

FINDERS RESOURCES LIMITED

RECOMMENDATION:

Speculative Buy:

A quality project, attractive returns and experience should win out for Finders shareholders.

Target share price \$A0.79

Comment: Wetar is a potential +20,000 tpy, sub \$US1/lb copper project showing resilient returns on investment.

Finders is dependent on thawing capital markets to finance the full scale development at a reasonable cost. Wetar can meet the requisite financial hurdles and by mid 2009 the demonstration project will have resolved most of Wetar's remaining practical uncertainty.

INVESTMENT DATA

Share price (last trade Jan 2009): \$A0.40
ASX Code: FND

ISSUED CAPITAL

FPO shares (issued): 83.8M
Unlisted Options: 4.9M
Market capitalisation (fully diluted): \$A35M

MAJOR SHAREHOLDERS

| | |
|----------------------------|------|
| Exsolutions Pty Ltd: | 7.5% |
| Ian Neuss: | 6.8% |
| Tennant Metals Pty Ltd: | 6.6% |
| Chris Farmer: | 6.4% |
| Lujeta Pty Ltd: | 6.0% |
| Resources Capital Fund IV: | 6.0% |

DIRECTORS

| | |
|-------------------|--------------------|
| Russell Fountain: | Exec. Chairman |
| Chris Farmer: | Managing Director |
| Robert Thomson: | Executive Director |
| Stephen de Belle: | Non Exec. Director |
| Steve Lonergan: | Non Exec. Director |
| Ian Neuss: | Alternate Chairman |

John Macdonald
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8th January 2009

KEY POINTS

- Finders' Wetar conforms to an ideal copper project in many respects – 2.5% copper from surface with discrete ore boundaries, in a coastal location with no competing land use and a positive legacy left by past mining.
- Total Wetar resources are 8.8 million tonnes at 2.4% copper, containing 218,000 tonnes of copper. Almost all resources are expected to convert to reserves.
- In lab tests Wetar ore responds exceptionally well to leaching requiring only water to commence leaching with no subsequent addition of acid. The ore wets completely and maintains permeability throughout the life of the column tests.
- Before commitment to full scale development the Wetar leach kinetics will be further tested by a demonstration heap and SX-EW project, commissioned in December 2008 and January 2009. The information required from the demonstration project to complete the feasibility study will be available within the first few months of operation.
- The operating component of the demonstration project is projected to return a surplus and be maintained in conjunction with the main project, producing at 10-15% to the main plant's capacity.
- Forecast production at Wetar is 21,000 tonnes of copper metal per year (including the demonstration plant output) from 2011 at an average operating cost of US70c/lb for a minimum nine years of mine life. The NPV of the project (10% discount rate, \$US1.70/lb Cu) is assessed at \$US87 million.
- The capital cost of main project construction has been estimated at \$US50-65 million. Finders is assessing opportunities to procure second hand SX-EW plant items recently forced onto the market in Australia and the US.
- Numerous gold and copper prospects have been identified on Wetar. The exploration potential is an important component of the project. No allowance for Wetar's exploration value is included in the valuation.
- 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' second project is a large epithermal gold, silver and base metals system in Sumatra, called Ojolali.
- Finders is valued here at 79 cents per share diluted for a future equity raising and \$1.30 per share undiluted.

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 \$6 million in new equity was raised ahead of the Australian Stock Exchange listing in June 2006.

In 2008 Finders built a demonstration plant on Wetar Island for the purpose of finalising key operating parameters for a full scale commercial development. Commissioning of the demonstration plant began in December 2008.

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;

- Russell Fountain (Chairman and 7.5% 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 6.4% 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 6.6% 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.

Rob Thomson was appointed General Manager Development in October 2008 and subsequently became an Executive Director in January 2009, with responsibility for completion of the Wetar feasibility study and its subsequent development. Mr Thomson

was formerly GM development for Kingsgate's Chatree mine, Project Director of Oxiana's Sepon gold mine and CEO of Climax Mining Limited from 2003 to 2006, overseeing the construction of the Didipio project in the Philippines. Mr Thomson was CEO of Asian Mineral Resources from 2006 to 2008.

