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## Financial Report 2009

Finders Resources Limited



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## From the Chairman

Dear Shareholder,

With the change in Finders' accounting year end from June to December this Financial Report covers a period of only six months, but in this short period the Company has made strong progress towards its goal of becoming a highly profitable copper producer from the Wetar Copper Project.

During this period, a feasibility study, managed by Ausenco, for the staged development of Wetar into a 23,000 tpa producer of cathode copper, was completed.

This showed very robust economics for the project, and lead the company to complete the acquisition of the 18,000 tpa SXEW plant formerly at Whim Creek, which will form the basis for this expanded production, from Straits Resources Ltd.

Operation of the 5tpd Cu Wetar demonstration plant has continued, and included successful retrofitting of an acid neutralization circuit to counter higher than expected acid generation in the heap leaching process.

Heap leach performance has been close to initial predictions, and since December, the plant has consistently produced at nameplate capacity of premium quality copper cathode exceeding LME Grade A specifications.

Development work is now focussed on optimising the feasibility study and detailed engineering for the Stage 1 Expanded Demonstration Plant, which is to be increased to 7,000 tpa Cu capacity from the originally planned 5,000 tpa, resulting in a significant enhancement of the project economics.

The Wetar feasibility study was used as a basis for completion and submission in December of the final application for environmental approval (AMDAL) of the full scale project development, as a culmination of over 12 months of detailed consultation with the responsible Provincial Government and local community. This application was approved by the Governor in early April, and is a pre-requisite for application for the final mine development permits.

During the period, a total of \$21.25 million was raised through a Share Purchase Plan and placements to sophisticated and institutional investors, and a US\$5 million debt facility was repaid in full.

Copper sales from the demonstration plant are now generating revenues in excess of US\$1million/month.

Detailed negotiations regarding funding for the full scale development are ongoing with a number of banking groups, all of which are pre-qualified by having financed projects in the Indonesian environment.

On the exploration front the Board's aim has been to minimize expenditures prior to completion of funding of the Wetar development, while still maintaining a pipeline of projects to maintain future growth of the Company.

This comprises a limited programme of diamond and RC drilling at the Ojolali gold-silver project in Sumatra, targeted to define potential start-up open pit oxide resources, together with data compilation and limited ground geophysical surveys on copper-gold tenements on Wetar Island, with a focus on the advanced Meron prospect, located within 2km of the main Wetar resource at Kali Kuning.

Finders has emerged from the Global Financial Crisis in a strong position, through a combination of a very robust core project in Wetar Copper, and strenuous and dedicated efforts by a highly committed staff, led by Managing Director Chris Farmer.

On behalf of the board, I would like to thank them, and also our shareholders who have supported the Company over the previous year.

With strong forecast copper prices going forward, I look forward to an exciting year of growth for the Company as we move towards full scale production at Wetar.

Yours sincerely

Russell Fountain  
Chairman



# Operations Review

## Overview

As stated in the 2009 annual report, Finders' corporate objectives include:

- Obtaining project finance and permitting for the full scale Wetar Copper Project;
- Expanding the brownfields Wetar Copper Project to 23,000 tonnes per annum copper cathode production;
- Expanding the resource base and initiate feasibility studies at the Ojolali gold-silver project;
- Exposure to further exploration success at Wetar and Ojolali; and
- Identifying new undervalued assets for low cost acquisition.

A definitive feasibility study of the Wetar Copper Project completed during the period confirmed that the project is technically feasible and economically robust.

Discussions are in progress with potential financiers for the expansion of the Wetar Copper Project from the current production capacity of 1,800 tonnes of copper cathode per annum to 7,000 tonnes per annum initially, followed by expansion to 23,000 tonnes per annum.

Finders recently announced a significant project milestone achievement with the award of the final environmental permit (known as the AMDAL).

The awarding of this permit paves the way for the Company to apply for the formal mining licence for the Wetar Copper Project.

At the Ojolali gold-silver project, exploration activities recommenced during the period. It is the group's aim to complete a pre-feasibility study on one of the deposits by the end of 2010.

