



For ASX Market Release: 31 October 2018

Quarterly Activities Report – September 2018

HIGHLIGHTS

Wetar Copper Project

- 4,459 tonnes of copper produced, up 4.4% on last quarter.
- 4,611 tonnes of copper sold at an average price of US\$2.82/lb.
- US\$1.62/lb C1 cash cost for the quarter.
- High free acid levels continue to impact the SX circuit efficiency. Plans to expand the neutralization plant in Q1 2019.
- Lerokis haul road development commenced in September, with mining scheduled for April 2019.
- Exploration drilling underway at Partolang and Barmanu. An airborne geophysics survey is scheduled for November 2019.
- A second major slip at the Kali Kuning pit of around 300,000 bcm occurred on 1 October.

Corporate

- US\$9.8 million EBITDA.
- US\$14.5 million debt repayment made in September 2018.
- US\$29.0 million total debt outstanding at 30 September 2018
- US\$15.6 million cash at 30 June 2018, including US\$9.0 million restricted cash in the Debt Service Reserve Account.
- 3,429 tonnes of copper hedges at an average price of US\$4,781 per tonne remaining at 30 September 2018.
- The takeover bid by EFDL remains open and has been extended until 19 November 2018. Acceptances for 96.97% comprising 763,264,671 shares have been received. Acceptances from Taurus for 87,339,525 shares equivalent to 11% of issued capital are in dispute.



Board of Directors

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Non-Executive Chairman

Mr David Fowler

Executive Director & Acting CEO

Mr Gavin Caudle

Non-executive Director

Mr Gordon Galt

Non-executive Director

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WETAR COPPER PROJECT (FINDERS 74.1%)

OH&S

At the end of the September quarter Wetar operations achieved 1.8 million hours without a lost time injury resulting in the twelve-month rolling Lost Time Injury Frequency Rate (LTIFR) at the end of the September 2018 quarter falling to 0.36 versus 0.70 in the corresponding September 2017 quarter. There were no lost time injuries recorded during the quarter and the Total Injury Frequency Rate (TRIFR) has reduced to 1.07, versus 4.20 in the corresponding September 2017 quarter.

Production

Mining and stacking of fresh ore increased over the quarter as remining of existing heaps tapered down in August and September in particular. This has resulted in an increase of 78% of total copper metal mined over the previous quarter (15,846 versus 8,903 contained tonnes of copper). Higher copper grades than anticipated in the lower levels of the Kali Kuning pit have positively contributed to this increase in contained metal mined. While there was a 4.4% increase in the recovered copper to 4,459 tonnes it does not correspond to the increase in stacking due to the longer leaching time and more complex metallurgy of the deeper ore. Mining and processing production data for the Wetar Copper Project is summarised in the following table:

Table 1: Wetar – Key Production Statistics

| Wetar | Unit | Mar Quarter 2018 | Jun Quarter 2018 | Sep Quarter 2018 | Year to Date 2018 |
|------------------------|---------|---------------------|---------------------|---------------------|----------------------|
| Open Pit Mining | | | | | |
| Ore Mined | Tonnes | 430,867 | 232,286 | 497,230 | 1,160,383 |
| Waste Mined | BCM | 31,285 | 34,963 | 266,372 | 332,620 |
| Mined Copper Grade | % CU | 2.71 | 3.83 | 3.19 | 3.14 |
| Contained Copper Metal | Tonnes | 11,676 | 8,903 | 15,846 | 36,425 |
| Heap Leach Production | | | | | |
| Fresh Ore Crushed | Tonnes | 378,296 | 247,536 | 440,231 | 1,066,063 |
| Dump Ore Crushed | Tonnes | 25,921 | 198,773 | 26,769 | 251,463 |
| Total Ore Crushed | Tonnes | 404,217 | 446,309 | 467,000 | 1,317,526 |
| Copper Grade Stacked | % Cu | 2.77 | 2.07 | 3.14 | 2.76 |
| Recovered Copper | Tonnes | 4,339 | 4,273 | 4,459 | 13,071 |
| Recovered Copper | lbs | 9,565,853 | 9,418,888 | 9,831,020 | 28,815,761 |
| Cathode Sales | | | | | |
| Copper Sold | Tonnes | 4,501 | 4,207 | 4,611 | 13,319 |
| Copper sale price | US\$/lb | 3.12 | 3.10 | 2.82 | 3.01 |

Note 1: There are minor variations to previously released figures due to adjustments in the calculation method.

