

## Quarterly Activities Report For The Period Ended 30 June 2008

### HIGHLIGHTS

#### **Wetar Copper Project**

- Demonstration plant
  - Commissioning of the 5 tpd cathode plant now scheduled for late September. The schedule has slipped from the previous target of early August due to:
    - Engineering design work behind planned schedule.
    - Fabrication delays and extended transit times for key electrical components for the EW plant including busbars.
  - Final capital plus operating costs for the demonstration plant are now expected to increase around 20% to around US\$8m due to:-
    - Overbudget capital items and extra costs associated with engineering redesign work and delays (including fuel, freight and on-site operating costs)
    - Additional expenditure of around A\$2.0m on items acquired opportunistically in preparation for the full scale project e.g. crushers, conveyors
- Feasibility Study
  - Ausenco Services Pty Ltd have been retained to
    - Review existing results and develop an implementation plan for the study as project managers
    - review the development schedule in order to identify long lead time items required to achieve the late 2009 production target
  - Ongoing results from laboratory studies confirm high copper recoveries with possible insensitivity to crush size

#### **Ojolali Gold-Silver Project**

- An updated resource estimate for the Jambi gold deposit, incorporating results from an additional 93 reverse circulation drill holes, has resulted in a 33% increase in the contained gold in Indicated and Inferred resources to 138,000 oz at a 0.5 g/t Au cut-off.
- Approximately 75% of the estimated resource is now classified as Indicated Resources under the JORC code, compared to none in the previous estimate, with over 85% of the resource (at a 0.5 g/t cut off) oxidized or partially oxidized.

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- High silver grades at Jambi are interpreted to represent supergene enrichment at the base of oxidation. Essentially untested potential exists for a similar zone of silver enrichment at the Tambang vein system, which has potential for roughly 3 million tonnes of additional oxide material to a depth of 30m.
- Detailed soil geochemical surveys have now been completed over in excess of 35 km<sup>2</sup> of the Ojolali licence areas, generating a large number of new gold-silver anomalous target zones, and extending the known gold mineralized system for at least 3 km to the north of Jambi.

### **Corporate**

- At the end of the period 74,911,425 fully paid shares were on issue and a total of 4,923,648 options (with various exercise prices and expiry dates).
- Cash held at 30 June 2008 totalled A\$4.99m million.

## 1. Wetar Copper Project, Indonesia

*Finders Resources Limited ~72% and earning through expenditure*

### Background Information

At the Wetar Copper Project, Finders has previously announced the following resource estimates for the Kali Kuning and Lerokis deposits:

	Category	Tonnes (M)	Cu%	Cont. Cu (KT)	Attributable (72.4%)	
					Tonnes (M)	Cont. Cu (KT)
Kali Kuning 0.5% Cu Cut-off grade	Measured	3.3	2.7	89	2.4	64.6
	Indicated	2.6	2.4	63	1.9	45.3
	Inferred	0.6	1.8	11	0.4	7.7
	<b>Total</b>	<b>6.6</b>	<b>2.5</b>	<b>165</b>	<b>4.8</b>	<b>119.1</b>
Lerokis 0.5% Cu Cut-off grade	Indicated	2.9	2.5	71	2.1	51.6
	Inferred	0.4	1.7	7	0.3	4.9
	<b>Total</b>	<b>3.2</b>	<b>2.4</b>	<b>76</b>	<b>2.3</b>	<b>55.1</b>
	<b>Overall</b>	<b>9.8</b>	<b>2.5</b>	<b>241</b>	<b>7.1</b>	<b>174.2</b>

As part of a definitive feasibility study, a demonstration SX-EW plant with 5t per day copper cathode capacity is being installed with planned cathode production from September 2008.

The Company is targeting commercial production of 20-25,000 tonnes per year cathode by the end of 2009, subject to accelerated schedules for engineering design work and project funding. For further information on results previously reported please visit our website [www.findersresources.com](http://www.findersresources.com).

