



## Quarterly Report for the Period Ended December 31<sup>st</sup> 2010

### Highlights

#### Wetar Copper Project - highlights

- ✓ Demonstration phase of the copper project successfully completed.
  - Over 2,500 tonnes of copper cathode sold at a premium to LME Grade A prices.
  - 79.3% Cu recovery achieved from heap 3 after 83 weeks of irrigation.
- ✓ Delays to the issue of final mining permits are being utilized to advance Stage 2 engineering, to the extent that it is now envisaged that both the Stage 1 and Stage 2 developments will be undertaken as an integrated package for financing and development.
- ✓ Permitting progressing, final application documents completed.
- ✓ Demonstration plant shut down pending receipt of final mining permits, which will allow mining of new ore and development of full-scale operation.

#### Ojolali Gold-Silver Project - highlights

- ✓ Jambi resource increased to 175 koz Au, 1 moz Ag at a 0.3 g/t Au cut-off.
  - Indicated and inferred resource 6.8 mt grading 0.85 g/tAu, 4.8 g/t Ag (91% indicated).
- ✓ Preliminary metallurgical testing from Jambi yielded an average recovery of 83% for gold and 63% for Ag in bottle roll testing.
  - Further testing is being implemented to assess potential for heap leaching.
- ✓ Bottle roll testing of Tambang RC chips yielded good recoveries (86%) for Au in the oxide zone, but only low recoveries for Ag (15%), indicating that Tambang mineralization will not be amenable to heap leaching. (Note that previous test-work by Finders for Tambang primary mineralization indicated potential for acceptable recoveries by floatation).
- ✓ Ongoing low cost surface trenching continues to generate new target areas.

#### Corporate - highlights

- ✓ In January 2011, Finders moved to 100% ownership of Banda Minerals, the Australian holding company for the Wetar project, through purchase of PT Batutua Kharisma Permai's (BKP) 3.7% interest in Banda for a consideration of US\$675,000 cash, and 2 million Finders shares.
  - BKP retains an effective 5% interest in the Wetar project through the Indonesian operating company.
- ✓ An incentive share scheme for key staff was implemented, and issue of shares to executive directors under this scheme approved by shareholders at an EGM on 17<sup>th</sup> January 2011.
- ✓ Mr James Wentworth joined the company as Finance Director on December 1.

## Wetar Copper Project (FND 95%)

### Demonstration Plant

The demonstration phase of the Wetar Copper Project is now essentially complete. All operating parameters are now finalised and have been incorporated into final detailed engineering and mine scheduling studies for the main project. Some 2,500 tonnes of LME grade copper cathode has been sold at a premium to LME prices. Importantly, the demonstration plant and heaps have demonstrated copper recovery well in excess of the 71% assumed in the Feasibility Study and confirmed the commercial viability of the project as determined by the Definitive Feasibility Study (DFS) in Nov 2009. The ability of the Wetar heaps to operate successfully under real field operating conditions including 3 periods of wet season leaching has given the Finders Board confidence to develop the Project once financing and approvals are complete.

The test heaps at Wetar have now operated for some 18 months now without any new ore being stacked, and have reached the final slow leaching phase of the leach cycle, which can no longer maintain the demonstration plant at full capacity.

To mitigate reduced copper inventory in solution, ore material from Heap 4 has been relocated to the Heap 1 and 2 pads to enable “flash leaching”, i.e. benefit from faster leach rates at 2-3m heap heights. As a result of contamination of ore from Heap 4, only the Heap 3 leach pad will provide guidance of likely terminal copper recoveries from Wetar ores. At the end of the period, Heap 3 copper recovery had reached 79.3% after approximately 83 weeks irrigation. Cumulative leached copper from the 100,000t bulk sample had achieved 65% recovery by the end of the period.

**Table 1: Operating Parameters**

Electrowinning*	H1 2010	H2 2010	Q4 2010	YTD
Copper Produced – Tonnes	869	523	182	1,392
Copper Sold – Tonnes	800	501	140	1,301

\*As of 31 Dec 2010. All subject to final mass balances and weight reconciliations

On site activities are now focused on items in preparation for project development. Renovation of the 350 man camp is scheduled for completion in Q1 2011. In addition, significant work is being undertaken in relation to water management with the construction of larger stormwater ponds, clean water run-off diversions and raincoat trials on the heaps. A second filter press will be installed in the neutralisation plant ahead of larger throughput requirements for the expanded demonstration plant.



Fig 1: Completed new stormwater pond



Fig 2: Raincoats on Heap 4

### **Permitting**

Local election results in Maluku Barat Daya failed to return a winning candidate and as such there is a second round of elections scheduled for early February 2011. The interim government has indicated that the mining permit can be issued prior to the appointment of the new Regent. There have been changes in the key personnel handling the application for a mining permit which has led to further reviews of previously submitted documents. Finders is working closely with the relevant authorities to ensure this review is undertaken as quickly as possible.

