

### **FINDERS BRINGS THE WETAR COPPER PROJECT FORWARD FOR FINANCING FOLLOWING KEY MINING PERMIT APPROVALS.**

#### **REVISED WETAR BFS ESTIMATES**

- As announced to the ASX on 24 June 2011 Finders Resources updated its bankable feasibility study estimates for the Wetar copper project in Indonesia. The previous estimates were completed in November 2009. The approval of key mining permits for Wetar on 15 June 2011 allows Finders to proceed with debt and equity financing arrangements for Wetar's full scale development. Finders operated a successful demonstration heap leach/SXEW project at Wetar from December 2008 to January 2011.

#### **KEY POINTS**

- Finders expects that almost all the mining areas on the Kali Kuning lease will be converted from conversion forest to open ground by September 2011, allowing earthworks to begin. The BFS is based on a three stage development of the Kali Kuning copper deposit at Wetar:
  - Re-starting copper production from the existing demonstration plant (1,800 tonnes of copper cathode per year) by December 2011;
  - Expansion of the demonstration plant to 7,000 tpa of copper cathode by July 2012; and
  - Relocation and commissioning of the 18,000 tpa SX/EW plant on Wetar Island by June 2013. Total planned annual copper cathode production capacity is 25,000 tpa.
- The capital cost of construction and commissioning is estimated at \$A155 million. Much of the increase from the previous estimate is due to decisions to purchase rather than lease the on-site power generation equipment, and to bring forward the acid neutralisation circuit into the initial construction period.
- Wetar operating costs are estimated in the BFS to average US\$1.09 per pound of copper. The single largest component of operating costs is fuel. The BFS assumes medium fuel oil (MFO) is used to fire the generators at a reduced cost over diesel, capitalising on a regional surplus of both MFO and MFO fired generators.
- As mentioned, the forestry status of Kali Kuning and Lerokis deposits remains outstanding. Most of the area is within a 'conversion forest', which has been designated for permanent conversion to open ground. Part of the Lerokis deposit is within a 'production forest', that is, designated for logging. Lerokis requires a separate permitting process. Under the BFS assumptions Lerokis is not scheduled for development until 2017.

#### **SUMMARY OPINION**

- The increase in capital costs and the attenuation of the production ramp up time has reduced the diluted Finders valuation to **\$0.66 cents per share\*** (76 cps undiluted). This compares to the current Finders share price of \$0.42.
- At projected total costs of US\$1.82/lb cathode copper Wetar remains a relatively low cost and undervalued copper project. There is immediate upside above the valuation in the mined ore grades and recoveries at Kali Kuning, and in the potential to add the nearby Meron deposit to the project schedule.
- The Wetar demonstration exercise has prepared Finders well technically and logistically for the build up to 25,000 tonnes of annual copper cathode production.
- Helmsec retains **Speculative Buy** recommendation

*\*Assumptions implicit in the valuation include an AUDUSD exchange rate held flat at 0.95, copper US\$5.00/lb in CY2012, \$3.50/lb 2013-2015, \$2.80/lb thereafter. A real, after tax discount rate of 10% and the issue of 133 million new Finders shares at 45 cps each to raise A\$60 million.*

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