

FINDERS RESOURCES LTD

JOHN MACDONALD
 December 2007

RECOMMENDATION: BUY

CAPITAL DETAILS*

Share Price:	\$A1.20
ASX Code:	FND
Ord. shares on Issue:	74.8M
Unlisted options (var. exerc.):	5M
Market capitalisation (F.diluted)	\$A96M

SUBST. SHAREHOLDERS*

Russel Fountain:	7.7%
Ian Neuss:	7.7%
Tennant Metals Pty Ltd:	7.3%
Chris Farmer:	7.2%

DIRECTORS

Russel Fountain:	Exec Chairman
Chris Farmer:	Managing Director
Ian Neuss:	Alternate Chairman
Stephen de Belle:	Non Exec. Director
Steve Lonergan:	Non Exec. Director

MANAGEMENT

Grant Harding:	Operations Manager – Wetar
Ian Morgan:	Company Secretary

VALUATION*

ASSETS	\$AM	CPS
Wetar	128	171
Ojolali	35	47
Cash	13	17
Equity dilution	(17)	-23
Option adjustment	(8)	-11
Total	151	202

*capital details, substantial shareholders and valuation are post December 2007 capital raising agreements.

KEY POINTS

- Finders Resources is run by a group of accomplished geologists with career-long experience in Indonesia's minerals industry.
- Finders is studying the feasibility of developing 245,000 tonnes of copper in resources at Wetar (eastern Indonesia) to produce up to 25,000 tonnes of copper per year from 2009.
- A \$US6.5M trial heap leach exercise is planned at Wetar as a lead in to full scale development.
- Total costs of copper production at Wetar are forecast at \$US0.73/lb Cu.
- Finders plans to leach Wetar's unique ore type at a relatively high heap temperature, recovering a proportion of the copper from chalcopyrite.
- Wetar's two resources are high grade, flat lying and start at the surface. Numerous indications of similar prospects have been recorded throughout the island. Finders is following up several regional targets in late 2007.
- Ojolali in south Sumatra is a regional scale epithermal district with established resources and several well defined new prospects.
- The Jambi gold resource at Ojolali is potentially a core deposit to a commercial operation.
- Finders resources is valued in this report at \$A2.02 per share, risk adjusted and equity diluted (immediate target). If the core forecasts are all met the estimated value of Finders would be \$A3.60 per share. Peer comparison supports these targets.

INVESTMENT SUMMARY

Finders' Wetar conforms to an ideal copper project in many respects – high grade, near surface, discrete ore boundaries, manageable tonnage, partly explored, coastal location, no competing land use and a positive legacy left by recent mining. The 'catch' that gave Finders a low cost entry is that conventional process routes are inefficient in extracting Wetar's copper. Finders has since discovered in lab tests that Wetar ore responds uniquely well to a variation of accepted heap leach practices. Efficient on-site recovery of copper metal appears to be practically achievable. Lab tests are continuing, and the risks of translating the lab results to the field are to be tested by a pilot heap exercise.

Forecast production at Wetar is 23,000 tonnes of copper metal per year from 2010 at an average total cost of \$US73c/lb for a minimum seven years of mine life. The un-risked NPV of the project (10% discount rate) is assessed at \$US137 million.

The main risks to production and cost forecasts are judged to be the last 10-15 percent of copper recovery (the latter stages of the leach cycle), and the cost of residue management. These risks are to be addressed further ahead of full scale development. A 25% discount is applied to the valuation of Wetar's resources to account for the risks.

Numerous gold and copper prospects have been identified on Wetar. A high discovery rate of new deposits is expected. The exploration potential is an important component of the project. No allowance for Wetar's exploration value is included in the valuation.

Finders' second project is a large epithermal gold, silver and base metals system in Sumatra, called Ojolali.

Exploration at Ojolali is well advanced. The near surface oxidised gold and silver and resources are a potential early development target. A larger polymetallic resource containing 40 million ounces of silver is testament to the scale of the Ojolali system. Finders' interpretation of recently compiled data shows many of the project's top ranked prospects at Ojolali are still to be drilled. Finders began a combined resource definition and scout drilling program at Ojolali in November 2007.

Finders' management has a long collective record of successful exploration and development throughout Asia for major resource companies, including close involvement with Wetar and south Sumatran gold mining.

Finders is valued here at \$2.02 per share, diluted for future equity issues. Removal of the project risk discounts would raise the valuation to about \$3.60 per share (incorporating Wetar's exploration value).

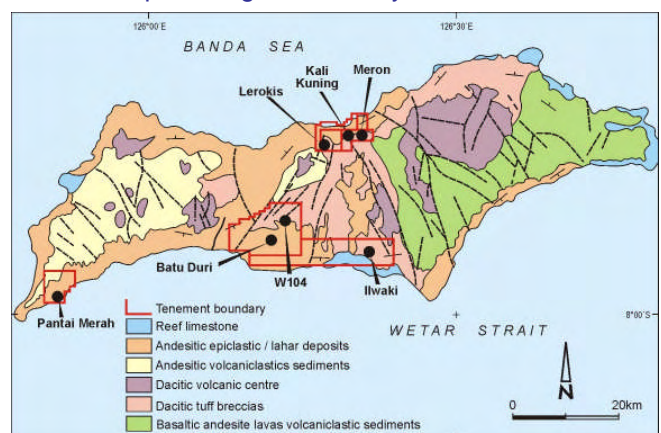
1. COMPANY BACKGROUND

Finders Resources Limited (Finders) was incorporated in March 2004 for the purpose of financing and managing certain mineral interests in Indonesia. The principals behind the formation of Finders also set up a local ownership structure in accordance with Indonesian requirements and initiated the tenement application process that led to Finders' control of the Wetar (December 2004) and Ojolali (April 2005) projects. In March 2006 Finders listed on the AIM market of the London Stock Exchange after raising £3.5M in new equity. A further \$A6 million in new equity was raised ahead of the Australian Stock Exchange listing in June 2006.