Initiatives regarding land status are being undertaken on three fronts:-

1. Former mining areas in the Project area continue to be rented from the local government;
2. Lobbying for Ministerial approval for forestry re-zoning as per the submitted new spatial plan for Maluku; clearing the way for unhindered access to Kali Kuning and Meron.
3. Completion of documentation in advance of an application for pinjam pakai (forestry permits) in the production forest area surrounding the former mining area;

The Regent of Maluku Barat Daya, who administers the area covering Finders' copper project on Wetar Island, has written to a number of companies with exploration tenements in the district, including Finders. The letter requests the companies to finalise permits required for access to forestry areas and to suspend activities until the permits are issued. Finders have taken the view that it is prudent to shut down the demonstration plant temporarily in response to this request.

Applications allowing Finders to recommence work in tenements within forestry areas are at various stages in the approval process. At this stage Finders expects the permits covering Finders' Wetar copper project to be issued in February, in which case, Finders estimates that approximately 50t of budgeted copper cathode production will be delayed by up to a month.

### **Project Development**

The project development schedule is currently being reviewed to accommodate permitting delays. A key scenario involves commencement of construction of Stage 1 (demo plant expansion) and Stage 2 (addition of Whim Creek) at the same time.

During the quarter, preliminary capital cost estimates for Stage 2 items were revised on the basis of further detailed engineering studies and equipment inquiries. These numbers will now be incorporated in to an updated life-of-mine financial model using the revised schedules and a revised Bankable Feasibility Study (BFS) level study for Stage 2. Final detailed cost estimates will be completed in the second quarter for general release as part of the Stage 2 BFS results..

A 7 year period of mining is required to mine approximately 8.2mt of ore from the Kali Kuning and Lerokis deposits at a 0.95 strip ratio. Production of approximately 150,000t of copper cathode over a 9 year processing period is foreseen assuming a 76% terminal copper recovery.

Finders are now working on optimization studies to assess whether the Whim Creek plant when combined with the Expanded Demonstration Plant will be capable of 25,000 tpa cathode; an additional increase of 2,000tpa over the DFS production rate.

New mine and earthworks schedules have been completed using current leach curve information from Heaps 2 and 3, new geotechnical studies in the Kali Kuning eastern pit wall and the increased plant capacity to 25,000tpa copper.

Revisions to the layout of the Kali Kuning Heap Leach areas and relocation of a previously planned waste dump within the Kali Kuning Valley leaching area to another location outside of the Kali Kuning Valley have been made. Assuming that the Meron deposit is later proven to be commercially

viable through proposed drilling and metallurgical testing then it is anticipated that all or part of Meron can be crushed and stacked into the Kali Kuning Valley as well and should this occur then the project life would be extended to 10+ years.

All major contractor and equipment suppliers have been selected for Stage 1 in conjunction with the Company's engineers, Neubau Pty Ltd. As previously advised the Stage 1 rectifier has been ordered and the next long lead items include the solution pumps and commissioning shop-floor drawings for the stainless steel mixer-settlers and tanks.

Dismantling of the Whim Creek agglomerator and stacker is scheduled for February, with shipping to Indonesia (weather permitting) in March 2011.

### **Background Information on the Wetar Copper Project**

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.

The project encompasses the old Lerokis gold mine (operated from 1989 to 1997) and benefits from having existing infrastructure in place, particularly a wharf, camp and roads and partially pre-stripped copper ore bodies.

Since February 2009, Finders has operated a 5 tonne per day SX-EW demonstration plant to test copper sulphide leach kinetics, optimise process design and provide data required for the Definitive Feasibility Study (DFS). 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 Ore Reserves have been independently assessed by Australian Mine Design & Development Pty Ltd and are in accordance with the JORC Code (Table 1). The following statement uses 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.

<b>Table 2: Wetar Ore Reserves</b>				
	<b>Category</b>	<b>Tonnes (m)</b>	<b>Grade % Cu</b>	<b>Contained Copper (kt)</b>
<b>Kali Kuning Pit</b>	Proved	4.91	2.5	123
	Probable	0.85	2.2	19
	<b>Sub-Total</b>	<b>5.76</b>	<b>2.5</b>	<b>142</b>
<b>Lerokis Pit</b>	Proved	2.05	2.4	49
	Probable	0.37	2.3	9
	<b>Sub-Total</b>	<b>2.42</b>	<b>2.4</b>	<b>58</b>
<b>Combined</b>	Proved	6.96	2.5	172
	Probable	1.22	2.2	28
	<b>Total</b>	<b>8.18</b>	<b>2.5</b>	<b>205</b>

*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.*

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.

## Ojolali Project

*(FND ~72% with option to increase to 100%)*

During the quarter, work undertaken at Ojolali comprised:

- a revised resource estimate for the Jambi gold prospect,
- Preliminary metallurgical testing for both Jambi and Tambang prospects
- On-going trench sampling of extensions to Tambang and other prospects

Re-estimation of resources for Jambi, undertaken by Hellman and Schofield Pty Ltd, resulted in a minor increase in contained gold, at a 0.5 g/t Au cutoff, to 145 koz compared to 138 koz from the previous 2009 estimate, with 91% of the resource now in the Indicated category, compared to 78% in the previous study. At cut-off grade of 0.3 g/t Au, contained gold increases to 175 koz, together with 1 moz Ag. The Jambi resource remains open to the west and also at depth.

