

For Release 31 January 2012
Finders Resources Limited

Quarterly Activities Report December 2011



Further information, please contact Finders Resources Limited

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HIGHLIGHTS



■ Wetar Copper Project

- Credit approval for US\$138m project finance facility from Barclays Capital, the investment banking division of Barclays Bank plc, Credit Suisse AG and Standard Bank plc.
- Whim Creek SX-EW plant transported from Australia to Kupang, Indonesia
- New spatial plan to be presented by integrated departmental team to Minister of Forestry in mid-February, followed by gazetting.
- Release of land from conversion forest will allow immediate development of the project locations at Kali Kuning.
- Majority of subsidiary permits have been released or are ready for signing.

■ Ojolali Gold-Silver Project

- Assay results from trenching satellite deposits support high prospectivity of tenement and provide encouraging indications to increase the oxide gold potential.
- This data will form the basis for a scoping study for a start up heap leach operation.

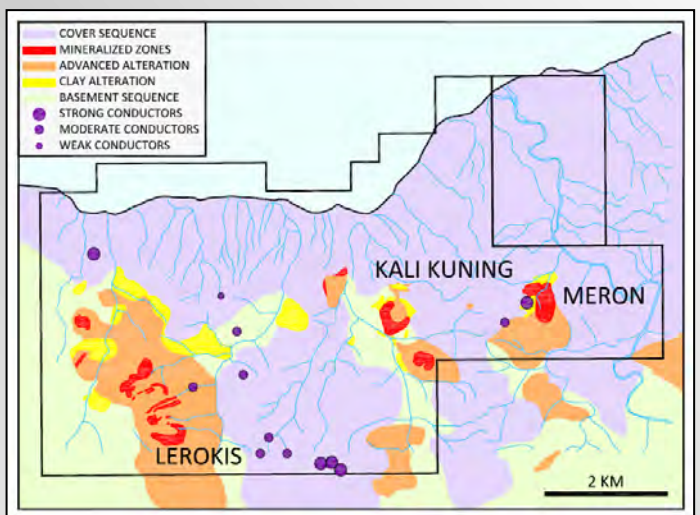
■ Corporate

- Taurus Funds Management and Resource Capital Fund agreed to provide a loan of up to A\$8m.
- Subsequent event: US\$1.5m Convertible Note was converted into Finders shares on maturity of the Note.

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

Key work undertaken is as follows:

- Design and engineering for the Marine Fuel Oil (“MFO”) power station has commenced with MFO expertise seconded from Resindo and Royce Power Engineering.
- Detailed project procurement and scheduling has commenced and will focus on the development of integrated civil, structural, mining and production schedule. Some long lead time items, such as the Expanded Demonstration Plant rectifier have already been imported into Indonesia.
- Final geotechnical drilling to confirm the viability of design options for the gold pit heap leach pad and access road to the Kali Kuning valley (both with potential cost savings) will commence in February.
- Updated capital cost estimates have largely been completed for major equipment items and a modified project development scope. The cost estimate will also reflect a post-BFS decision to increase the number of MFO generators from four to six units.



Fig 1 : MFO generator units



Fig 2: Demo Heap Leach with raincoats

Project Finance

- During the quarter, Finders were advised that its three Mandated Lead Arrangers, Barclays Capital, the investment banking division of Barclays Bank plc, Credit Suisse AG and Standard Bank plc have received credit approval to provide US\$138 million of facilities. The facilities include a term loan facility of up to \$103 million to fund construction, a cost overrun facility of \$20 million and a working capital facility of \$15 million.

Wetar – Progress Report contd.

- Drawdown of the facilities is subject to standard conditions precedent for a facility of this nature including completion of satisfactory documentation (which is already well advanced), permitting, securing and spending the project equity and implementation of an agreed hedging programme. It is expected that the facilities will be available for drawdown by mid-2012 and will fund the commercial development of the Wetar Copper Project in Indonesia.
- In a very difficult global banking environment, it is pleasing that credit approvals were granted; this reflects the strength of the three banks as leaders in mining project finance and their support speaks highly of the economics of the Wetar Copper Project and its long term viability.
- Finders continues to explore funding alternatives for the balance of the project finance including mezzanine debt, convertible notes, off-take loans and ordinary equity. Multiple terms sheets are being assessed and Finders expect to make further announcements by the end of Q1 2012.



Fig 3/4. Transportation of the Whim Creek plant

Whim Creek Plant

- The processing plant equipment for Finders’ Wetar Copper Project has arrived at the Indonesian port of Kupang in West Timor, Indonesia. The plant was shipped from Port Hedland in Western Australia and consisted of more than 50 forty foot containers and 2,400 cubic metres of break bulk.
- The SX/EW plant was used at the Whim Creek mine in Western Australia until 2009 and before that at Girilambone in NSW. The Whim Creek SX/EW plant has a nameplate capacity of 18,000 tpa and was purchased by Finders from Straits Resources.