2. DIRECTORS & MANAGEMENT

Finders was originally formed by three men, each of whom has a long running association with minerals developments in Indonesia. The three founding directors are geologists with a mix of project management and mining experience;

- Russell Fountain (Chairman and 8% share holder) was Chief Geologist in the CSR Limited team that discovered the Wetar deposits in the mid 1980s. Dr Fountain was vice president of exploration for Phelps Dodge in the Australasia region from 1993 and head of Phelps Dodge exploration efforts worldwide from 2000.
- Chris Farmer (Managing Director and 7% share holder) was Chief Geologist with Billiton Indonesia BV from 1991 to 1995. In that period Dr Farmer managed exploration of the Wetar mine and regional prospects, and the Lebong Tandai gold mine in southern Sumatra. From 1996 to 2002 Dr Farmer was vice president of exploration for Phelps Dodge in the Australasia region.
- Ian Neuss (Alternate Director and 8% share holder) was Exploration manager for PT Koba Tin in the 1970s and Project Manager at Lebong Tandai in the 1980s. Mr Neuss managed overseas exploration for CSR Limited and was Managing Director of Outokumpu Mining Australia Pty Ltd from 1996-2002.



A fourth member of Finders' team is Gerry Mbatemooy, the Indonesian partner responsible for satisfying local ownership and regulatory requirements. Mr Mbatemooy has performed a similar role for with Directors Fountain and Neuss since the 1980s and for Billiton Indonesia BV in the 1990s. He holds net profits royalty interests in Wetar and Ojolali, and diluting equity in each of the projects.

Grant Harding was appointed Operations Manager of Finders in July 1007. Mr Harding is an extractive metallurgist with experience developing heap leach operations for Ivanhoe at Monywa and recently at Bakan (Sulawesi, Indonesia) for Avocet Mining.

3. WETAR

CSR Ltd discovered gold on the western Indonesian island of Wetar in 1986, by following up stream sediment anomalies generated during a sweep of the islands. Billiton Indonesia BV (Billiton) bought the Wetar Contract of Work (COW) in 1988. Billiton built a 600,000 tpa CIP plant on site and mined about 4 million tonnes of ore grading 4.5 gAu/t from two similar sized open pits (Kali Kuning and Lerokis) near the central-northern coast of the island. Mining and exploration wound up in 1997 and the COW was terminated in October 2004 following the removal of plant and heavy equipment and site rehabilitation. Finders' licence application through an Indonesian company was granted two months later.

Finders' initial targets at Wetar are the copper deposits that underlie the gold mineralisation mined at Kali Kuning and Lerokis. The deposits are rare examples of subsea 'smokers' comprising a gold bearing barite sand (white smoker) above copper bearing massive pyrite (black smoker). Where preserved the deposits form a basin shape ideal for open pit mining. Billiton drilled the copper deposits, estimated resources and conducted a prefeasibility study in 1997, concluding that Wetar's copper was uneconomic to extract. Billiton's decision not to pursue copper mining at Wetar was influenced by the following;

- The Wetar gold mining operation was part of Billiton's gold division whose exploration mandate was limited to gold. Numerous copper occurrences found on the island in association with barite sands were recorded without follow up.
- The LME copper price range from 1997 to 2004 was \$US0.64 to \$US1.35/lb. Long range forecasts used by copper project developers at the time were typically \$US0.75 to \$US0.90/lb.
- The gold processing plant at Wetar was unable to treat copper ore. Billiton's preferred process route was to produce a flotation concentrate for sale to offshore smelters, however test work yielded a poor quality concentrate that would be difficult to sell. Heap leach process tests were

limited to about 20 bottle roll runs.

Each of the above factors has turned full circle under Finders' tenure. The original interest in Wetar was driven by first hand knowledge of the island's copper potential and past cursory exploration. The market has delivered the obvious benefit of a three to fourfold higher spot copper price than considered by Billiton. And crucially, Finders has successfully laboratory tested a heap leach process variation that promises to produce low cost copper metal on site.

THE DEPOSITS - KALI KUNING & LEROKIS

Kali Kuning and Lerokis are geologically similar deposits 3.5 kilometres apart and each within five road kilometres of the coast. Billiton mined basin shaped gold deposits to a clearly visible contact, exposing massive pyrite and copper sulphide ore over the full extent of each deposit. The ore positions were subsequently covered with up to 15 metres of waste as part of site rehabilitation. Consultants Hellman and Schofield reviewed the Billiton and Finders drilling database in April 2007, concluding that there was little risk associated with the database. The consultant estimated resources as follows;

KALI KUNING 0.5% COPPER CUTOFF

Category	Mt	%Cu	%Zn
Measured	3.3	2.72	0.22
Indicated	2.6	2.42	0.24
Inferred	0.6	1.75	0.12

LEROKIS, 0.5% COPPER CUTOFF

Category	Mt	%Cu	%Zn
Indicated	2.9	2.46	0.74
Inferred	0.4	1.70	0.48

COMBINED, 0.5% COPPER CUTOFF

Category	Mt	%Cu	%Zn	Contained Cu	Contained Zn
TOTAL	9.8	2.5	0.38	245,000t	37,000t

Hellman and Schofield also reviewed the evidence for potential underestimation of grade at Kali Kuning due to core loss. Finders suspects that copper rich matrix material has been preferentially washed away from core samples taken from sections of the deposit comprising friable breccia. Three twinned sludge holes, designed to recover the entirety of the samples, recorded average assays 33% higher than the original core, over an aggregate sample length of 129 metres. The consultants agreed that Kali Kuning's copper grade may be understated due to core loss. There are no allowances in the resource estimates for this effect.

The measured and indicated resources at Kali Kuning and Lerokis are flat lying, high grade and near surface outlines that convert entirely to reserves under prevailing inputs. June 2007 pit designs indicate an average waste:ore ratio for both deposits of 0.6:1.

HEAP LEACH COPPER RECOVERY

Finders plans to extract copper at Wetar with an unconventional variation of accepted heap leach practices. A description of the process requires the following industry context.

