (PBX), Transition Zone (PBX2), and Primary Massive Sulphide (MS).

The Leached and Transition types are drilled grade defined subsets of the PBX, and reflect incipient in-situ alteration of the massive sulphide unit by natural groundwater. This alteration is expressed as a progressive leaching of copper, accompanied by an increase in the proportion of covellite to other copper minerals as evidenced by mineralogical studies, and a higher proportion of ferric soluble copper to total copper.

Both the Leached and Transition zone material occur at the higher levels of the deposit and are thought to have had significant preferential losses of copper due to fine, poorly cemented supergene covellite being washed from unconsolidated core (or chips) during the drilling process.

The primary massive sulphide at Kali Kuning has a higher proportion of chalcopyrite and chalcocite, which appears to progressively alter to covellite near the transition zone boundary. This material is generally quite coherent, and is not thought to be subject to significant copper losses in the drilling process.

The 2017 geological interpretation and geometallurgical domaining at Lerokis has resulted in four distinct mineralisation types (SBX,MPY,PBX2 and BKO) with varying physical and grade characteristics. The results of ongoing metallurgical column testing will dictate the mine schedule based on complimentary leaching characteristics rather than copper units alone.

Technical Report

Mineral Resource Estimation

Competent Person Statement

The information in this report that relates to mineral resource estimation at Kali Kuning and Lerokis is based on prior work completed by external consultants and PT Batutua Tembaga Raya employees 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'.

Summary

The following table outlines the revised Mineral Resource Estimate for the Wetar Copper Project as at 1st December 2017.

	Measured		Indicated		Inferred		Total		
	Mt	Cu%	Mt	Cu%	Mt	Cu%	Mt	Cu%	Cu (Kt)
Kali Kuning (COG 0.4% Cu)									
Primary	1.9	2.7	0.3	2.9	0.01	3.0	2.3	2.7	62
Transition	0.1	1.4	0.1	1.2	0.03	1.5	0.1	1.3	2
Leached	0.01	0.6	0.002	0.8	0.001	0.8	0.01	0.6	0.1
Total	2.0	2.7	0.4	2.6	0.04	1.9	2.4	2.6	64
Lerokis (COG 0.5% Cu)									
SBX	0.1	0.8	0.06	0.9	-	-	0.1	0.8	1
MPY	1.1	1.5	0.04	0.9	0.02	1.0	1.2	1.5	17
PBX2	1.2	3.3	-	-	-	-	1.2	3.3	39
BKO	0.4	5.5	-	-	-	-	0.4	5.5	24
Total	2.8	2.9	0.1	0.9	0.0	1.0	2.9	2.8	82
Total Kali Kuning and Lerokis Open Pits									
COG as above	4.8	2.8	0.5	2.2	0.1	1.6	5.3	2.7	145
Heap Leach Pads (ex-mine minus cathode production and decommissioned leach pads)									
Kali Kuning Valley	4.3	1.4	-	-	-	-	4.3	1.4	60
Total	4.3	1.4	-	-	-	-	4.3	1.4	60
Total Mineral Resource (including Heap Leach Pads)									
TOTAL	9.1	2.1	0.5	2.2	0.1	1.6	9.6	2.1	206

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

Methodology

Introduction

The resource estimate of 2009 was revised in July 2013 to be compliant with the updated JORC 2012 guidelines for the reporting of exploration results, mineral resources and ore reserves.

Past resource estimation was undertaken by Hellman and Schofield which was constrained by geological models developed by Finders. Data were composited into two metre intervals and ordinary kriging was used to estimate total copper metal within defined mineralised domains at Kali Kuning and Lerokis. Estimates were also completed for ferric soluble copper and cyanide soluble copper.

During the September 2017 quarter, a 60 hole program of reverse circulation (RC) and diamond drilling (for a total of 2,991m) was completed into the more complex zones of the Zone 5 and Zone 1S areas at the Lerokis deposit to better define pre-development mineralised envelopes for mine design purposes, “sterilise” areas for infrastructure locations, provide additional support to final open pit wall design assumptions and provide samples for further metallurgical testwork.

CSA Global subsequently completed a revised resource estimate for Lerokis only which was constrained by geological interpretation and interpreted geometallurgical domains by Finders (refer Section 3 of the accompanying JORC tables for more detail). The block model reported last year continues to be used to estimate the remaining mineral resource for the Kali Kuning open pit through production depletion.

Block models are based on the UTM grid (WGS84, Zone 52S) and the relatively small block dimensions of 12.5m x 12.5m x 3.0m for Kali Kuning, and 12.0m x 12.0m x 3.0m for Lerokis reflects the relatively close spaced nature of the drilling.

Mine planning is also completed using the UTM grid and the block and assay data was constrained by designated ore types; Leached, Transition and Primary Massive Sulphide for Kali Kuning, and the four mineralised domains (SBX, PBX, MPY and BKO) for Lerokis. These constraining domains were defined on specific geological and copper grade characteristics.

The classification of the Mineral Resource takes into account the geological understanding of the deposit, quality of the samples, quality and quantity of density data, drill hole spacing, and the quality of the block grade estimates.

The Mineral Resource is classified as a combination of Measured, Indicated and Inferred. All available data was assessed and the Competent Person’s relative confidence in the data was used to assist in the classification of the Mineral Resource.

Tonnages are reported on a dry basis and is in keeping with dry densities and drying temperatures in the assay techniques used.

The Kali Kuning mineral resource block model was “re-blocked” into a model suitable for the commencement of mining where the block sizes matched the open pit mining parameters of six metre benches and two individually mined flitches of three metres each. This manipulation of the data contained in the block model has provided for an effective reconciliation process where pre-mining data can be compared to that material actually removed from the open pit.

Reconciliation Studies & Full-Scale Production

Finders successfully operated a five tonne per day SX-EW demonstration plant to test leach kinetics, optimise process design and to provide additional data for project finance purposes over the period from February 2009 to December 2010. This plant treated material from the Kali Kuning deposit and produced and sold LME Grade A quality copper cathodes without specification issues.

An upgraded 3Ktpa demonstration plant has operated on a near continuous basis since February 2014 using heap leach pads containing mineralisation that was mined from the Kali Kuning deposit up until the

end of November 2017. The operation has continued to produce predominantly LME Grade A copper cathodes.

Full-scale mining at the Kali Kuning deposit subsequently commenced in April 2015 to provide feed to the expanded interim operation that has ultimately led to the commissioning (May 2016) of a newly constructed 28Ktpa copper cathode operation (includes the 3Ktpa plant). Grade control assays and crusher tonnage data has generally validated the current Mineral Resource Estimate. The operation currently enjoys a positive production reconciliation in terms of copper metal when compared to the pre-mining block model.

Trial Mining & Processing (Kali Kuning)

Trial mining and processing was undertaken between February 2009 and December 2010 where an ~100Kt parcel of ore was mined to produce ~2.5Kt of copper metal as cathodes. Hellman and Schofield completed a comparison between the 2009 mineral resource model and a model generated from the grade control data obtained from the trial pit used to build the heap leach pads for the initial demonstration plant.

The grade control data set comprised 542 holes, 444 holes on three benches to the southeast and 98 holes on one bench to the northwest. A comparison of the resource model with that produced from grade control drilling exhibited a reasonable correlation and resulted in similar tonnes of ore being recovered albeit at significantly higher grades. The trial area represented approximately 4% of the total resource and, therefore, was not a significant enough volume from which to draw conclusions that could be applied to the remaining mineral inventory.

Additional mining was undertaken at Kali Kuning over the period February 2014 to June 2014 with a further ~125Kt parcel of mineralisation used for an upgraded demonstration heap leach and SX-EW plant trial.

Full-Scale Operation

As mentioned earlier, full-scale mining commenced in April 2015 to feed the expanded 3Ktpa operation and then the newly constructed 25Ktpa plant. To the end of November 2017, approximately 4.1Mt of mineralisation has been mined at 2.14% copper from the Kali Kuning open pit.

Approximately 2.2Mbcm of waste (including sub-grade sulphides) has been produced from Kali Kuning as part of the mining operation. The vast majority of the clean waste was used in earthworks as cut and fill for the Kali Kuning Valley heap leach pads and other infrastructure requirements.

Drilling and Sampling

A large body of drilling data has been used to generate the mineral resource estimates for the Kali Kuning and Lerokis deposits which together currently make up the unmined mineral resource inventory for the Wetar Project.

Both the Kali Kuning and Lerokis deposits are essentially sub-horizontal lensoidal bodies or “mounds” and as such most of the drilling has either been vertical or 60 degree inclined to Mine Grid east. Drilled intersections are therefore very indicative of the true deposit thickness.

PLM drilled 33 diamond drill (DD) holes (2318m) and 42 reverse circulation (RC) holes (1165m) within the Kali Kuning mineralised envelope. However, many of these did not adequately test the massive sulphide horizon below their generally shallow precious metals open pit operations.

PLM also drilled 52 DD holes (2043m) and 114 RC holes (1143m) at Lerokis.

Finders commenced drilling in 2005 and since that time has completed an additional 314 holes for a total of 12,776m, in five phases - 2005, 2006, 2008, 2009 and 2016/17 to achieve a nominal 25m x 25m drill spacing for resource definition at each deposit.

Technical Report

At Kali Kuning this activity comprised 61 DD holes (4151m) and 34 RC holes (1143m) and at Lerokis comprised 28 DD holes (1817m) and 68 RC holes (2949m).

The 2013 resource estimate for Kali Kuning is based on 61 diamond drill holes (4151m) and 34 RC holes (1143m) drilled by Finders, in addition to 33 diamond drill holes completed by PLM.

Some data was excluded from the estimate due to poor core recovery and the presence of adjacent twinned holes. The inclusion of the data from the gold mining era increases the confidence in the resource definition, but results in a slight decrease in average copper grades due to a suspected increase in the selective loss of copper due to lower core recovery when the smaller diameter core sizes are used.

Most diamond drilling has utilised large diameter triple tube drilling techniques (predominately PQ & HQ) with downsizing to NQ core only to complete holes that encountered difficult drilling conditions. RC drilling was completed with a conventional 5½ inch face sampling hammer.

All drilling was sampled and assayed for copper in one metre intervals. Drilling assays have been composited into 2m length intervals for resource estimation purposes at Kali Kuning and 1m at Lerokis. Mineralised zone thicknesses are large when compared to the composites used for the resource estimation and therefore all composites are regarded as representing true deposit thickness and therefore have equal weighting in the estimation process.

Drilling and Surveying

Collar surveys and other general survey work was completed using GPS technology.

Drilling has used a local mine grid for both Kali Kuning and Lerokis that is rotated approximately 30° to the west of true north. All data is subsequently transformed into UTM WGS-84, Zone 52S for resource estimation and mine planning purposes.