Grant Harding was appointed Operations Manager of Finders in July 2007. Mr Harding is an extractive metallurgist with experience developing heap leach operations for Ivanhoe at Monywa and recently at Bakan PFS (Sulawesi, Indonesia) for Avocet Mining.

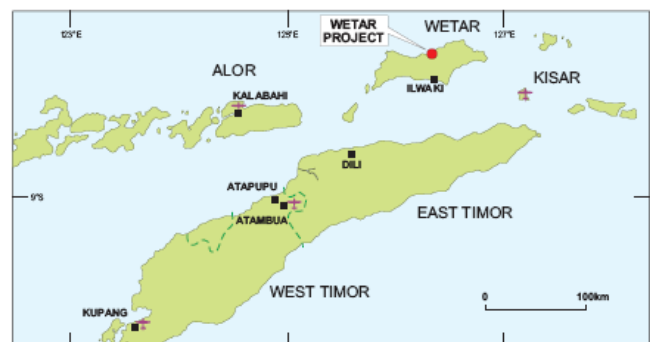
Perth based copper hydrometallurgy specialist consultancy PPM Solutions is retained by Finders to advise and oversee the construction and commissioning of the demonstration plant at Wetar. PPM Solutions' Daniel Tarrant previously managed design, commissioning and operation of SX/EW copper operations at Lady Annie (heap leach), Nifty (heap leach) and Mt Gordon (autoclave leach). Mr Tarrant is based at Wetar and is responsible for the commissioning of the demonstration project and operator training.

The final member of Finders' team is Gerry Mbatemooy, the Indonesian partner responsible for satisfying local ownership and regulatory requirements. Mr Mbatemooy performed a similar role 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.

3. WETAR COPPER PROJECT

BACKGROUND

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 4.5g Au/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 lay underneath 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). The deposits are relatively high grade (~2.5% copper) and where preserved form a basin shape ideal for open pit mining. Billiton drilled the copper deposits, estimated resources and conducted a prefeasibility study in 1997 based on flotation of the ore to produce a copper concentrate for sale to offshore smelters. Billiton concluded that Wetar's copper was uneconomic to extract at the prevailing copper prices, via the favoured process route.



Wetar looking west November 2007, Kali Kuning is in the foreground and Lerokis is in the middle distance

Upon acquisition of Wetar in 2004 Finders reconsidered the project's processing options. The uniquely high pyrite content (90%) of Wetar ore hindered flotation to a concentrate of adequate quality for smelting or effective concentrate leaching. The idea of heap leaching Wetar ore had been initially dismissed because the implications of high pyrite content on leach chemistry were not clear, and in any case Wetar's copper was thought to occur

predominantly as chalcopyrite, which is not readily leachable.

In mid 2006, 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 covellite, CuS and chalcocite, Cu₂S). The switch from thinking about chalcopyrite copper recovery to chalcocite copper recovery opened a potentially simple and elegant process solution to Wetar.

Commercial leaching of secondary copper sulphide minerals (mainly chalcocite) is well established at other operations around the world, supplying about 5% of the world's copper. Chilean operations Cerro Colorado (BHP Billiton), Quebrada Blanca (Aur Resources) and Zaldivar (Placer Dome) 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 heaps of 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.

To establish whether heap leaching followed by solvent extraction and electrowinning could be commercially applied at Wetar, two parallel laboratory testing programs, each comprising bottle roll and column leach tests, began in August 2006.

Initial tests, designed to check 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 indicated copper leaching from both chalcocite and chalcopyrite at surprisingly high rates without breaking down the pyrite. (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. The lab tests suggest Wetar's pyrite catalyses the chalcopyrite leaching process, explaining the unprecedented recoveries and the stability of the pyrite.)

By late 2008 25 column leach tests, at various stages of completion (up to 350 days of leaching), conducted at three separate laboratories, had contributed to the following understanding of the leach kinetics at Wetar;

- More than 85% of the contained copper at Kali Kuning and Lerokis is recoverable by leaching within practical leach times, under conditions that may be sustained in commercial scale heaps.
- The wetting and percolation characteristics of the Wetar ores remain almost ideal for effective contact between micro-organisms, solute and copper minerals throughout the envisaged life of the heaps. Copper recovery rate is relatively insensitive to crush size.
- Copper recovery rate is proportionate to acid concentration. Acid is generated within the heaps by bacterial oxidation of sulphide minerals in an exothermic reaction. Starting at ambient temperature with water reticulation the heaps will progress naturally to higher acid concentration and higher heap temperatures. Temperature and acid concentration will reach equilibrium within ranges that will promote rapid copper recovery without compromising the solvent extraction process.