Traditionally the world's production of copper has been dominated by grinding and floating chalcopyrite ores to produce a concentrate feed for smelting and copper refining. This stable *pyrometallurgical* process route suits the large, chalcopyrite (CuFeS_2) dominant deposits that have been preferentially developed for generations to supply most of the world's copper.

As costs have risen with deeper and lower grade ores available to conventional processing, more effort has been made to commercialise the growing proportion of the world's copper resources that is *not* amenable to conventional processing. A range of *hydrometallurgical* (direct leach) process solutions have been advanced since the 1970s.

Direct leaching of copper ores and concentrates is now established commercially in several forms. Acid heap leach of copper from oxide minerals has been refined at small to large scale operations in Chile and Australia, accounting for about 15% of the world's



Wetar looking west, Kali Kuning is in the foreground and Lerokis is in the middle distance.'

total copper output. Commercial leaching of secondary copper sulphide minerals (mainly chalcocite Cu_2S) is also well established, supplying about 5% of the world's copper. Chilean operations Cerro Colorado (BHP Billiton), Quebrada Blanca (Aur Resources) and Zaldivar (Barrick) each produce 80,000 to 150,000 tonnes of copper metal per year, and recover 80-90% of total copper in 300-500 days of leaching, by trickling solute through crushed and bacterially oxidised chalcocite ore.

Heap leaching is an accepted and generally preferred method of copper recovery from ore containing oxide and secondary sulphide minerals. Practices relating to crush size, ore preparation methods, heap design, aeration, irrigation rate and leach cycle duration have converged to industry standards subject to well understood variations and limitations. The development and dissemination of efficient heap leach copper recovery is a contemporary success story that has created opportunities for copper developers around the world.

The major limitation of copper leaching is the slow rate at which the most common copper mineral, chalcopyrite, responds to established practices. The bacteria that oxidise chalcocite at ambient temperatures, called mesophiles, are ineffective in oxidising chalcopyrite. Chalcopyrite oxidation instead requires the activation of thermophiles, or microorganisms that activate between temperatures of 35 to 80C. So far no commercial scale operation has managed to either;

- Bioleach using thermophiles in a reaction chamber (thermophiles are sensitive to mechanical strain, and more likely to prove effective in heaps), or
- Maintain the necessary heat balance and permeability within a heap to keep the thermophiles active. The leaching of copper minerals is exothermic, but typical low grade ores with pyrite content of less than 10% either struggle to generate (and diffuse) sufficient heat or maintain contact between microorganisms and copper sulphides.

Finders is one of several companies aiming to commercially extract copper from chalcocite and chalcopyrite ore using thermophile oxidation and heap leaching. Wetar's distinct ore composition appears to overcome the obstacles encountered elsewhere.

HEAP LEACH COPPER RECOVERY AT WETAR

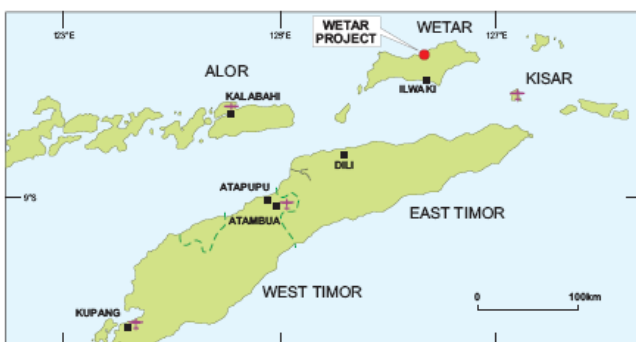
When Billiton's and Finders' early testing showed the uniquely high pyrite content (90%) of Wetar ore hindered flotation to a concentrate of adequate quality for smelting, the search for alternatives did not immediately settle on heap leaching. The implications of high pyrite content on leach chemistry were not clear, and in any case Wetar's chalcopyrite content was not considered readily leachable.

In mid 2006, after two concentrate leaching options were closely examined, Finders began to assess heap leaching of the ore as a processing option for Wetar. A re-assay of all drill samples indicated 70% of the copper at Kali Kuning and 45% of the copper at Lerokis was held in 'leachable' minerals (predominantly chalcocite). The remaining copper was in chalcopyrite and enargite-tennantite.

Two parallel laboratory testing programs, each comprising bottle roll and column leach tests, began in August 2006. Initial tests, designed to check mesophile bacterial heap leach at room temperatures, indicated copper recoveries of up to 71% and 50% for Kali Kuning and Lerokis respectively, in line with complete recovery of non-chalcopyrite copper. Just as importantly the pyrite leached very slowly and maintained a permeable structure in the column over an extended period. In early 2007 the first leach tests at 45-50C using thermophiles indicated copper leaching from both chalcocite and chalcopyrite at surprisingly high rates without breaking down the pyrite.

In November 2007 lab testing of Wetar material is ongoing. Bio leaching of pulverised samples has established high water marks of 84% and 80% copper recoveries from Kali Kuning and Lerokis respectively. Separate two metre column tests reported interim recoveries of 75% and 60% after 11 weeks. In October 2007 the most advanced column tests of crushed ore designed to simulate conditions in the heaps had recovered 30-35% of the contained copper in the first 50 days (in practice leaching will continue for at least 350 days). In all tests to date the iron leaching rate has remained slow and the columns have maintained stable percolation rates.

The lab tests suggest Wetar's pyrite catalyses the chalcopyrite leaching process, explaining the unprecedented recoveries and the stability of the pyrite. An accelerated reaction rate in relatively high grade copper ore puts a sustainable heap temperature of 40-50C well within reach. The lab testing program is still at a relatively early stage, and key questions concerning changes to leach kinetics in the middle and latter stages of heap life are yet to be addressed. However the early results provide evidence that heap bio leach is a relatively low risk treatment alternative. Finders committed to a pilot heap bio leach and SX-EW project at Wetar in June 2007.



