

For Release 31 October 2011
Finders Resources Limited

Quarterly Activities Report September 2011



Further information, please contact Finders Resources Limited

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HIGHLIGHTS



■ Wetar Copper Project

- MFO generators with capacity of 19.7MW secured. When re-furbished will provide 50% spare generation capacity.
- Technical due diligence completed by bank consortium for US \$138m facility signed with Standard Bank plc., Credit Suisse AG and Barclays Capital
- Key approvals on track for completion in Q4.
- All subsidiary permits on schedule.
- Wetar project completes 1 year loss time injury (LTI) free.

■ Ojolali Gold-Silver Project

- Column leach tests of the Jambi gold-silver resource yielded final grade weighted recoveries of 89% for gold, and 51% for silver.
- This data will form the basis for a scoping study for a start up heap leach operation.

■ Corporate

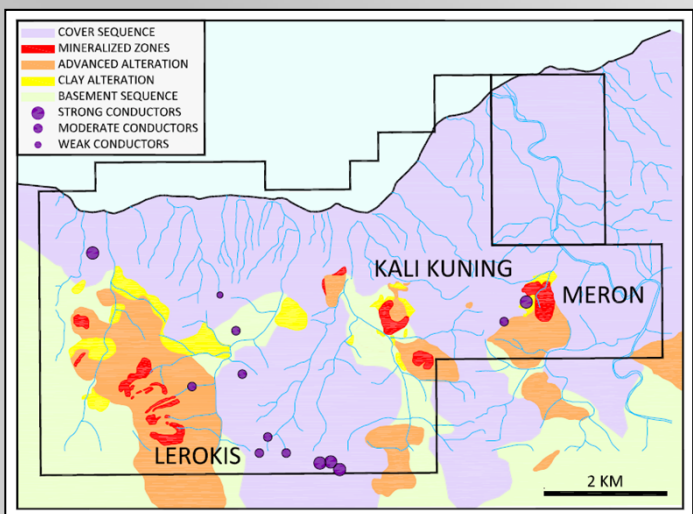
- Subsequent event: The Company announced that Taurus Resources and Resource Capital Funds agreed to provide a loan of up to \$8 million.
- The funds will be used for deposits and progress payments on Marine Fuel Oil generators, the transportation and import of the Whim Creek SX/EW plant from Australia and for general working capital purposes.



WETAR COPPER PROJECT (FND 95%)

Background

- The Wetar Copper Project comprises the development, mining and processing of sulphide copper deposits at Kali Kuning and Lerokis located on Wetar Island, Maluku Barat Daya, Indonesia.



- Finders has successfully operated a 1,825 tpa Cu demonstration plant, that incorporates heap leaching, solvent extraction (SX) and electrowinning (EW), with a view to optimising operating parameters and design for the recently completed Bankable Feasibility Study (BFS). Approximately 2,500t of LME Grade A copper cathode has been sold to Asian markets.
- Proved and Probable Mining Reserves of 8.2 Mt @ 2.5% Cu from the Kali Kuning and Lerokis deposits support a nine year mine life.
- Opportunities for a longer mine life are strongly founded, based on
 - Mining reconciliation during the demonstration stage, which showed that copper grades from one mining unit (the transition zone) are known to be under-reported in the Resource Estimate by 10-30%.
 - Better copper recoveries from demonstration Heap 3 (80%) which exceed recovery assumptions in the BFS (75%).
 - Satellite deposits such as Meron, which is a partially drilled copper-bearing massive sulphide, and the Karkopang target are located close to existing operations and could provide extra ore.



WETAR - PROGRESS REPORT

Pre-Development Activities

Site activities continue in preparation for the construction and development stage. Key work undertaken is as follows:

- The fabrication and reconditioning of an extra crushing circuit is underway
- Coastal survey continues with the aim to chart in-shore water depths – particularly in the vicinity of the wharf area. Ongoing repairs to the existing main wharf and LCT docking ramps.
- Residual material within Heap 3 and 4 (demonstration phase) have been drilled for final metallurgical accounting.
- Completion of the ESMS (Environmental and Safety Management Systems) procedures for the mine development based on Equator Principals
- A new safety milestone was achieved on the Wetar Copper Project with successful completion of one year without loss time injury (LTI).



