



For Release 31 January 2013
Finders Resources Limited

Quarterly Activities Report December 2012



Further information, please contact Finders Resources Limited

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HIGHLIGHTS

Wetar Copper Project

❖ Pre-Development Activities

- MFO generator unit testwork completed.
- Revised earthworks design and project master schedule.
- Low cost care and maintenance.

❖ Approvals

- The “Principle” forestry permit (“*Izin Prinsip*”) is pending signature of the minister.
 - A revised “partial” Maluku Spatial Plan is pending ministerial signature.
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Ojolali Gold-Silver Project

- Further trenching, bedrock auger sampling and infill mapping extends mineralised zones.

Corporate

- On 22nd Oct 2012 the existing loan facility of A\$16m was extended to 24 October 2013.
- On 12th Dec 2012, the Company entered into a subscription agreement with Provident Capital Partners Pte Ltd (“Provident”) for an initial placement of 17.5 million shares at 20 cents each to raise \$3.5 million and options for a further 50 million shares at 20 cents per share, subject to conditions and shareholder approval granted on 18th Jan 2013.
- On 17th Dec 2012, Acorn elected to convert their outstanding loan of \$2 million to shares at a conversion price of 20 cents.
- As at 31 December 2012, Finders had \$1.8 million in cash.
- Subsequent to the end of the quarter, the Company received \$3.5 million from the placement of shares to Provident.

WETAR COPPER PROJECT (FND 95%)

Background

- The Wetar Copper Project comprises the development, mining and processing of sulphide deposits at Kali Kuning and Lerokis located on Wetar Island, Maluku Barat Daya, Indonesia.
- Finders has successfully operated a 1,825 tpa Cu demonstration plant, that incorporates heap leaching and SX-EW and ~2,500t of LME Grade A copper cathode was sold to Asian markets.
- Development of the project will be in two overlapping stages with a stepwise increase in production capacity to 7,000 tpa Cu (Stage 1) and then 25,000 tpa Cu (Stage 2) within a 24 month construction period.
- An updated Bankable Feasibility Study (“BFS”, Mid-2012) resulted in a US\$167m capital cost estimate and Life of Mine operating costs of US\$1.07/lb Cu. At full capacity production, cash costs are forecast to be around 90c/lb Cu.
- On the basis of the BFS result, Finders secured credit approval for a \$138m credit facility from Barclays, Credit Suisse and Standard Bank. In addition, Finders secured investment committee approval for a \$75m mezzanine facility.
- Proved and Probable Ore Reserves of 8.2 Mt @ 2.5% Cu from the Kali Kuning and Lerokis deposits support a nine year mine life.

	Kali Kuning		Lerokis		Total		
	Proved	Probable	Proved	Probable	Proved	Probable	Combined
Tonnes	4.91	0.85	2.05	0.37	6.96	1.22	8.18
Cu %	2.5	2.2	2.4	2.3	2.5	2.2	2.5

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.

Approximately 0.2Mt of Inferred Resource at similar copper grades occurs within the pit shell.

Reserves were estimated according to the JORC code, and previously announced to the ASX on 17/5/2012. The full announcement is available on Finders web site.

- Opportunities for a longer mine life are strongly founded on exploration upside, focussing initially on the nearby satellite Meron deposit and historical performance during the demonstration stage in which copper grades and copper recoveries significantly exceeded assumptions made in the BFS.

WETAR - PROGRESS REPORT

Pre-Development Activities

Engineering works are currently on a prioritized “go slow” program in preparation for final permitting:

- FAT (Factory Accepted Testwork) for two of the MFO Generator units was completed on the electrical components manufactured in Singapore in December. FAT testing of the Chinese manufactured parts is expected to commence in March before final packing of the mechanical components (i.e. motors, separators, pumps, etc.) prior to shipping.
- Layout designs in the Kali Kuning valley were optimized with revision of access roads and a larger storm water pond (SW3). Design of a storm water reticulation from SW1/2 to SW3 has commenced. This reticulation is necessary to meet environmental requirements.
- A revised Project Master Schedule has been issued, which confirms the logic and delivery timelines for initial expansion to 7,000tpa cathode within 12 months of start date and 25,000tpa cathode production 12 months later.