The Wetar test heap will comprise three 30,000 tonne panels mined from Kali Kuning and stacked on the previous operation's waste dump. The heap height will vary between panels from 6 to 10 metres and ore will be crushed to either 6 or 12 mm. The ore will be mixed with acid and microorganisms before stacking. Air and acidic solution will pass through the heaps from the base and top respectively. With the exception of the heap temperature and the type of microorganisms, all design elements are based on accepted, commercial heap leach practices. Finders will monitor and assess the interplay of copper leach rate, crush size, heap temperature, and reagent application rates over 18 months from first irrigation in May 2008.

Finders estimates the cost of establishing the pilot heap and a SX-EW plant with capacity to produce 5 tonnes per day of copper will be \$US6.25M. At the prevailing copper price and at any copper recovery above 75% (over 18 months) the pilot plant exercise could return a profit. Finders expects to collect enough information from the trial heap by the end of 2008 to design the full scale operation.

WETAR COSTS

Finders plans to complete the Wetar feasibility study in 2008, using the information gathered from the trial heap and pilot plant. Through the experience of the previous operations, the practicalities of building a project on Wetar, which is a relatively remote part of Indonesia, are well understood. Finders is leasing and refurbishing parts of the Billiton mining camp, and plans to receive equipment by barge at the existing wharf. Preferred sites on the island's coast for an airstrip and the plant have been identified. All infrastructure elements are within 5km of the planned mines. A natural valley beside Kali Kuning has been selected as a heap site pending sterilisation drilling and finalisation of the planned heap height.

In June 2007 Finders' estimated the capital expense required to establish a project annually treating 1.25 Mt of ore and producing 25,000 annual tonnes of copper at \$US65 million. At less than \$US3,000 per annual tonne of copper, Wetar's capex is low by comparison with lower grade copper leaching operations (\$US4,000-5,000/atCu) because of;

- Proportionally less earth movement required for the waste dumps and heaps. Wetar ore has a specific gravity of 3.5, which further reduces overall costs of mining and stacking.
- A compact operation footprint, with partial infrastructure in place and short transport and power supply lines.

The main operating cost elements are (contract) mining, crushing, agglomerating, stacking, reagents, power, labour and freight. Order of magnitude costs are estimated as follows;

WETAR PRODUCTION FORECASTS

Year End 30 June	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Wetar Heaps 100%											
Ore stacked (000t)			813	1,250	1,250	1,250	1,250	1,127	1,252	809	
Copper grade (%)			2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	
Copper recovery (%)			75	75	75	75	75	75	75	75	
Leach time (days)			400	400	400	400	400	400	400	400	
Copper prodn (t Cu)			10,465	22,523	23,438	23,438	23,438	21,254	23,334	18,796	2,066
Capital expenditure (\$USM)	6	75		2	1	1	6	1	2	1	1
Cash cost (\$US/t ore)			20	24	25	24	24	23	22	36	
Cash cost (\$US/lb Cu)			0.46	0.51	0.52	0.52	0.52	0.55	0.54	0.65	
Total cost (\$US/lb Cu)			0.68	0.73	0.75	0.69	0.71				
Reserve (Mt)	9.0	9.0	9.0	8.2	6.9	5.7	4.4	3.2	2.1	0.8	
Reserve grade (%Cu)	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Attrib. reserve (t Cu)	225,000	225,000	225,000	204,688	173,438	142,188	110,938	79,688	51,525	20,225	
Mine life (years)			10	6	5	4	3	2	1	0	0

WETAR SENSITIVITIES

COPPER RECOVERY

Met. recovery	leach time	annual production	annual op costs	unit op costs
	Days	tCu	\$USM	\$US/lb Cu
80%	400	25,000	28	0.51
75%	400	23,400	27	0.52
60%	400	18,700	24	0.58
50%	400	15,600	22	0.63

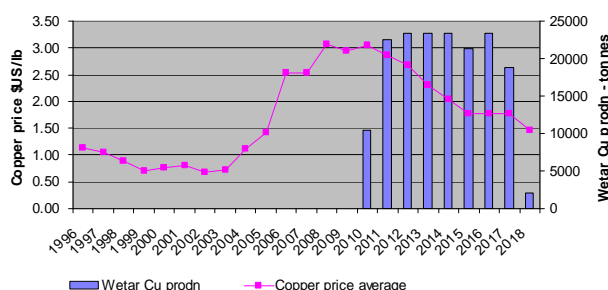
HEAD GRADE

Head grade	ann prodn	annual op costs	unit op costs
%Cu	tCu	\$US/lb Cu	
2.3	21,600	0.54	
2.5	23,400	0.52	
2.7	25,300	0.50	
3.0	28,100	0.48	

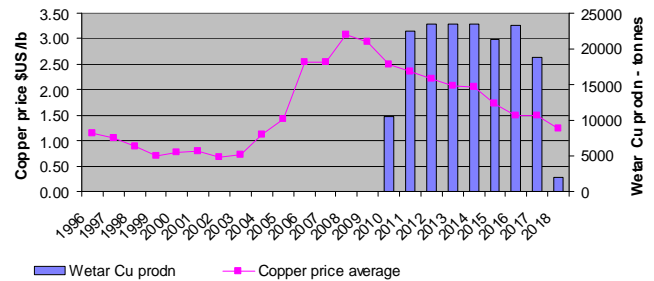
- At a 0.6:1 strip ratio the mining cost would be about \$US5 per tonne of ore.
- The crushing (friable ore), agglomerating (mixing the crushed ore with acid and bugs), stacking and heap irrigation steps could together cost up to \$US5 per tonne of ore.
- Most of the remaining operating cost is power and labour associated with solution handling and SX-EW functions. A benchmark cost before reagents is about \$US220 per tonne of copper for the larger secondary copper operations. Assuming onsite diesel power generation costs of US20c/kWh, Wetar's SX-EW cost allowed in the accompanying forecasts is \$US300/t Cu.
- Administration and freight costs of \$US4M per year (\$US150 per tonne of copper).
- Unlike most copper leaching operations Wetar's heaps are expected to generate acid rather than consume it. The cost of importing acid is replaced with the task of acid disposal as a residue, either by neutralising the acid on Wetar or exporting it if a suitable market can be found. The effect on capital and operating costs, which can be significant, depends on the volume of acid produced. The rate of acid bleed from the heap is expected to increase as copper is depleted, and may not be necessary until after copper recovery passes about 65%, however tests have not yet given any reliable indication of the volume of acid generated overall.
- Finders has identified a nearby source of good quality limestone for use in neutralisation. Forecasts assume production of 1-2 tonnes of acid per tonne of copper, requiring \$US5million in capital and \$US50 per tonne of acid to neutralise (\$US1.25-2.5M per year).