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Mining

During the quarter, ore supply from the Kali Kuning open pit totalled 497,230 tonnes at a grade of 3.19% copper. The increase in ore supply represents the reduction of heap leach pad re-mining activities and the prioritisation of crushing and stacking of fresh ore as discussed further below.

A second major slip occurred on the north wall of the Kali Kuning pit (ASX announcements 3 October 2018 and 18 June 2018). Remediation works to remove approximately 300,000 bcm of waste have commenced and are expected to be completed over the fourth quarter. This additional waste movement may reduce the ore mined over the December quarter by 10%, however, it is not expected to lead to any delays to the commencement of the 2019 mine plan. No injuries were sustained during this incident. The Stage 6 cutback of the Kali Kuning western wall has commenced to facilitate access to ore in the Kali Kuning pit during the slip remediation works.



Figure 1 – View of the Kali Kuning pit as at 7 October with pit wall failure remediation works in progress

An updated Mineral Resource and Ore Reserve Estimate as at 30 June 2018¹ on a 100% owned basis was released to the ASX on 22 October 2018 and included:

- 198kt of copper metal contained in a 9.39 million tonnes mineral resource estimate at an average grade of 2.11% copper; and

¹ Refer to the ASX release dated 22 October 2018 titled “Mineral Resource and Ore Reserve Update” and the Technical Report and Competent Person Statement attached to the release. This release is located on the Finders Resources Ltd website at: <http://findersresources.com/wp-content/uploads/2018/10/Confirmation-of-Release-Mineral-Resource-Ore-Reserve-Update.pdf>

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- 188kt of copper metal contained in 9.06 million tonnes ore reserve estimate at an average grade of 2.08% copper.

The previous estimate was effective as at 1 December 2017 update. No additional data has been collected or recalculated since this last estimate, with changes reflecting mining depletion only. The Ore Reserve to actual ore mined reconciliation continues to remain positive. As at 30 September 2018 an additional 10.7% ore (551,830 tonnes) and 20.8% copper metal (24,041 tonnes) have been extracted from the pit and placed on the heap leach pads compared to the Ore Reserve. Competent person statements for this Ore Reserve update is available on the findersresources.com website.

Heap Leaching Operations

The rate of leaching is slower than projected by the feasibility study leach curve. Studies and analysis are ongoing to understand the reasons for this and whether terminal recoveries will be achieved. To compensate for slower leach rates the rate of stacking is being accelerated. Approximately 440,231 tonnes of fresh ore was crushed and stacked during the quarter, placing 14,739 tonnes of copper on the heap pads, up 60% from the previous quarter. Copper metal leached totalled 5,090 tonnes, being 91% of the previous quarter, due to heap re-mining activities. The daily leaching rate for the quarter was 55 tonnes per day. Accelerated stacking rates are expected to result in higher copper leach rates in the coming quarters.

Works have also commenced to extend the heap pads in the Kali Kuning Valley at KK1/2 and KK06 areas.



Figure 2 – Kali Kuning Valley leach pads with extension works underway.

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SX-EW Plant Production

Copper stripped was 4,459 tonnes versus 4,273 tonnes in the June 2018 quarter. This represents a slow but steady increase on the low of 4,100 realised in the December 2017 quarter. These improvements are attributable to better availability of the neutralisation plant and some benefits through optimising the neutralisation process.

However, the key constraint to increasing copper plating rates continues to be the level of free acid, which impacts SX plant extraction efficiencies. The average efficiency of the solvent extraction plant remains around 46% (vs budget 80%) as the free acid level continues to be persistently above 40 g/L. Neutralising plant capacity remains insufficient to reduce this free acid level and a major upgrade to the neutralising plant is scheduled for the first quarter of 2019.

As noted above an increase in the rate of mining, crushing and stacking fresh ore to increase the leached copper inventory has been undertaken. The resulting higher PLS copper grade should gradually improve production at higher acid levels, albeit at lower plant efficiency.