### Demonstration Plant

A key component of the Wetar Feasibility Study is the construction and operation of a 5tpd copper cathode Demonstration Plant. This plant will replicate all aspects of the planned full scale 20-25,000 tpa cathode operation.

Progress this period includes the following:

- All major equipment items are now on site or in transit except for busbars; which are subject to fabrication delays and are due on site in late September.
- Earthworks are complete for the leach pad, crusher/stacker area and SX-EW plant and ponds.
- Concrete works complete for crusher circuit and installation underway
- Concrete footings underway for the SX-EW plant with installation scheduled for August
- Test pit mining pre-strip complete with ~4,000t stockpile.

### *Project Timing & Cost*

The balance of equipment required for the demonstration plant will be mobilised by two further shipments in early August and early September. Commissioning of the demonstration plant is scheduled for end Sept 2008, subject to anticipated arrival of late equipment, particularly the truck busbars for the electro-winning plant. As a result of procurement delays for electrical equipment, the project is behind the original planned production schedule of mid-2008.

This has impacted the overall cost for the demonstration plant by means of carrying additional operating costs. Costs have also been impacted by higher fuel and freight charges in the past six months.

Overall, compared to the initial capital and pre-production operating costs estimate, on a like-for-like basis the current projection is that the demonstration plant will be approximately 20% over budget. Part of the overrun is due to larger than budgeted equipment costs and also the cost of engineering re-design work.

During the quarter, Finders also purchased significant capital items (previously unbudgeted) which can be utilised for the full scale project, namely:

- Primary, secondary and tertiary crushers purchased for approximately \$1.2m with capacity of 120tph @ 6.5mm and 200tph @ 12mm.
- A 100DWT supply vessel capable of carrying 75,000l of fuel.



### *Activities at site – Wetar Demonstration plant*

## Feasibility Study

The feasibility study for the full scale 20-25000 tpa cathode operation is running in parallel with the construction of the demonstration plant. Finders, on the basis of advice from metallurgical consultants, estimate that approximately 3-4 months of operating results from the demo plant will be required to finalise the feasibility study, particularly providing detailed information on rates of copper recovery and optimal heap height.

During the quarter detailed evaluation was undertaken on geotechnical aspects of the project including pit-wall stability studies and leach pad design (SRK Consulting), environmental management planning (HLA-ENSR) and an assessment of power options for the commercial scale project (Calder Projects). Finders submitted a KA-Andal to the Environment Impact Control Committee (BAPEDALDA) of the Maluku provincial government as the penultimate stage of the environmental permitting process for the planned full scale operation.

Calder Projects have been withdrawn as study managers for the Feasibility Study.

Ausenco Services Pty Ltd have been retained to:

- Review existing results and develop an implementation plan for the study as project managers
- review the development schedule in order to identify long lead time items required to achieve the late 2009 production target

The Company has received a proposal from Ausenco to manage the remainder of the study with the option of advanced engineering studies to facilitate faster project timelines.

### *Metallurgical test work*

During the period, the Company continued to receive results from ongoing laboratory scale leach test work being undertaken at HRL in Brisbane and Ammtec Ltd in Perth. It should be noted that these progress results are based on extrapolation from solution assays, and that definitive recovery figures will require completion of solids assays and mass balances on completion of the tests.

At HRL, the four new 2m column tests at elevated (49°C) temperatures have commenced to further assess effects of crush-size on recovery rates. Results to date (below) show little difference in leach rates between the different crush sizes.

Column Height / Crush Size	Ore Body	Days	Cu (%)
2m / 6.5mm	Lerokis	139	49.0
2m / 12.5mm	Lerokis	139	44.4
2m / 6.5mm	Kali Kuning	139	42.6
2m / 12.5mm	Kali Kuning	139	38.8

### *Ongoing HRL Test results (8/7/08)*

*Metals Reporting to Solution (% total pending mass balance calculations)*

Two of the six column tests using Bioheap™ technology at the Ammtec Ltd laboratory have now been completed. Final copper recoveries from the 1m columns with Kali Kuning material after a 293 day leach cycle were 84.4% for the 6.3mm crush size and 88.4% for the 12mm crush size (after mass balance calculations). From the other tests, the Lerokis columns continue to show increasing copper recoveries.