The Company accepted a cash offer to purchase its entire shareholding in Geopacific Resources NL subsequent to balance date.



Stripping Copper Cathode at Demonstration Plant



# Operations Review

## Wetar Copper Project

Finders ~94%\* and earning through expenditure

\*based on expenditure at 30 June 2009

### Project Description

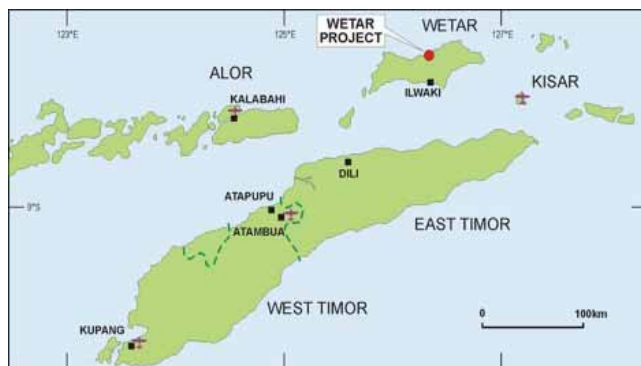
The Wetar Copper Project comprises two high grade deposits, Kali Kuning and Lerokis, which are located within 3km from the coast and suitable for open pit mining.

Copper mineral species at Kali Kuning and Lerokis are dominated by chalcocite and covellite, which are readily amenable to bacterial assisted leaching, and chalcopyrite which leaches faster at higher temperatures.

The project is at the same location as an old gold mine which operated between 1989-1997 and benefits from having existing infrastructure in place, particularly a wharf, camp and roads.

During 2009 Finders operated a 5 tonne per day solvent extraction electrowinning (SX-EW) demonstration plant to optimise process design and provide data required for the recently completed Definitive Feasibility Study (DFS).

The test heaps are at heights similar to commercial operations worldwide and the SX-EW technology being used is industry standard. SX-EW technology is currently responsible for approximately 22% of the world's copper production.



Wetar Project Location

### Ore Reserves

Ore Reserves have been independently assessed by Australian Mine Design & Development Pty Ltd in accordance with the JORC Code and set out in the table below, based on a cut-off of 0.5% copper for two pits at Kali Kuning and Lerokis with an overall waste to ore ratio of 0.98:1.

Category	Tonnes (m)	Grade %Cu	Contained Copper (kt)	Contained Copper Attributable to Finders (94%) (kt)
<b>Kali Kuning Pit</b>				
Proved	4.91	2.5	123	116
Probable	0.85	2.2	19	18
<b>Sub-Total</b>	<b>5.76</b>	<b>2.5</b>	<b>142</b>	<b>133</b>
<b>Lerokis Pit</b>				
Proved	2.05	2.4	49	46
Probable	0.37	2.3	9	8
<b>Sub-Total</b>	<b>2.42</b>	<b>2.4</b>	<b>58</b>	<b>55</b>
<b>Combined</b>				
Proved	6.96	2.5	72	162
Probable	1.22	2.2	28	26
<b>Sub-Total</b>	<b>8.18</b>	<b>2.5</b>	<b>205</b>	<b>193</b>

The tonnes and grades are stated to a number of significant digits reflecting the confidence of the estimate. Since each number and total is rounded individually the columns and rows in the above table may not show exact sums or weighted averages of the reported tonnes and grades.



# Operations Review

In addition there is a third deposit, Meron, located 2 km from Kali Kuning. This prospect has a potential size of 0.5-1.5 million tonnes at 1-3% Cu based on historical drilling results from the previous gold mining operation.

This potential is an exploration target which is conceptual in nature and may or may not be converted into a Mineral Resource depending on future exploration and resource modelling work.

Meron is not included in the current DFS due to its lack of technical definition, however, engineering plans do recognize the potential for later additional leach ore from Meron and additional leaching space is available in the DFS.

## Demonstration Plant Operation

The Wetar Demonstration Plant is a full scale SW-EW plant with a production capacity of 5 tonnes copper cathode per day. The plant was commissioned in February 2009.