Costs

Costs for the Wetar Copper Project are summarised in Tables 2 & 3 below:

Table 2: Wetar Project – Cash Costs per tonne of Ore Crushed and Stacked

| | Unit | Mar Qtr 2018 | Jun Qtr 2018 | Sep Qtr 2018 | Unit | Mar Qtr 2018 | Jun Qtr 2018 | Sep Qtr 2018 |
|-----------------------------|--------------|-----------------|-----------------|-----------------|-------------|-----------------|-----------------|-----------------|
| Mining costs | US\$m | 2.87 | 2.15 | 3.29 | \$/t | 7.10 | 4.82 | 7.04 |
| Processing costs | US\$m | 8.83 | 9.65 | 10.25 | \$/t | 21.84 | 21.62 | 21.95 |
| General & admin costs | US\$m | 4.58 | 4.92 | 4.46 | \$/t | 12.27 | 11.02 | 9.55 |
| Inventory movements | US\$m | (4.46) | (3.42) | (2.03) | \$/t | (11.03) | (7.66) | (4.35) |
| Operating Cash Costs | US\$m | 11.82 | 13.30 | 15.96 | \$/t | 30.18 | 29.80 | 34.18 |

Table 3: Wetar Copper Project Quarterly Unit Costs

| Wetar | Unit | Mar Qtr 2018 | Jun Qtr 2018 | Sep Qtr 2018 | Unit | Mar Qtr 2018 | Jun Qtr 2018 | Sep Qtr 2018 |
|-------------------------------|--------------|-----------------|-----------------|-----------------|--------------|-----------------|-----------------|-----------------|
| Mining costs | US\$m | 2.87 | 2.15 | 3.29 | \$/lb | 0.30 | 0.23 | 0.33 |
| Processing costs | US\$m | 8.83 | 9.65 | 10.25 | \$/lb | 0.92 | 1.02 | 1.04 |
| General & admin costs | US\$m | 4.58 | 4.92 | 4.46 | \$/lb | 0.48 | 0.52 | 0.45 |
| Inventory movements | US\$m | (4.46) | (3.42) | (2.03) | \$/lb | (0.47) | (0.36) | (0.21) |
| Cash Costs | US\$m | 11.82 | 13.30 | 15.96 | \$/lb | 1.24 | 1.41 | 1.62 |
| Royalties | US\$m | 0.39 | 0.21 | 0.47 | \$/lb | 0.04 | 0.02 | 0.05 |
| Marketing & sales | US\$m | 0.99 | 1.09 | 0.85 | \$/lb | 0.10 | 0.12 | 0.09 |
| Capital works (sustaining) | US\$m | 0.38 | 0.09 | 0.29 | \$/lb | 0.04 | 0.01 | 0.03 |
| Reclamation & remediation | US\$m | 0.29 | 0.26 | 0.18 | \$/lb | 0.03 | 0.03 | 0.02 |
| Corporate costs | US\$m | 0.52 | 0.38 | 0.51 | \$/lb | 0.05 | 0.04 | 0.05 |
| All-in Sustaining Cost | US\$m | 14.40 | 15.34 | 18.28 | \$/lb | 1.50 | 1.63 | 1.86 |

Note 1: Corporate costs include management fees

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Cash Costs for the September 2018 quarter was US\$1.62 per pound of copper produced and the AISC cost was US\$1.86 per pound of copper produced. Mining costs increased for the quarter due to removal of ore from the pit wall slip. Processing cost increases relate to additional remining of heap leach pads and higher power costs due to the increase in fuel price.

Project EBITDA for the quarter was US\$9.8 million.

Exploration and Project Development

Lerokis Mine Development

The Lerokis mine development works commenced in September 2018. This included the mobilisation of manpower and heavy equipment. The current focus of the works is the clearing and grubbing of the lower haul road sections. Mining is scheduled to commence at Lerokis in April 2019.

Partolang & Barumanu Exploration

The planned drilling programs around Partolang and at Barumanu, proximal to Kali Kuning, commenced on 30 September 2018.