Metallurgical testing carried out by AMML in Australia comprised preliminary agitation leach testing on ground samples, and bottle roll testing of RC chips and crushed core from Jambi and Tambang prospects. Early results from Jambi are very encouraging, with gold and silver recoveries in bottle roll tests for core and RC chips from the oxide zone averaging 83% and 63% respectively. In particular, low grade oxide material (0.22 g/t Au) returned very high recovery at 93%. A program of column leach tests is being implemented to determine the amenability of Jambi material for heap leaching.

Tambang, however, while yielding good recoveries (86%) for low grade gold in the oxide zone, yielded very low recoveries (~15%) for silver in this zone, indicating that Tambang mineralization is not amenable to heap leaching. Previous testing of Tambang primary material has indicated potential for acceptable recoveries by floatation, and future test work at Tambang will be orientated to this end.

Surface exploration has focused on defining promising new target areas at Tambang South, Belida and a zone extending south west of Jambi towards the Supri prospect. Results are still being compiled and will be reported next quarter.

### **Jambi Resource re-estimation**

A revised resource estimate for the Jambi deposit has been prepared by Hellman and Schofield Pty Ltd, incorporating the new drilling results and a revised geological model provided by Finders.

Resource models have been undertaken by utilising Multiple Indicator Kriging (MIK) modelling methodology for open cut resource estimates using H&S's proprietary software GS3 with the searches aligned consistent with the strike and dip of the mineralisation. The lithologies / structures which host the mineralisation exhibit geometries which are consistent with those geometries defined by the spatial analysis of grade and variables modelled included Au only.

For Jambi project areas where Multiple Indicator Kriging (MIK) was employed, block models were constructed with parent panel dimensions of 25mE by 25mN by 5mRL. The MIK modelling methodology was primarily employed over near surface oxide mineralisation which would be expected to be extracted by open cut mining techniques. Several iterations of the modelling process were undertaken to assess the sensitivity of estimates to estimation parameters. Post processing, model validation and reporting were undertaken in Micromine.

**Table 3: Jambi Resource Estimates by cut-off grade**

The figures in the table may not sum due to rounding. Significant figures do not imply an added level of precision.

Zone	Indicated			Inferred			Total				
	Tonnes (million)	Au g/t	Ag g/t	Tonnes (million)	Au g/t	Ag g/t	Tonnes (million)	Au g/t	Ag g/t	Au Oz	Ag Oz
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	0.7	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
<b>Total</b>	<b>5.9</b>	<b>0.85</b>	<b>4.9</b>	<b>0.67</b>	<b>0.8</b>	<b>3.9</b>	<b>6.5</b>	<b>0.8</b>	<b>4.8</b>	<b>176,000</b>	<b>1,000,000</b>

Cut-off 0.3 g/t Au

Zone	Indicated			Inferred			Total				
	Tonnes (million)	Au g/t	Ag g/t	Tonnes (million)	Au g/t	Ag g/t	Tonnes (million)	Au g/t	Ag g/t	Au Oz	Ag Oz
Oxide	2.8	1.2	5.1	0.2	1.1	4.3	3.0	1.2	5.1	112,000	490,000
Transition	0.4	0.96	6.6	0.03	0.9	6.8	0.46	1.0	6.6	14,000	98,000
Fresh	0.5	0.93	4.0	0.11	1	5.2	0.61	1.0	4.2	19,000	83,000
<b>Total</b>	<b>3.7</b>	<b>1.11</b>	<b>5.1</b>	<b>0.38</b>	<b>1.1</b>	<b>4.8</b>	<b>4.1</b>	<b>1.1</b>	<b>5.1</b>	<b>145,000</b>	<b>670,000</b>

Cut-off 0.5 g/t Au

Zone	Indicated			Inferred			Total				
	Tonnes (million)	Au g/t	Ag g/t	Tonnes (million)	Au g/t	Ag g/t	Tonnes (million)	Au g/t	Ag g/t	Au Oz	Ag Oz
Oxide	1.9	1.42	5.3	0.14	1.4	5.9	2.1	1.4	5.4	94,000	360,000
Transition	0.25	1.22	6.9	0.02	1.1	8.2	0.27	1.2	6.9	10,000	60,000
Fresh	0.28	1.21	4.0	0.07	1.3	6.2	0.35	1.2	4.4	14,000	50,000
<b>Total</b>	<b>2.4</b>	<b>1.37</b>	<b>5.3</b>	<b>0.23</b>	<b>1.4</b>	<b>6.2</b>	<b>2.7</b>	<b>1.4</b>	<b>5.4</b>	<b>119,000</b>	<b>470,000</b>

Cut-off 0.7g/t Au

### Drill Hole Data

The current estimates are based on RC (99 holes) and diamond drilling (37 holes) undertaken by Finders between 2006 and 2010. Finders supplied H&S with data for these holes which included collar location, downhole survey, down-hole assay results, and geological logging.