Production statistics to 31 December 2009 are as follows:

	Jan-Jun 09	Jul-Dec09	Total
Ore crushed and stacked ('000 tonnes)			100
Grade (Cu%)			4.2
Contained copper (tonnes)			4,192
Copper cathode produced (tonnes)	560	567	1,127
Copper cathode sold (tonnes)	489	416	905

The demonstration project incorporates all aspects of a heap leach SX-EW operation and forms a key part of the DFS discussed below.

Critical benefits for the Company during operation of the demonstration plant include developing better knowledge and introduction of management systems for logistics, power supply, irrigation and leach recovery rates, acid neutralisation, water balance control and production parameters required to produce LME Grade A copper cathode.

The demonstration stage provided key information to allow completion of the DFS as well as valuable operating experience for newly trained staff in preparation for running the full scale project.

## Project Expansion

The DFS on the Wetar Copper Project completed during the period confirmed that the project is economically robust, with a mine life of approximately nine years.

Life of mine operating costs are estimated to be US\$1.00/lb Cu and the project has a total funding requirement of approximately US\$118 million. The DFS envisaged three stages of project development as follows:

- i) Stage 1 - expansion of the current 1,800 tonnes per annum copper cathode demonstration plant to 5,000 tonnes per annum (since increased to 7,000 tonnes per annum). Stage 1 uses expanded heap leach areas all within the footprint of the existing disturbed area from previous mining at the Kali Kuning deposit. It has the distinct advantage of making Finders a profitable copper producer at the earliest opportunity, and of equal importance, it significantly reduces the construction risk in Stage 2.
- ii) Stage 2 - final expansion to 23,000 tonnes per annum copper cathode utilizing the Whim Creek SX-EW plant acquired during the period and a newly constructed pad area in the adjacent Kali Kuning valley.
- iii) Stage 3 - development of the Lerokis pit and haulage of Lerokis ore to provide additional ore feed to the Kali Kuning plant to maintain copper cathode production at 23,000 tonnes per annum.



# Operations Review

Key results from the DFS on a 100% project basis are summarized in the following table:

Ore Tonnes <sup>1</sup>	8.4	Million tonnes
Strip Ratio	1.0	
Life of Mine (LOM) Production	146,000	Tonnes cathode
Mine Life	8.7	Years
Average Grade (LOM)	2.5%	Cu
Average Recovery (LOM)	71%	
Average Operating Cost (LOM)	US\$1	per lb Cu
Capital - Stage 1 / EDP <sup>2</sup>	US\$12	million
- Stage 2	US\$91	million
Working Capital	US\$15	million
Pre-tax Payback (Stages 1&2) <sup>3</sup>	1.4	Years
Pre-tax NPV <sub>10</sub> <sup>3</sup>	US\$240	million
Pre-tax IRR <sup>3</sup>	60%	

1. Includes 0.2Mt of Inferred Resource within the pit shell;
2. For 5,000tpa. EDP now 7,000tpa project; capital cost being revised;
3. Using \$6,500/t Cu price.

These capital cost estimates include a total of approximately US\$34 million in indirect costs included in vendor and contractor quotations, principally for the earth-moving component of the initial pre-strip, pad construction and EPCM (overall management and delivery) for Stage 2.

Finders' management considers that significant savings to capital estimates are possible on the basis of its review of the DFS and optimization studies are on-going based on results of the DFS.

These include: targeting a reduction in the earthworks in the Kali Kuning valley associated with the disposal of waste from mining operations; reduction in EPCM and indirect capital costs through the use of more Indonesian contractors and improving the cost effectiveness of integrating the Whim Creek process plant into the overall 23,000 tonnes per annum cathode development plan. In addition, a new waste dump site was located and this will significantly reduce the cost of waste material handling.

## Stage 1 Expanded Demonstration Plant (EDP)

Stage 1 of the Wetar Project development involves the brownfields expansion of the existing demonstration plant.

The Stage 1 expansion of the demonstration plant under the DFS has been optimised and will have an annual production capacity of 7,000 tonnes copper cathode (up from 5,000 tonnes per annum).

The Company is in the advanced stages of planning for the Stage 1 expansion of the Wetar demonstration plant.

