

For Release: 12<sup>th</sup> November 2009  
FINDERS RESOURCES LIMITED

## **Positive Result From Wetar Copper Project DFS**

### **Finders to order long lead items for Stage 1 expansion**

#### **Highlights**

Results of the Wetar Copper Project Definitive Feasibility Study (DFS) indicate an economically robust project with a mine life of approximately nine years.

Life of mine operating costs are estimated to be US\$1.00/lb Cu and the project has a total funding requirement of up to US\$118 million.

After review of the DFS results, the Finders board has approved:

- Ordering of long lead items to fast track Stage 1 (Expanded Demonstration Plant); and
- A further review of mining schedules, waste and ore movement, and mining indirect costs relating to the Stage 2 expansion with the expectation of being able to reduce the funding requirement.

Land compensation and community assistance agreements are in place.

Project development will comprise three stages, with Stage 1 being the expansion of the current 1,800 tpa copper cathode demonstration plant to 5,000 tpa (referred to as the Expanded Demonstration Plant, or EDP), followed by final expansion to 23,000 tpa copper cathode utilizing the Whim Creek SX-EW plant under option to Finders. Stage 3 is the development of the Lerokis pit and haulage of Lerokis ore to the Kali Kuning plant to maintain copper cathode production at 23,000 tpa.

Stage 1 uses expanded heap leach areas all within the footprint of the existing disturbed area from previous mining at the Kali Kuning deposit. It has the distinct advantage of making Finders a profitable copper producer at the earliest opportunity, and of equal importance, it significantly reduces the construction risk in Stage 2. The timeline for achieving Stage 1 production is expected to be five months after completion of the permitting process.

Stage 2 comprises expansion to 23,000 tpa copper cathode, comprising on-going production of 5,000 tpa from the expanded demonstration plant plus an additional 18,000 tpa, utilizing a newly constructed pad area in the adjacent Kali Kuning valley and the Whim Creek SX-EW plant. Subject to obtaining project finance, full capacity cathode production is expected to be reached within 12 months of Stage 1 completion.

Stage 3 development envisages additional ore feed from the Lerokis deposit to maintain full production levels at the existing plant and is expected to commence in Year 3 of operations.

Finders and its local partner, PT Batutua Kharisma Permai, have been working closely with the appropriate authorities in preparation of all supporting documents ready for an application for a mining permit. The requirements under the new 2009 Indonesian Mining Law are similar to those under the previous legislation, except for new articles relating to local communities.

Finders currently foresees no material impediments to the grant of the necessary permits once final implementing rules and regulations are issued by the Government. Finders is pleased to report that land compensation and community development agreements have already been signed.

Key results from the DFS on a 100% project basis, using the approximate current spot copper price of US\$6,500/t are summarized below.

Ore Tonnes*	8.4	Million tonnes
Strip Ratio	1.0	
Life of Mine (LOM) Production	146,000	Tonnes cathode
Mine Life	8.7	Years
Average Grade (LOM)	2.5%	Cu
Average Recovery (LOM)	71%	
Average operating cost (LOM)	US\$ 1.00	per lb Cu
Capital – Stage 1 / EDP	US\$ 12	million
– Stage 2 / incl. Whim Ck	US\$ 91	million
Working capital	US\$ 15	million
Pre-tax Payback (Stages 1 & 2)	1.4	years
Pre-tax NPV <sub>10</sub>	US\$ 240	million
Pre-tax IRR	60%	

\* Includes 0.2Mt of Inferred Resource within the pit shell

These capital estimates include a total of almost US\$40 million in indirect costs included in vendor and contractor quotations, principally for the earth-moving component of the initial pre-strip and pad construction and for EPCM (overall management and delivery) for Stage 2.

Finders' management considers that significant savings to capital estimates are possible on the basis of its review of the DFS and have identified changes to the leach pad design, alternative waste dump locations and improvements to the mining schedule which are likely to achieve these savings.

Furthermore, funding required for the project includes US\$12 million for extra production capacity in the EDP and US\$10 million for an acid neutralisation plant which were not considered in preliminary studies and are included in the DFS as a means of de-risking the project for debt finance and based on experience from the demonstration plant.

Chris Farmer, Managing Director, said:

“The staged expansion route chosen for the Wetar project provides a minimum development risk approach, and also greatly increases the company’s options to secure favourable financing terms for the full scale project while retaining the maximum value for shareholders. The EDP will be an economic mine on a stand alone basis at current and lower copper prices, and the full scale operation will have cash costs at the mid point of world copper producers.”

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***Competent Person Statement***

The information in this report that relates mineral reserve estimation is based on work completed by Mr John Wyche who is a full time employee of Australian Mine Design and Development Pty Ltd and a member of the Australasian Institute of Mining and Metallurgy. Mr Wyche 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’. Mr Wyche consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

## Background Information on the Wetar Copper Project

(FND ~94% and earning through expenditure)

The Wetar Copper Project comprises two high grade deposits, Kali Kuning and Lerokis, which are located within 3km from the coast and suitable for open pit mining with a low waste:ore ratio. Ore reserves, independently assessed by Australian Mine Design & Development Pty Ltd (AMDAD) and in accordance with the JORC Code, are as follows:

Wetar copper reserves					
	Category	Tonnes (m)	Grade % Cu	Contained Copper (kt)	Contained Copper Attributable to Finders (94%) (kt)
<b>Kali Kuning Pit</b>	Proved	4.91	2.5	123	116
	Probable	0.85	2.2	19	18
	<b>Sub-Total</b>	<b>5.76</b>	<b>2.5</b>	<b>142</b>	<b>133</b>
<b>Lerokis Pit</b>	Proved	2.05	2.4	49	46
	Probable	0.37	2.3	9	8
	<b>Sub-Total</b>	<b>2.42</b>	<b>2.4</b>	<b>58</b>	<b>55</b>
<b>Combined</b>	Proved	6.96	2.5	172	162
	Probable	1.22	2.2	28	26
	<b>Total</b>	<b>8.18</b>	<b>2.5</b>	<b>205</b>	<b>193</b>

100% project basis. 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.

These Reserves were estimated using a cut-off of 0.5% copper for two pits at Kali Kuning and Lerokis with an overall waste to ore ratio of 0.98. The results represent a 94% and 97% conversion of Measured and Indicated Resources to Reserves at Kali Kuning and Lerokis respectively, and form the basis for the production schedules used in the DFS.

In addition there is a third deposit Meron, located 2 km from Kali Kuning. This prospect has a potential size of 1mt @ 2.3% Cu (Non-JORC compliant) based on historical drilling results from the previous gold mining operation.

Copper mineral species at Kali Kuning and Lerokis are dominated by chalcocite and covellite, which are readily amenable to bacterial assisted leaching, and chalcopyrite which leaches faster at higher temperatures. A two year laboratory test program indicated copper recoveries of up to 80%.

As part of a definitive feasibility study, a demonstration SX-EW plant with 5 tonnes per day copper cathode capacity has been operational since February 2009 and is permitted to process 100,000 tonnes of ore from the Kali Kuning deposit. The test heaps are at heights similar to commercial operations worldwide and the SX-EW technology being used is industry standard.

SX-EW technology is currently responsible for approximately 22% of the world's copper production.

The project is at the same location as an old gold mine which operated between 1989-1997 and benefits from having existing infrastructure in place, particularly a wharf, camp and roads.

### ***Disclaimer***

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