Down hole surveys using an Eastman camera were completed for 39 Kali Kuning KKG and 12 Lerokis LER holes. Dip and azimuth variation down hole averages 2.0 degrees per 100m and similarly for inclined holes due to the relatively shallow nature of the drilling. These deviations are trivial and indicate that dips and azimuths at the collar used at the end of hole for unsurveyed holes will result in insignificant error.

In 2017, downhole surveys were completed with a Proshot camera for 49 of the 60 recent holes at Lerokis

Drillhole Twinning

DD drillholes have been twinned due to low original core recoveries. Holes KKG006, KKG008 & KKG011 were twinned by KKG053, KKG052 & KKG050 respectively and found that the latter holes were, on average, 30% higher in grade than the original drilling suggested.

One RC/DD twin (KKGR67/KKG67A) was also completed for drill methodology bias and found that the resultant copper assays were some 25% higher in the RC samples when compared to the corresponding DD intervals.

An analysis of all twinned holes returned an overall consistent positive relationship between core recovery and copper grades and highlighted the significant loss of copper through fines loss in the drilling process. It was shown to be particularly evident in the Leached and Transition zones at Kali Kuning and was supported by data returned from thirteen FND DD drillholes that collected sludge samples during drilling. Results indicated that for thirty-eight intervals with a core recovery <80% (average 65%) the sludge samples averaged 86% higher than the core samples. This is contrasted by forty-two intervals with recovery >80% (average 95%) where core samples averaged 24% higher than the sludge results. Results suggest that that “broken core” is associated with friable chalcocite and enargite and that there is a preferential loss of copper during drilling in these zones of mineralisation.

As a component of the 2017 Lerokis mineral resource estimate, three 2016 diamond drillholes LERMH02A, LERMH05 and LERMH06 were twinned by PQ diamond drillholes (LKD062-064) to reconfirm intercepts and the associated robustness of the drillholes included in the estimate.

Cut-off Grades

A change was initiated to the lower economic cut-off grade at Kali Kuning from 0.5% Cu to 0.4% Cu in the 2013 update and reflected a body of new cost data developed during optimisation studies.

The July 2013 update left the Lerokis resource estimate unchanged from earlier estimates as no new data was obtained. In view of this, the cut-off grade used remained at 0.5% Cu.

Work completed at the time suggests that neither the Kali Kuning or Lerokis resource estimates are sensitive to cut-off and exhibit only minor changes in total copper content for cut-off grades between 0.3% Cu and 0.5% Cu.

Cut-off grades for each deposit have been reviewed as part of this updated estimate and there appears no obvious basis to change those currently in use.

Geological Logging

Records for historic PLM drilling comprise skeletal drill logs and hand drafted drilling sections. Full geological logging is available for many but not all pre 2005 programs.

Finders instituted a geological logging protocol combined with a detailed logging manual. Geological observations are quantitative and relate to the actual sampled intervals to ensure that assay results can be directly related to geological observations.

DD holes also collected structural information for use in geotechnical evaluation and were photographed prior to sampling for a permanent record and for desktop study purposes. Specific identified geotechnical drill holes were logged according to a supplied legend from the relevant geotechnical consultants involved with the project at the time of drilling.

Sample Preparation, Analysis and QA/QC

Drilling Recoveries

DD core recoveries were measured on a routine basis and stated for each sample interval. Samples obtained from RC drilling were bagged, weighed and riffle split to a 4kg sample for dispatch to the assay laboratory.

Recoveries were generally good in the Kali Kuning and Lerokis massive sulphides for diamond drilling (88% and 70% respectively). The leached and transition zones were variable at Kali Kuning (79% and 83% respectively for >0.3% Cu intervals).

RC drilling has generally been restricted to the dry, upper parts of the Kali Kuning deposit (leached and transition zone) where the high density on the material and the locally porous nature of the massive sulphides has made it difficult to lift adequate samples from deeper levels. RC drilling was used successfully during the 2017 Lerokis drilling program.

Assays

Historic copper assaying by PLM used the AAS1/4 method whereby AAS4 was the relevant ore grade technique for copper values >1%Cu. Samples were also assayed for gold by the FAS1 method and arsenic, antimony and barium results were obtained from pressed powder x-ray fluorescence (XRF).

Finders assay procedures evolved through several stages whereby the initial drilling (KKG001-024, LER001-020, LERRC021-037) was assayed in one metre intervals for total copper, gold, arsenic, antimony ± sulphur only when activity was focussed on the development of a project involving conventional beneficiation via froth flotation. 2017 drilling at Lerokis by Finders was generally assayed in one metre

intervals for gold (fire assay), with copper, silver, lead, zinc, arsenic, antimony, and a suite of 36 other elements by Aqua Regia ICP package, with 3 acid ore grade AAS digest completed on samples above detection limits of 1% for Cu, Pb, Zn, As and Sb, and above 100ppm for Ag. Metallurgical and geotechnical holes recently sampled by Finders were generally assayed in two metre intervals using the same element suite as the 2017 drilling.

From drillhole KKG025 onwards all samples were analysed for total copper (Intertek GA50), water soluble copper (GA40a), acid soluble copper (GA41) and ferric soluble copper (GA41A). Three metre composite samples of all prior drilling (LER001-013) were also re-assayed using these methods as individual assays rather than as sequential assays.

Subsequent copper recoveries in column testwork significantly exceeded the ferric copper assay prediction and a re-assay campaign of composite samples from Lerokis resource definition drilling was completed for cyanide soluble copper using the Intertek CN10 method. This work involved the preparation of new 5m composites from stored pulps using intervals corresponding with the bench drillhole composites used in the resource estimation process. These composites were subsequently assayed for total copper (GA50), water soluble copper (GA40a) and ferric soluble copper (GA41A) in conjunction with the cyanide soluble copper (CN10).

QA/QC

PT Prima Lirang Mining (PLM)

Exhaustive assessment of key data relating to QA/QC, core recovery and geological logging has been difficult due to the loss of information that occurred following the cessation of mining by PLM and the ultimate withdrawal of Billiton Minerals from Indonesia. Data continues to be discovered and collated for the Lerokis deposit that enhances geological understanding and suggests that the data when recorded was of a suitable industry standard for the time period in which the activity was completed.

QA/QC protocols consisted of the insertion of field duplicates (5% of samples), standards (2 to 3 per batch) and blanks (2 to 3 per batch) and analysis undertaken by Hellman & Schofield confirmed the consistent use of standards, blanks and duplicates for QA/QC by PLM.

Hellman & Schofield also found that the hardcopy laboratory results were consistent with results stored in the digital database and found no significant errors relevant to the copper resource. A small number of minor inconsistencies in the database that were found during assessment were corrected at the time of identification.

Finders Resources

The data recording and QA/QC procedures used by Finders for the investigative work undertaken post-PLM is well documented and available in the electronic archives. Hellman & Schofield clearly investigated the sampling, dispatch and assaying as referenced in the appropriate feasibility studies undertaken by Finders leading up to, and ultimately within, the final Bankable Level study document.

Both the PLM and Finders programs included the inclusion of standard and/or blank samples (~1 in 20) and the re-assay of composited pulps. 2017 Finders programs at Lerokis also included the insertion of field replicates (~1 in 20). QA/QC results were reviewed by the relevant consultants at the time and concluded that the results contained no issues.

Inserted blanks showed no evidence of significant cross contamination. Inserted standards reported within 2% of the recommended value while check assays of selected high-grade samples (~7% Cu) were approximately 4% lower than the original assays. QA/QC results from 2017 were reviewed by Finders. Inserted standards reported within 1-2 standard deviations of the recommended value and inserted blanks showed no evidence of significant cross contamination. Field and lab replicates returned almost perfect linear relationships for both Au and Cu.

Sub-Sampling

DD cores were historically sampled in one metre intervals. Historically half core was sent for chemical assay and the remaining core stored for additional and/or subsequent testwork. From 2005, Finders retained half core for metallurgical testing while quarter core was sent for chemical assay and the remaining quarter retained in core storage boxes as a permanent record. Any subsequent exploration holes have been half cored for assay with 50% retained and stored. Quarter core samples have been taken for assays from recent metallurgical holes at Lerokis.

RC samples were bagged in 1m intervals, weighed, and riffle split to 4kg sample for assay. One in twenty samples were duplicated assay splits. Sub sampling checks were also completed by compositing pulverised sub-samples (3m or 5m) at the lab as an additional check on the validity or representivity of the sub sampling assays.

Samples have been historically sun dried on site prior to transportation to labs in Jakarta for chemical assay.

Specific Gravity (SG) Determination

Kali Kuning

The wax-immersion method has been used to estimate whole rock bulk densities. The process involved the collection of 0.1m pieces of representative whole core from diamond drilling and stored in a dry place prior to dispatch to an offsite lab in Jakarta for analysis and measurement. A total of 110 dry density determinations were completed pre-mining by rock type and were then ultimately assigned to their corresponding 2m composites. As mining progresses, measured volumes (survey) and tonnages (crusher weightometer) are being monitored to ensure that modelled material density values are appropriate.

Specific gravity was included in the mineral resource estimate by modelling the measured values of each domain and using inverse distance weighting using data points from the appropriate domains.

A value of 2.3 g/cm³ was used to assign un-estimated blocks outside domains 0 to 2 and a value of 1.5 g/cm³ was used for the rehabilitation “scree” overlying the mined surface. However, the calliper determinations appear to have suffered from inaccurate core recovery adjustments due to a poor comparison with the determinations based on 10cm lengths of core.

The data obtained through ongoing mining at Kali Kuning is continually checked against the pre-mining model estimates

Lerokis

Bulk densities were determined using the water displacement method, with wax-sealed ½ diamond core billets used. A total of 155 density determinations were completed.

The following data were calculated from the collected data: BKO (mean density 3.7 t/m³, from 46 samples), PBX2 (4.0, 43 samples), MPY (4.3, 26 samples), SBX (2.6, 26 samples) and TUF (2.2, 14 samples).

The bulk density mean values were assigned to the corresponding lithological domain codes in the block model.

Audits and Reviews

Drilling and sampling methods were independently reviewed by the consultants involved in the resource estimation process and were found to be suitable.

Further and Ongoing Work

It is anticipated that future work at the Kali Kuning and Lerokis deposits will comprise ongoing grade control drilling as the mines are developed in line with the Company's copper production profile. Feedback from the crusher and processing plant will continue to provide a valuable reconciliation of mine production over time.

A recent RC drilling program at Lerokis (ASX Announcement 31/10/2017) is envisaged as being the last program of pre-development investigation into this deposit.

Technical Report

Ore Reserve Estimate

Competent Persons Statement

The information in this report that relates to the in-situ ore reserve estimation at the Kali Kuning and Lerokis deposits 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 Member of the Australasian Institute of Mining and Metallurgy (#305303). The information in this report 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 Adam Moroney who is a Member of the Australasian Institute of Mining and Metallurgy (#315559).