The gold and silver grades used in the resource estimation are based on data obtained from Finders, by a range of drilling methodologies, with analysis undertaken at a range of laboratories utilising various analytical methodologies as indicated in the previous review of the Jambi project by H&S during 2009.

Drill hole data from earlier phases of drilling for which the only available grade data are broad intervals, apparently derived from reports of significant drill results were sourced from a database compiled by H&S for the January 2007 resource estimation. These results were not included in the current estimates but were utilised in the construction of the domain solids.

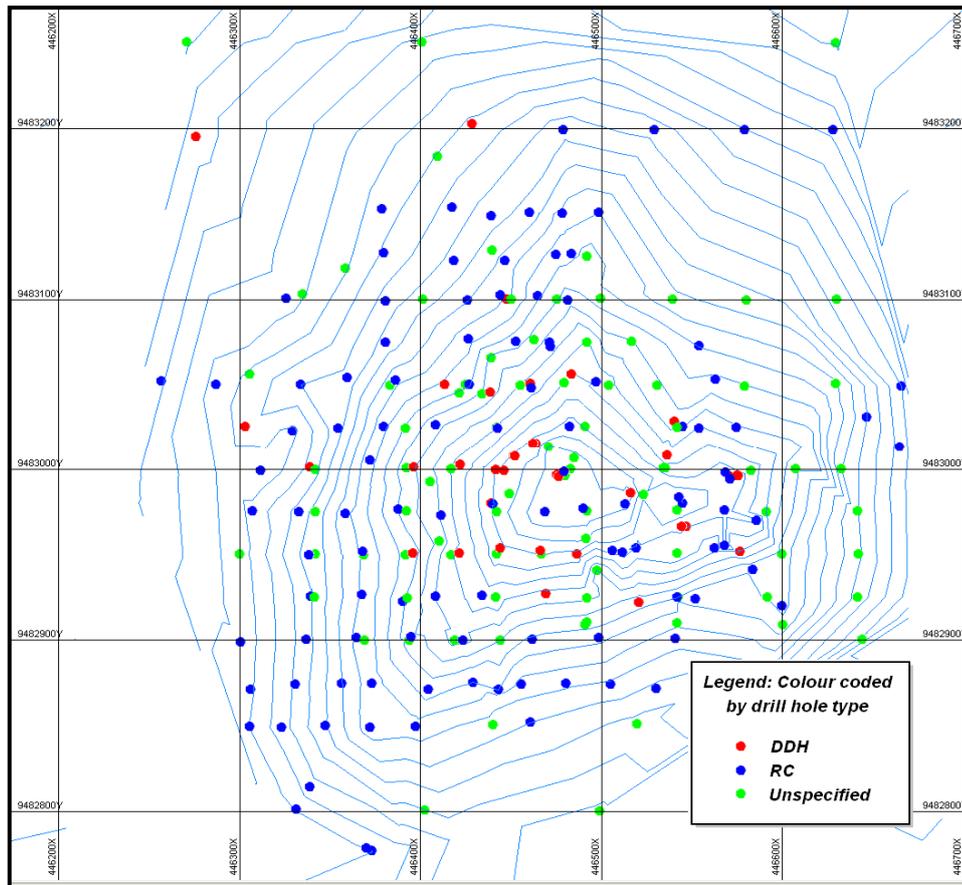


Figure 3: Plan of drill collars at the Jambi project. Red (Finders diamond) and blue (Finders RC) holes used in resource estimate. Green collars are drill holes by previous explorers.

The location, quantity and distribution of the current sample data are sufficient to allow the classification of indicated and inferred resources. H&S take responsibility for the estimates in conjunction with a Competent Person nominated by Finders taking responsibility for data quality, geological interpretation, and structural context for the domain strategy.

Given the current commodity price range and strengthening economic factors, a recent re-analysis of the economic criteria by Finders representatives has indicated that a suitable lower cut-off grade for the potential resource estimates would be as low as 0.2 to 0.3g/t Au consistent with industry economic movements. In addition, by lowering the cut-off grades a greater degree of mineralisation continuity has been established with increased local data support.

As a result of the implementation of the new economic criteria and resulting lower cut-off grades, the resource estimate tonnages are considered by H&S to be in-line with expectation given the application of the aforementioned changes in economic criteria.