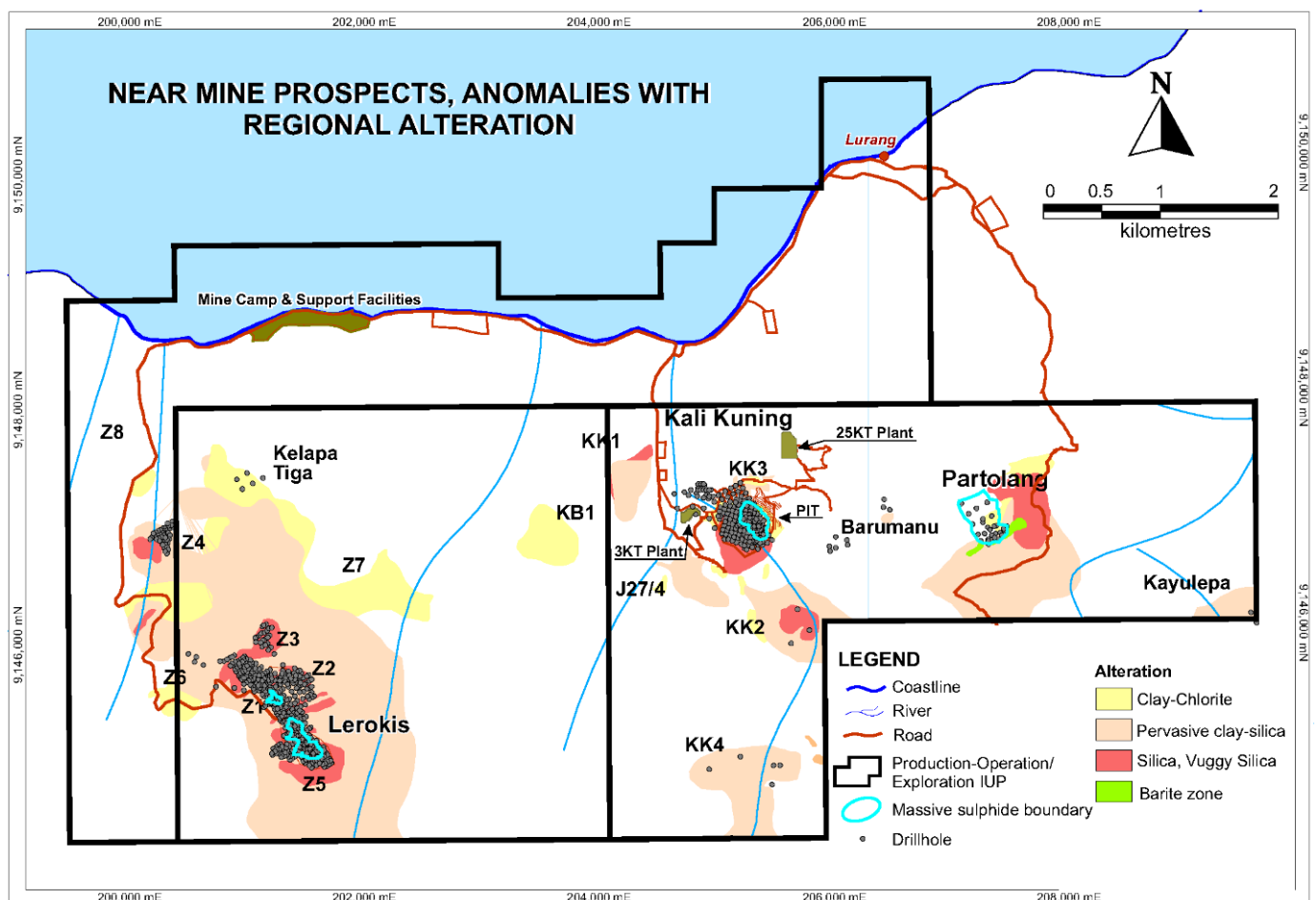


Figure 3 – The Company's IUP's identifying Kali Kuning, Lerokis and Partolang.

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At Partolang, the program includes 4,000 – 5,000m of reverse circulation and 650m of diamond drilling. The main objective of this work is to complete initial step-out drilling over interpreted massive sulphide mineralisation, which is associated with an electromagnetic (EM) conductor. Drilling will be completed on a nominal 50m spacing (initially). A secondary objective will be to evaluate the gold-silver potential of the overlying barite zone.

At Barumanu, the scout program includes 800m of both reverse circulation and diamond drilling to follow up on historic exploration results that may have potential to define sulphide bodies beneath shallow cover.