In general the laboratory test results indicate Wetar ore, and Kali Kuning ore in particular, will leach rapidly and almost completely under prescribed conditions of high acid concentration and temperature. However the uncertainty associated with scaling up the results to commercial production mean that laboratory tests can not be used to determine all design elements. As part of the Wetar feasibility study, Finders committed to a demonstration heap leach and SX-EW project at Wetar in June 2007.

RESOURCES - 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 in mid 2007 and revised those estimates in November 2008 based on 63 additional drill holes, adjusting density and ore classification inputs.

WETAR RESOURCES, DECEMBER 2008.

KALI KUNING 0.5% COPPER CUTOFF

| Category | Mt | %Cu |
|-----------|-----|-----|
| Measured | 5.2 | 2.6 |
| Indicated | 0.9 | 2.5 |
| Inferred | 0.1 | 1.8 |

LEROKIS, 0.5% COPPER CUTOFF

| Category | Mt | %Cu |
|-----------|-----|-----|
| Measured | 2.1 | 2.4 |
| Indicated | 0.5 | 2.1 |
| Inferred | 0.1 | 1.4 |

TOTAL WETAR, 0.5% COPPER CUTOFF

| Category | Mt | %Cu | Contained Cu |
|----------|-----|-----|--------------|
| TOTAL | 8.8 | 2.4 | 218,000t |

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. Formal reserve estimation is yet to be completed as part of the Wetar feasibility study.

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 DEMONSTRATION PROJECT

The Wetar demonstration project is designed to produce five tonnes of copper cathode per day, or 10% of the capacity of a full scale development. Originally scheduled for completion in May 2008 at a cost of \$US6.25 million, Finders' suppliers ran up to six months over quoted schedules, so that commissioning of the heaps began in December 2008.

Wet commissioning of the SX and EW circuits are expected to proceed in January 2009. Equipment cost estimates remained within budget, but opportunistic purchases of a crushing circuit and a supply vessel instead of lease arrangements, meant that overall equipment costs were 20% higher than planned.



The Wetar Demonstration Project SX-EW plant, December 2008.

Design and construction of the demonstration project encountered the same procurement and transport issues associated with full scale development. The exercise will prove invaluable in design and construction of the succeeding project.

The key objective of the demonstration project is to gauge the rate of copper extraction from the heaps in the first 100 days of leaching. The leaching rate will determine mining schedules and heap design. A rapid leach rate will allow smaller area heaps for the same copper output and hence less earthworks required to build the leach pads in an adjacent valley.



Ore stacking on demonstration heap, January 2009. Crusher in background. Photo: Finders.

Initially 65,000 to 75,000 tonnes of ore from Kali Kuning will be stacked on six metre high leach pads. Monitors in the heaps will return information about the changes and distribution in temperature and acid concentration, among other parameters. A sampling program of the heap material, when compared against heap recovery results, will provide a calibrated, predictive model of heap copper recovery from laboratory tests.

Finders expects to glean all the information relevant to full scale development within the first three months of the demonstration project's operation.

For most of the planning and construction period the demonstration project was forecast to pay back its capital cost and perhaps return a profit, particularly as gathering lab test evidence lifted projections for higher and more rapid copper recovery rates. However by January 2009 the collapse of the copper price has dragged back financial expectations. Finders estimates the cash operating costs in the first 12 months of operation will be around \$US1.05/lb copper, suggesting a net surplus of \$US1-1.5 million at a \$1.40 average copper price.

The demonstration project is likely to be maintained as returns justify after serving its initial purpose. A low cost (<\$US200,000) expansion of the SX-EW circuit to seven tonnes per day will also be considered.