The scope of work for the EDP includes the following:

- Expansion of the demonstration heap leach pad and construction of the Gold Pit leach pad;
- Integration of the Gold Pit leach pad with the EDP;
- Construction of the Gold Pit ROM pad and associated access road upgrade;
- Relocation of the demonstration crushing plant and agglomerator to the Gold Pit ROM pad;
- Expansion of the demonstration SX-EW Plant from 1,800 tonnes per annum to 7,000 tonnes per annum;
- Expansion of the acid neutralisation plant;
- Construction of the raw water pipeline; and
- Construction of an airfield.

The construction period for Stage 1 is expected to be six months and will commence after obtaining finance and mine permitting.



# Operations Review

## Stage 2 Expansion to 23,000 tonnes copper cathode per annum

Finders exercised its option to acquire the Whim Creek SX-EW plant located in Western Australia from a subsidiary of Straits Resources Limited in December 2009.

Consideration for the SX-EW plant was satisfied by the issue of 13,421,439 fully paid ordinary shares in the Company. These shares represented the total consideration of \$5.25 million, being \$5.0 million for the plant plus \$0.25 million for the option fee.

The Whim Creek SX-EW plant is capable of producing 18,000 tonnes of copper cathode per annum and is well suited to Finders' needs for both Stage 1 & 2 expansions of the Wetar Copper Project.

Securing the Whim Creek SX-EW plant represents another major step towards development of the full scale project, by providing certainty of supply for key components of the development for both Stages 1 & 2, as well as significant cost and time savings compared to the purchase of new equipment.

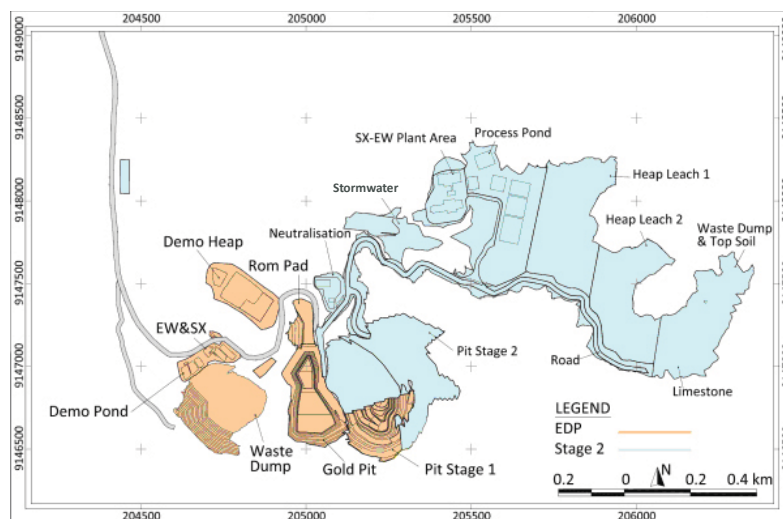
The plant has been dismantled and preparations are being made to relocate it to Wetar in the coming months.

Subject to obtaining project finance, full capacity cathode production is expected to be reached within 12 months of Stage 1 completion.

## Occupational Health and Safety

Since January 2008, Finders and its contractors have completed approximately 845,000 work hours with two lost time injuries. This gives an overall LTIF of 3.5, compared to the current mine performance in Australia of around 3.0.

Seven work days have been lost with 32 reportable incidents. The majority of incidents involve vehicles (38%) and chemicals (22%) and these two areas provide the main focus for ongoing safety training.



Wetar Project Development



# Operations Review

## Ojolali Gold-Silver Project

Finders ~72% with option to increase to 100%

The Ojolali Project comprises 5,921 Ha of Exploration KP concessions in Lampung Province in Sumatra. Finders holds a 71.7% interest in the project through its subsidiary, Way Kanan Resources Pty Ltd, in partnership with Great Northern Resources (22.8%), and PT Batutua Kharisma Permai (5.5%).

Finders has an option to purchase 100% of the project on completion of a feasibility study. Finders controls the entire Ojolali mineral district which comprises over 20 named prospects located in gently rolling countryside within the Sumatran gold belt in Indonesia.