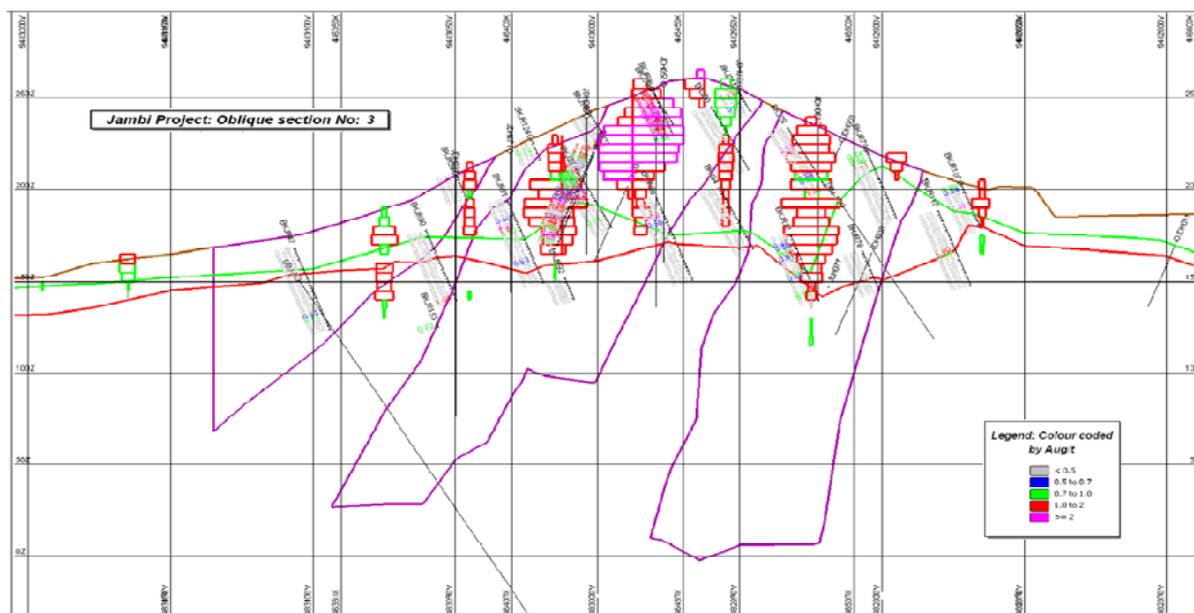


Figure 4: Jambi, oblique north-west to south-east section, view showing Au g/t in resource panels with drill holes and domain boundaries. Green line represents base of total oxidation

### Metallurgical Testing

Preliminary results from bench scale cyanide leach tests for composite RC chip samples from Jambi and Tambang are tabulated below, and indicate:

- Good recoveries from Jambi oxide material, and in particular +90% recovery from very low grade oxide material which enhances the potential for heap leaching at Jambi.
- Good recovery (+85%) from low grade gold but very low recovery for silver (average 15%) in Tambang oxide zone, indicating that this material is not suitable for heap leaching (Note that previous test-work by Finders for Tambang primary mineralization indicated potential for acceptable recoveries by floatation).

### Current Test Program

During the quarter a total of 12 5kg composite samples of reverse circulation chips, representing various grade and oxidation classes (5 samples from Jambi and 7 from Tambang) plus 4 50 kg composite drill core samples representing the key grade ranges from the Jambi oxide material, were shipped to Australian Minmet Metallurgical Laboratories Pty Ltd (AMML) for metallurgical testing. The test program comprises agitation leach and bottle roll testing of all the samples, followed by column leach tests on the Jambi core samples. Previous cyanide leach tests for Jambi oxide mineralization have indicated +90% recoveries for gold, but no previous leach test-work has been carried out on the silver rich oxide material from Tambang.

### Agitation Leach Tests

Each sample was ground to a fine size, and leached in a relatively strong cyanide solution to examine the potential maximum silver and gold dissolutions that might be achievable with a heap leach. Leaches were carried out with oxygen sparging for the first 7 hours, and the total leach time was 24 hours. The NaCN concentration in solution was measured regularly, and topped up to 0.20% NaCN.

### Bottle Roll Leach Tests

These tests were completed with unground RC chips and coarse crushed drill core, in a lower concentration of NaCN solution (lower than the agitation leaches on ground ore). Leach feed samples and bottle roll leach residue samples were sized and the fractions assayed. The limiting factor for the tests is the fine nature of the RC drill chips, with most of the material <1mm.

The tests with the RC samples, with a lower concentration of NaCN, and were carried out for 4 days to allow for likely slower leach rates of the coarser material. Similar bottle roll tests were completed on DC oxide samples. These samples were crushed to -19mm, and the leaches carried out for 18 days. NaCN concentrations for the bottle roll tests were controlled to 0.10% NaCN.

Summarised results are shown below, and are compared with the agitation leach results.

**Table 4: Jambi Bottle Roll and Agitation leach tests**

Sample	Head Grade		%Au Dissolution		% Ag Dissolution	
	Au g/t	Ag g/t	Bottle	Agitation	Bottle	Agitation
RC Fresh 1	0.27	3.85	23	60	53	55
RC Oxide 2	0.23	0.48	92	97	**	82
RC Oxide 3	3.03	19.5	43	82	55	65
RC Oxide 4	2.10	172.5	82	91	87	93
RC Fresh 5	1.14	16.4	67	83	81	73
DC Oxide 1	0.53	4	94	95	38	84
DC Oxide 2	0.98	1.0	96	98	68	52
DC Oxide 3	2.62	14.65	92	96	69	95
DC Oxide 4	0.68	47	83	95	**	93

\*\* Inconsistent results- awaiting re-assay.