FULL SCALE DEVELOPMENT - LEACHING

The adjacent valley to the west of Kali Kuning has been selected as the leach pad site. A flat pad area will be created by using waste from the pit and filling the floor. The valley's catchment extends less than 600 metres beyond the designed leach pad limit, and downstream the valley narrows to a neck suitable for managing storm water runoff. The ultimate heap design depends on the recovery rate indicated by the demonstration plant.

Ore will be crushed to 80% passing 6 mm, charged with micro-organisms in an agglomeration step, and stacked in six metre high lifts. Air and acid will pass through the heaps from the base and top respectively. All design elements are based on accepted, commercial heap leach practices.

Column leach tests indicate acid generation will reach equilibrium within the heap. The pregnant solution feed to solvent extraction should therefore reach a stable pH. Finders' tests suggest the solution pH may be lower than the optimum range specified by the solvent manufacturers for maximum solvent extraction efficiency. However solvents perform adequately below the pH range at other operations, and in a closed system, solvent efficiency is not a key concern. Finders and its consultants suspect Wetar may not produce enough acid to require acid to be

bled from the system. If an acid bleed is required extra expense will be incurred for neutralising the excess acid with lime in a reaction vessel.

FULL SCALE DEVELOPMENT - COSTS

Finders plans to complete the Wetar feasibility study in April 2009, using the information gathered from the trial heap and demonstration plant.

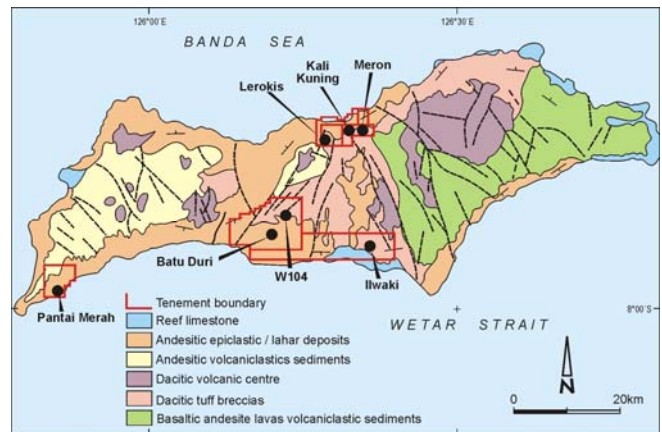
Through the experience of the demonstration project construction, the practicalities of building a project on Wetar, which is a relatively remote part of Indonesia, are well understood. Finders is leasing and has refurbished parts of the Billiton mining camp. Equipment is received by landing craft at the existing wharf. Sites on the island's coast for an airstrip and the plant have been selected. All infrastructure elements are within five kilometres of the planned mines.

In June 2007 Finders' estimated the capital expense required to establish a project, annually stacking 1.2 Mt of ore and producing up to 25,000 annual tonnes of copper, at \$US65 million. About half of the estimate is the cost of a new SX-EW circuit. In December 2008 Finders is reviewing the capital cost assumptions in the light of falling materials costs and the availability of second hand SX-EW plant and equipment. The collapse in copper prices has forced reviews at several SX-EW copper projects operating in Australia and North America. Finders is assessing the potential capital cost savings that may be on offer as a result. The cost of procuring and relocating second hand plant to Wetar would likely be half the cost of new plant.

The timing and approach to the development of Lerokis are yet to be determined. Projections assume the main plant is decommissioned at Kali Kuning after seven years of operation and relocated to Lerokis at a cost of \$US13 million. Alternatives include the expansion and relocation of the demonstration plant to Lerokis to run in parallel with Kali Kuning, and laying pipe and pumping the pregnant liquor across 3.5 kilometres of rugged terrain.

Forecast Wetar total costs, including administration, marketing, royalties, depreciation and amortisation, average US85c/lb copper over the life of the mine. Cash operating costs (including administration, marketing and royalties) average US66c/lb copper.

Wetar costs, both capital and operating, are projected to be relatively low for a medium scale operation. High grade, bulk density and low strip ratios account for much of Wetar's relative advantages, reflected in proportionally less material movement and processing than in comparable operations. Low reagent use (no acid) and rapid leach recovery further



reduce costs. Also, labour in Indonesia costs a fraction of Australian rates.