COPPER PRICES

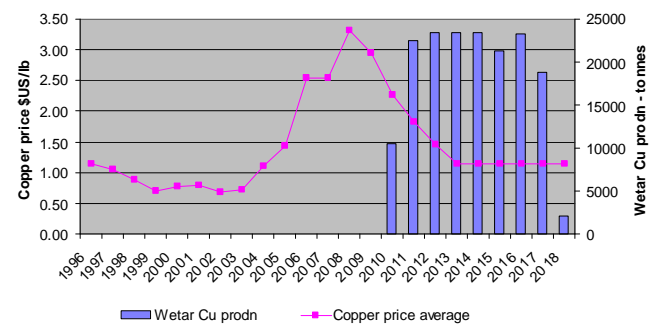
Wetar Cu prodn and price forecast
Year to June
OUTCOME 1—NPV \$US200M



Wetar Cu prodn and price forecast
Year to June
OUTCOME 2—NPV \$US137M



Wetar Cu prodn and price forecast
Year to June
OUTCOME 3—NPV \$US71M



Outcome 1 reflects the continuing industrialisation of greater Asia under its current momentum, and a gradual build-up in copper production capacity to meet demand by 2015. Outcome 3 reflects a decline in copper demand, perhaps as Asian industrialisation is curtailed by contraction of its export markets. Outcome 2 is a compromise reflecting a tempered rate of Asian industrialisation in the face of slower US and European consumption growth rates.

The core set of forecasts (reflected by 75% average recovery, 2.5% copper grade stacked and Outcome 2) indicates a project NPV of \$US137 million (real, after tax discount rate of 10%) and an IRR of 60%.

WETAR RISKS

The core forecasts by definition are intended to contain broadly equal measures of upside and downside risk. The main risks facing Finders at Wetar are metallurgical and environmental.

1. Copper recovery and residue management

As outlined above Finders is seeking to apply a process route with some unconventional aspects to a unique ore type. In practice the process will take more than 300 days to complete a cycle, and Finders is only about 100 days into the column test program. Crucial information about final recoveries

and residue rates are still pending as a result. Similarly whether sufficient heat can be maintained within the heap will only be resolved by the planned trial heap exercise. The recovery forecast used here (75% recovery in 400 days of leaching) is not considered a stretch given the early test results, and that about 60% of Wetar's copper resources are in secondary copper minerals.

2. Environment, title and permitting

As essentially crushed pyrite, the Wetar heaps will need to be permanently sealed upon completion of copper extraction to prevent acid drainage. Billiton successfully sealed the pit and about 600,000 tonnes of copper ore mined as waste. Finders will need to do the same for about 10 million tonnes of heap material. Finders plans to perch the heaps above a rainfall drainage channel, keeping the heaps permanently dry after their rehabilitation.

Wetar is on a remote and sparsely populated island where officials at all levels are keen to promote development with the aim of lifting living standards. The local communities have recent experience in adjusting to mining development.

Finders' interest in Wetar is held through a co-operation agreement with the Indonesian company holding the KPs (mining authorisations). The Indonesian company is controlled by Gerry Mbatemooy. The co-operation agreement, which has been approved by the Maluku Tenggara Barat Bupati (provincial Regent), gives Finders proxy mining rights and entitlement to all sales proceeds from mining. Mbatemooy's company has a diluting equity interest and a 5% net profits royalty on Wetar. The arrangement facilitates foreign owned mining pending the introduction Indonesia's new mining laws, which promise to eliminate the different treatment of foreign and domestic investors. The mining laws are yet to reach final draft and the timing of their implementation is uncertain. In the meantime authority to exploit minerals extends to holders of KPs with attached co-operation agreements. KP holders must comply with environmental laws and submit periodic reports. Finders has the benefit of baseline environmental studies completed during Billiton's tenure on Wetar.

WETAR OPPORTUNITIES

1. Copper grade, zinc recovery

Core loss has probably led to underestimation of copper grade at Wetar. When combined with the fact that the deposits are discrete masses that are not prone to unplanned mining dilution, Wetar's copper grade upside is unquantifiable but significant. No allowance is made for increased copper grade in the accompanying forecasts.

Kali Kuning and Lerokis contain 14,000 and 23,000 tonnes of zinc respectively (at grades of 0.2% and