**Table 5: Tambang Bottle Roll and Agitation Leach tests**

	Head Grade		%Au Dissolution		% Ag Dissolution	
	Au g/t	Ag g/t	Bottle	Agitation	Bottle	Agitation
Oxide	0.2	55	86	93	9	37
Oxide	0.37	91	87	90	21	32
Trans	0.50	40	54	75	44	71
Trans	0.29	113	25	46	29	64
Fresh	0.22	47	22	35	43	76
Fresh	0.27	74	7	42	26	68
Trans	2.48	59	64	83	21	35

A preliminary optical mineralogical study of the Tambang head material was inconclusive as to the silver mineralogy, and concluded that a large proportion of the silver at Tambang (particularly in the oxide zone) may be locked within manganese oxide minerals. Further work was recommended to resolve this.

This work has shown that although reasonable recoveries (86%) were obtained for the low grade gold within the oxide zone at Tambang, the very poor recoveries for silver in this zone (15%) severely downgrade the prospect of Tambang contributing resources to a start-up heap leach operation at Ojolali.

**Ongoing Surface Exploration**

Geological mapping and trench sampling continues targeting additional near surface oxide resources, supported by structural and stratigraphic mapping to target deeper targets for future drilling. Current work is focussed on the Tambang South, Belida and Supri areas. Results are still being compiled, and will be reported next quarter.