At prevailing rates 50-60% of Wetar's projected operating costs are fuel costs; for contractor mining, on-site contract power generation and transport. State oil company PT Pertamina periodically sets a District III (including Kupang, West Timor) industrial diesel price taking into account international crude prices. Currently the rate is 6,949Rp/l, or \$US0.62/l; less than half the July 2008 setting. Accompanying forecasts assume a fuel cost of \$US0.70/l landed in Wetar. Subject to future international price moves Finders may negotiate arrangements that will reduce fuel costs below this level.

COPPER RECOVERY CURVE

The scale up of recovery curves from column tests to commercial heaps involves interpretation, generally by downgrading selected representative curves by about 20%. The recovery forecast used here (75% recovery in 400 days of leaching, including 50% recovery in 180 days, see figure 1.) is not a stretch given the lab test results were 20-120% better than that. Certainly the upper parts of the Kali Kuning deposit, that contain greater than 70% of the copper in secondary copper minerals, are likely to outperform the 2008 recovery model.



Figure 1. Copper recovery curves from Wetar showing selected column test results and the base case assumption. Source; Finders Resources

ENVIRONMENT 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, effectively keeping the heaps permanently dry after their rehabilitation. Finders plans to divert runoff around the heap (the valley used for the heap has a small catchment area) and establish a series of settling and cleaning ponds downstream. Finders has the benefit of baseline environmental studies completed during Billiton's tenure on Wetar.

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 7% diluting equity interest and a 5% net profits royalty on Wetar. The arrangement facilitates foreign owned mining pending the introduction of Indonesia's new Bill on Mineral and Coal Mining, which passed through Parliament on 16th December 2008. The Bill provides for direct foreign ownership of mining licences issued by Regional, Provincial or Central Government. The legislation does not specify how KPs will transfer to the new regime. Enacting regulations must now be drafted.



Looking east at the Kali Kuning pit, December 2008.

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.

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 using a 1% Cu cut-off. 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.

4. FINDERS - FINANCE

In December 2007 Finders raised \$A15.8 million in three parts;

- A placement of 4 million shares at \$A1.10 each to raise \$A4.4 million
- A placement of shares to Tennant Metals and Meridian International Capital Ltd at \$A1.10 each to a value of \$US5 million.
- A secured \$US5 million loan facility provided by Meridian International Capital Ltd. The facility is repayable by December 2009.

Tennant Metals have the rights to sell all copper cathode from the pilot plant and 10% of cathode from the full scale development.

At the end of September 2008 Finders had \$A0.7 million in cash. A further \$A0.4 million is held in tradeable shares in Geopacific Resources NL (ASX-GPR, December 2008 trading price \$A0.09. Finders owns 14%). GPR is an active explorer in Fiji.

In October 2008 a placement of 8.65 million Finders shares at \$A0.60 per share raised \$A5.3 million.

Finders may require funding ahead of feasibility study completion and project financing in mid 2009.

Finance options for the \$US50-65 million cost of full development at Wetar will depend on bank finance availability. In the accompanying forecasts the issue of 107 million new shares at \$A0.40 per share (raising \$A43M or \$US30 million) is assumed in order to estimate equity dilution in the valuation.

5. FORECASTS

PRODUCTION FORECASTS – MAIN PLANT

The following forecasts are for the full commercial scale plant only. Finders plans to operate the demonstration project in conjunction with the main plant, adding 10% to the copper production projections below.

| Year End 30 June | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|-----------------------------|------|--------|--------|--------|--------|--------|--------|--------|-------|--------|
| Wetar Heaps 100% | | | | | | | | | | |
| Ore stacked (000t) | | 1,200 | 1,000 | 1,100 | 1,200 | 1,000 | 900 | 600 | 500 | 1,000 |
| Copper grade (%) | | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.6 | 2.6 |
| Copper recovery (%) | | 80 | 75 | 70 | 70 | 70 | 80 | 80 | 63 | 63 |
| Leach time (days) | | 400 | 400 | 400 | 400 | 400 | 400 | 400 | 400 | |
| Copper prodn (t Cu) | | 13,380 | 20,450 | 18,800 | 20,040 | 18,720 | 17,720 | 17,680 | 7,290 | 13,900 |
| Capital expenditure (\$USM) | 50 | | | | | | | 13 | | |
| Cash cost (\$US/t ore) | | 16 | 31 | 26 | 25 | 24 | 25 | 34 | 19 | 18 |
| Cash cost (\$US/lb Cu) | | 0.66 | 0.68 | 0.70 | 0.69 | 0.70 | 0.70 | 0.71 | 0.76 | 0.68 |
| Total cost (\$US/lb Cu) | | 0.92 | 0.82 | 0.88 | 0.87 | 0.86 | 0.85 | 0.89 | 1.09 | 1.00 |
| Reserve (Mt) | | 8.5 | 7.5 | 6.4 | 5.2 | 4.2 | 3.3 | 2.7 | 2.2 | 1.2 |
| Reserve grade (%Cu) | | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 |
| Attrib. reserve (000t Cu) | | 215.2 | 190.2 | 162.7 | 132.7 | 107.7 | 85.2 | 70.2 | 57.2 | 31.2 |