The individual prospects comprise a complex of high level epithermal gold-silver vein systems currently known within an area approximately 8km north south and 4 km east west within the Finders controlled KPs.

Finders acquired the project in 2005 and has since carried out an extensive exploration programme with the two-fold aim of establishing an initial mining resource at the Jambi oxide gold prospect, and also defining the potential of the remaining area for additional discoveries.

Expenditure to date is approximately US\$4.5 million. Finders exploration has included surface mapping, detailed ground geophysics, including pole dipole induced polarization (IP) and ground magnetics (25 km<sup>2</sup>), composite soil sampling (35 km<sup>2</sup>), and an ongoing programme of follow up surface trenching and channel sampling of target areas, including extensive sampling of local miner workings.

### Resources

Based on diamond and reverse circulation drilling by Finders, Hellman and Schofield Pty Ltd has independently estimated resources of approximately 140,000 oz gold at the Jambi oxide gold deposit, as detailed in the table below.

The Jambi resource remains open to the north, west, south-west, north-east and at depth. With a hill-top location and favourable metallurgy, Jambi has potential for mining as a low stripping ratio open cut.

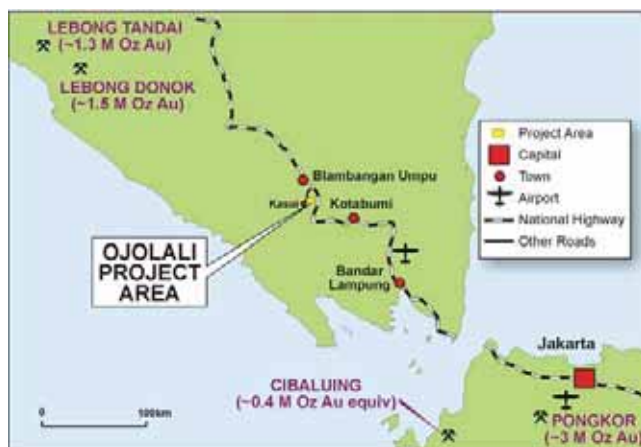
Category	Tonnes (m)	Grade Au (g/t)	Grade Ag (g/t)	Contained (koz Au)	Attrib. Finders (koz Au)
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#### Cut off 0.5 g/t Au

Indicated	2.98	1.1	8.3		
Inferred	1.1	0.9	5.7		
<b>Total</b>	<b>4.08</b>	<b>1.05</b>	<b>7.6</b>	<b>138</b>	<b>99</b>

#### Cut off 1.0 g/t Au

Indicated	1.13	1.74	8.5		
Inferred	0.3	1.6	6.7		
<b>Total</b>	<b>1.43</b>	<b>1.71</b>	<b>8.1</b>	<b>79</b>	<b>57</b>



Ojolali Project Location



# Operations Review



Jambi Hill

An additional Inferred Resource of 7.9m tonnes at 167 g/t Ag and 0.7 g/t Au (using a 1 g/t Au equivalent cut-off) containing approximately 40 million ounces of silver and 170,000 oz of Au, based on drilling by other companies, has been previously announced for part of the 2.5km long Tambang vein system.

Finders' current exploration strategy is to increase the oxide gold resource to +300,000 oz Au equivalent, to provide the basis for a low cost 30-50,000 oz gold per year open pit mine based on the Jambi oxide resource, and to use the cash flow from this plant to fund exploration for additional resources and progressive expansion of the project.