Column Height / Crush Size	Ore Body	Fe (%)	Cu (%)	Zn (%)
1m / 6.3mm	Lerokis	14.3	77.4 <sup>+</sup>	81.9
1m / 19mm	Lerokis	7.8	28.1 <sup>+</sup>	79.3
3m / 19mm	Lerokis	11.6	59.9 <sup>+</sup>	89.1
1m / 6.3mm - terminated	Kali Kuning	8.7	84.4	89.5
1m / 19mm - terminated	Kali Kuning	6.2	88.4	109.1
3m / 19mm	Kali Kuning	5.3	55.0 <sup>+</sup>	56.3

*Ongoing BioHeap™ Test results (25/6/08)  
Metals Reporting to Solution (<sup>+</sup> pending mass balance calculations)*

### Exploration

Exploration activities comprised mine site exploration in conjunction with geotechnical and sterilisation drilling undertaken as part of the feasibility study. Work planned for the Pantai Merah prospect will commence this month.

## 2. Ojolali Project, Indonesia

*Finders Resources Limited ~72% with option*

### Background Information

Finders believe that the Ojolali project has strong potential to generate short-term cash flow through open pit CIL/CIP development of the gold resource at the Jambi Oxide gold deposit. Other prospects have outstanding potential for the discovery of additional resources using modern geophysical techniques to optimize drill targeting.

Finders has previously announced Inferred Resources at the Tambang Prospect (7.9 Mt @ 167g/t Ag and 0.7 g/t Au at a 1 g/t Au equivalent cut-off using drilling data from a previous explorer).

For further information on results previously reported and a full resource statement please visit our website [www.findersresources.com](http://www.findersresources.com)

### Jambi Oxide Gold Prospect

Hellman & Schofield Pty Ltd (H&S) was commissioned by Finders Resources Limited (Finders) to produce estimates of gold and silver resources potentially recoverable by open pit mining for the Jambi deposit. H&S has estimated the recoverable resources using Multiple Indicator Kriging (MIK) with block support correction, a method that has been demonstrated to provide reliable estimates of recoverable open pit resources for deposits of diverse geological styles.

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Mineralisation at Jambi is dominantly associated with the intersection of steeply dipping fracture zones with coarse grained breccia units. Supergene enrichment has enhanced gold grades within the oxidised zone, producing broad zones of elevated grades near surface, and narrower zones at depth where the oxidation profile deepens around fracture zones. Leaching of silver grades has given generally lower grades within the oxidised zone and enrichment in the partially oxidised zone at the transition between completely oxidised and fresh rock.

The current estimates are based on 34 diamond core holes and 93 reverse circulation (RC) holes drilled by Finders between 2006 and 2008 for a total of 11,745 metres. Drilling by previous explorers, for which the only available grade data comprises broad intercepts apparently derived from significant drill results, was not used in the current estimate.

Finders' RC and diamond drilling samples the central portion of the deposit on a generally 25 by 25 metre pattern with most holes inclined at 50 to 60 degrees towards grid east. Diamond core was halved by diamond saw and RC sub-samples were collected by riffle splitting. All RC and core samples were submitted to the Intertek laboratory in Jakarta and analysed for gold by screen fire assaying and for silver by multi acid digest.

Although the collars of all drill holes used for the resource estimate have been accurately located by high accuracy differential GPS surveys, drill hole orientations have not been accurately defined. RC drill holes which provide 77% of resource drilling have only assumed orientations, and for the 23% of drilling with down-hole surveying (diamond drill holes), readings are limited to broadly spaced single shot surveys.