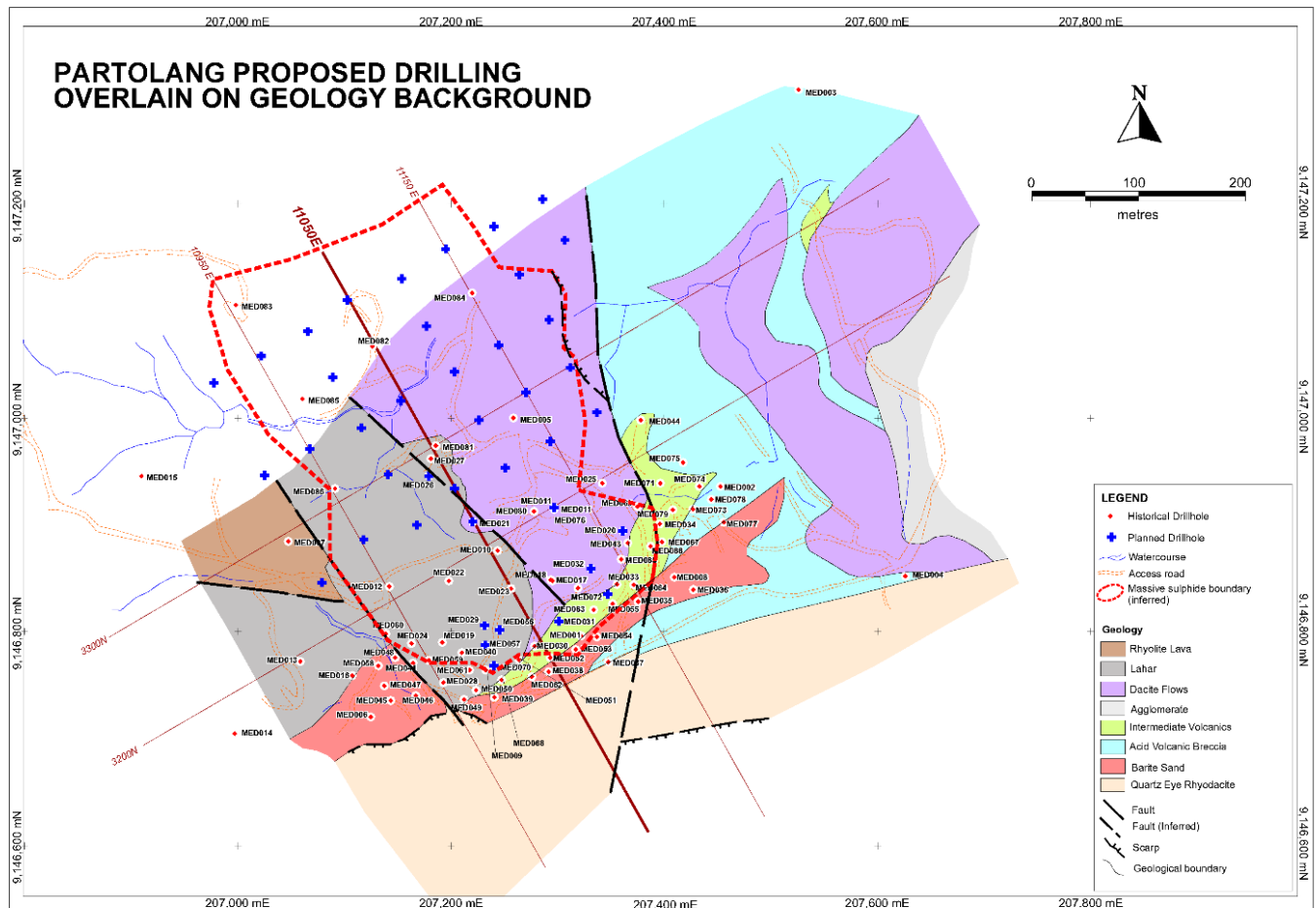


Figure 4 – Partolang Proposed Drilling Overlain on Geology

Generative Exploration

Final flight permits are being sought for an airborne electromagnetic and magnetic survey targeting the volcanogenic massive sulphide mineralisation. The survey area comprises 111km² (1,470-line kilometers). This will be the first airborne geophysics program by the company.

Community Development

The company continues to be actively engaged with its government and community stakeholders in a number of areas. Over the last quarter two traditional ceremonies have been conducted with elders in the Lurang and Uhak villages to recognise the commencement of the construction of the Lerokis hauling road and drilling at Partolang.

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Environmental Management

There was one reportable incident during the quarter when a process plant solution pipeline failed during operation, causing discharge to the environment. Once detected this discharge was controlled and remediated without significant impact. All statutory reporting compliance is in place.