Both Mr Holthouse and Mr Moroney 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'.

Summary

The following table outlines the Ore Reserve Estimate for the Wetar Copper Project as at 1st Dec 2017.

	Proved		Probable		Total		
	Mt	Cu%	Mt	Cu%	Mt	Cu%	Cu (Kt)
Kali Kuning Open Pit (COG 0.4% Cu)							
Primary	1.9	2.6	0.3	2.8	2.2	2.7	58
Transition	0.1	1.3	0.1	1.2	0.1	1.3	1
Leached	0.01	0.6	0.002	0.8	0.01	0.6	0.0
Total	2.0	2.6	0.3	2.6	2.3	2.6	60
Waste					0.8		
Stripping Ratio					0.3		
Lerokis Open Pit (COG 0.5% Cu)							
SBX	0.05	0.8	0.03	0.9	0.1	0.9	1
MPY	1.1	1.5	0.01	0.7	1.1	1.5	16
PBX2	1.1	3.2	-	-	1.1	3.2	37
BKO	0.4	5.3	-	-	0.4	5.3	23
Total	2.7	2.8	0.04	0.9	2.7	2.8	76
Waste					2.6		
Stripping Ratio					0.97		
Total Kali Kuning and Lerokis Open Pits							
COG as above	4.7	2.7	0.4	2.4	5.0	2.7	136
Waste					3.4		
Stripping Ratio					0.7		
Heap Leach Pads (ex-mine minus cathode production and decommissioned leach pads)							
Kali Kuning Valley	4.3	1.4	-	-	4.3	1.4	60
Total	4.3	1.4	-	-	4.3	1.4	60
Total Ore Reserve (including Heap Leach Pads)							
COGs as above	8.9	2.1	0.4	2.4	9.3	2.1	196

Notes – The Ore Reserve Estimate for the open pit mines is derived from the Mineral Resource block models for the Kali Kuning and Lerokis 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. This calculation includes 350Kt of decommissioned heaps from the GPLP as waste that is removed in the latter stages of the Kali Kuning pit life.

Methodology

The June 2016 Ore Reserve Estimate included for the first time estimates of copper metal remaining in heap leach pads in conjunction with “conventional” estimates of the mineralisation remaining within the Kali Kuning and Lerokis open pits. The December 2017 Ore Reserve Estimate continues this now established practice of reporting.

The project’s heap leach pad cells are depleted over lengthy time periods that are larger than the annual inventory reporting timeframe adopted by Finders. Each pad is at any time in multiple and varying stages of production based on their irrigation rates, copper extraction leach kinetics and expected progress when measured against the mineralisation’s cumulative theoretical leach curves that were established from pre-production metallurgical testwork.

The Ore Reserve estimate is derived from the Mineral Resource block models for the Kali Kuning and Lerokis deposits as described in detail within the Mineral Resource Estimate section.

Block models with relatively small block dimensions reflects the relatively close spaced nature of the drilling. Blocks and assay data were constrained by ore types; Leached, Transition and Primary Massive Sulphide at Kali Kuning, and at Lerokis the geological/geometallurgical domains of Siliceous Breccia, Massive Pyrite, Pyritic Breccia and Black Ore.

Classification of ore blocks into Measured, Indicated and Inferred categories correspond to defined search ellipsoids with minimum data thresholds at each deposit.

Tonnages are reported on a dry basis in keeping with dry densities and drying temperatures used for assaying.

The Mineral Resources are inclusive of the Ore Reserves.

Mine Plan

Both the Kali Kuning and Lerokis deposits were mined for gold by conventional open pit methods during the 1990s. The copper bearing massive sulphide mineralisation underlies or is proximal to the former gold mineralisation which results in the existing open pits being subsumed by the copper project’s open pit mining operation.

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

The design of each of the open pits was conducted as two independent projects as these orebodies are approximately 4km apart and are separated by rugged topography. Scheduling, on the other hand, has been conducted in sequence as both pits are to supply ore to the same heap leach operation with the Kali Kuning pit leading development and Lerokis being commissioned as the Kali Kuning production tails off. Lerokis production commences in 2019 and the current plan requires a 13km one-way haul to bring ore to the KKV leach pads.

Only Measured and Indicated Resource category blocks were considered in the development of the Ore Reserve Estimate.

Neither of the planned open pits will mine 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.

For the remaining life of mine material movements are currently planned to average 35 to 180Kbcm per month.

Mining is currently conducted by an Indonesian contractor and the mine plan is based on standard open pit mining using an 80t excavator with 40t articulated trucks given the scale of operations, the shallow planned total depth, and the ability to operate under wet conditions during a high rainfall wet season.

The mine plan provides for drilling and blasting of all the ore and waste with blast hole drilling being undertaken by the mining contractor using Atlas Copco TD50 blast hole rigs. Blast hole drilling has a dual role - to provide drilled stocks for blasting production and also for grade control purposes. Grade control sampling is undertaken over a 6m production bench that is to be mined in to 3m flitches. Samples are collected in two 3m composites for assay and grade estimation.

Open Pit Optimisation

Gemcom Whittle pit optimisation software was used to determine the general shapes and extents to maximise value from an open-cut mining operation. Whittle is an industry standard tool which combines the geological, geotechnical, spatial, grade, metallurgical, cost and revenue characteristics of the deposit to determine the optimal mining limits and sequence for the given set of assumptions.

Both Kali Kuning and Lerokis are characterised by steep topography and widely varying material types. The pit optimisation software utilises the mineral resource block model (discussed in detail earlier) and it is essential that the model is correctly constrained against the detailed topography, interpreted geological domains and the month-end progressive survey pickup (as at 30th November 2017) for the Kali Kuning open pit mining operation.

Topography and Month-End Surveys

The topographic surface for Kali Kuning is derived from detailed surface surveys and end of month mining pickups. Surface surveys have also been used to define the Lerokis topography.

Geological Parameters

As outlined previously in the Mineral Resource Estimate details, wireframes were created to define geological/geometallurgical domains and the tonnes and grade of each material type in each block were estimated using hard boundaries.

Kali Kuning

Interpreted domains included -

- Non-sulphide fill,
- Non-sulphide waste rock,
- Sulphide waste rock,
- Leached sulphide ore termed PBX, and
- Massive sulphide ore.

Lerokis

Interpreted domains included –

- Baritic precious metal mineralisation (BAR),
- Siliceous breccia (SBX),
- Pyritic breccia (PBX2),

- Massive pyrite (MPY), and
- Black ore (BKO).

Mineral resource block models are based on the UTM grid (WGS84, Zone 52S) with dimensions of 12.5m x 12.5m x 3.0m for Kali Kuning, and 12.0m x 12.0m x 3.0m for Lerokis.

Optimisation Parameters

Whittle optimisation software uses a modified Lerchs-Grossman algorithm to generate a series of optimal economic open pit shells into the resource model.

Mining Recovery and Dilution

The mineralisation in both mine areas is very distinct in terms of colour and density which will provide a useful visual check to grade control sampling of blastholes and the subsequent mark-out and excavation of the designated ore blocks.

The mineral resource models segregate the geology into two basic domains -

- Mineralised - the sulphide body that contains the vast majority of the copper minerals, and
- Un-Mineralised - the peripheral non-sulphide volcanic and/or volcanic derived rock. At the margins of the sulphides, this contact zone may contain some copper mineralisation in the form of copper-bearing sulphide veinlets or stockworks. This material contains no copper mineralisation.

These domains are defined by interpreted wireframes so that each mineral resource block can have a portion of each domain within it.

The mineralised and un-mineralised portions of each block were combined to form a hard rock fraction with a tonnage weighted copper grade in order to allow estimates of mining loss and dilution. Blocks were selected by the software as either ore or waste depending on whether the copper grade was above or below the estimated economic cut-off grade.

Generally speaking, almost the entire mineralised zone in both the Kali Kuning and Lerokis deposits is above the expected cut-off grade. The approach adopted effectively models the effects of errors in ore block definition and mining around the margins of each mineralised zone.

Cut-off Grades

As discussed last year, a change was initiated to the lower economic cut-off grades estimated for Kali Kuning from 0.5% Cu to 0.4% Cu in the mineral resource update completed in 2013 and reflected new cost data developed during the optimisation studies.

Additional work undertaken for the last update as at 30th June 2016 and confirmed these parameters to be appropriate. They have been routinely checked and continue to be used in the current estimates.

The economic cut-off grades were estimated based on the approximate 720 day copper recovery and leach kinetics and a copper price of \$3.00/lb. Cut-off grade calculations considered processing, administration and selling costs (excluding mining costs).

The Lerokis cut-off grade is higher because estimates of the long term copper recovery are lower and there may be additional costs associated with hauling ore to the Kali Kuning Valley (KKV) leach pads.

Wall Slope Angles

Slope design criteria for Kali Kuning and Lerokis is based on geotechnical drilling, core logging and surface geology inspections completed during 2009/2010.

A detailed review of the Kali Kuning slopes was conducted from April to July 2013 with particular reference to the distribution of rock types and rock mass strength in the eastern and north eastern highwall areas. This resulted in recommendations for inter-ramp slopes and berm batter configurations based on the interpreted geology and the wall position.

Kali Kuning

The slope configurations at Kali Kuning were incorporated in the final pit designs and the recommended berm / batter configurations are based on mapping and drilling of the main lithologies, particularly in the high northern and eastern walls. The upper dacitic units tend to be more competent than the lower brecciated volcanic that hosts the orebody.

The original ramp design for the northern wall acted as a geotechnical berm and had a major influence on the overall slope. Wall failure during 2017 has dictated that the design be changed to “formalise” larger berms to catch and retain the fretting volcanic hangingwall debris and thereby facilitated the removal of the ramp from the design in favour of the larger berms. On the southern side much of the copper pit wall was developed through capping fill over the former gold pit which requires the development of much flatter slopes.

The wall stability of the Kali Kuning open pit is routinely monitored by BTR personnel and results are regularly reviewed by external consultants as the geotechnical input to mining is outsourced to a consulting group.

A recent consultant site visit and review was undertaken in September 2017 into Kali Kuning where the open pit design performance to date has been considered in conjunction with some design changes to enable larger catch berms to be used on the highwall side (see earlier). Recommendations as a result of the visit continue to be followed especially with regard to the ongoing need to drill sub-horizontal de-pressurization holes on a bench by bench advance basis.

Lerokis

Pit slopes for Lerokis are unchanged from the recommendations provided in 2010 that were developed following the drilling of geotechnical holes for rock mass assessment.

Six diamond drillholes were recently drilled (Sept 2017) for geotechnical purposes for inclusion into the Lerokis design strategy and at the time of writing a final report has not been received by the consultancy providing the geotechnical review.

Process Feed Rates

Ore will be processed in a heap leach operation where the annual process feed rate is determined by the tonnage of ore required to be stacked in each period to allow the heaps and SX-EW plant to produce 28,000tpa of copper cathodes (3,000tpa UDP + 25,000tpa KKV). The only realistic constraints to this target is the annual throughput capacity of the crushers and associated stacking infrastructure.