Fig 1 : Refurbished Camp



Fig 2: Residual Heap Leach

Project Finance

- The Mandated Lead Arrangers (“MLA”) for a \$138m facility, Standard Bank plc., Credit Suisse AG and Barclays Capital, conducted due diligence during the period including a site visit and engaging external consultants. All reports from external consultants that are required for the credit approval process have now been obtained and the MLA’s have indicated that credit approval will likely be sought in November.



Wetar – Progress Report contd.

- As directed by the MLA's, Behre Dolbear Australia Pty Ltd ("BDA") have been appointed as Independent Engineers for the project. During the financing, construction and ramp-up periods, BDA will be responsible for the following key areas:
 - Technical due diligence and review to support loan documentation with respect to engineering, including draw down documentation, cost to complete certification and project completion tests.
 - Monitoring and reporting of engineering, procurement, construction, ramp up and operations including costs, schedule and compliance and environmental requirements.
 - Issue of completion certificates in accordance with the requirements of the project completion tests and facility agreement.

Finders continues to explore funding alternatives for the balance of the project finance including mezzanine debt, convertible notes, off-take loans and ordinary equity.



Fig 3/4. MFO units under inspection prior to purchase

Capital Equipment

- Finders has signed a contract for the purchase of 6 (six) second-hand refurbished generators from Royce Power Engineering Ltd representing a total generating capacity of 19.7MW. Use of MFO generators was a key component of the Bankable Feasibility Study. They offer a significant operating cost saving (around 15% to 20%) compared to high speed diesel due to lower fuel price and greater efficiency.
- The plant has been conservatively designed to provide significant operational redundancy and is capable of generating sufficient power to maximise cathode plating capacity as long as at least 4 of the 6 generators are operational.



Wetar – Progress Report contd.

Whim Creek Plant

- The Whim Creek SX/EW plant was purchased by Finders from Straits Resources in 2009 and has a nameplate capacity of 18,000 tpa copper cathode. The use of the Whim Creek plant will provide a significant capital cost saving relative to construction of a new plant.
- The plant is currently containerised at Port Hedland and Finders has received all necessary import approvals from the Indonesian government. After receiving an inspection report at Port Hedland, several shipping containers require CSC plate renewals and the break bulk cargo requires additional marking for lifting points and centre of gravity. Once rectified all cargo can be lifted and loaded safely and shipment of the Whim Creek plant is expected in November.



Fig 4 : Oversize Whim Creek Equipment



Fig 5: Containers at Port Hedland

Permitting

- The Company rents land covering the old gold mining operations from the local government and has compensation agreements in place with traditional land owners. The project area is also classified as production and conversion forest but NOT subject to mining restrictions.
- A new Provincial spatial plan, is at the final stages of preparation and after final decrees, which are due in December, the locations at Kali Kuning, Meron and most of Lerokis will be released from the forestry zonation.
- The Company expects receipt in a timely fashion of subsidiary permits for water use, explosives, sand and gravel, quarrying, electrical power generation and fuel storage. All documentation has been prepared and the permits are beginning to be released e.g. the explosives storage permit.



OJOLALI Au-Ag PROJECT (FND 72%)

Background

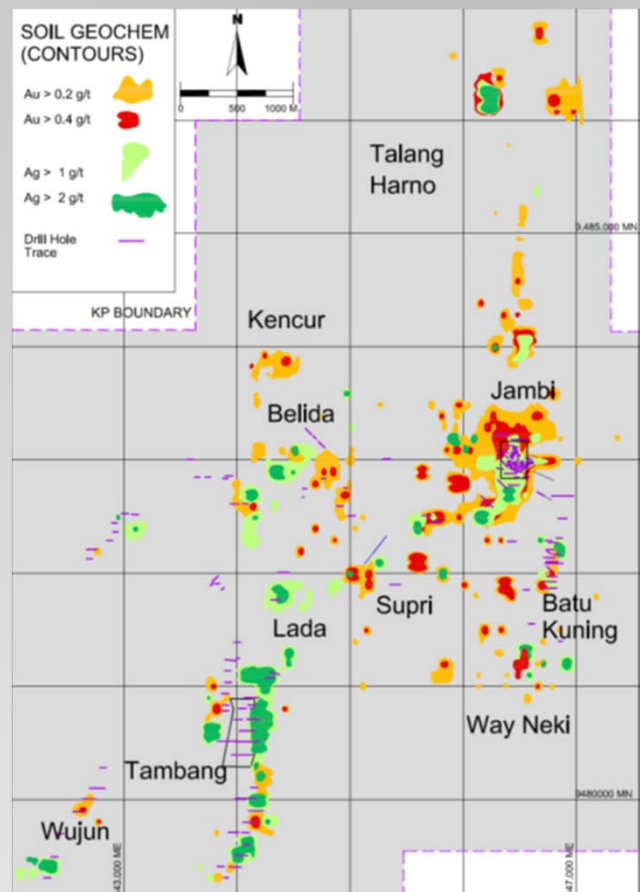
- The Ojolali Project is an advanced gold-silver prospect in Lampung Province of southern Sumatra covering a 13km² system with numerous shoots. Ojolali lies within the highly productive Sumatran Gold Belt, which includes Martarbe (+3.7 moz) Lebong Donok (1.5 moz), Lebong Tandai (1.3 moz), Pongkor (3 moz) and Way Linggo deposits (0.25 moz).
- The Jambi deposit has potential for 30-50,000 oz based on the existing resource, below