Apart from limited consistency checks, H&S have not reviewed validity of the drill hole database, and have made no assessment of the quality of sampling and assaying for the RC drilling which provides the bulk of the resource dataset. H&S accepts responsibility for classifying the resource as Indicated and Inferred on the basis that the underlying data provided by Finders is accurate and representative. Density values of 2.1, 2.2 and 2.6 t/bcm applied the oxidised, partially oxidised and primary portions of the resource were derived from test work undertaken by Finders.

The following table shows the current resource estimates at a range of cut off grades and by oxidation type. Significant figures used in the table reflect the level of accuracy, and may exhibit rounding errors.

Cut off	Indicated			Inferred			Total			Cont. Au koz	Attrib. Finders 72% Au koz
	Au g/t	Mt	Ag g/t	Mt	Au g/t	Ag g/t	Mt	Au g/t	Ag g/t		
<b>0.5</b>	2.98	1.10	8.3	1.1	0.9	5.7	<b>4.08</b>	<b>1.05</b>	<b>7.6</b>	138	99
<b>0.7</b>	1.97	1.36	8.4	0.6	1.2	6.0	<b>2.57</b>	<b>1.32</b>	<b>7.8</b>	109	78
<b>1.0</b>	1.13	1.74	8.5	0.3	1.6	6.7	<b>1.43</b>	<b>1.71</b>	<b>8.1</b>	78.6	57

**May 2008 Jambi Deposit Mineral Resource Estimates**

**(Mt equals millions of tonnes, koz equals thousands of ounces. Subject to rounding errors.)**

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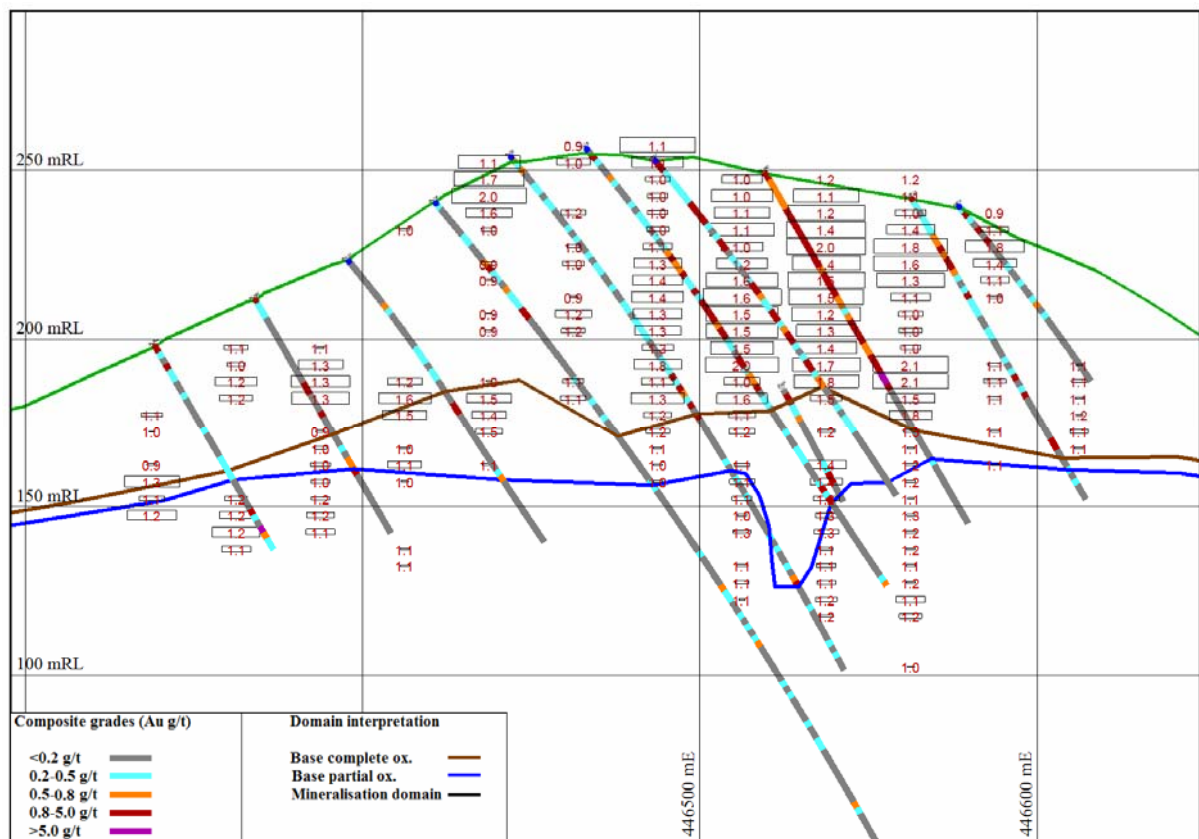