PROFIT AND CASH FLOW FORECASTS – FINDERS RESOURCES LIMITED

| Profit & Loss | Unit | 06-08F | 06-09F | 06-10F | 06-11F | 06-12F | 06-13F | 06-14F | 06-15F |
|---|-------------|--------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Net Revenue | A\$m | | | | 50.9 | 77.8 | 71.4 | 76.3 | 71.3 |
| Total Costs | A\$m | (4.0) | (4.0) | (4.0) | (23.4) | (34.6) | (33.1) | (34.6) | (32.9) |
| EBITDA | A\$m | (4.0) | (4.0) | (4.0) | 27.5 | 43.2 | 38.4 | 41.7 | 38.4 |
| Depreciation/Amort | A\$m | (2.0) | | | (7.8) | (6.5) | (7.1) | (7.7) | (6.5) |
| EBIT | A\$m | (6.0) | (4.0) | (4.0) | 19.7 | 36.7 | 31.2 | 33.9 | 31.9 |
| Net Interest | A\$m | 0.6 | 0.1 | (0.8) | (2.3) | 0.3 | 1.1 | 1.8 | 1.8 |
| Pre-Tax Profit | A\$m | (5.4) | (3.9) | (4.8) | 17.4 | 36.9 | 32.3 | 35.7 | 33.7 |
| Tax Expense | A\$m | | | 1.4 | (8.3) | (16.3) | (14.2) | (15.6) | (14.7) |
| NPAT | A\$m | (5.4) | (3.9) | (3.4) | 9.1 | 20.6 | 18.1 | 20.1 | 19.0 |
| Abnormal Items | A\$m | | | | | | | | |
| Reported Profit | A\$m | (5.4) | (3.9) | (3.4) | 9.1 | 20.6 | 18.1 | 20.1 | 19.0 |
| Balance Sheet | Unit | 06-08F | 06-09F | 06-10F | 06-11F | 06-12F | 06-13F | 06-14F | 06-15F |
| Cash | A\$m | 4.2 | (1.4) | 0.9 | 34.8 | 72.1 | 92.8 | 141.2 | 184.2 |
| Other Current Assets | A\$m | | | | | | | | |
| Total Current Assets | A\$m | 4.2 | (1.4) | 0.9 | 34.8 | 72.1 | 92.8 | 141.2 | 184.2 |
| Property, Plant & Equip. | A\$m | 10.2 | 17.2 | 67.2 | 59.4 | 52.9 | 45.7 | 38.0 | 31.5 |
| Investments/other | A\$m | | | | | | | | |
| Tot Non-Curr. Assets | A\$m | 10.2 | 17.2 | 67.2 | 59.4 | 52.9 | 45.7 | 38.0 | 31.5 |
| Total Assets | A\$m | 14.4 | 15.8 | 68.1 | 94.2 | 124.9 | 138.5 | 179.2 | 215.7 |
| Short Term Borrowings | A\$m | | | | | | | | |
| Other | A\$m | | | | | | | | |
| Total Curr. Liabilities | A\$m | | | | | | | | |
| Long Term Borrowings | A\$m | 4.2 | 7.2 | 42.9 | 42.9 | | | | |
| Other | A\$m | | | | | | | | |
| Total Non-Curr. Liabil. | A\$m | 4.2 | 7.2 | 42.9 | 42.9 | | | | |
| Total Liabilities | A\$m | 4.2 | 7.2 | 42.9 | 42.9 | | | | |