Mining schedules are set from an understanding of the “new” copper metal units required to be stacked and irrigated on the heap leach pads (on a month by month basis) to maintain annual copper production at 28Ktpa.

Process Recoveries

Heap leach recovery curves were modelled and were based on extensive column test work and a series of demonstration heaps using Kali Kuning mineralisation during 2009 and 2010 and is constantly verified via the operation of the current 28Ktpa heap leach, solvent extraction and electrowinning operation using mineralisation from Kali Kuning that has been stacked and progressively irrigated and leached since April 2015.

The estimates for Lerokis copper recoveries are lower and estimates of leach rates are slower than those applied to Kali Kuning and have been based entirely on column test work and reflect a differing copper mineralogy present at each deposit. Recent column testwork as released to the ASX on 20th November 2017 and then amended on the 24th November 2017 suggests that there is a possibility to use improved recovery rates and terminal recoveries for certain geometallurgical zones within the deposit in Zone 5 in future optimisations.

However, the average terminal recoveries used in the optimisation of each of the open pits and over a conservative 720-day leach cycle remain unchanged and are:

- Kali Kuning 75%, and
- Lerokis 62.9%

Cost Assumptions

A feasibility study was released to the ASX in November 2013 and was the major source document used to secure project financing through a syndicate of four banks.

The ongoing operation of the 3Kt and 25Kt plants provides for operating cost estimates with a high level of confidence.

Mining and earthworks costs are based on a schedule of hourly hire rates contained in the contract with Indonesian mining contractor, PT Madhani Talatah Nusantara (Madhani). All supplies including explosives, diesel, process reagents and fuel oil for the power station are under various forms of contract.

Labour costs for operation have been set through a locally negotiated collective labour agreement (CLA).

Revenue Factors

Cathode produced from the Wetar Copper Project is sold into the Asian market. Sales to date from the project have attracted a premium to the LME A Grade price or at the very least is sold at, or around, the LME A Grade price.

Wetar's annual production of 28Ktpa of refined metal (which includes the ongoing operation of the 3Ktpa demonstration plant) is inconsequential to the World and regional supply and demand balance and the high quality nature of the product suggests that there is little likelihood of not meeting the sales forecasts for copper produced.

The pit optimisation used to define the Kali Kuning and Lerokis pit shells was run at US\$3.00/lb of copper and was also used to determine the mine cut-off grades.

Many revenue scenarios were run at various copper prices to understand the revenue effects and sensitivity of the project to a range of copper price outlooks.

Finders has been selling copper cathode from the demonstration facility since 2009 and therefore there is a sound basis for the cost structure for delivering product to market and the likely premiums or penalties attributable to actual Wetar cathode production revenues.

BTR has a hedging program in place out to March 2019 in line with the Facility Agreement used to finance the project. Over the period from December 2017 until March 2019 the current hedging policy provides for downside price protection while at the same time providing for a component of discretionary hedging of production should short term price opportunities arise. The current hedging in place equates to approximately 36% of the forecast production over that time.

Classification

The current Ore Reserve Statement has ore reserve estimates resulting from the design of several open pits (Kali Kuning and Lerokis) and ore reserves coinciding with active heap leach pads (GPLP and KKV) that will continue to produce copper metal over many years and are depleted annually in reports for the

tonnages of copper metal produced. Some heap leach pads will be removed from service once the estimated planned terminal recovery of metal is reached, while most will continue to remain in service through the multiple lift “over-stacking” of the older heaps by freshly mined ore.

In this Ore Reserve Statement -

- Proved Ore Reserves are derived from Measured Mineral Resources.
- Probable Ore Reserves are derived from Indicated Mineral Resources.
- All mineralisation mined and stacked on the heap leach pads is considered a Proved Ore Reserve due to the fact that it was mined to this location following grade control drilling and a decision that each block mined from the open pit is above cut-off grade.
- None of the Probable Ore Reserves are derived from Measured Mineral Resources.
- No Inferred Mineral Resources are included in the Ore Reserves.

The Ore Reserves classifications are considered appropriate because -

- Both the Kali Kuning and Lerokis copper deposits are very shallow, well drilled and geologically understood.
- Extensive metallurgical test work and the results of two phases of demonstration heap leaching and SX-EW copper production in conjunction with the current commissioning of the new KKV heaps and 25Ktpa SX-EW operation are available to support the process and production assumptions.
- Operating costs are mostly based on current actual costs.

Environmental

The major environmental issue concerning the Wetar Copper project is acid rock drainage. The copper at Kali Kuning and Lerokis is contained within massive pyrite zones and considerable material immediately adjacent to the mineralisation also has an elevated pyrite content. Kali Kuning waste rock except the material in the highwall and the fill cover placed as part of the earlier gold pit closure, the earthworks cut adjacent to the Kali Kuning open pit, and most of the waste rock at Lerokis except the fill cover placed as part of the earlier gold pit closure is potentially acid forming (PAF). Strategies to manage the PAF waste rock include:

- Placement of a large proportion of the Kali Kuning PAF waste in the fill used to form the main heap leach pads. This occurs during the 20-month construction period.
- Compaction of PAF waste in the Kali Kuning and Lerokis waste dumps to minimise water ingress.
- Management of surface drainage to divert clean surface water away from exposed PAF surfaces and to direct water which has come into contact with PAF material into the storm water ponds for use in the heap leach process or for acid neutralisation.
- Placement of crushed limestone over completed PAF storage areas so that any water ingress will be at an elevated pH.

Designs, volume balances and material schedules and costs have been prepared for these strategies to ensure that they are practically and commercially achievable within the mine plan.

A large limestone resource (~2.35Mt) with an average estimated neutralisation capacity of 680kg/tonne has been delineated and a quarry established just east of the current coastal mine support infrastructure. This material is routinely used to neutralise acid in the processing of the copper ores via the neutralisation plant and is available for any additional acid neutralisation purposes at the site.

The environmental management plan has been approved by the appropriate Indonesian authorities and regulatory bodies.

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- Various Finders Resources Ltd (FND) Annual Reports and ASX Releases.

Appendices

Joint Ore Reserve Committee (JORC) Table 1. – Kali Kuning and Lerokis Deposits

Section 1 – Sampling Techniques and Data

Section 2 – Reporting of Exploration Results

Section 3 – Estimation and Reporting of Mineral Resources

Section 4 – Estimation and Reporting of Ore Reserves

Competent Person Statements

- Exploration Results and Targets
- Mineral Resource Estimate
- Ore Reserve Estimate

Limestone Resources



JORC Table 1

(Checklist of Assessment and Reporting Criteria)

Kali Kuning and Lerokis Deposits

Effective Date – 1st December 2017

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	Commentary
Sampling techniques	<p>The Wetar Copper Project is currently comprised of two VMS copper bearing massive sulphide deposits. Kali Kuning and Lerokis are located in close proximity to each other (~4km) on Wetar Island, Maluku Province, Indonesia.</p> <p>Both were exposed but not mined during a distinctly separate gold mining operation focused on the precious metal-rich barite “sands” carried out during the 1990s by a subsidiary of Billiton International, PT Prima Lirang Mining (PLM).</p> <p>Each deposit has been drill tested by multiple phases of both diamond and reverse circulation drilling that includes diamond/diamond and diamond /RC twinned holes.</p> <p>Pre-mining hole spacing is based on a nominal 25m x 25m grid spacing where samples were collected in one metre downhole intervals and assayed for copper and other associated base and precious metals.</p> <p>Trial mining and processing was undertaken at Kali Kuning between February 2009 and December 2010 where an ~100Kt parcel of ore was mined to produce ~2.5Kt of copper metal as cathodes.</p> <p>Additional mining was undertaken at Kali Kuning over the period February 2014-June 2014 with a further ~150Kt parcel of mineralisation used for an upgraded demonstration heap leach and SX-EW plant trial.</p> <p>Full-scale mining (including grade control sampling of blastholes using 3m composites) subsequently commenced in April 2015 to provide feed to the expanded interim operation and has ultimately led to the production commencing from a 28Ktpa copper cathode operation in May 2016. To the end of November 2017, approximately 4.1Mt of mineralisation has been mined and grade control sampled from the Kali Kuning open pit.</p> <p>Lerokis is unmined as a source of copper ore to the existing KKV Heap Leach SX-EW operation and is not planned for extraction in the current production schedule until 2019.</p>
Drilling techniques	<p>PLM drilled 33 diamond drill (DD) holes (2,318m) and 42 reverse circulation (RC) holes (1,165m) into the Kali Kuning mineralised envelope. However, many of these did not adequately test the massive sulphide horizon below the precious metal open pit operations.</p> <p>PLM drilled 52 DD holes (2,043m) and 114 RC holes (1,143m) into the mineralised envelope at Lerokis. However, many of these did not adequately test the massive sulphide horizon below the precious metal open pit operations.</p> <p>Finders Resources Limited (FND) commenced drilling in 2005 and since that time has completed an additional 314 holes for a total of 12,776m, in five phases - 2005, 2006, 2008, 2009 and 2016/17 to achieve a nominal 25m x 25m drill spacing for resource definition at each deposit.</p> <p>At Kali Kuning this activity comprised 61 DD holes (4,151m) and 34 RC holes (1,028m) and at Lerokis comprised 28 DD holes (1,817m) and 68 RC holes (2,949m).</p> <p>DD has mostly utilised large diameter triple tube drilling techniques (predominately PQ & HQ) with downsizing to NQ core only to complete holes that encountered difficult drilling conditions. RC drilling was completed with a conventional 5½ inch face sampling hammer.</p>