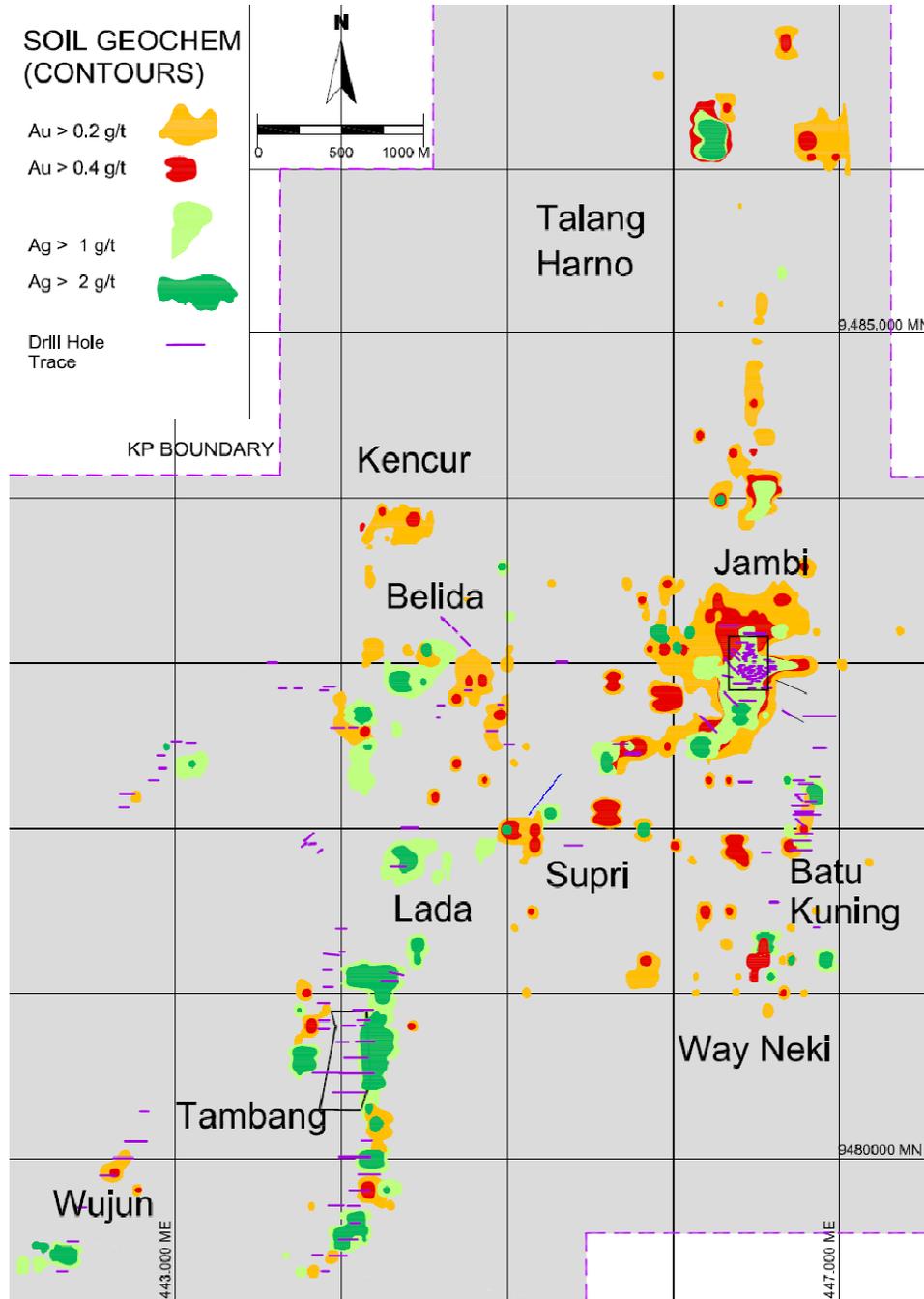


Figure 5: Ojolali prospect areas and soil geochemistry

## Corporate

### ***Corporate Restructuring***

Finders Resources Limited has moved to restructure its ownership of the Wetar project by moving to 100% ownership of Banda Minerals Pty Ltd (Banda) through the acquisition of the remaining shares in Banda from its local Indonesian partner PT Batutua Kharisma Permai (BKP). The transaction increases Finders' economic interest in the project, better aligns the interests of our local partner with existing shareholders and provides tax benefits. It is also an important step in a broader restructuring of the project as the company approaches commercial production.

As Finders' local partner, BKP is the legal holder of the Wetar mining tenements, held a minority interest in Banda and was entitled to a royalty on the Wetar project equal to 5% of net profits. As at 31 December 2010, BKP's interest in Banda had been diluted to 3.7% through project expenditure. Finders has acquired the minority interest in Banda for a payment of US\$675,000 as well as the issue of 2,000,000 Finders shares. The Finders shares to be issued are subject to vesting conditions relating to the issuance of permits required for commencement of operations.

In addition and to ensure compliance with the new Indonesian mining regulations, Finders has reached commercial agreement to merge BTR with BKP to move to full ownership of the mining tenements and extinguish the royalty. In exchange, BKP's shareholders will be entitled to a 5% interest in the merged entity, with Finders holding a 95% interest. Finders is currently reviewing the legal and taxation mechanics of the merger and will develop a timetable to complete the transaction in due course.

### ***Finance Director***

On 17 December 2010, the Company announced that James Wentworth had been appointed as Finance Director, replacing Mike Stirzaker. James is expected to join the board of the Company in February 2011.

James holds a Bachelor of Commerce and a Bachelor of Laws (Honours) from the University of Queensland and is a qualified solicitor. He has more than 17 years of financial and commercial experience including a number of transactions in the mining and mining services industries.

He began his career with law firm Feez Ruthning in Brisbane before joining Macquarie Bank in their Project and Structured Finance and Corporate Advisory divisions in Sydney and Wellington. He moved to New York and worked in the Mergers and Acquisitions division of Lehman Brothers for three years before joining Goldman Sachs' Principal Investment Area. He has spent the last nine years with Sydney-based private equity firm CHAMP Ventures where he was a director and member of the Investment committee.

James' key responsibility will be to complete a financing package for the expansion of the Company's Wetar Copper project to 20-25,000 tonnes per year copper production.

### Capital Structure

The capital structure at 31 December 2010 is set out in Table 6.

<b>Table 6: Capital Structure</b>			
Type of Security	Number on Issue		
<i>Fully Paid Ordinary Shares ("Shares")</i>			
Shares on issue at 30 Sep 2010	<b>222,267,475</b>		
Share placement (Tranche 2)	45,138,287		
Share placement fee	1,607,142		
Issued in payment of convertible note interest	134,093		
<b>Shares on Issue at 31 Dec 2010</b>	<b>269,146,997</b>		
<i>Unlisted Options</i>	<i>Exercise Price</i>	<i>Expiry Date</i>	
	A\$0.30	Apr 16, 2012	500,000
	A\$0.30	Apr 16, 2014	500,000
	A\$0.30	May 8, 2014	2,000,000
	A\$0.37	Jun 23, 2014	250,000
	A\$0.37	Jun 29, 2014	500,000
	A\$0.37	Aug 29, 2014	250,000
	A\$0.37	Sep 14, 2014	1,000,000
<b>Unlisted Options on issue at 31 Dec 2010</b>	<b>5,000,000</b>		
<i>12% Convertible Note</i>	<i>Face Value</i>	<i>Conversion Price</i>	<i>Maturity Date</i>
	US\$1,500,000		
	(A\$2,323,972)	A\$0.36	19 January 2012

The following Shares were issued subsequent to 31 December 2010 –

- as referred to above 2,000,000 Shares were issued as part consideration for the acquisition of the remaining shares in Banda Minerals Pty Ltd not already owned by the Company;
- in accordance with the Company's announcement on 10 November 2010, the Company issued 4,142,430 Shares at \$0.43 per share to various employees as incentive shares (subject to performance hurdles) pursuant to limited recourse loan agreements; and
- following shareholders' approval at an extraordinary general meeting held on 17 January 2011, a further 3,350,000 Shares have been issued to executive directors of the Company on the same terms (except for the performance hurdles) as the incentive shares referred to in (b) above.

### Cash

As at 31 December 2010, Finders had A\$14.4 million in cash. The mining exploration entity quarterly report (Appendix 5B) is appended.