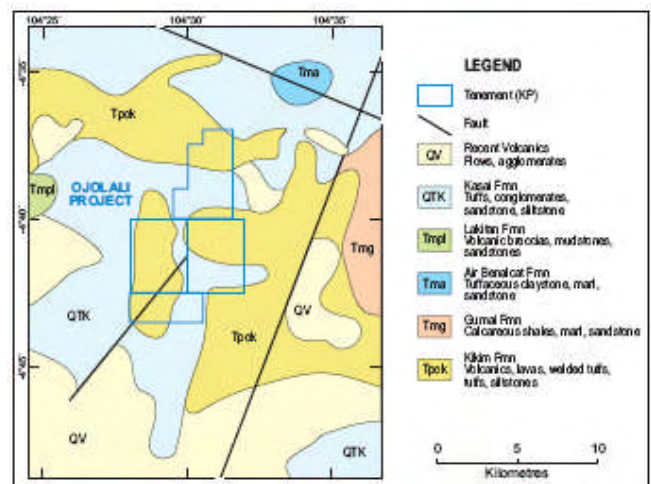
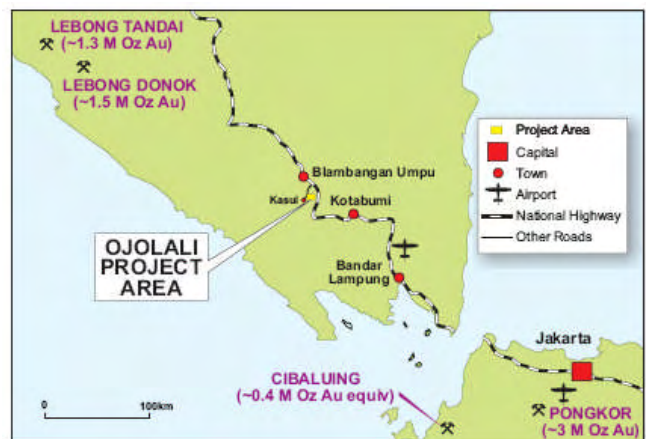
0.7%), or about \$US90 million in contained metal at \$US1.10/lb for zinc. Zinc (in sphalerite) leaches preferentially to chalcocite and will be recovered in solution. Finders is investigating the potential recovery of zinc (in an intermediate product) as part of the feasibility study. Gold and silver (0.7 g/t and 28 g/t respectively in the resource) will not be recovered.

2. Exploration

Before relinquishment in 2004 Billiton identified 25 separate occurrences of barite sands and/or massive pyrite scattered throughout the island of Wetar. A few of these prospects have since been designated within forestry reserves. Finders effectively has exclusive access to the remainder by virtue of;

- KPs covering five of these prospects in addition to Kali Kuning and Lerokis.
- First hand knowledge of the island's prospects through both Billiton and Finders exploration.

Stream sediment sampling, stratigraphic mapping and electromagnetic surveys each provide direct target indications, aided by a stark contrast between deposit and surroundings. The exposure of Kali Kuning and Lerokis at the surface appears fortuitous because of their susceptibility to erosion. A high discovery rate of gold and copper in Kali Kuning/Lerokis style settings, beneath sediment cover, seems likely.



A prospect called Meron lies within the existing KP, 2km east of Kali Kuning. Billiton estimated an inferred resource of 0.6 Mt at 2.3% copper at Meron. Finders plans to drill Meron for consideration in the mining plan post Kali Kuning's development.

Finders completed its first exploration programs on the south coast of Wetar in mid 2007. At Pantai Merah, which is 60 km from Kali Kuning and Lerokis, barite float assaying up to 16 g/t Au and anomalous stream geochemistry were recorded below the prospective stratigraphic contact. Finders is similarly encouraged further east at the Batu Duri and Ilwaki prospects.

4. OJOLALI

The large Ojolali epithermal vein complex is next to a sealed highway in the cultivated foothills of south Sumatra. Small scale gold and silver extraction by locals preceded corporate exploration at Ojolali, which has been conducted by a series of companies since 1986. Finders' took on Ojolali as its second project area in April 2005, agreeing to earn up to 100% control through a (Bupati approved) cooperation agreement with an Indonesian company.

The Ojolali KPs cover 54 square kilometres. Epithermal alteration has been mapped over an area of five by six kilometres. Canadian company Antares Mining drilled two prospects within the area to



Local pits at Ojolali

resource status and drilled several scout holes into other prospects prior to a change of corporate direction in 1999. From 2005 Finders resumed exploration at Ojolali seeking to validate the near-economic resources and investigate a burgeoning prospect suite exposed by Finders' geophysical surveys, and by ongoing local prospecting.

The two resource positions, Jambi and Tambang, are contrasting deposits three kilometres apart. Resource estimates made prior to Finders' involvement are of limited use because only bulked intervals taken from the original drilling data are available to Finders. Finders and its consultant have confirmed the data sufficiently to make revised estimates, and are continuing the task of drilling the Jambi deposit from scratch.

JAMBI

Gold and silver occur at Jambi in a 50 metre thick blanket of altered and oxidised rocks. Finders has drilled the mineralised zone over a 300 by 300 metre area to 50 by 50 metres spacing. At that drill density the controls of the mineralised quartz veinlets and breccia zones are unclear and the interim inferred resource estimate of 2.0 Mt at 1.3 g/t Au and 7.0 g/t Ag (0.7 g/t lower cut) is marked down accordingly. In November 2007 Finders began a program of 56 holes to infill the spacing to 25 by 25 metres. A further 12 holes will test the southern extension of Jambi.

While Jambi's resource grade and tonnage are both likely to increase with further drilling, the deposit enjoys a low waste:ore ratio (<1:1) and high recovery rates to cyanide leaching.

TAMBANG

At Tambang a vein set has invaded a geological contact over at least two kilometres of strike. Silver, gold, lead and zinc mineralisation associated with vuggy quartz-carbonate veins occurs over true widths of up to 25 metres.

Antares drilled 61 diamond holes at Tambang to a maximum of 105 metres depth, and assayed only for silver and gold. Finders drilled a further 13 holes to validate the results, from which Finders' consultant estimated an inferred resource of 7.9 Mt at 167 g/t silver and 0.67 g/t gold (containing 40 Mozs of silver and 170,000 ozs of gold). Corresponding interval zinc and lead assays averaged 1.2% and 0.6% respectively in Finders' drilling. The inferred resource is confined with a strike length of 500 metres and to a depth of 105 metres, beneath which the deposit is open on most sections.