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Criteria	Commentary
<i>Drill sample recovery</i>	<p>DD core recoveries were measured on a routine basis and stated for each sample interval. Samples obtained from RC drilling were bagged, weighed and riffle split to a 4kg sample for dispatch to the assay laboratory.</p> <p>Recoveries were generally good in the Kali Kuning and Lerokis massive sulphides for diamond drilling (88% and 70% respectively). The leached and transition zones were variable at Kali Kuning (79% and 83% respectively for >0.3% Cu intervals).</p> <p>RC drilling has been restricted to the dry, upper parts of the Kali Kuning deposit (leached and transition zone) where the high density on the material and the locally porous nature of the massive sulphides has made it difficult to lift adequate samples from deeper levels.</p> <p>RC drilling was also restricted to the shallow 2017 Lerokis program where the density of the material and the locally porous nature of the sulphides has also made it difficult to lift adequate samples from deeper levels.</p> <p>Historic DD recoveries were estimated at approximately 70% in massive sulphides.</p>
<i>Logging</i>	<p>Records for historic PLM drilling comprise skeletal drill logs and some hand drafted drilling sections. Full geological logging is available for many of the KKG holes but relatively few of the LER holes.</p> <p>FND drilling has been processed using detailed logging procedures developed specifically for the project.</p> <p>DD holes also collected structural information for use in geotechnical evaluation and were photographed prior to sampling for a permanent record and for desktop study purposes. Specific identified geotechnical drillholes were logged according to a supplied legend from the relevant geotechnical consultants involved with the project at the time of drilling.</p>
<i>Sub-sampling techniques and sample preparation</i>	<p>DD cores were historically sampled in one metre intervals. Historically half core was sent for chemical assay and the remaining core stored for additional and/or subsequent testwork. From 2005, Finders retained half core for metallurgical testing while quarter core was sent for chemical assay and the remaining quarter retained in core storage boxes as a permanent record. Any subsequent exploration holes have been half cored for assay with 50% retained and stored. Quarter core samples have been taken for assays from recent metallurgical holes at Lerokis.</p> <p>RC samples were bagged in 1m intervals, weighed, and riffle split to 4kg sample for assay. One in twenty samples were duplicated assay splits. Sub sampling checks were also completed by compositing pulverised sub-samples (3m or 5m) at the lab as an additional check on the validity or representivity of the sub sampling assays.</p> <p>Samples have been historically sun dried on site prior to transportation to labs in Jakarta for chemical assay.</p>

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Criteria	Commentary
Quality of assay data and laboratory tests	<p>Historic copper assaying by PLM used the AAS1/4 method whereby AAS4 was the relevant ore grade technique for copper values >1%Cu. Samples were also assayed for gold by the FAS1 method and arsenic, antimony and barium results were obtained from pressed powder x-ray fluorescence (XRF).</p> <p>FND assay procedures evolved through several stages whereby the initial drilling (KKG001-024, LER001-020, LERRC021-037) was assayed in one metre intervals for total copper, gold, arsenic, antimony \pm sulphur only when activity was focussed on the development of a project involving conventional beneficiation via froth flotation. 2017 drilling at Lerokis by FND was generally assayed in one metre intervals for gold (fire assay), with copper, silver, lead, zinc, arsenic, antimony, and a suite of 36 other elements by Aqua Regia ICP package, with 3 acid ore grade AAS digest completed on samples above detection limits of 1% for Cu, Pb, Zn, As and Sb, and above 100ppm for Ag. Metallurgical and geotechnical holes recently sampled by FND were generally assayed in two metre intervals using the same element suite as the 2017 drilling.</p> <p>From drillhole KKG025 onwards all samples were analysed for total copper (Intertek GA50), water soluble copper (GA40a), acid soluble copper (GA41) and ferric soluble copper (GA41A). Three metre composite samples of all prior drilling (LER001-013) were also re-assayed using these methods as individual assays rather than as sequential assays.</p> <p>Subsequent copper recoveries in column testwork significantly exceeded the ferric copper assay prediction and a re-assay campaign of composite samples from Lerokis resource definition drilling was completed for cyanide soluble copper using the Intertek CN10 method. This work involved the preparation of new 5m composites from stored pulps using intervals corresponding with the bench drillhole composites used in the resource estimation process. These composites were subsequently assayed for total copper (GA50), water soluble copper (GA40a) and ferric soluble copper (GA41A) in conjunction with the cyanide soluble copper (CN10).</p> <p>Both the PLM and FND programs included the inclusion of standard and/or blank samples (~1 in 20) and the re-assay of composited pulps. 2017 FND programs at Lerokis also included the insertion of field replicates (~1 in 20). QA/QC results were reviewed by the relevant consultants at the time and concluded that the results contained no issues. Inserted blanks showed no evidence of significant cross contamination. Inserted standards reported within 2% of the recommended value while check assays of selected high-grade samples (~7% Cu) were approximately 4% lower than the original assays. QA/QC results from 2017 were reviewed by FND. Inserted standards reported within 1-2 standard deviations of the recommended value and inserted blanks showed no evidence of significant cross contamination. Field and lab replicates returned almost perfect linear relationships for both Au and Cu.</p>
Verification of sampling and assaying	<p>Historic drilling results were reviewed by the consultants who completed the early mineral resource estimates. Inferences drawn are considered appropriate.</p> <p>DD drillholes have been twinned at Wetar due to low original core recoveries. Holes KKG006, KKG008 & KKG011 were twinned by KKG053, KKG052 & KKG050 respectively and found that the latter holes were, on average, 30% higher in grade than original drilling suggested.</p> <p>One RC/DD twin (KKGR67/KKG67A) was also completed for drill methodology bias and found that the resultant copper assays were some 25% higher in the RC samples when compared to the corresponding DD intervals.</p> <p>An analysis of all twinned holes returned an overall consistent positive relationship between core recovery and copper grades and highlighted the significant loss of</p>

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Criteria	Commentary
	<p>copper through fines loss in the drilling process. It was shown to be particularly evident in the Leached and Transition zones at Kali Kuning and was supported by data from returned from thirteen FND DD drillholes that collected sludge samples during drilling. Results indicated that for thirty-eight intervals with a core recovery <80% (average 65%) the sludge samples averaged 86% higher than the core samples. This is contrasted by forty-two intervals with recovery >80% (average 95%) where core samples averaged 24% higher than the sludge results. Results suggest that that “broken core” is associated with friable secondary copper minerals and enargite and that there is a preferential loss of copper in these zones of mineralisation.</p> <p>These observations and the conclusions drawn are considered appropriate for similar zones of sulphide mineralisation at Lerokis.</p>
Location of data points	<p>Collar and other general survey work was completed using GPS technology.</p> <p>Drilling used a local mine grid for Lerokis that is rotated approximately 30° to the west of true north. All data is subsequently transformed into UTM WGS-84, Zone 52S for resource estimation and mine planning purposes.</p> <p>Downhole surveys using an Eastman camera were completed for 39 KKG and 12 LER holes. Dip and azimuth variation down hole averages 2.0 degrees per 100m and similarly for inclined holes due to the relatively shallow nature of the drilling. These deviations are trivial and indicate that dips and azimuths at the collar used at the end of hole for unsurveyed holes will result in insignificant errors.</p> <p>In 2017, downhole surveys were completed with a Proshot camera for 49 of the 60 recent holes at Lerokis.</p>
Data spacing and distribution	<p>Both the Kali Kuning and Lerokis deposits have been drilled to a nominal 25m x 25m hole spacing. In 2017 at Lerokis, additional closer spaced drillholes were targeted into areas of deposit complexity to resolve geometries on the flanks of the mineralised domains and that of the intersecting or bounding structures. Some holes also provided additional assay support into zones where single or limited drilling returned higher than average deposit grades.</p> <p>Assays have been composited into 2m length intervals for resource estimation purposes.</p>
Orientation of data in relation to geological structure	<p>Both the Kali Kuning and Lerokis deposits are essentially sub-horizontal lensoidal bodies and as such the drilling has either been vertical or 60 degree inclined to Mine Grid east or west around faulted margins. Drilled intersections are for the most part indicative of the true deposit thickness.</p>
Sample security	<p>Bagged drill samples were generally packed into wooden boxes and shipped to Kupang (West Timor) where they were airfreighted to Jakarta for sample preparation and assay. In some programs the samples were crushed and split in Kupang prior to sending to Jakarta for final assay analysis.</p>
Audits or reviews	<p>Drilling and sampling methods were independently reviewed by the consultants involved in the resource estimation process and were found to be suitable.</p>

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Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	Commentary
Mineral tenement and land tenure status	<p>The Wetar Copper Project (FND ~73.5%) is a fully permitted and operational mine and SX-EW treatment facility located on Wetar Island, part of the Maluku Barat Daya Regency (MBD), in the Maluku Province of the Republic of Indonesia. Key permits are listed below:</p> <ul style="list-style-type: none"> IUP Exploitation 543-124 Tahun 2011 for copper, 2,733Ha expiry 9/6/2031, held by PT Batutua Kharisma Permai (BKP), a subsidiary of FND. IUP for Copper Processing and Refining 543-125 2011, expiry 9/6/2031, held by PT Batutua Tembaga Raya (BTR), a subsidiary of FND. AMDAL environmental permit for life of mine granted April 2010. Forestry permit (Pinjam Pakai) Number SK478/Menhut II/2013) for 134.63Ha valid to December 2031.
Exploration done by other parties	<p>Extensive exploration including drilling and mining was carried out during the period 1987-1997 by PT Prima Lirang Mining (a subsidiary of Billiton). The gold/precious metals exploration, mining and processing activities were subsequently rehabilitated at the completion of mining.</p>
Geology	<p>Wetar Island is composed of Neogene volcanic rocks and minor oceanic sediments and forms part of the Inner Banda Arc. The island preserves ~4.7 million year old precious metal-rich volcanogenic massive sulphide and barite deposits.</p> <p>The polymetallic massive sulphides are dominated by pyrite, with minor chalcopyrite that are cut by late fractures infilled with copper minerals (covellite, chalcocite, tennantite–tetrahedrite, enargite, bornite). Barite orebodies are developed on the flanks and locally overly the massive sulphides.</p> <p>Hydrothermal alteration around the orebodies is zoned and dominated by illite–kaolinite–smectite with local alunite and pyrophyllite.</p> <p>Sulphide mounds showing talus textures are localised onto faults, which provided the main pathways for high-temperature hydrothermal fluids and the development of associated stockworks.</p> <p>The orebodies were covered and preserved by post-mineralisation chert, gypsum, limestone, lahars, subaqueous debris flows and pyroclastic rocks.</p> <p>The economic copper mineralisation at Lerokis occurs predominantly within coherent massive sulphide units with some minor lower grade material occurring within intensely altered andesitic and dacitic tuffs in the footwall and lateral extent of the massive sulphide units.</p> <p>The contact between the massive sulphide and footwall units is generally quite sharp.</p>
Drill hole Information	<p>A large body of drilling data has been used to generate the mineral resource estimates for the Kali Kuning and Lerokis deposits. This data has been described in detail in Section 1 (above). Drillhole locations (including plans of all holes used) have been provided in many previous releases to the Australian Securities Exchange (ASX) by Finders Resources Ltd – ASX:FND.</p>
Data aggregation methods	<p>One metre, length weighted composites of the relevant drilling data has been used as the basis for the calculation of the mineral resource estimate for each deposit.</p>