CORPORATE

Cash and Project Finance Facility

The Wetar Facility Agreement scheduled Term Loan and Cost Overrun Facility payments of US\$14.5 million were completed during the quarter, reducing total debt under the facility to US\$29.0 million. The company finalised amendments to the Wetar Facility Agreement, capping the Debt Service Reserve Account (DSRA) at US\$9.0 million, on 20 July 2018. The net amount outstanding under the facility at 30 September 2018 was US\$20.0 million, including the DSRA. The Wetar Facility Agreement amendments corresponded with US\$19.0 million of pro-rated shareholder loan facilities provided by PT Merdeka Gold Tbk and Posco Deawoo Corporation (with an interest of 22% in PT Batutua Tembaga Raya). These shareholder loans were fully drawn as at 30 September 2018. As at 30 September 2018, the Group held total cash of US\$15.6 million, including the US\$9.0 million deposited in the DSRA.

Hedging

As at 30 September 2018, 3,429 tonnes of copper was hedged under the mandatory hedging program at an average price of US\$4,781 per tonne, with maturities between October 2018 and March 2019. The mark-to-market value of copper hedges as at 30 June 2018 was a liability of US\$5.1million.

Takeover Offer

As at 25 September 2018, Eastern Field Developments Limited had received acceptances under the takeover offer for 96.97% of the voting power in Finders, comprising 764,872,417 Finders shares. This amount includes acceptances for 87,339,525 shares managed by Taurus Funds Management Pty Ltd, being equal to 11.31% of the shares currently on issue. The legitimacy of the Taurus acceptances is being challenged by EFDL. The takeover offer period has been extended to 19 November 2018.

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Capital Structure

There were 788,765,783 fully paid ordinary shares on issue (all quoted) as at 30 September 2018.

Table 4: Major Shareholders as at 30 September 2018

| Shareholders | No. of Shares | % |
|---|--------------------|--------------|
| Eastern Fields Developments Limited | 647,057,738 | 82.0 |
| Bond Street Custodians Limited (Taurus Res Ltd Partner A) | 68,009,731 | 8.6 |
| Zero Nominees Pty Ltd | 22,100,000 | 2.8 |
| Bond Street Custodians Limited (Taurus Resources Tst A) | 19,329,794 | 2.5 |
| ICBC Standard Bank PLC | 12,248,538 | 1.6 |
| Mr Gary Ernst Comb | 3,000,000 | 0.4 |
| Bluedale Pty Ltd | 1,300,000 | 0.2 |
| Mr Barry John Cahill | 1,200,000 | 0.2 |
| BNP Paribas Nominees Pty Ltd | 1,129,092 | 0.1 |
| Citicorp Nominees Pty Limited | 824,746 | 0.1 |
| Total Top 10 Shareholders | 776,199,639 | 98.5 |
| Others | 12,566,144 | 1.5 |
| Total Shares on Issue as at 30 September 2018 | 788,765,783 | 100.0 |

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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. 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 (“tpa”) copper cathode solvent extraction-electrowinning (“SX-EW”) plant, commissioned in May 2016, and a 3,000 tpa SX-EW plant for annual production capacity of 28,000 tonnes copper cathode.

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APPENDIX 1 – TENEMENT / MINERAL PERMIT SCHEDULE

| IUP Decision No. | Type | Mineral | Expiry Date | Area (ha) | Term | Holder ¹ |
|---|--------------------------------------|---------------------|-------------|-----------|----------|---------------------|
| Wetar Copper Project¹ | | | | | | |
| 543 - 124 Tahun 2011 | IUP Exploitation | Copper | 09 Jun 2031 | 2,733 | 20 years | BKP |
| 7/1/IUP/PMA/2018 | PMA adjustment to 543-124 TAHUN 2011 | Copper | 09 Jun 2031 | 2,733 | 20 years | BKP |
| 311 TAHUN 2017 | IUP Exploitation | Sand Gravel & Stone | 29-Dec-22 | 108 | 5 Years | BKP |
| 276 TAHUN 2017 | IUP Exploitation | Limestone | 20-Nov-22 | 1425 | 5 Years | BKP |

1. Finders' interest in the Wetar Copper Project (74.1%) is held through Indonesian subsidiaries PT Batutua Tembaga Raya ("BTR") and PT Batutua Kharisma Permai ("BKP").
2. IUP 543-124 TAHUN 2011 has been amended to reflect the change to foreign investment company (PMA).
3. IUP 540-28.8 TAHUN 2010 has expired.

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