MFO Units with FAT completed in Singapore

- Low cost activities continue at site, including care and maintenance of the existing crushing and SX-EW plant facilities, pond repairs and upgrade of communications facilities with a new temporary server commissioned.
- A site wide behavioral safety programme is underway, and a number of workshops are being held on site to address Risk Assessment finding and the use of the Risk Matrix.

Wetar – Progress Report contd.

Forestry

- Background and progress updates of two independent paths to allow Finders to commence construction activities in the Wetar Copper Project area are provided.
- 1. The **Maluku Spatial Plan**, in which land function changes are made such that conversion of all “production forestry” zones (HPK) to non-forestry zone in the project area. Once declared, Finders will have access to the entire project area with the exception of around 4 hectares of the Lerokis deposit which contains around 12% of the total reserve.
- **Update Q4 2012: discussions to finalise the issue of the Maluku Spatial Plan continued between representatives of the Province of Maluku and the Department of Forestry. Finders’ understanding is that one Regency in Maluku is seeking to change the status of an area of protected forest in the plan and this would require Parliamentary approval. A revised “partial” spatial plan, which excludes the problematic Regency, has now been presented and is pending final ministerial signature.**



Production Forest at the Kali Kuning deposit

- 2. The **forestry use permit (*Pinjam Pakai*)** for exploitation covers all areas under forestry classification in the project area. The key step in the permitting process is the issue of a Principle permit (*Izin Prinsip*) which gives conditional rights for production activities.
- **Update Q4 2012: On review of the draft *Izin Prinsip*, some changes were required in order to align areas under application with the areas listed in the project’s current ANDAL (Environmental Permit). Revised documents and supporting maps were completed by early January after some delays due to signatory unavailability. The final document is now pending ministerial signature.**

OJOLALI Au-Ag PROJECT (FND 72%)

Background

- The Ojolali Project is an advanced gold-silver prospect covering a large epithermal system with numerous shoots within the highly productive Sumatran Gold Belt. The Jambi oxide gold deposit has potential for a 30-50,000 oz per annum operation based on the resource below.

Zone	Indicated			Inferred			Total			Au Oz	Ag Oz
	Tonnes (million)	Au g/t	Ag g/t	Tonnes (million)	Au g/t	Ag g/t	Tonnes (million)	Au g/t	Ag g/t		
Oxide	4.1	0.92	4.8	0.39	0.8	3.1	4.5	0.9	4.7	131,000	670,000
Transition	0.79	0.70	6.3	0.07	0.6	6.3	0.85	0.7	6.3	19,000	170,000
Fresh	0.99	0.66	3.9	0.22	0.7	4.5	1.2	0.7	4.0	26,000	160,000
Total	5.9	0.85	4.9	0.67	0.8	3.9	6.5	0.8	4.8	176,000	1,000,000

Cut-off 0.3 g/t Au (100% project basis); the figures in the table may not sum due to rounding. Significant figures do not imply an added level of precision. Indicated and Inferred Resources are estimated, according to the JORC code, of 175,000 oz gold and 1,000,000 oz silver, as tabulated above, and reported in detail to the ASX on 1/2/2011 (ASX Quarterly Report, December 2010, which is available on the company website).



Panned gold from the C1 prospect

- With widespread gold in soil geochemical anomalies over an area 8km north south and up to 5km wide, Finders considers that there is strong potential for additional discoveries, including a number of target types:
 - Bulk low grade disseminated gold (Jambi, Jambi North, Wujun, Belida, Supri)
 - Bonanza grade gold-silver veins (Way Neki, Batu Kuning, Kencur)
 - High grade Ag in supergene enriched zones (Tambang Oxide, Jambi)
 - Major vein systems in feeder structures at depth (Jambi, Tambang, Talang Harno)

CURRENT ACTIVITIES

Activities

- During the quarter low cost field activities comprised trenching, bedrock sampling by auger and infill mapping in three prospect areas; Kresna, Intan and Kencur.
- At both Kencur and Kresna zones of quartz-limonite veining hosted by clay altered andesites were identified over significant widths in trenches, 60m and 125m respectively. At Kencur vein density was lower and vein size typically less than 5cm, however at Kresna, the zones contain metre-size mineralised boulders with 3–6% quartz stockworking and massive quartz veins hosted by silicified andesites.
- The Intan area is dominated by intensely clay altered andesite and minor siltstone-sandstone. Quartz-limonite zones range from 25 - 325m in width. Metre-size boulders and outcrop contain strongly developed quartz stock works and breccia's.
- Around 400 samples have been collected and are pending assay.
- An application to extend the IUP for a further two years has been lodged.