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Criteria	Commentary
<i>Relationship between mineralisation widths and intercept lengths</i>	<p>Both the Kali Kuning and Lerokis deposits are essentially sub-horizontal lensoidal bodies and as such the drilling has either been vertical or 60 degree inclined to Mine Grid east or west around faulted margins. Drilled intersections for the most part are therefore indicative of the true deposit thickness.</p> <p>Mineralised zone thicknesses are large when compared to the composites used for the resource estimation and therefore all composites are regarded as representing true thicknesses and therefore have equal weighting in the estimation process.</p>
<i>Diagrams</i>	Plans and cross sections showing drill locations and distribution of ore types for Kali Kuning and Lerokis have been provided in many previous releases to the ASX by FND.
<i>Balanced reporting</i>	It is considered that all substantive material relevant to the resource estimation process has been reported.
<i>Other substantive exploration data</i>	<p>FND (through ~74% owned subsidiary PT Batutua Tembaga Raya (BTR) successfully operated a five tonne per day SX-EW demonstration plant to test leach kinetics, optimise process design and to provide additional data for project finance purposes over the period February 2009 to December 2010. This plant treated material from the Kali Kuning deposit and produced and sold LME Grade A copper quality cathodes without many specification issues.</p> <p>An upgraded 3Ktpa demonstration plant has operated since February 2014 using heap leach pads containing mineralisation that was mined from the Kali Kuning deposit and continued to solely produce predominantly LME Grade A copper cathodes until commissioning commenced for the newly constructed 25Kt plant (see below).</p> <p>Full-scale mining at the Kali Kuning deposit commenced in April 2015 to provide feed to the expanded interim operation that has ultimately led to the recent commissioning of a newly constructed 25Ktpa copper cathode operation. Grade control assays and additional crusher data has generally validated the accuracy of the current mineral resource estimate.</p> <p>The understanding of the unmined Lerokis deposit benefits from this activity.</p>
<i>Further work</i>	<p>It is anticipated that future work at the Kali Kuning and Lerokis deposits will comprise ongoing grade control drilling as the mines are developed in line with the Company's copper production profile. Feedback from the crusher and processing plant will continue to provide a valuable reconciliation of mine production over time.</p> <p>A recent RC drilling program at Lerokis (ASX Announcement 31/10/2017) is envisaged as being the last program of pre-development investigation into this deposit.</p>

Section 3 Estimation and Reporting of Mineral Resources

(Criteria listed in section 1, and where relevant in section 2, also apply to this section.)

Criteria	Commentary
Database integrity	<p>Drilling and associated data is held in a central Microsoft Access database located in the Perth office with updated copies held on the Wetar site server. Appropriate back-up procedures are programmed and checked by an external IT support business.</p> <p>All drilling data and associated procedures used for the current Mineral Resource estimates at Lerokis was validated by CSA Global, who prepared the Mineral Resource estimate, in collaboration with FND staff and consultants prior to completion of the Mineral Resource.</p> <p>Data used in the Mineral Resource was exported from the database to MS Excel spreadsheets, containing relevant information for collar locations, down hole surveys, assays and sample logs of lithologies.</p>
Site visits	<p>The Competent Person has visited site on many occasions over the past 20 months and observed data collection, ancillary procedures and the specific and general facilities at the project.</p>
Geological interpretation	<p>The geological interpretations of Kali Kuning and Lerokis is based upon the geological description of the VMS deposit in Section 2 of this table.</p> <p>FND relogged many historical diamond holes using the same lithological codes as used for recent drill holes, which resulted in a simplification of the geological logging compared to previous work. Petrological studies assisted with the creation of a deposit rockboard, identifying key rock types.</p> <p><u>Kali Kuning</u></p> <p>The geological interpretation of the Kali Kuning deposit is based on the geology outline presented in Section 2 – Geology. A geometallurgical framework has been developed following the 2008 RC drilling program whereby the massive sulphide resource has been re-classified into three metallurgical sub-types based on guidance from the metallurgical testwork. The three ore-types modelled are:</p> <ul style="list-style-type: none"> • Leached, • Transition zone, and • Primary massive sulphide. <p>The Leached and Transition types are subsets of the Pyrite Breccia rock-type (PBX) and reflects incipient in-situ leaching of the massive sulphide unit by natural groundwater. The transition zone material, although of lower copper grade than the main primary massive sulphide, (1.5%Cu vs 2.9%Cu) contains a higher proportion of readily leachable copper minerals as evidenced by higher ratios of ferric soluble and water soluble copper to total copper content.</p> <p>The Transition zone occurs at the highest levels of the deposit and will comprise a major proportion of early mined mineralisation for the expanded Wetar copper project. The obvious nature of the massive sulphide mineralisation and its consistent strike and dip result in an unequivocal interpretation that makes it difficult to provide plausible alternative interpretations.</p> <p><u>Lerokis</u></p> <p>The interpretation used the “Unit-Assign” field in the lithology database table, with the following key lithological domains defined; SBX (siliceous breccia, locally pyritic, and containing low grade Cu); MPY (massive pyritic ore with minor copper sulphides); PBX2 (brecciated pyrite ore, with secondary minerals including covellite, in fractures). PBX2 interfingers with BKO (black ore, being very high grade with abundance of Zn</p>

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Criteria	Commentary
	<p>and Pb, Au and Ag, with covellite, chalcopyrite and lesser chalcocite and tennantite; also has locally PBX2).</p> <p>A total of 6 SBX wireframe solids, 8 MPY wireframes, 3 PBX2 wireframes and 1 BKO wireframe were modelled. One of the PBX2 domains was joined along strike to the BKO domain.</p> <p>A set of faults either bounding or cross cutting the mineralisation were previously mapped at surface and 3D interpretations of their surfaces constructed. Subsequent analyses of Cu populations were carried out to determine if the faults are behaving as hard or soft boundaries.</p> <p>No alternative interpretations were attempted. A simple grade (Cu) envelope may result in a higher-grade model but would not be adequately supported by the geology.</p>
Dimensions	<p>Both Kali Kuning and Lerokis massive sulphide deposits are coherent shallow dipping lensoidal deposits that partly outcrop at surface where they have been exposed by the historic gold mining activities of PLM.</p> <p>The Kali Kuning massive sulphide deposit has dimensions of about 350m x 150m x 80m depth and is elongated to the north-west.</p> <p>The Lerokis massive sulphide deposit comprises two coherent shallow dipping lensoidal zones (Zone 5 & Zone 1S) and has a strike length of 400m, a plan width of between 40m and 160m, and maximum depth below surface of 120m.</p>
Estimation and modelling techniques	<p><u>Kali Kuning</u></p> <p>A block model based on the UTM grid were used for quotation of the mineral resource estimates and mine planning purposes.</p> <p>The block dimensions of 12.5m x 12.5m x 3.0m reflect the closely spaced drilling completed at the deposit.</p> <p>The available drillhole data was composited into two metre intervals before the use of ordinary kriging within mineralised domains to estimate Cu, Au, Ag, As, Ba, Pb, Sb and Zn grades. Proprietary Techbase software (Hellman & Schofield) was used to check estimates.</p> <p>Kali Kuning classification into Measured, Indicated and Inferred categories corresponds to search ellipsoids of 30m x 30m x 8m; 40m x 40m x 10m; and 60m x 60m x 16m respectively. Each category has a minimum data point requirement of 10, 10, & 8, respectively.</p> <p>Each search was constrained by domains defined on geological criteria. The maximum distance of extrapolation is approximately 12.5m or half the drillhole spacing.</p> <p>No grade capping or top-cutting was used and check estimates achieved copper grades are within 2% of the primary estimates.</p> <p><u>Lerokis</u></p> <p>Datamine Studio RM software was used for all geological modelling, grade interpolation, resource classification and reporting. Snowden Supervisor (v8.7) and GeoAccess Professional were used for geostatistical analyses.</p> <p>Drillhole samples were flagged against the mineralisation wireframe solids, and Datamine variable MINZON was set to unique numeric values, for each wireframe solid. Drill samples were composited to 1m intervals and a statistical assessment was made of Cu and other grade variables from composited data within each domain. From this it was decided to apply top cuts to selected sample data, to limit potential impact of very high-grade assays during the grade interpolation. A top cut for Cu of 18% was applied in the PBX2 domain, and 20% in the BKO domain. Top cuts were applied to composited data.</p>

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Criteria	Commentary
	<p>Variograms were modelled for Cu from data in domains 202 (MPY), 301 (PBX2) and 303 (PBX2 / BKO). Relatively low nugget effects (<15%), short ranges of up to 20m and long ranges of up to 100m were modelled. Normal score variograms were modelled and the sills back transformed to normal space.</p> <p>A block model with block sizes 12.0m (X) by 12.0m (Y) by 3.0m (Z) was constructed, using the same flagging variables as used to flag the drill hole samples. A topographic DTM was used to deplete the block model at surface, with the open cut void captured in the DTM.</p> <p>Kriging neighbourhood analysis (KNA) was used to derive optimal estimation parameters for the most populated domains.</p> <p>Top cut and composited sample grades were interpolated into the block model using estimation parameters from KNA. MINZON 202 (SBX) used a search ellipse of 40 m by 20 m by 10 m, using sample numbers of 8 – 32. MINZON 301 (PBX2) used 40 m by 10 m by 5 m, and 12 to 22 samples. MINZON 303 (PBX2 / BKO) used a search of 20 m by 10 m by 5 m with 14 to 34 samples used. These parameters were applied to other domains as appropriate. Discretisation of 3 by 3 by 3 was used. Blocks were interpolated by ordinary kriging, with an inverse distance check estimate completed in parallel.</p> <p>Cu, Au, Ag, Zn, Pb, As, S, Sb and Fe were all interpolated.</p> <p>Dynamic anisotropy was used to orientate the search ellipse domains according to the local geometry of the mineralisation domains.</p> <p>The Mineral Resource compares favourably to the previously published report (2016) with a 12% increase in tonnes and a 22% increase in grade.</p> <p>The grade interpolation was constrained within the mineralisation domains, which were used as hard boundaries.</p>
Moisture	Tonnages are reported on a dry basis in keeping with dry densities and the drying temperatures used for assay preparation.
Cut-off parameters	Pre-mining feasibility study derived estimates for the Kali Kuning and Lerokis deposit cut-off grades are 0.4%Cu and 0.5%Cu respectively. They have been routinely checked and continue to be used in the current estimates.
Mining factors or assumptions	<p>The current open cut mine at Kali Kuning has pit slopes as recommended by the geotechnical consultants which were in turn derived as a result of purpose-specific geotechnical drilling and detailed studies. The performance of the current mine parameters at Kali Kuning provide feedback as to the appropriateness of the recommendations selected.</p> <p>The Lerokis deposit is also intended to be mined as an open cut operation. Geotechnical consultants have advised on pit slope angles as calculated from diamond drill core specifically planned for geotechnical data. Further recommendations are pending based on the recent 2017 geotechnical drilling and at the time of writing, a final report had not been received into this investigation.</p>
Metallurgical factors or assumptions	<p><u>Kali Kuning</u></p> <p>Heap leach amenability has been estimated from a combination of partial copper assays (ferric and cyanide leach) and extensive column test work. It has further been confirmed by the original demonstration plant, UDP plant upgrade, and the full commercial operation of a 28Ktpa SX-EW operation in the Kali Kuning valley.</p> <p><u>Lerokis</u></p>