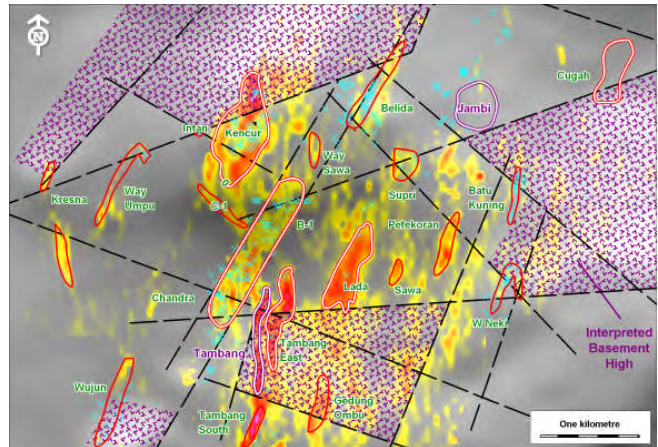
Tambang is predominantly unoxidised and partly refractory. Flotation tests began on Tambang samples in mid 2007. First round results indicate greater than 90% of precious metals can be recovered in separate zinc and lead concentrates.

At \$US800/oz for gold and \$US14/oz for silver Tambang has \$US740M of in ground precious metals content. At 90% recovery and 40% of revenue payable for smelting, Tambang's total on site costs need to be less than about \$US400M or \$US50/t of resource. Given the project's favourable location Tambang is worthy of a scoping study once a process solution is identified.

OJOLALI EXPLORATION

The extent and intensity of the alteration in different settings at Jambi and Tambang suggest a large volume of mineralising fluids has created the Ojolali system. The low sulphidation alteration is comparable in scale and type to Mt Muro, Chatree and other commercially successful projects. In common with these epithermal fields, Finders' IP survey results show a close correlation between resistivity and known prospect trends. Magnetic data and surface geochemistry also guide exploration. In the overlay of all (non-drilling) information Jambi and Tambang rank evenly with about six other prospects that have received little or no drilling.

Local miners have recently alighted on the Kencur prospect in the north western sector of the project, where Finders has mapped a complex 2km metre by 1km resistivity high and corresponding geochemical anomalism. Finders will drill 7 holes at Kencur in December 2007 to test the distribution and orientation of the vein sets.



Resistivity image with prospect locations at Ojolali

In the north east the Cugah prospect has a similar signature to Jambi. Finders is drilling 6 holes at Cugah over 500 metres of interpreted strike. The southern extension of Jambi, which is covered by transported soils, will also be tested by 9 holes in the current program.

Finders interprets a 4km long corridor of resistivity anomalies separating Kencur from Tambang as a pull-apart zone conducive to minerals deposition. 4 holes will be drilled into the northern end of the corridor at a prospect called Belida during the December 2007 program.

OJOLALI - PATH TO DEVELOPMENT

Subject to completion of drilling and resource estimation, Jambi could potentially provide at least half the base load reserves for the start of a 1Mtpa CIP operation producing 50,000 ozspa (minimum reserves of about 6Mt at ~2g/t are probably necessary). Access from the highway would require less than 4km of new road and a bridge. The Cugah oxide prospect is beside the likely access route, on the highway side of the river. Grid power and local labour are also easily accessible. While Jambi and Cugah are beneath largely unused land, land users of the rest of Ojolali project area, comprising miners, coffee, rubber and pepper growers are likely to be well disposed to compensation offers.

While Ojolali's near surface oxide prospects and convenient location might allow development of a modest, low cost gold and silver mine, most of the project's value lies in the potential for consistent higher grades in its kilometre scale structures. With most of the remote sensing data now in hand the job of effectively drilling each of the prospects remains.

5. FINDERS - FINANCE

At the end of September 2007 Finders had \$A3.4 million in cash. A further \$A2.4 million is held in tradeable shares in Geopacific Resources NL (ASX- GPR, December 2007 trading price \$A0.40. Finders owns 14%). GPR is an active explorer in Fiji.

In December 2007 Finders agreed to raise \$A15.8 million for the Wetar pilot testing (\$US6.5 million) and ongoing exploration. The intended raising comprises three parts;

- A placement of 4 million shares at \$A1.10 each to raise \$A4.4 million
- A placement of shares to Tennant Metals Pty Ltd at \$A1.10 each to a value of \$US5 million.
- A secured \$US5 million loan facility provided by Tennant Metals Pty Ltd, in return for the rights to sell all copper cathode from the pilot plant and 10% of cathode from the full scale development. The facility, which is repayable by December 2009, is subject to due diligence.

The trading rights to Wetar's copper could also be used as a financing instrument for full scale development. In September 2007 commodities trader Trafigura bought 4.1% of Finders issued shares on market.

Finance options for the \$US60-80 million cost of full development at Wetar will depend partly on the extent to which the performance of the pilot heaps satisfies the traditionally risk averse bank financiers. A relatively high equity component of up to 60% of project capital expenditure may be required. In the accompanying forecasts the issue of 32 million new shares at \$A1.50 per share (raising \$A48M or \$US42 million) is assumed in order to estimate equity dilution in the valuation.

6. PEER COMPARISON

Wetar is higher than average copper grade and contains more recoverable copper (assuming 75% recovery at Wetar versus 88% for the oxide projects) than comparable Australian heap leach copper projects.

After adjusting for Finders' Ojolali interest, Finders is capitalised at \$A400 million less than CopperCo, despite Finders' superior copper inventory. CopperCo began producing copper metal in September 2007, which is about two years ahead of Finders' schedule for full scale production. At the core copper price forecasts the time advantage translates to about \$A120 million. The remainder of the difference (\$A280 million) can be attributed to gains Finders might expect upon meeting its technical goals.