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

Cut-off 0.3 g/t Au (100% project basis); the figures in the table may not sum due to rounding. Significant figures do not imply an added level of precision

- With widespread gold in soil geochemical anomalies over an area 8km north south and up to 5km wide, Finders considers that there is strong potential for additional discoveries, including a number of target types:

- Bulk low grade disseminated gold (Jambi, Jambi North, Jambi South, Belida, Supri)
- Bonanza grade gold-silver veins (Way Neki, Batu Kuning, Kencur)
- High grade Ag in supergene enriched zones (Tambang Oxide, Jambi)
- Major vein systems in feeder structures at depth (Jambi, Tambang, Talang Harno)





CURRENT ACTIVITIES

Work comprised completion of column leach test work for the Jambi gold silver resource and an ongoing program of trenching of outlying prospects to define drill targets for additional resources.

Metallurgical Testing – Jambi

- Column test work undertaken by Australian Minmet Metallurgical Laboratories Pty Ltd (AMML) was completed on four composites of oxide and transition material, considered representative of the Jambi gold resource.
- The column tests were undertaken on 4 x 20kg crushed core composites, crushed to 100% passing 19mm and agglomerated with 12kg cement/tonne of ore, in 2m x 100mm columns.
- Results were excellent, with grade weighted average recoveries of 89% for gold and 51% for silver and demonstrate that the Jambi deposit is highly suitable for heap leach processing.

Column	Leach Time	Head Grade		Dissolution %		NaCN Consumption
	Days	Au g/t	Ag g/t	Au %	Ag %	Kg/t
CL1 (oxide)	106	0.46	3.9	95	34	1.7
CL2 (oxide)	106	0.99	1.2	96	32	1.6
CL3 (oxide)	188	2.66	15.6	87	55	3.5
CL4 (mixed)	188	0.66	41.0	83	52	3.0

Note: all results based on final mass balance calculations

AMML conclusions with respect to the column leach test program are summarised below

- Size by size data for the column tests showed Au was leached fairly evenly (high recoveries) from all size fractions, including the coarsest +12.5mm fraction. However Ag recoveries were reduced in the fractions coarser than 3.35mm.
- Heap leaching at -19mm crush size is suitable for Au recovery from all these samples.
- Cyanide consumptions were moderate, with lower combined Ag and Au head grades consuming <2kg/t NaCN

Trench Sampling

- A program of hand dug trenching continued throughout the quarter, following up soil geochemical anomalies at the Belida, Lada, Way Sawah, Tambang South and Supri prospect areas. This work encountered highly prospective alteration zones in all areas, and the channel samples have been submitted for assay.
- Results of this work, when compiled will be used to design drilling programs to define additional resources at Ojolali.



CORPORATE

Capital Structure

- The capital structure at 30 September 2011 is set out below.

Capital Structure 30 Sept 2011			
Type of Security	Number on Issue		
<i>Fully Paid Ordinary Shares ("Shares")</i>			
Shares on issue at 30 Jun 2011	278, 849,875		
Issued in payment of convertible note interest	90,989		
Employee incentive shares	589,570		
Shares on issue at 30 Sep 2011	279,530,434		
<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	Aug 29, 2014	250,000
Unlisted Options on issue at 30 Sep 2011	3,500,000		
<i>12% Convertible Note</i>	<i>Face Value</i>	<i>Conversion Price</i>	<i>Maturity Date</i>
	US\$1,500,000	A\$0.36	19 January 2012

Interim Funding

- On 25 October, the company announced a \$8 million loan from existing shareholders, Resource Capital Funds and Taurus Funds Management. The loans include warrants over 16 million shares at an exercise price of 50c per share. The funds will be used for deposits and progress payments on Marine Fuel Oil generators, the transportation and import of the Whim Creek SX/EW plant from Australia and for general working capital purposes. Further details are contained in the Company's announcement to the ASX, released on 25 October 2011.