Trenching and sampling activities

CORPORATE

Capital Structure

Type of Security	Number on Issue		
<i>Fully Paid Ordinary Shares ("Shares")</i>			
Shares on issue at 30 Sep 2012	287,520,416		
Conversion of loan	7,800,000		
Conversion of interest and fees payable	3,278,220		
Shares on issue at 31 Dec 2012	298,598,636		
<i>Unlisted Options</i>	<i>Exercise Price</i>	<i>Expiry Date</i>	<i>No.</i>
	A\$0.30	16 Apr 2014	500,000
	A\$0.30	08 May 2014	2,000,000
	A\$0.37	29 Aug 2014	250,000
	A\$0.50	24 Oct 2014	16,000,000
	A\$0.35	06 Jun 2017	22,857,144
	A\$0.2556	22 Oct 2017	31,298,904
Unlisted Options on issue at 31 Dec 2012	72,906,048		
<i>Converting Notes</i>	<i>Conversion Price</i>	<i>Maturity Date</i>	<i>No. of Shares</i>
US\$5,500,000	A\$0.427	16 Mar 2018	12,248,538

Share Placement

- In December 2012, the Company entered into a subscription agreement with Provident Capital Partners Pte Ltd ("Provident"), the principal terms of which are as follows:
- Initial placement of 17.5 million shares at 20 cents each to raise \$3.5 million.
- Provident to be granted options over a further 50 million shares at 20 cents per share. The options can only be exercised if Finders receives the forestry permit for the Wetar Copper Project or the Maluku spatial plan is approved, in both cases before 30 September 2013. The options must be exercised within 20 business days of the conditions being satisfied.
- Provident will be entitled to a board seat if it holds shares equal to 12.5% or more of the outstanding capital of Finders.
- Provident will be entitled to participate on a pro rata basis (including the options on an as-converted basis) in any future capital raisings by Finders to fund the Wetar project.
- Following shareholders' approval of the placement and issue of options at an Extraordinary General Meeting held on 18 January 2013, the issue of shares and options to Provident was completed on 30 January 2013.

CORPORATE – contd.

Loan Facility

- As reported last quarter, the repayment date of a \$16 million loan from three of the Company's major shareholders, Taurus Funds Management, Resource Capital Fund IV LP and Acorn Capital ("Acorn"), was extended for a further 12 months to allow permitting and project financing to be completed.
- Terms and conditions of the extension are contained in the press release of 22nd Oct 2012.

Conversion of Loan

- In December 2012, Acorn elected to convert their outstanding loan of \$2 million to shares at a conversion price of 20 cents. Under the terms of the facility, Acorn can elect to convert their loan into shares when Finders agrees to undertake an equity issue.
- The conversion was completed at the same price as the placement to Provident referred to above. A total of 10 million shares have been issued to Acorn, 7.8 million in December 2012 and 2.2 million in January 2013.

Debt Facility

- Finders has previously received credit approval for US\$138m of facilities from a syndicate consisting of Barclays, Credit Suisse and Standard Bank.
- Finders was advised by Standard Bank that it had made a strategic decision to focus solely on African-related project finance and that it would no longer be able to participate in the syndicate. Finders approached alternative banks and has received four satisfactory proposals to replace Standard Bank. Finders expects to announce details in February 2013.
- On selection of the replacement bank, and post-issue of the *Izin Prinsip*, the financiers have indicated a two month time frame to refresh their credit committee and investment committee approvals.

Cash

- As at 31 December 2012, Finders had \$1.8 million in cash. Subsequent to the end of the quarter, the Company received \$3.5 million from the placement of shares to Provident.
- The mining exploration entity quarterly report (Appendix 5B) is appended.