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These estimates cover approximately 475 metres of strike length, over a maximum width of approximately 350 metres and extend from surface to a maximum depth of approximately 160 metres. Panels within the oxidised and partially oxidised zones estimated by the first two of three progressively more relaxed search passes are classified as Indicated, all other estimates are classified as Inferred.

The current model defines significantly more tonnes, at marginally higher gold grades than estimated by H&S in January 2007. Both models were generated using similar estimation methodology and comparable parameters, but the only the 2007 model includes channel sampling by Finders and the broad drilling assay composite data by previous explorers.

Figure 1 shows an example cross section presenting drill hole traces relative to resource model panels, and Figure 2 presents a plan view of the two metre drill hole composites used for estimation coloured by gold grade.



**Figure1: Section showing resource estimate at 0.8 g/t Au cut off, panels are scaled by the proportion estimated above the cut off grade, and drill hole traces annotated by gold grade, 9,482,950 N**



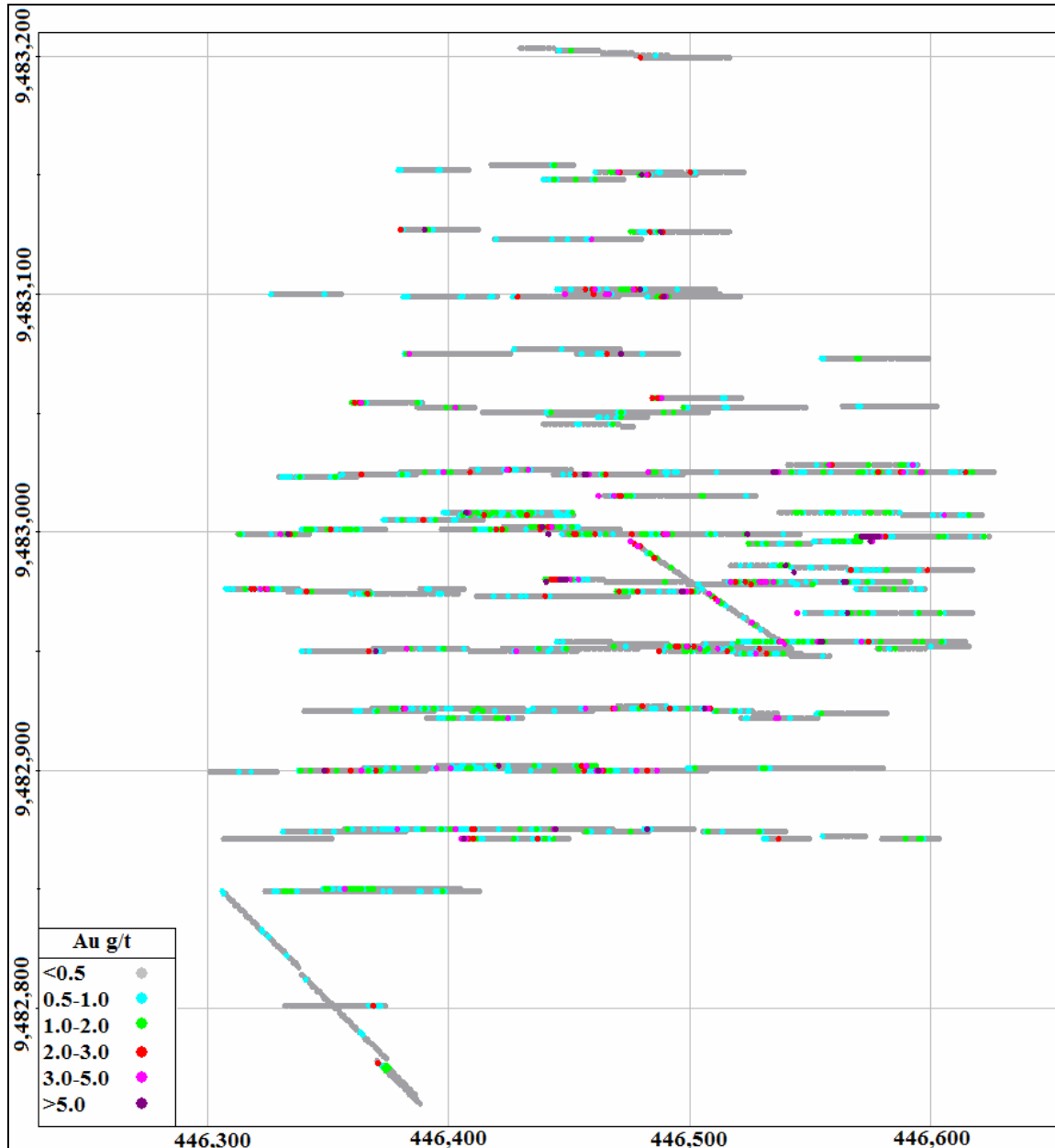


Figure 2: Plan showing composites used for estimation coloured by gold grade (g/t)

### Silver Grades

Due to the generally low silver grades in the completely oxidised zone which hosts approximately 75% of estimated resources at a 0.5 g/t Au cut off, and the poor correlation between gold and silver, the current estimates are reported above gold cut off grades.