| Net Assets | A\$m | 10.2 | 8.6 | 25.2 | 51.3 | 124.9 | 138.5 | 179.2 | 215.7 |
| Cashflow | Unit | 06-08F | 06-09F | 06-10F | 06-11F | 06-12F | 06-13F | 06-14F | 06-15F |
| Operating Cashflow | A\$m | (4.0) | (4.0) | (4.0) | 23.1 | 44.5 | 38.0 | 41.4 | 38.6 |
| Income Tax Paid | A\$m | | | | 1.4 | (8.3) | (16.3) | (14.2) | (15.6) |
| Interest & Other | A\$m | 0.6 | 0.1 | (0.8) | (2.3) | 0.3 | 1.1 | 1.8 | 1.8 |
| Operating Activities | A\$m | (3.4) | (3.9) | (4.8) | 22.2 | 36.5 | 22.7 | 29.0 | 24.8 |
| Property, Plant & Equip. | A\$m | (8.0) | (7.0) | (50.0) | | | | | |
| Exploration | A\$m | | | | | | | | |
| Investments | A\$m | | | | | | | | |
| Investment Activities | A\$m | (8.0) | (7.0) | (50.0) | | | | | |
| Borrowings | A\$m | 4.2 | 3.0 | 35.7 | | (20.0) | (20.0) | | |
| Equity | A\$m | 9.0 | 5.3 | 42.9 | | (6.6) | (6.6) | (6.6) | (6.6) |
| Financing Activities | A\$m | 13.2 | 8.3 | 78.6 | | (26.6) | (26.6) | (6.6) | (6.6) |
| Net Cash Change | A\$m | 1.8 | (2.6) | 23.8 | 22.2 | 10.0 | (3.8) | 22.4 | 18.2 |
| Ratio Analysis | Unit | 06-08F | 06-09F | 06-10F | 06-11F | 06-12F | 06-13F | 06-14F | 06-15F |
| GCFPS | A¢ | (6.1) | (6.1) | (6.1) | 35.3 | 67.9 | 57.9 | 34.1 | 27.7 |
| CFR | X | (23.0) | (23.0) | (23.0) | 4.0 | 2.1 | 2.4 | 4.1 | 5.0 |
| EPS | A¢ | (8.2) | (5.9) | (5.1) | 13.9 | 31.5 | 27.6 | 30.7 | 28.9 |
| PER | X | (17.0) | (23.6) | (27.3) | 10.1 | 4.5 | 5.1 | 4.6 | 4.8 |
| DPS | % | - | - | - | - | 10.0 | 10.0 | 10.0 | 10.0 |
| Yield | % | - | - | - | - | 7.1 | 7.1 | 7.1 | 7.1 |
| Interest Cover | x | 10.0 | 36.4 | na | na | na | na | na | na |
| ROCE | % | -59% | -23% | -6% | 33% | 69% | 68% | 89% | 101% |
| ROE | % | -53% | -45% | -19% | 34% | 30% | 23% | 20% | 16% |
| Gearing | % | 41.4% | 84.1% | 170.4 | 83.7% | - | - | - | - |
| *All values fully diluted unless otherwise stated | | | | | | | | | |
| Price Assumptions | Unit | 06-08F | 06-09F | 06-10F | 06-11F | 06-12F | 06-13F | 06-14F | 06-15F |
| Copper Price | \$US/t | 6775 | 3086 | 3086 | 3747 | 3747 | 3747 | 3747 | 3747 |
| Exchange rate | \$/US | 0.70 | 0.70 | 0.70 | 0.70 | 0.70 | 0.70 | 0.70 | 0.70 |