Chris Farmer,

Managing Director





STATEMENTS & DISCLAIMER

Independent Statements

- The information in this report that relates to 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.
- The information in this report that relates to mineral resource estimation is based on work compiled by Dr Phillip Hellman who is a consultant to H&S Consultants Pty Ltd and a Fellow of the Australian Institute of Geoscientists. Dr Hellman 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'. Dr Hellman consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.
- The information in this report that relates to exploration potential and geology is based on work compiled by Dr Russell Fountain. Dr Fountain is a director of Finders Resources Ltd and a Fellow of the Australian Institute of Geoscientists. Dr Fountain 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'. Dr Fountain consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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- This announcement may or may not contain certain "forward-looking statements". All statements, other than statements of historical fact, which address activities, events or developments that Finders believes, expects or anticipates will or may occur in the future, are forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "believe", "plan", "estimate", "targeting", "expect", and "intend" and statements that an event or result "may", "will", "can", "should", "could", or "might" occur or be achieved and other similar expressions. These forward-looking statements, including those with respect to permitting and development timetables, mineral grades, metallurgical recoveries, potential production reflect the current internal projections, expectations or beliefs of Finders based on information currently available to Finders. 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. Finders expressly disclaims any obligation to update or revise any such forward-looking statements.

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- The distribution of this announcement may be restricted by law in certain jurisdictions. Recipients and any other persons who come into possession of this announcement must inform themselves about, and observe any such restrictions.



Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

FINDERS RESOURCES LIMITED

ABN

82 108 547 413

Quarter ended ("current quarter")

31 December 2012

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (12 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for: (a) exploration & evaluation	(46)	(298)
(b) development	(666)	(3,307)
(c) production	(1,172)	(6,488)
(d) administration	(836)	(3,868)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	42	76
1.5 Interest and other costs of finance paid	(195)	(1,749)
1.6 Taxes and value added tax received	2,884	2,290
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	11	(13,344)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	(351)	(351)
(c) other fixed assets	(4)	(2,982)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	41	41
Net investing cash flows	(314)	(3,292)
1.13 Total operating and investing cash flows (carried forward)	(303)	(16,636)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

		Current quarter	Year to date (12 months)
		\$A'000	\$A'000
1.13	Total operating and investing cash flows (brought forward)	(303)	(16,636)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	-	5,335
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	9,500
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
Net financing cash flows		-	14,835
Net increase (decrease) in cash held		(303)	(1,801)
1.20	Cash at beginning of quarter/year to date	2,073	3,571
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	1,770	1,770

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	306
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

Item 1.23 Payments for salaries, directors fees and consulting fees.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

NA

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

NA

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	14,440	14,440
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	50
4.2 Development	650
4.3 Production	1,400
4.4 Administration	900
Total	3,000

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	689	257
5.2 Deposits at call	1,081	1,816
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	1,770	2,073

Subsequent to the end of the quarter, the Company received \$3.5 million from the placement of 17,500,000 fully paid ordinary shares at 20 cents per share.

Appendix 5B
Mining exploration entity quarterly report

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	NA		
6.2	Interests in mining tenements acquired or increased	NA		

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference securities <i>(description)</i>			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions			
7.3	*Ordinary securities	298,598,636	298,598,636	
7.4	Changes during quarter (a) Increases through issues - Conversion of loan - Conversion of interest payable - Conversion of loan extension fees (b) Decreases through returns of capital, buy-backs	7,800,000 1,713,428 1,564,792	7,800,000 1,713,428 1,564,792	20 cents 18.59 cents 20.45 cents
7.5	*Convertible debt securities Converting Notes	US\$5,500,000 Converting Notes (unlisted) which will convert into 12,248,538 Shares in the Company on or before 16 March 2018 at a conversion price of \$0.427 per share		
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted			

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

7.7	Options (description and conversion factor)			Exercise price	Expiry date
		500,000	NIL	30 cents	16.04.2014
		2,000,000	NIL	30 cents	08.05.2014
		250,000	NIL	37 cents	29.08.2014
		16,000,000	NIL	50 cents	24.10.2014
		22,857,144	NIL	35 cents	06.06.2017
		31,298,904	NIL	25.56 cents	22.10.2017
7.8	Issued during quarter	31,298,904	NIL	25.56 cents	22.10.2017
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Debentures (totals only)				
7.12	Unsecured notes (totals only)				

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: Date: 31 January 2013
Director

Print name: Christopher Ben Farmer

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity quarterly report

- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.

- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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