In the southwest part of the resource area, higher silver grades appear to cluster around the base of oxidation, and there are several drill holes with anomalously high grade silver intercepts within the partially oxidised zone, including 3 metres at 3,306 g/t in BKJ22 and 2 metres at 2,185 g/t in BKJR171 (see Table below).

Drill hole	Collar location (UTM Zone 48S)		Intercept	Ag g/t	Depth (from)	Comment
	East	North				
BKJ22	446,396	9,482,951	3 m	3,306	77 m	Includes 2 m @ 4,865 g/t
BKJR71	446,390	9,482,922	2 m	2,185	68 m	
BJKR89	446,294	9,482,901	1 m	580	132 m	Last metre of drill hole
BKJR114	446,357	9,482,875	3 m	396	100 m	
BKJR130	446,347	9,482,850	1 m	725	59 m	

**Anomalously high grade silver intervals**

The current resource model may not appropriately reflect these high grade silver intercepts which appear to represent a different mineralisation style from the bulk of the currently defined Jambi resource and which require additional work to provide a meaningful estimate.

### **Tambang Supergene Silver Target**

The high silver grades described above for Jambi are interpreted by Finders to represent a level of supergene enrichment of silver at the base of oxidation. This concept opens up the prospect of a similar silver enrichment target at the base of oxidation in the +2km long Tambang vein system, and remains essentially untested by drilling to date, which has targeted the sulphide portion of the Tambang vein system, below the zone of oxidation.

With an average veining width of around 25m, the Tambang vein system has potential for around 3 million tonnes of oxide material, corresponding with strong surface gold and silver anomalism, and demonstrated primary silver grades at depth.

It is planned to drill test this concept with several shallow fences of reverse circulation drilling, as soon as the reverse circulation drill becomes available again.