## Potential for Additional Discovery

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

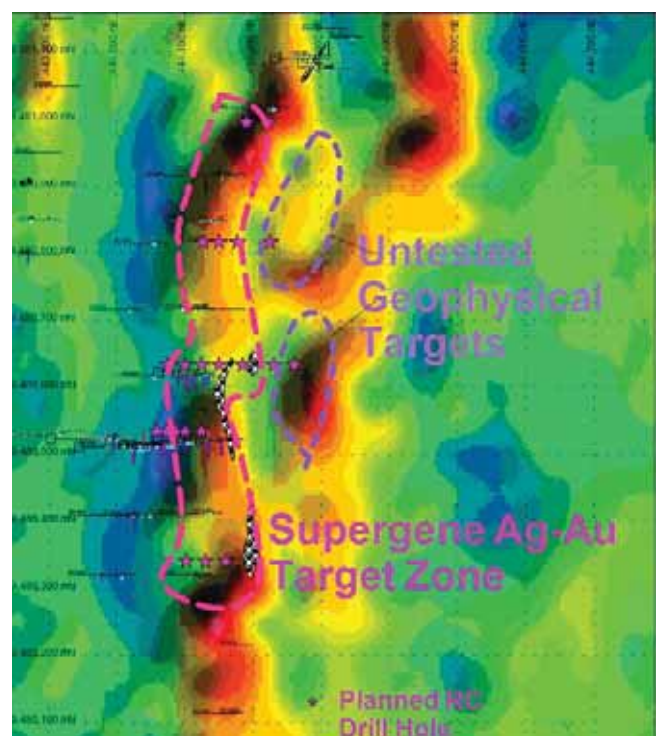
- Bulk low grade disseminated gold (Jambi, Jambi North, Jambi West and Belida prospects)
- High grade Ag in supergene enriched zones (Tambang supergene and Jambi supergene zone)
- Bonanza grade gold-silver vein targets (Way Neki, C1, Kencur, Batu Kuning and Suban prospects)
- Major vein systems in feeder structures at depth (Tambang, Talangharo).

## Current Exploration

Current exploration at Ojolali is focused on increasing the potentially open pit resource from 140,000 oz Au to at least 300,000 ounces gold equivalent to underpin development of an economically robust start-up mining operation.

Prime targets for additional mineralization are lateral and depth extensions of the current Jambi resource, and the near surface, part oxidized portions of the Tambang gold-silver vein system, where intersections from limited previous drilling indicate strong enrichment of silver values around the base of oxidation.

A programme of ~6,500m of diamond and reverse circulation drilling was initiated in December 2009, to test this potential.



Tambang Prospect showing target areas on IP resistivity image



# Operations Review

## Finance

The Company has changed its financial year-end to 31 December so as to align its financial reporting period with that of its Indonesian subsidiaries.

This is the first set of audited financial statements since the change and covers the 6 months ended 31 December 2009 with comparative information for the 12 months ended 30 June 2009.

### Result

The consolidated loss after income tax for the six months ended 31 December 2009 was \$3,108,000 (12 months ended 30 June 2009: \$11,652,000).

The group generated revenue from copper cathode sales of \$3 million during the period. The Wetar copper demonstration plant, which was commissioned in February 2009, produced 567 tonnes of London Metals Exchange Grade A copper cathode during the six month period, of which 416 tonnes were sold in that period.

The copper was sold at an average price of US\$2.84/lb which compares favourably with the London Metals Exchange average cash settlement price of US\$2.84/lb for the period.

Except for the one-off pre-production cost expensed in the first six months of 2009 and higher financing charges and cost of mining incurred in that period, the expenses for the six months to 31 December 2009 were comparable to those incurred in the first six months of 2009. Adjusted for the aforementioned costs, the annualised result for the six months to 31 December 2009 is comparable to that of the 12 months ended 30 June 2009.

## Financial Position and Cash Flows

At balance date, the group had \$7.6 million in cash and interest-bearing debt in the form of a US\$1.5 million 12% convertible note which if not converted, will be repayable on 19 January 2012.

The Company raised a total of \$21.25 million from equity issues during the six month period.

The funds raised enabled the Company to retire a US\$5.0 million debt facility which was due on 31 December 2009, leaving the convertible note as the group's only interest-bearing debt.

Receipts from copper cathode sales contributed \$3.9 million to cash during the period. The receipts from customers, supplemented by the proceeds from the equity raising has enabled the group to manage its working capital requirements as well as completing the feasibility study on the Wetar Copper Project and funding other capital expenditure to progress the Wetar Copper Project towards full development.

## Investments

Finders held 5,900,000 fully paid ordinary shares in Geopacific Resources NL. Subsequent to balance date, the Company sold the entire shareholding for a total consideration of \$0.8 million, realising a profit of \$0.5 million.

