



For ASX Market Release: 17 April 2019

TAKEOVER UPDATE

Finders Resources Ltd (“**Finders**”) (FND:ASX) is pleased to announce that Eastern Field Development Limited (“**EFDL**”) has confirmed the exercise of an option to acquire the 87,339,525 Finders shares managed by Taurus Funds Management Pty Ltd (“**Taurus**”). As EFDL already had a relevant interest in these shares, the exercise of the option does not increase EFDL’s total ownership in FND from the 97.09% it held at the end of the offer period, which closed on 5 April 2019.

EFDL has one month from the end of the offer period to decide whether to compulsorily acquire all of the remaining Finders shares it does not already own at the offer price of \$0.23. If it does not exercise this right, it will be required to offer to buy out such shares at this price. EFDL has indicated to Finders that it intends to exercise the compulsory acquisition right.

EFDL launched its takeover bid for Finders in October 2017. One of the key drivers of EFDL’s bid for Finders was that the operational performance at Wetar was not being adequately addressed. Finders reported actual production for 2018 of 17,071 tonnes against the forecast of 28,000 tonnes, a 39% shortfall on Finders’ publicly announced forecasts.

Since acquiring control of Finders, the focus has been on understanding and resolving issues to increase production and extend mine life. This process has required additional funding of US\$24 million by EFDL’s parent company, Merdeka Copper Gold Tbk. The key challenges facing the Wetar mine and the initiatives pursued by the project partners to improve the performance have included:

- a lack of crusher capacity resulted in approximately 830,000 tonnes of ore being historically dump leached. This material had to be re-handled and crushed during 2018, significantly reducing the volume of copper leached and reducing pad area under irrigation. New crushing equipment capable of processing 7,000 tonnes per day has been acquired and is expected to be commissioned in the second quarter of 2019. Order times to acquire and mobilise new plant were 9 months;
- high acid levels in leach solution reduced the SX copper extraction efficiency from a target rate of 80% to under 50%. Improvements in operating practices were made to increase neutralisation from 50 tonnes per day of free acid to 150 tonnes per day and an expansion of the neutralisation plant should see acid neutralisation increase to more than 200 tonnes per day by the end of the second quarter 2019. Order times to expand the neutralisation plant were 9 months; and



Board of Directors

Mr Colin Moorhead

Non-Executive Chairman

Mr David Fowler

Executive Director & Acting CEO

Mr Gavin Caudle

Non-executive Director

Mr Gordon Galt

Non-executive Director

Mr Mark Sherman

Independent Non-executive Director

Mr Roderick Webster

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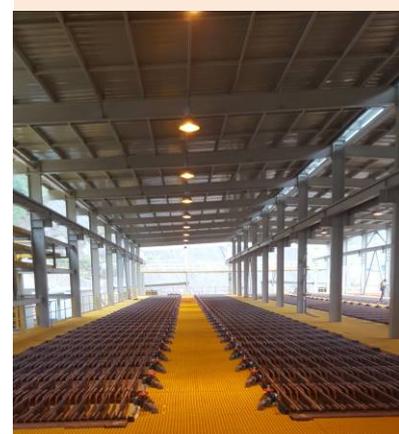
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- poor heap construction resulting in short circuiting during heap irrigation and inadequate aeration capacity required remining and the re-fitting of aeration and irrigation pipework, an activity substantially completed in 2019. This resulted in irrigation being turned off on significant areas of the heap leach pad.

These initiatives to remedy some of the operational challenges that became apparent when EFDL secured control of Finders. It is now anticipated that the production for 2019 will achieve a target production rate of 25,000 tonnes per annum during the second half of 2019.

The new management of Finders has also resolved long-standing access issues with the Wetar community, which allowed drilling to commence at Partalong (formally known as Meron) in the fourth quarter of 2018. An initial resource estimate for Partalong is expected to be released in the second quarter of 2019, with reserves expected to be added by 31 December 2019. Permits to complete a geophysical survey were obtained with the data collected in the first quarter of 2019. Drill targets are expected to be defined for drilling during 2019. Finders is confident that Partalong can add to Wetar's overall resource inventory and therefore deliver a mine life extension.

Commenting on the closure of the EFDL takeover bid, Finders Non-Executive Chairman Colin Moorhead said:

"We are pleased EFDL's takeover bid is drawing to a close. Finders, under its new leadership, remains committed to working closely with all stakeholders, including the community at Wetar, to continue to improve Wetar's production and deliver positive outcomes for all parties."

FOR FURTHER INFORMATION PLEASE CONTACT:

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BACKGROUND INFORMATION ON FINDERS

Finders is the operator of the Wetar Copper Project (74.1% economic interest) located on Wetar Island in Maluku Barat Daya, Indonesia. The Wetar Copper Project comprises the development, open pit mining and processing of the high-grade sulphide deposits at Kali Kuning and Lerokis located within 3 kilometres of the coast on Wetar Island. Finders currently operates a 25,000 tonne per annum ("tpa") copper cathode solvent extraction-electrowinning ("SX-EW") plant, commissioned in May 2016, and a 3,000 tpa SX-EW plant for nameplate production capacity of 28,000 tpa copper cathode.