Wetar – Progress Report contd.

- Use of the Whim Creek SX/EW plant will provide a significant capital cost saving relative to construction of a new plant.
- A small component of the plant will now be shipped to Surabaya for further refurbishment, with the bulk of the plant to be shipped directly to Wetar in due course.



Permitting

- Finders has received written confirmation from BAPPEDA Maluku (Department of Regional Planning and Development) that the new forestry boundaries set in the final plenary meeting of the integrated departmental team (held on 24th January) will be submitted to the Minister of Forestry on 14th February and then form the reference for forestry boundaries in the Province of Maluku.
- Once the new spatial plan for the Province of Maluku is gazetted, project locations at Kali Kuning, Meron and Lerokis, as previously announced, will be released from conversion production forest status. This will allow for immediate land access and is the catalyst for project development activities.
- The award of subsidiary permits is on track, with a number of permits received including the Building Permit and Explosives permits for transportation and storage; a number of permits are ready for signing including location permits, noise and disturbance permits, water use, electrical power generation. Applications have also been lodged for sand and gravel permits. Fuel storage applications and limestone quarry applications will be lodged at the appropriate time.

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

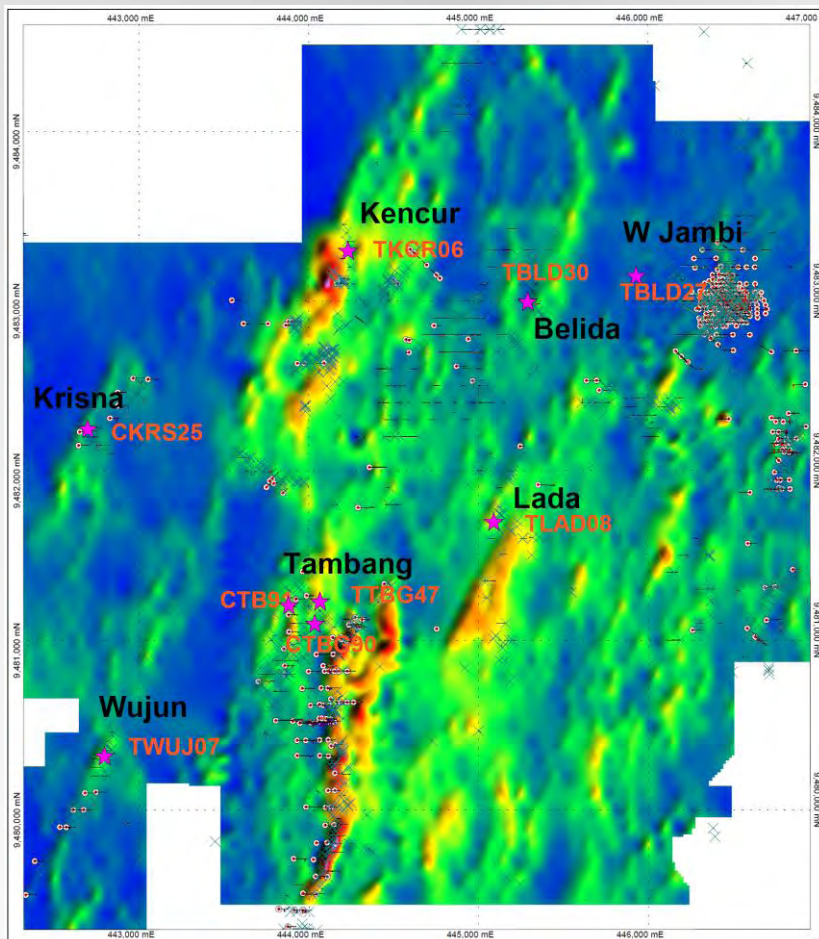
Cut-off 0.3 g/t Au (100% project basis); the figures in the table may not sum due to rounding. Significant figures do not imply an added level of precision

- 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)

Activities

- During the quarter, a program of hand dug trenching continued, focussed on locating additional oxide gold mineralization, with focus on the Krisna and Wujun prospects, plus additional work at Tambang North, Way Sawa, Lada and Belida. Trenches were hand dug to (weathered) bedrock and sampled with 5cm x 5cm channel samples, in generally 2m intervals, approximating the quality of a diamond drill sample.

CURRENT ACTIVITIES



Assays were received for 397 samples, comprising channel samples from trenches and outcrops, with a total of 64 samples with gold values >0.3 g/t Au.

Significant intercepts were obtained from a wide range of prospects, as tabulated below, with locations for these intercepts shown in Figure 5.

Fig 5: Location of significant assays (red text). Background image shows resistivity, where green-orange-red colours relate to known vein systems in the project area.