PROJECT COMPARISON—COPPER HEAP LEACH PROJECTS

Project	Owner	Reserve & Processed	Recov. copper	Operation period	Capex	Peak prodn rate	Ore type
M Isa/Lady Annie	Copper Co	16.4 Mt at 0.98%Cu	141,434	June 07-	\$A90M	19,000tpa	Oxide
Girilambone	Straits	8.9Mt at 1.51%Cu	118,263	1994-2002		17,700tpa	40% oxide + 60% transitional al/chalcocite
Leichhardt	Matrix	8Mt at 1.0%Cu	18,480	June 07-	\$A13M	5,500tpa	Oxide
Whim Creek	Straits	5.7Mt at 1.08%Cu	54,173	May 05-	\$A24M	17,000tpa	Oxide & chalcocite
Wetar	Finders	9.8Mt at 2.5%Cu	183,750	June 09-	\$US75M	25,000tpa	Chalcocite & chalcopyrite

COMPARABLE COPPER COMPANIES IN AUSTRALIA

Company	Share price	Issued shares FD	Market capitalisation	Net cash
Matrix	0.12	720	86	-2
CopperCo	0.93	485	451	-70
Finders	1.20	80	96	-75

FINDERS PROFIT AND LOSS TABLE

Profit & Loss	Unit	06-07F	06-08F	06-09F	06-10F	06-11F	06-12F	06-13F	06-14F
Net Revenue	A\$m				58.0	118.1	115.9	108.9	106.6
Total Costs	A\$m	(2.0)	(4.0)	(4.0)	(21.7)	(36.6)	(39.2)	(38.7)	(38.4)
EBITDA	A\$m	(2.0)	(4.0)	(4.0)	36.3	81.5	76.7	70.2	68.1
Depreciation/Amort	A\$m				(7.5)	(11.7)	(11.9)	(8.6)	(9.6)
EBIT	A\$m	(2.0)	(4.0)	(4.0)	28.8	69.8	64.8	61.7	58.5
Net Interest	A\$m	0.1	0.6	(0.6)	(2.6)	(0.8)	1.8	1.8	1.8
Pre-Tax Profit	A\$m	(1.9)	(3.4)	(4.6)	26.3	69.0	66.6	63.5	60.3
Tax Expense	A\$m				(10.3)	(26.3)	(25.1)	(24.0)	(22.8)
NPAT	A\$m	(1.9)	(3.4)	(4.6)	15.9	42.8	41.5	39.5	37.5
Abnormal Items	A\$m								
Reported Profit	A\$m	(1.9)	(3.4)	(4.6)	15.9	42.8	41.5	39.5	37.5
Balance Sheet	Unit	06-07F	06-08F	06-09F	06-10F	06-11F	06-12F	06-13F	06-14F
Cash	A\$m	4.4	2.5	9.1	42.9	92.7	163.5	227.5	284.0
Other Current Assets	A\$m								
Total Current Assets	A\$m	4.4	2.5	9.1	42.9	92.7	163.5	227.5	284.0
Property, Plant & Equip.	A\$m	4.2	10.2	85.2	77.7	67.6	57.1	49.6	46.0
Investments/other	A\$m								
Tot Non-Curr. Assets	A\$m	4.2	10.2	85.2	77.7	67.6	57.1	49.6	46.0
Total Assets	A\$m	8.6	12.7	94.3	120.6	160.3	220.5	277.1	330.0
Short Term Borrowings	A\$m								
Other	A\$m								
Total Curr. Liabilities	A\$m								
Long Term Borrowings	A\$m			50.0	40.0				
Other	A\$m								
Total Non-Curr. Liabil.	A\$m			50.0	40.0				
Total Liabilities	A\$m			50.0	40.0				
Net Assets	A\$m	8.6	12.7	44.3	80.6	160.3	220.5	277.1	330.0
Cashflow	Unit	06-07F	06-08F	06-09F	06-10F	06-11F	06-12F	06-13F	06-14F
Operating Cashflow	A\$m	(2.0)	(4.0)	(4.0)	36.6	81.5	76.7	70.2	68.1
Income Tax Paid	A\$m					(10.3)	(26.3)	(25.1)	(24.0)
Interest & Other	A\$m	0.1	0.6	(0.6)	(2.6)	(0.8)	1.8	1.8	1.8
Operating Activities	A\$m	(1.9)	(3.4)	(4.6)	33.7	70.4	52.3	46.9	46.0
Property, Plant & Equip.	A\$m	(4.2)	(6.0)	(75.0)		(1.6)	(1.4)	(1.1)	(6.0)
Exploration	A\$m								
Investments	A\$m								
Investment Activities	A\$m	(4.2)	(6.0)	(75.0)		(1.6)	(1.4)	(1.1)	(6.0)
Borrowings	A\$m			50.0	(10.0)	(40.0)			
Equity	A\$m	6.5	9.0	55.0			(6.6)	(6.6)	(6.6)
Financing Activities	A\$m	6.5	9.0	105.0	(10.0)	(40.0)	(6.6)	(6.6)	(6.6)
Net Cash Change	A\$m	0.4	(0.4)	25.4	23.7	28.8	44.4	39.2	33.4
Ratio Analysis	Unit	06-07F	06-08F	06-09F	06-10F	06-11F	06-12F	06-13F	06-14F
GCFPS	A¢	(3.0)	(6.1)	(6.1)	55.3	124.3	117.0	107.0	50.9
CFR	X	(45.9)	(23.0)	(23.0)	2.5	1.1	1.2	1.3	2.7
EPS	A¢	(2.9)	(5.2)	(7.0)	24.3	65.2	63.2	60.2	57.2
PER	X	(48.3)	(27.0)	(20.0)	5.8	2.1	2.2	2.3	2.4
DPS	%	-	-	-	-	-	10.0	10.0	10.0
Yield	%	-	-	-	-	-	7.1	7.1	7.1
Interest Cover	x	20.0	6.7	na	11.3	na	na	na	na
ROCE	%	-48%	-39%	-5%	37%	103%	114%	124%	127%
ROE	%	-22%	-27%	-10%	33%	43%	30%	23%	18%
Gearing	%	-	-	112.8%	49.6%	-	-	-	-
*All values fully diluted unless otherwise stated									
Price Assumptions	Unit	06-07F	06-08F	06-09F	06-10F	06-11F	06-12F	06-13F	06-14F
Copper Price	\$US/t	5600	6775	6500	5500	5200	4900	4600	4500
Exchange Price	AUDUSD	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80

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