### Chris Farmer

Managing Director

### Finders Resources Ltd:

Russell Fountain	Non-Executive Chairman	+61 2 9211 8299
Chris Farmer	Managing Director	<a href="mailto:info@findersresources.com">info@findersresources.com</a>
James Wentworth	Finance Director	+61 2 9211 8299

### **Competent Person Statements**

The information in this report that relates to exploration potential, mineral resource and ore reserve estimation for the Wetar Copper Project and the geological data and geological and geophysical interpretations for the Ojolali Project is the responsibility of Dr Russell Fountain. Dr Fountain is a Director of Finders and a Fellow of the Australian 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 in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC Code) and as a Qualified Person as defined in the AIM Rules. He consents to the inclusion in this report 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. For the Ojolali Project, Hellman and Schofield Pty Ltd accepts responsibility for classifying the current estimates as Indicated and Inferred, provided Finders nominate a Competent Person, or Persons to accept responsibility for the data on which it is based, including the geological interpretation and geophysical data and to attest to the reasonable prospect of eventual economic extraction of the mineral resources. Information in this report that relates to the Jambi Mineral Resource Estimation reflects information compiled by Mr Robert Spiers. Resource estimation was also undertaken by Mr Spiers who is a full time employees of Hellman and Schofield Pty Ltd. Mr Spiers is a Member of the Australian Institute of Geoscientists and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the JORC Code.

### **Disclaimer**

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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# 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 2010

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from product sales and related debtors	1,202	10,080
1.2 Payments for: (a) exploration & evaluation	(246)	(1,164)
(b) development	(1,300)	(3,172)
(c) production	(2,637)	(11,169)
(d) administration	(1,101)	(4,228)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	185	287
1.5 Interest and other costs of finance paid	-	(1)
1.6 Taxes and value added tax paid	(208)	(611)
1.7 Other (provide details if material)		
<b>Net Operating Cash Flows</b>	<b>(4,105)</b>	<b>(9,978)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects		
(b) equity investments		
(c) other fixed assets	(327)	(3,289)
1.9 Proceeds from sale of:		
(a) prospects		
(b) equity investments	-	822
(c) other fixed assets	-	408
1.10 Loans to other entities	(610)	(665)
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)	(2)	(178)
<b>Net investing cash flows</b>	<b>(939)</b>	<b>(2,902)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(5,044)</b>	<b>(12,880)</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(5,044)	(12,880)
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	12,312	19,693
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (provide details if material)		
	<b>Net financing cash flows</b>	12,312	19,693
<b>Net increase (decrease) in cash held</b>			
		7,268	6,813
1.20	Cash at beginning of quarter/year to date	7,151	7,605
1.21	Exchange rate adjustments to item 1.20	(3)	(2)
1.22	<b>Cash at end of quarter</b>	14,416	14,416

**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	389
1.24	Aggregate amount of loans to the parties included in item 1.10	610

1.25 Explanation necessary for an understanding of the transactions

Item 1.23 Payments for salaries, directors fees and consulting fees.  
Item 1.24 As referred to in the accompanying Quarterly Activities Report, the company has acquired all the shares in a subsidiary it did not already own. The loan was the cash component of the consideration for the shares which was paid pending completion of the transaction in January 2011.

**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 Convertible note facility (USD 1,500,000)	2,324	2,324
3.2 Credit standby arrangements	Nil	Nil

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	140
4.2 Development	2,400
4.3 Production	2,700
4.4 Administration	1,100
<b>Total (before receipts from copper sales)</b>	<b>6,340</b>

### 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	1,119	1,500
5.2 Deposits at call	13,297	5,651
5.3 Bank overdraft		
5.4 Other (provide details)		
<b>Total: cash at end of quarter (item 1.22)</b>	<b>14,416</b>	<b>7,151</b>

### 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			

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

**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 <b>Preference *securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>*Ordinary securities</b>	269,146,997	269,146,997		
7.4 Changes during quarter (a) Increases through issues - <i>Conversion of interest payable under convertible note</i> - <i>Share placement</i> - <i>Share placement fee</i> (b) Decreases through returns of capital, buy-backs	134,093 45,138,287 1,607,142	134,093 45,138,287 1,607,142	35cents 28 cents 28 cents	35cents 28 cents 28 cents
7.5 <b>*Convertible debt securities</b> <i>(description)</i>	6,455,477	NIL	36cents	36cents
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <i>(description and conversion factor)</i>			<i>Exercise price</i>	<i>Expiry date</i>
	500,000	NIL	30cents	16.04.2012
	500,000	NIL	30cents	16.04.2014
	2,000,000	NIL	30cents	08.05.2014
	250,000	NIL	37cents	23.06.2014
	500,000	NIL	37cents	29.06.2014
	250,000	NIL	37cents	29.08.2014
	1,000,000	NIL	37cents	14.09.2014
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter	125,000	NIL	37cents	28.06.2014
7.11 <b>Debentures</b> <i>(totals only)</i>				
7.12 <b>Unsecured notes</b> <i>(totals only)</i>				

+ See chapter 19 for defined terms.

## 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 2011  
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.
- 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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+ See chapter 19 for defined terms.