

# Finders ready to take Indonesia prospects to development

Finders Resources is set for strong growth and a possible market re-rating during 2007 as its base and precious metal projects step closer towards production, and exploration results are received from an exciting portfolio of new prospects.

By **Lou Caruana**

**F**inders' appeal as an emerging metals producer is based on its two flagship Indonesian projects – the Wetar copper project and the Ojolali gold-silver project.

At Wetar, Finders is already six months into a feasibility study to evaluate the possibility of 25,000 tonnes per year copper production from a high-grade, low strip ratio, openpit resource containing 250,000t of copper metal.

Ojolali is also looking promising for the company. An aggressive exploration program hopes to build on an established 1 million ounce gold equivalent resource base.

The company has moved quickly in the two years since its formation. Majority holdings in the Wetar copper and Ojolali gold-silver projects were acquired prior to

a successful AIM listing in March 2006.

Funds have been applied to complete a positive scoping study and initiate a feasibility study at Wetar, and undertake extensive geophysical surveys and complete over 7000m of drilling at Ojolali.

Finders also has strategic exposure to quality gold and copper exploration plays in Fiji through a 16.7% shareholding in Geopacific Resources.

Finders has a quality team with a strong track record of bringing mines into development and significant Indonesian experience, according to a recent research report by Phil Swinfen of UK-based HansonWesthouse.

Executive chairman Dr Russell Fountain recently outlined Finders' development strategy at its annual general meeting.

"For the future, our focus is to complete the Wetar feasibility study by the third quarter of 2007, and we are looking to fast-track development of a gold mining operation at Ojolali, based initially on the Jambi oxide gold resource," he said.

"This will provide early cash flow and funding for organic growth of the Ojolali project which has truly exciting additional exploration potential."

The feasibility study at the Wetar copper project is in two stages, the first of which is designed to evaluate and select the most optimum processing option. The scoping study indicated the feasibility of onsite copper concentrate production with offshore hydrometallurgical treatment of the concentrates giving a 100% project net present value of \$US90 million (\$A115 million) at \$1.50 per pound copper.

The combined resource estimate for both the Kali Kuning and Lerokis deposits at a 0.5% copper cut-off has recently been recalculated by Hellman & Schofield to be 9.8 million tonnes at 2.5% copper, 0.4% zinc, 28 grams per tonne silver and 0.67gpt gold.

Additional drilling to provide samples for metallurgical test work had resulted in an upgrade of the resource base. At the Kali Kuning deposit, copper grades have increased 10%, and now over 50% of the resource is in the JORC measured resource category.

Finders managing director Dr Chris Farmer said process optimisation studies of the Wetar project were proceeding well.

"Results to date are in line with or better than previously indicated. Hydrometallurgical test work using both the Albion process and Outokumpu HydroCopper processes have given us better copper recoveries ranging from 95-97% plus the additional bonus of potential



Kali Kuning showing the outline of a copper ore body adjacent to an old gold pit.





Jambi Hill showing the location of oxide gold resource.

zinc by-products," he said.

Flotation testing has returned increased copper recovery and better concentrate grades with results ranging from 85-92% copper recovery with corresponding concentrate grades of 21% and 16%.

Revised capital cost estimates of \$US40-45 million for a 25,000 tonne per annum offsite Albion plant are in line with Finders' scoping study estimate.

"The Wetar copper project is heavily geared to the copper price, and if copper sales prices around current levels of \$US3/lb are assumed, the estimated project NPV is quadrupled," commented Farmer.

While the Wetar copper project provides Finders a solid foundation for its ambition to become a profitable miner, possibility for short-term excitement is focused on the Ojolali gold-silver project, with potential for early low cost gold production from the Jambi oxide resource and exceptional opportunity for discovery of additional resources.

The Jambi oxide gold prospect is a carbon-in-leach or carbon-in-pulp target containing around 150,000oz of gold with a low strip ratio. Initial leach tests from the Jambi samples gave high gold recoveries of around 93%. The Tambang prospect has a current inferred resource of around 40Moz silver and 170,000oz gold, with potential for additional zinc and lead credits indicated by recent Finders drilling.

At Ojolali, three drill rigs have been the focal point of a program that is targeting delineation of additional resources adjacent

or near to the inferred resources at the Jambi and Tambang prospects.

But the developing story at Ojolali is the potential to expand the resource base. Induced polarisation geophysical surveys have covered 10.5 square kilometres of the tenement. Results continue to extend the mining district. Some 50km of vein strike length have now been identified by mapping and interpreted geophysics, with less than 5% of this strike being drill tested so far.

New exploration targets are being continually prioritised using a variety of geological criteria, including the correlation of mining pits excavated by local workers with geophysical anomalies.

"A wide zone of near-surface gold-silver mineralisation intercepted in the first hole at Batu Kuning demonstrates the potential for discovery of substantial additional resources at Ojolali, and strongly supports Finders' development concept, based on a start-up operation at the Jambi oxide resource, which can then be expanded to treat material from additional discoveries and known resources at the Tambang vein," Farmer said.

Outside of Indonesia, Finders is also benefiting from exploration being carried out in Fiji by Geopacific at four locations. As a result of an initial request by Geopacific for technical assistance, Finders conducted an extensive review of Geopacific's prospects in Fiji and decided that the portfolio of tenements represented an exciting exploration opportunity with good potential for early economic discoveries.

Geopacific listed on the Australian Stock Exchange in May 2006 with the investment proving rewarding to Finders, with a strong share price performance due to favourable drilling results and forward prospects.

A comparative analysis of AIM-quoted copper exploration and development companies shows an average market cap per pound copper equivalent of US\$6.7c/lb. Finders has a market cap/lb value of 2.6c/lb based on a market cap of £14.8 million and a copper equivalent resource of 1100 million pounds. Compared to similar companies, at similar stages of development with similar contained copper, Finders appears to be significantly undervalued relative to its peers, said Farmer.

"We believe the market will start to realise this value as the feasibility study at Wetar progresses and it seems that the market is not yet fully factoring in the 1 million ounce gold equivalent Ojolali project," he said.

"Finders is positioned well ahead of pure exploration companies to provide significant growth as it continues to develop its Indonesian projects."

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## finders resources at a glance



AIM share price graph.

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### Directors

Dr Russell Fountain, Dr Chris Farmer,  
Stephen de Belle, Steve Lonergan,  
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### Market Capitalisation

£15.21 million (at press time)

### Major Shareholders

Directors and Officers 34.6%  
Southern Cross Private Clients 18.0%  
Cration Capital 6.7%