### **Geochemical Soil Sampling**

During the quarter a major program of geochemical soil sampling continued, with total 4528 samples taken covering 113.2 line km, and assays have now been received for all of this work. This brings total soil sampling by Finders at Ojolali to over 360 line km, at 100m or 200m line spacing, and five metre "B" horizon along line sampling, composited into 25m assay samples, covering in excess of 35 square km.

Results received to date have been highly encouraging, with significant zones of strong gold, but also silver anomalism extending well beyond previously known mineralized centres, as shown in Figure 3. In particular, a zone of north trending gold and gold-silver anomalies occur at 3 km north of the Jambi prospect, and also a zone of gold-silver anomalies extending south westerly from the south end of Jambi to the north end of the Tambang vein system.

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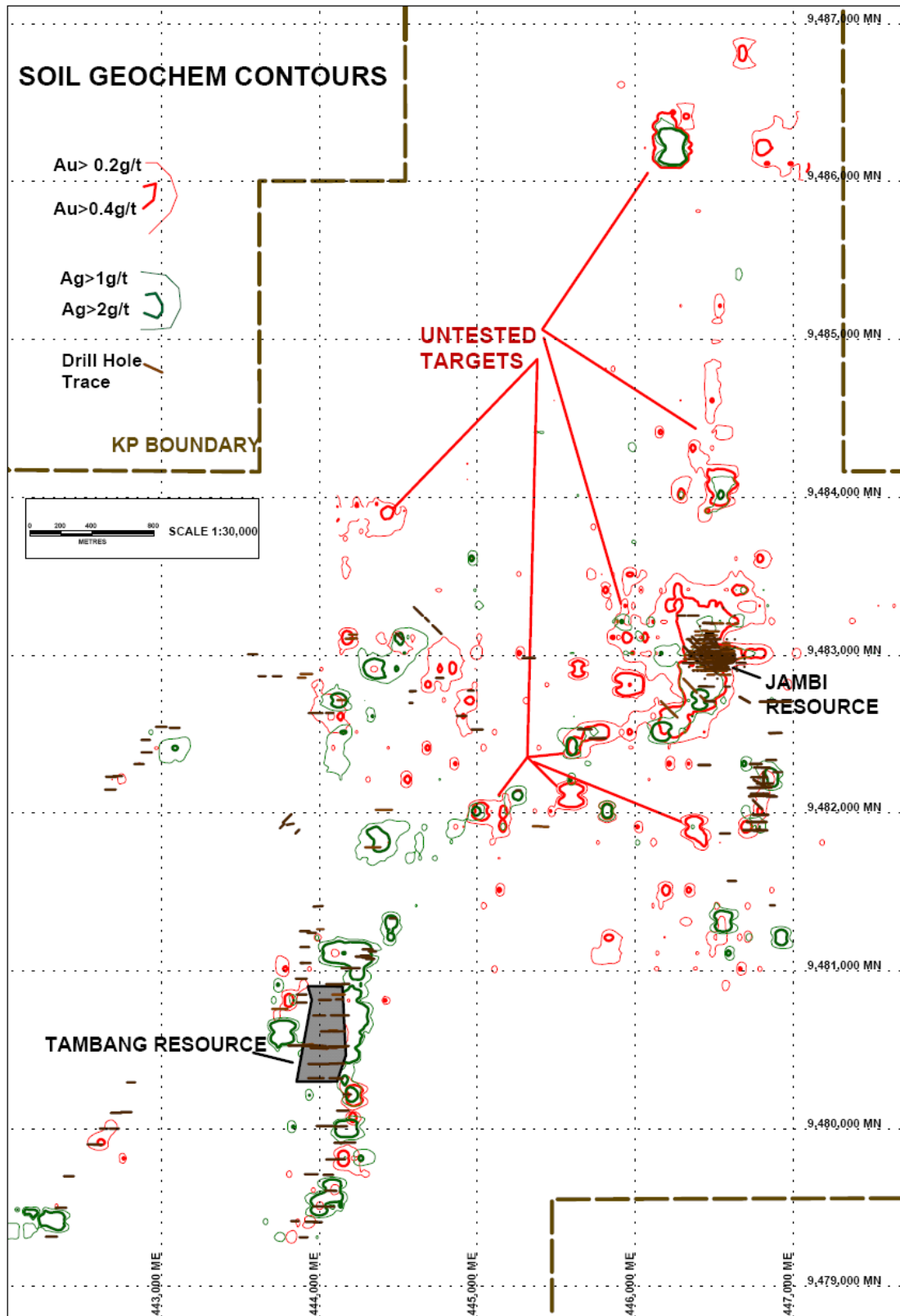