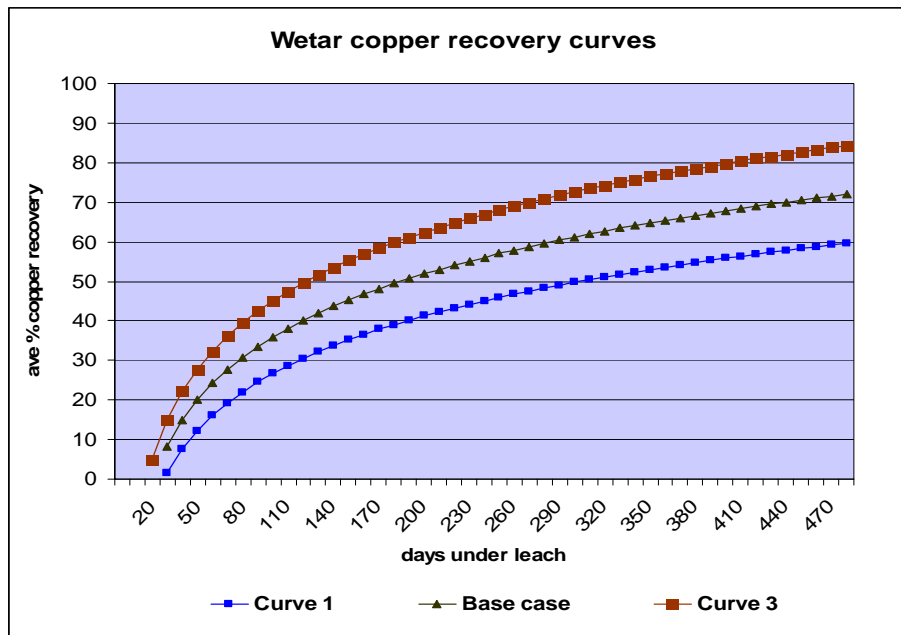
VALUATION

| Assets | \$AM | cps |
|------------------------|-----------|-------------|
| Wetar Copper | 109 | 130.4 |
| Ojolali | 10 | 12.0 |
| Cash & deposits | 0 | 0.4 |
| Debt | (7) | -8.5 |
| Equity dilution | (42) | -49.7 |
| Minority interest | (2) | -2.6 |
| Option adjustment | (2) | -2.1 |
| Share valuation | 66 | 79.4 |

Wetar is valued under the base case assumptions, at a 10% real, after tax discount rate.

6. WETAR SENSITIVITIES

6.1. COPPER RECOVERY



| Met. recovery | NPV @1.70/lb Cu | Annual prodn* | Annual op costs | unit op costs |
|---------------|-----------------|---------------|-----------------|---------------|
| | \$AM | tCu | \$USM | \$US/lb Cu |
| Curve 1 | 78 | 16,000 | 27 | 0.71 |
| Base Case | 109 | 19,000 | 32 | 0.66 |
| Curve 3 | 140 | 22,000 | 34 | 0.63 |

*In practice the rate of stacking and irrigation will be adjusted to maintain copper output rates at design capacity.

6.2. COPPER GRADE

| Head grade | NPV @1.70/lb Cu | Peak ann prodn | Unit op costs |
|-----------------|-----------------|----------------|---------------|
| %Cu | \$AM | tCu | \$US/lb Cu |
| 2.3 | 93 | 21,600 | 0.70 |
| 2.5 (Base case) | 109 | 19,000 | 0.70 |
| 2.7 | 128 | 21,400 | 0.70 |
| 3 | 153 | 23,800 | 0.70 |

6.3. COPPER PRICE

| Copper price | Wetar NPV | Finders Valuation | Unit op costs |
|------------------|-----------|-------------------|---------------|
| \$US/lb | \$AM | Acps | \$US/lb Cu |
| 1.30 | 54 | 53 | 0.67 |
| 1.70 (Base case) | 109 | 79 | 0.70 |
| 2.0 | 146 | 99 | 0.73 |
| 2.3 | 193 | 119 | 0.75 |

7. OJOLALI GOLD & SILVER PROJECT

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 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 mineralised quartz veinlets and breccia zones within a 50 metre thick blanket of altered and oxidised rocks. Finders has drilled the mineralised zone over a 300 by 300 metre area to 25 by 25 metres spacing. The indicated and inferred resource estimate is 4.1 Mt at 1.1 g/t Au and 7.6 g/t Ag (0.5 g/t lower cut).

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.

In 2008 Finders traced the Jambi structure northward under thin cover, outlining a series of gold and silver anomalies derived from epithermal quartz veining.

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. Finders expects to resume drilling at Ojolali subject to finance progress for Wetar.

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