Cash

- As at 30 September 2011, Finders had A\$1.8 million in cash. The mining exploration entity quarterly report (Appendix 5B) is appended.

Chris Farmer

Managing Director



STATEMENTS & DISCLAIMER

Independent Statements

- The information in this report that relates to mineral reserve estimation is based on work completed by Mr John Wyche who is a full time employee of Australian Mine Design and Development Pty Ltd and a member of the Australasian Institute of Mining and Metallurgy. Mr Wyche has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Wyche consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.
- The information in this report that relates to mineral resource estimation is based on work completed by Dr Phillip Hellman who is a full time employee of Hellman and Schofield Pty Ltd and a Fellow of the Australian Institute of Geoscientists. Dr Hellman has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Dr Hellman consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.
- The information in this report that relates to exploration potential and geology is based on work compiled by Dr Russell Fountain. Dr Fountain is a director of Finders Resources Ltd and a Fellow of the Australian Institute of Geoscientists. Dr Fountain has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Dr Fountain consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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

Appendix 5B

Mining exploration entity quarterly report

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

Name of entity

FINDERS RESOURCES LIMITED

ABN

82 108 547 413

Quarter ended ("current quarter")

30 September 2011

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from product sales and related debtors	-	843
1.2 Payments for: (a) exploration & evaluation	(160)	(450)
(b) development	(748)	(2,713)
(c) production	(1,711)	(5,835)
(d) administration	(880)	(3,071)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	45	293
1.5 Interest and other costs of finance paid	(1)	(13)
1.6 Taxes and value added tax paid	(310)	(714)
1.7 Other (provide details if material)		
Net Operating Cash Flows	(3,765)	(11,660)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects		
(b) equity investments		
(c) other fixed assets	(85)	(1,213)
1.9 Proceeds from sale of:		
(a) prospects		
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	43	221
Net investing cash flows	(42)	(992)
1.13 Total operating and investing cash flows (carried forward)	(3,807)	(12,652)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(3,807)	(12,652)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.		
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)		
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(3,807)	(12,652)
1.20	Cash at beginning of quarter/year to date	5,596	14,457
1.21	Exchange rate adjustments to item 1.20	(2)	(18)
1.22	Cash at end of quarter	1,787	1,787

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	358
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

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

Non-cash financing and investing activities

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

NA

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

NA

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Convertible note facility (USD 1,500,000)	2,324	2,324
3.2 Credit standby arrangements	Nil	Nil

On 25 October 2011, the company announced an \$8 million loan from existing shareholders, Resource Capital Funds and Taurus Funds Management. The funds will be used for deposits and progress payments on Marine Fuel Oil generators, the transportation and import of the Whim Creek SX/EW plant from Australia and for general working capital purposes. Further details are contained in the Company's announcement to the ASX, released on 25 October 2011.

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	130
4.2 Development	450
4.3 Production	1,750
4.4 Administration	900
Total	3,230

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	778	1,596
5.2 Deposits at call	1,009	4,000
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	1,787	5,596

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Changes in interests in mining tenements

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

Issued and quoted securities at end of current quarter

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

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference securities <i>(description)</i>			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions			
7.3	*Ordinary securities	279,530,434	279,530,434	
7.4	Changes during quarter (a) Increases through issues - <i>Conversion of interest payable under convertible note</i> - <i>Employee incentive shares</i> (b) Decreases through returns of capital, buy-backs	90,989 589,570	90,989 589,570	46 cents 41 cents
7.5	*Convertible debt securities <i>(description)</i>	6,455,477	NIL	36cents
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted			

+ See chapter 19 for defined terms.

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Mining exploration entity quarterly report

7.7	Options <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
		250,000	NIL	37cents	29.08.2014
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Debentures <i>(totals only)</i>				
7.12	Unsecured notes <i>(totals only)</i>				

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 October 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

+ See chapter 19 for defined terms.

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Mining exploration entity quarterly report

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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