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Criteria	Commentary
	Lerokis ore is planned to be processed via heap leaching SX-EW and incorporated into the existing 28Ktpa operation located in the Kali Kuning valley some 4km distant.
Environmental factors or assumptions	<p>Process design has been developed on the basis of final encapsulation of potentially acid forming wastes, together with zero water discharge from the mining and processing operation.</p> <p>Existing environmental approvals include a detailed mine and processing plant closure plan.</p>
Bulk density	<p><u>Kali Kuning</u></p> <p>The wax-immersion method has been used to estimate whole rock bulk densities. The process involved the collection of 0.1m pieces of representative whole core from diamond drilling and stored in a dry place prior to dispatch to an offsite lab in Jakarta for analysis and measurement. A total of 110 dry density determinations were completed pre-mining by rock type and were then ultimately assigned to their corresponding 2m composites. As mining progresses, measured volumes (survey) and tonnages (crusher weightometer) are being monitored to ensure that modelled material density values are appropriate.</p> <p>Specific gravity was included in the mineral resource estimate by modelling the measured values of each domain and using inverse distance weighting using data points from the appropriate domains.</p> <p>A value of 2.3 g/cm³ was used to assign un-estimated blocks outside domains 0 to 2 and a value of 1.5 g/cm³ was used for the rehabilitation "scree" overlying the mined surface. However, the calliper determinations appear to have suffered from inaccurate core recovery adjustments due to a poor comparison with the determinations based on 10cm lengths of core.</p> <p>The data obtained through ongoing mining at Kali Kuning is continually checked against the pre-mining model estimates</p> <p><u>Lerokis</u></p> <p>Bulk densities were determined using the water displacement method, with wax-sealed ½ diamond core billets used. A total of 155 density determinations were completed.</p> <p>The following data were calculated from the collected data: BKO (mean density 3.7 t/m³, from 46 samples), PBX2 (4.0, 43 samples), MPY (4.3, 26 samples), SBX (2.6, 26 samples) and TUF (2.2, 14 samples).</p> <p>The bulk density mean values were assigned to the corresponding lithological domain codes in the block model.</p>
Classification	<p>The classification of the Mineral Resource takes into account the geological understanding of the deposit, quality of the samples, quality and quantity of density data, drill hole spacing, and the quality of the block grade estimates.</p> <p>The Mineral Resource is classified as a combination of Measured, Indicated and Inferred.</p> <p><u>Kali Kuning</u></p> <p>At the Kali Kuning deposit the classification of blocks into Measured, Indicated and Inferred categories correspond to search ellipsoids of 30m x 30 x 8m; 40m x 40m x 10m; and 60m x 60m x 16m, with a minimum number of data points of 10, 10, and 8, respectively.</p>

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Criteria	Commentary
	<p>These searches were constrained by the domains defined on geological and grade criteria and the classification reflects the respective consultant's understanding of the mineralisation at each of the deposits.</p> <p><u>Lerokis</u></p> <p>Geological understanding and quality of samples is sufficient to confirm geological and grade continuity in the Measured volumes.</p> <p>All available data was assessed and the Competent Person's relative confidence in the data was used to assist in the classification of the Mineral Resource.</p>
Audits or reviews	<p>Three separate due diligence reviews of the mineral resource estimates for the Kali Kuning and Lerokis deposits were undertaken by external consultancies in 2011.</p> <p>It was concluded, at the time, that the mineral resource model estimates were adequate for use in the preparation of feasibility studies. However, those reviewers preferred the use an Indicated classification rather than Measured due to issues associated with poor core recovery, density data and grade continuity. However, it was noted that the two test open pits at Kali Kuning showed a positive six percent reconciliation in copper grade of 3.91%Cu compared to 3.68%Cu.</p> <p>Furthermore, a substantial tonnage of mineralisation has now been mined from the Kali Kuning deposit at the end of November 2017 with a positive life to date reconciliation of production against the Mineral resource block model estimates.</p> <p>No audits or reviews of the current Lerokis Mineral Resource estimate have been undertaken apart from internal reviews carried out by Finders and CSA Global.</p>
Discussion of relative accuracy/ confidence	<p>Industry accepted confidence levels have been used.</p> <p><u>Kali Kuning</u></p> <p>The data available from the two test pits and the mining to date performance at Kali Kuning provides some confidence that the classification used is appropriate.</p> <p>There are no factors that are regarded as being likely to negatively impact on the confidence categorisation at this point in the mine's development.</p> <p><u>Lerokis</u></p> <p>The recent estimate for Lerokis has used an inverse distance estimation algorithm in parallel with the ordinary kriged interpolation returning very similar results. No other estimation method or geostatistical analysis was performed.</p> <p>Relevant tonnages and grade above nominated cut-off grades for Cu are provided in the introduction and body of this report. Tonnages were calculated by filtering all blocks above the cut-off grade and sub-setting the resultant data into bins by mineralisation domain. The volumes of all the collated blocks were multiplied by the dry density value to derive the tonnages.</p> <p>The Cu metal values (g) for each block were calculated by multiplying the Cu grades (%) by the block tonnage. The total sum of all metal for the deposit for the filtered blocks was divided by 100 to derive the reportable tonnages of Cu metal.</p> <p>The Mineral Resource is a local estimate, whereby the drill hole data was geologically domained, resulting in fewer drill hole samples to interpolate the block model than the complete drill hole dataset, which would comprise a global estimate.</p> <p>No production data is available to reconcile against the block model.</p>

Section 4 Estimation and Reporting of Ore Reserves

(Criteria listed in section 1, and where relevant in sections 2 and 3, also apply to this section.)

Criteria	Commentary
Mineral Resource estimate for conversion to Ore Reserves	<p>The Ore Reserve estimate is derived from the Mineral Resource block models for the Kali Kuning and Lerokis mineralised zones as prepared by external consultants and reviewed by FND personnel.</p> <p>Mineral resource estimation was constrained by geological models developed by FND (see Section 3 – Estimation and Reporting of Mineral Resources). The following briefly outlines some key aspects of the information contained within that section.</p> <p>Block models with relatively small block dimensions reflect the closely spaced nature of the drilling.</p> <p>The classification of the Mineral Resource took into account the geological understanding of the deposit, quality of the samples, quality and quantity of density data, drill hole spacing, and the quality of the block grade estimates.</p> <p>The Mineral Resource is classified as a combination of Measured, Indicated and Inferred. Geological understanding and quality of samples is sufficient to confirm geological and grade continuity in the Measured volumes.</p> <p>Tonnages are reported on a dry basis in keeping with dry densities and drying temperatures used for assaying.</p> <p>The Mineral Resources are inclusive of the Ore Reserves.</p>
Site visits	<p>FND/BTR personnel and consultants involved in the preparation of the Ore Reserve Estimate either work at site or have visited site and observed the data collection, ancillary procedures and the specific and general facilities at which the work is completed.</p> <p>Mining from the former gold operations at Kali Kuning and Lerokis has left some of the areas for the copper-focussed open pits well exposed. Existing infrastructure has been observed/visited and the plans/sites for future haul roads, processing facilities and waste rock dumps have all been examined.</p>
Study status	<p>A comprehensive Feasibility Study update was completed by FND and the contributing consultants and engineers in November 2013. The study covered geology, resource estimation, mining, process test work and design, infrastructure, environment, project execution, permitting, capital and operating costs and economic evaluation.</p> <p>The 25Ktpa copper metal, SX-EW plant and associated infrastructure was commissioned in May 2016 and full-scale mining has been in operation at Kali Kuning since April 2015.</p>
Cut-off parameters	<p>The economic cut-off grades were estimated based on conservative estimates of copper recovery leach cycle times from historic testwork and a copper price of US\$3.00/lb. This estimate took into account processing, administration and selling costs and excluded mining.</p> <p>The economic cut off grades applied was 0.4%Cu for Kali Kuning and 0.5%Cu for Lerokis.</p>
Mining factors or assumptions –	<p>The sulphide mineralisation at the Kali Kuning mine and the proposed Lerokis open pits is very distinct in terms of colour and density from the surrounding volcanic/volcanic derived country rock so a large part of any additional grade control efforts following blasthole sampling will be visually based.</p>

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Criteria	Commentary
Mining Loss & Dilution	Both the Kali Kuning and Lerokis mineral resource models divide the material into interpreted geological domains based on detailed drillhole logging and mining experience from the Kali Kuning mine.
Mining Method	<p>Almost the entire mineralised zone is above the expected cut-off grade so the methodology used models the effects of errors in ore block definition and mining around the margins of the mineralised zone.</p> <p>Both the Kali Kuning and Lerokis deposits were mined for gold by conventional open pit methods during the 1990s. The copper bearing massive sulphide mineralisation underlies or is proximal to the former gold mineralisation which results in the existing open pits being subsumed by the copper project's open pit mining operation.</p> <p>Neither of the planned open pits will mine 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.</p> <p>Mining is currently conducted by an Indonesian contractor and the mine plan is based on standard open pit mining using excavators with articulated haul trucks given the scale of operations and the shallow planned total mining depth. Articulated haul trucks also help negotiate steeper grades on narrower roads.</p> <p>The mine plan provides for drilling and blasting of 60% of the waste and all ore.</p> <p>Kali Kuning is a fully operational mine and production from Lerokis commences in 2019 where the current plan requires a 14km one-way haul to bring ore to the KKV leach pads. Ore production will augment production from Kali Kuning from 2019 in the current development plan.</p>
Pit Wall Slopes	<p>Slope design criteria for both Kali Kuning and Lerokis is based on geotechnical drilling, core logging and surface geology inspections completed during 2009/2010. Pit slopes are unchanged from the recommendations provided in 2010. A review of recent geotechnical drilling and past recommendations is currently underway at Lerokis and due before the end of 2017. The most recent design has taken a more conservative approach pending release of the final recommendations from the company's consultants.</p>
Metallurgical factors or assumptions	<p>Heap leach recovery curves were modelled and were based on extensive column test work and a series of demonstration heaps using Kali Kuning mineralisation during 2009 and 2010.</p>
Heap Leach Recoveries	<p>The estimates for Lerokis copper recoveries are conservatively lower and estimates of leach rates slower than those applied to Kali Kuning and have been based entirely on column test work and mineralogical assessment.</p> <p>The average terminal recovery over a conservative 720-day leach cycle currently used in production optimisation and planning are 75% for Kali Kuning and 62.9% for Lerokis despite recent incomplete testwork at Lerokis suggesting improved leach recoveries and rates for mineralisation in Zone 5.</p>
Environmental	<p>The major environmental issue concerning the Wetar Copper project is acid rock drainage. The copper minerals at Lerokis are contained within massive pyrite zones and considerable material immediately adjacent to the mineralisation also has an elevated pyrite content. Most of the waste rock at Lerokis except for the fill cover placed as part of the earlier gold pit closure is potentially acid forming (PAF).</p> <p>Strategies to manage the PAF waste rock include -</p> <ul style="list-style-type: none"> ▪ Compaction of PAF waste in the Lerokis waste rock dumps to minimise water ingress. ▪ Management of surface drainage to divert clean surface water away from