Figure 3: Plan showing composites gold and silver soil anomalies in the project area

### 3. Corporate

During the course of the Quarter a total of US\$3,750,000 was drawn down from the US\$5.0 million secured loan facility with Meridian International Capital Limited.

The following is the current capital structure of the Company:

Type of Security	Exercise Price	Expiry Date	Number in Issue
<b>Fully Paid Ordinary Shares</b>			<b>74,911,425</b>
<b>Options</b>	A\$0.50	20 March 2009	3,100,767
	24p	22 March 2009	1,322,881
	A\$0.6875	13 June 2010	500,000
			<b>4,923,648</b>

*Current Share Structure*

The Company's cash held at 30 June 2008 totalled A\$4.99 million.

The mining exploration entity quarterly report (Appendix 5b) is appended.

#### **Chris Farmer**

Managing Director

Further details for all projects including location maps, tenement schedules and technical descriptions may be found on the Finders website at [www.findersresources.com](http://www.findersresources.com)

## Statements

*The information in this report that relates mineral resource estimation is based on work completed by Mr Jonathon Abbott who is a full time employee of Hellman and Schofield Pty Ltd and a member of the Australasian Institute of Mining and Metallurgy. Mr Abbott 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 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' and as a Qualified Person as defined in the AIM Rules. Mr Abbott consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

*Geological information in this announcement and comments relating to exploration potential and the project in general is based on information compiled by Dr Russell Fountain, who also accepts responsibility for the data on which the resource is based. Dr Fountain is a Director of Finders and a Fellow of the Australasian Institute of Geoscientists. Dr Fountain has sufficient experience that is relevant to the styles of mineralisation and types of deposits under consideration and to the activity that he is undertaking to qualify as Competent Person as defined in the JORC Code. He consents to the inclusion in this announcement of the matters based on his information in the form and context in which they appear.*

*All assaying of drill core samples was undertaken by the ITS laboratory in Jakarta. ITS is one of the world's largest product and commodity testing, inspection and certification organizations. The Jakarta laboratory is ISO 17025 accredited and employs a Laboratory Information Management System (LIMS) for sample tracking, quality control and reporting.*

*Statements in this document that are forward-looking and involve numerous risks and uncertainties that could cause actual results to differ materially from expected results are based on the Company's current beliefs and assumptions regarding a large number of factors affecting its business. Actual results may differ materially from expected results. There can be no assurance that (i) the Company has correctly measured or identified all of the factors affecting its business or the extent of their likely impact, (ii) the publicly available information with respect to these factors on which the Company's analysis is based is complete or accurate, (iii) the Company's analysis is correct or (iv) the Company's strategy, which is based in part on this analysis, will be successful.*

### **For further information please contact:**

#### *Finders Resources Ltd:*

Russell Fountain, Executive Chairman, +61 (0) 2 9211 8299

Chris Farmer, Managing Director, [cbf@findersresources.com](mailto:cbf@findersresources.com)

#### *Financial PR:*

Doug Macdonald, +61 (0) 424 255 959, Capital Group (in Australia)

Paddy Blewer or Nick Elwes, 020 7457 2020, College Hill (in the UK)

#### *RFC Corporate Finance Ltd - Nomad and Corporate Adviser:*

Rob Adamson, +61 (0) 2 9250 0000 or Stuart Laing, + 61 (0) 8 9480 2500