Prospect	Location	Intercept (m)	Au (ppm)	Ag (ppm)
Krisna	CKRS25	4.0	2.6	4.2
Kencur	TKCR06	4.0	19.3	13.7
Tambang	CTBG91	16.0	1.26	26
Tambang	TTBG54	12.0	1.3	0.5
Tambang	TTBG47	8.0	1.7	-
Tambang	CTBG90	4.0	1.3	3.3
Belida	TBLD30	8.0	1.1	-
Belida	TBLD27	4.0	1.0	-
Lada	TLAD08	4.0	3.3	10.3
Wujun	TWUJ07	16.0	1.0	7.4

CORPORATE

Capital Structure

Type of Security	Number on Issue		
<i>Fully Paid Ordinary Shares ("Shares")</i>			
Shares on issue at 30 Sep 2011	279,530,434		
Issued in payment of convertible note interest	134,163		
Issued in payment of loan establishment fee	313,561		
Shares on issue at 31 Dec 2011	279,978,158		
<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	Aug 29, 2014	250,000
	A\$0.50	Oct 24, 2014	16,000,000
Unlisted Options on issue at 31 Dec 2011	19,250,000		
<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

- Subsequent to the end of the quarter, the US\$1,500,000 Convertible Note was converted into Finders shares on maturity of the Note. A total of 4,017,145 Finders shares were issued to Resource Capital Fund IV L.P. ("RCF") (the holder of the Note) at an issue price of \$0.36 per share in full settlement of the Note and interest payable to the maturity date.

Funding

- In October 2011, the company secured a loan of A\$8 million from two of its major shareholders, RCF and Taurus Funds Management. The loan is unsecured and is repayable on the earlier of either the project equity raising or 24 October 2012. Interest at the rate of 8% per annum is payable on the loan. In consideration for the loan, the company has issued 16,000,000 options over Finders shares to the lenders, exercisable at 50c per share at any time up to 24 October 2014.

Cash

- As at 31 December 2011, Finders had A\$3.6 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 compiled by Dr Phillip Hellman who is a Director 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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Appendix 5B

Mining exploration entity quarterly report

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

Name of entity

FINDERS RESOURCES LIMITED

ABN

82 108 547 413

Quarter ended ("current quarter")

31 December 2011

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from product sales and related debtors	-	843
1.2 Payments for: (a) exploration & evaluation	(117)	(568)
(b) development	(113)	(2,827)
(c) production	(1,839)	(7,674)
(d) administration	(1,088)	(4,159)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	16	309
1.5 Interest and other costs of finance paid	(508)	(521)
1.6 Taxes and value added tax paid	(119)	(832)
1.7 Other (provide details if material)		
Net Operating Cash Flows	(3,768)	(15,429)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects		
(b) equity investments		
(c) other fixed assets	(879)	(2,090)
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)	(60)	161
Net investing cash flows	(939)	(1,929)
1.13 Total operating and investing cash flows (carried forward)	(4,707)	(17,358)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(4,707)	(17,358)
	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	6,500	6,500
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (provide details if material)		
	Net financing cash flows	6,500	6,500
	Net increase (decrease) in cash held	1,793	(10,858)
1.20	Cash at beginning of quarter/year to date	1,787	14,457
1.21	Exchange rate adjustments to item 1.20	(9)	(28)
1.22	Cash at end of quarter	3,571	3,571

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	330
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 Convertible Equity Linked Facility	8,000	6,500

The convertible note, held by Resource Capital Fund, was converted in January 2012 into Finders shares at a price of \$0.36 per share.

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	80
4.2 Development	600
4.3 Production	2,000
4.4 Administration	1,000
Total	3,680

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	1,335	778
5.2 Deposits at call	2,236	1,009
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	3,571	1,787

+ 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	279,978,158	279,978,158	
7.4	Changes during quarter (a) Increases through issues - <i>Conversion of interest payable under convertible note</i> - <i>Loan establishment fee</i> (b) Decreases through returns of capital, buy-backs	134,163 313,561	134,163 313,561	35 cents 38 cents
7.5	*Convertible debt securities <i>(description)</i>	3,992,207	NIL	36cents
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted			
7.7	Options <i>(description and conversion factor)</i>		<i>Exercise price</i>	<i>Expiry date</i>
		500,000	NIL	30cents
		500,000	NIL	30cents
		2,000,000	NIL	30cents
		250,000	NIL	37cents
		16,000,000	NIL	50cents
				16.04.2012
				16.04.2014
				08.05.2014
				29.08.2014
				24.10.2014

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

7.8	Issued during quarter	16,000,000	NIL	50cents	24.10.2014
7.9	Exercised during quarter				
7.10	Expired during quarter	250,000	NIL	37cents	23.06.2014
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 January 2012
Director

Print name: Christopher Ben Farmer

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

+ See chapter 19 for defined terms.