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Criteria	Commentary
	<p>exposed PAF surfaces and to direct water which has come into contact with PAF material into the storm water ponds for use in the heap leach process or for acid neutralisation.</p> <ul style="list-style-type: none"> Placement of crushed limestone over completed PAF storage areas so that any water ingress will be at an elevated pH. <p>Designs, volume balances and material schedules and costs have been prepared for these strategies to ensure that they are practically and commercially achievable within the mine plan.</p> <p>A large limestone resource has been delineated and a quarry established just east of the main current coastal mine support infrastructure.</p> <p>The environmental management plan has been approved by the appropriate Indonesian authorities and regulatory bodies.</p>
Infrastructure	<p>Wetar is a sparsely populated island towards the eastern end of the Indonesian archipelago and therefore all supplies and personnel must be delivered by barge or boat. However, a mining presence has been in operation on the island since the 1990s and the recent construction of processing infrastructure and development of a new open pit mine at Kali Kuning suggests that logistics required to operate in this area are well understood.</p> <p>All support infrastructure including a jetty, offices, 800-person camp and power station are established and currently operational.</p>
Costs	<p>A Feasibility Study update was completed in 2013 for the Wetar Copper Project and the key construction activities are now complete and operating contracts awarded. The operation of an existing mine at Kali Kuning (4km distant) and a 28Ktpa copper cathode operation (two plants) provides for operating cost estimates with a high level of confidence.</p> <p>Mining and earthworks costs are based on a schedule of hourly hire rates contained in the contract with Indonesian mining contractor, PT Madhani Talatah Nusantara (Madhani). All supplies including explosives, diesel, process reagents and fuel oil for the power station are under various forms of contract.</p> <p>Labour costs for operation have been set through a locally negotiated collective labour agreement (CLA).</p>
Revenue factors	<p>The pit optimisation used to define the Kali Kuning and Lerokis pit shells was run at US\$3.00/lb of copper and was also used to determine the mine cut-off grades.</p> <p>Many revenue scenarios were run at various copper prices to understand the revenue effects and sensitivity of the project to a range of copper price outlooks.</p> <p>FND has been producing and selling copper cathode from the demonstration facility since 2009 and therefore there is a sound basis for the cost structure for delivering product to market and the likely premiums or penalties attributable to the actual Wetar cathode production.</p> <p>BTR (a 74.1% owned subsidiary of FND) has a hedging program in place that takes into account support for downside price risk during debt repayment and conversely, captures the premium in short to mid-term price “spikes”. Details of FND’s hedging program is outlined in the Quarterly Report on activities released to the ASX.</p>
Market assessment	<p>Cathode produced from the Wetar Copper Project is sold into the Asian market and most sales to date from the project have attracted a premium to the LME A Grade price in this market with the remaining output sold at, or around LME prices.</p>

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Criteria	Commentary
	<p>Wetar's annual forecast production of 28Ktpa of refined metal (including the ongoing operation of the 3Ktpa demonstration plant) is inconsequential to the World and regional supply and demand balance and the high-quality nature of the product suggests that there is little likelihood of not meeting the sales forecasts for the copper produced.</p>
Economic	<p>FND conducted an economic assessment of the Wetar Copper project as part of the Feasibility Study (Nov 2013) and a regularly updated financial model is maintained on a monthly basis (Base Case Financial Model – BCFM) as a requirement of the finance terms as dictated by the Facility Agreement with the debt providers.</p> <p>Since the project has several years of operating experience through the operation of the demonstration plant, the updated demonstration plant and the operation of the 28Ktpa plant/project, all operating costs are now based on current actual or existing budgeted costs.</p>
Social	<p>Agreements are in place with the local communities regarding land compensation, employment, community assistance and community relations. The Social Action Plan includes aspects relating to social management and monitoring to mitigate the key socio-economic issues raised in the Environmental Impact Assessment.</p> <p>A community development plan is in place as a roadmap for future community development and a well-staffed Community Development and Relations group/team located at Wetar and Jakarta liaises with the local and wider Indonesian community on a regular basis.</p>
Other	<p>The relevant operational permits are currently in place to continue the operation of the project. These will be renewed and modified from time to time as is usual in the operation of a complex and multi-faceted project.</p> <p>Permits (IUP and WIUPs) covering the exploitation of copper, limestone and sand and gravel have been obtained for periods and will need to be renewed as appropriate during the current life of the project.</p> <p>A further permit that covers mineral processing to allow production of copper cathode until 2031 has also been obtained. The Environmental Impact Statement (AMDAL) was approved in March 2010.</p> <p>The main land use permit is the Forestry Borrow and Use Permit (Pinjam Pakai Eksploitasi). This was obtained in 2013 and will remain in force until December 2031.</p>
Classification	<p>Proved Ore Reserves are derived from Measured Mineral Resources and Probable Ore Reserves are derived from Indicated Mineral Resources. None of the Probable Ore Reserves are derived from Measured Mineral Resources and no Inferred Mineral Resources are included in the Ore Reserves.</p> <p>The Ore Reserves classifications are considered appropriate because -</p> <ul style="list-style-type: none"> • The Kali Kuning and Lerokis copper deposits are very shallow, well drilled and geologically understood. • Extensive metallurgical test work and the results of two phases of demonstration heap leaching and SX-EW copper production in conjunction with the current KKV heaps and 28Ktpa SX-EW operation are available to support the process and production assumptions. • All operating costs are based on current actual and budgeted costs. • All permits required for development and operation of the project are in place.

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Criteria	Commentary
<i>Audits or reviews</i>	<p>Many independent audits or reviews have been conducted prior to, and after, the completion of the Feasibility Study (FS) in November 2013.</p> <p>This Ore Reserve update builds upon the FS using current operating history and experience and the current development activity does not materially differ from the FS case.</p> <p>Behre Dolbear Australia conducts regular site visits and regularly monthly technical checks on project progress and feeds back to the Technical Bank of the lending consortium associated with the provision of the project's finance.</p>
<i>Discussion of relative accuracy/confidence</i>	<p>The Ore Reserves are estimated on a local basis and this is reflected in the variation in ore types and copper grades mined in each month in the overall production schedule. The reasons for this level of confidence are discussed in the Classification section above.</p>

Competent Persons Statements

Exploration Results and Targets

The information in this report that relates to Exploration Results and Targets 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 the reports of the matters based on his information in the form and context in which it appears.

Kali Kuning and Lerokis Deposits

Mineral Resource Estimate

The information in this report that relates to mineral resource estimation for the Kali Kuning and Lerokis deposits is based on prior 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 the reports of the matters based on his information in the form and context in which it appears.

Ore Reserve Estimate

The information in this report that relates to the in-situ ore reserve estimation at the Kali Kuning and Lerokis deposits 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 report 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 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).

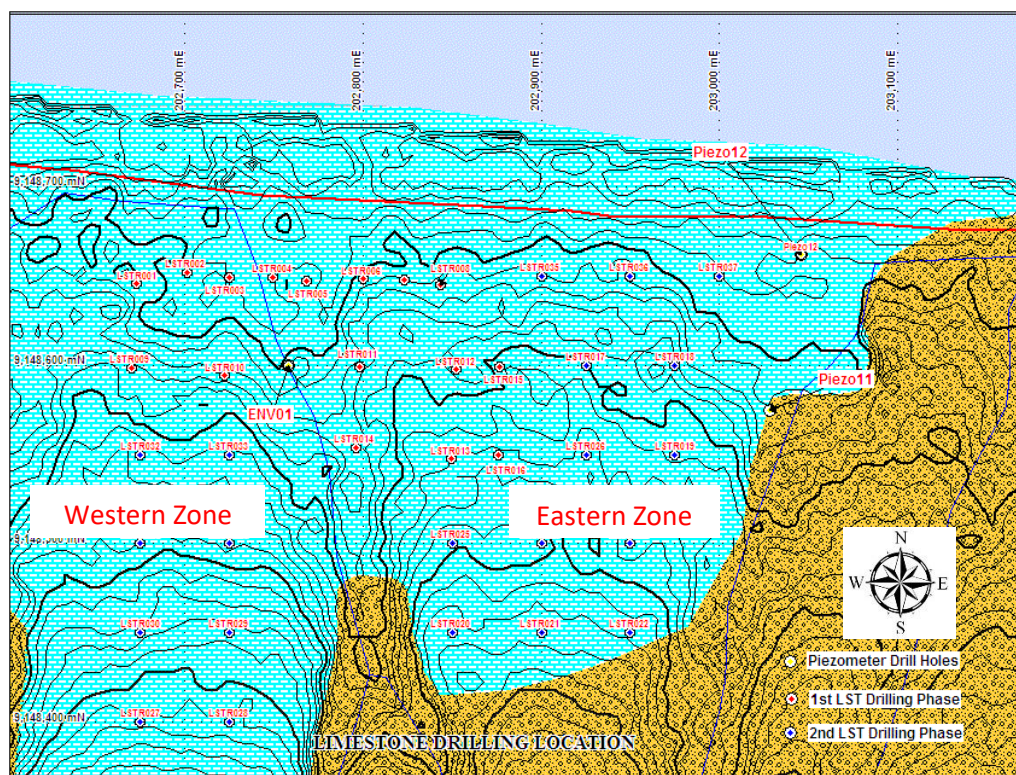
Both Mr Holthouse and Mr Moroney have sufficient experience which is relevant to the style of mineralisation, the type of deposit and the beneficiation method under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2012 Edition of the 'Australasian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

Limestone Resources

A two phase program of drill testing was undertaken in April/May 2009 to establish sufficient, nearby limestone resources to be used in acid neutralisation activities for the fully-expanded Wetar Copper project.

During phase one, sixteen reverse circulation (RC) drillhole (219m) were completed and these were sampled in 3m composites with samples sent to Intertek Jakarta for analysis. An additional twenty-one holes (138m) were drilled during phase two using the lightweight blasthole drilling rig of the open pit mining fleet.

It was found via testwork that the mean acid neutralising capacity based on all the drill samples is 680kg/tonne.



The drilling has outlined two distinct and separate bodies of limestone that are separated by an unnamed intermittent creek that flows into the sea during times of excessive rainfall. Key findings suggest that the limestone located in the western zone is thicker than that encountered to the east and has less top soil or alluvial cover at surface.

A simple 3D polygonal shape was generated to estimate the volume and a mean SG of 2.0 used to estimate tonnages.

Resource Category	Volume (bcm)	Tonnes (SG=2.0)
Indicated Resource	675,000	1,350,000
Inferred Resource	500,000	1,000,000
Total	1,175,000	2,350,000

To date, approximately 177Kbcm of limestone has been mined for use in acid neutralisation activities.