The funds released will be re-deployed in advancing the Wetar and Ojolali projects.



# Operations Review

## Mining Tenements

Tenement IUP/KP Decision No.	Tenement Type	Date Issued	Area (ha)	Term	Holder	Finders' Interest	Status
<b>Wetar Copper Project</b>							
543.4 - 190 Tahun 2009	IUP Exploration	31 Dec 2009	1,372	3 years	BKP	94.0%	
543.4 - 191 Tahun 2009	IUP Exploration	31 Dec 2009	1,361	3 years	BKP	94.0%	
545 - 192 Tahun 2009	IUP Exploration	31 Dec 2009	1,425	3 years	BBW	94.0%	
545 - 04a Tahun 2009	KP Exploration	9 Jan 2009	515	1 year	BBW	94.0%	*
<b>Wetar: South Coast Exploration</b>							
543 - 955 Tahun 2006	KP Exploration	16 Oct 2006	2,636	3 years	BKP	94.0%	*
543 - 09c Tahun 2009	KP Exploration	9 Jan 2009	1,418	1 year	BKP	94.0%	*
543 - 05a Tahun 2009	KP Exploration	9 Jan 2009	1,021	1 year	BBW	94.0%	*
543 - 06a Tahun 2009	KP Exploration	9 Jan 2009	1,106	1 year	BBW	94.0%	*
543 - 07a Tahun 2009	KP Exploration	9 Jan 2009	1,148	1 year	BBW	94.0%	*
<b>Ojolali Gold-Silver Project</b>							
B.189/04-WK/HK/2007	KP Exploration	19 Dec 2007	856	3 years	BWKM	71.7%	*
B.187/04-WK/HK/2007	KP Exploration	19 Dec 2007	1,626	3 years	BWKM	71.7%	*
B.113/DPE-WK/HK/2009	KP Exploration	7 Aug 2009	1,715	1 year	BWKM	71.7%	*
B.113a/DPE-WK/HK/2009	KP Exploration	7 Aug 2009	1,715	1 year	BWKM	71.7%	*

Finders' interests in the Wetar and Ojolali projects are held through its Indonesian subsidiaries, PT Batutua Tembaga Raya ("BTR") and PT Batutua Lampung Elok ("BLE").

BTR and BLE are parties to certain cooperation agreements with Indonesian companies, PT Batutua Kharisma Permai ("BKP"), PT Batutua Barit Wetar ("BBW") and PT Batutua Way Kanan Minerals ("BWKM") that held exclusive mining authorisations (Kuasa Pertambangan ("KP")).

Under Indonesia's new mining law introduced in January 2009, all KPs are being replaced with new mining licences (Izin Usaha Pertambangan ("IUP")).

\* Pending conversion to IUPs



# Operations Review

## Competent Persons Statement

The information in this report that relates to mineral resource estimation is based on work completed 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 (JORC Code) and as a Qualified Person as defined in the AIM Rules.

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. Estimates for Kali Kuning are based on a data set from which some diamond drill holes have been excluded due to poor recovery of copper mineralisation as evidenced by neighbouring RC holes.

Geological information in this announcement and comments relating to exploration potential and the project in general is based on information compiled by Dr Russell Fountain, who also accepts responsibility for the data on which the resource is based. Dr Fountain is a Director of Finders and a Fellow of the Australian Institute of Geoscientists.

Dr Fountain has sufficient experience that is relevant to the styles of mineralisation and types of deposits under consideration and to the activity that he is undertaking to qualify as a Competent Person under the JORC Code. He consents to the inclusion in this report of the matters based on his information in the form and context in which they appear.

The information in this report that relates to ore 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 under the JORC Code. 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.

All assaying of drill core samples was undertaken by the ITS laboratory in Jakarta. ITS is one of the world's largest product and commodity testing, inspection and certification organizations. The Jakarta laboratory is ISO 17025 accredited and employs a Laboratory Information Management System (LIMS) for sample tracking, quality control and reporting.



# Directors

Russell J Fountain

Non-Executive Chairman

BSc (University of Sydney), PhD (University of Sydney), FAIG

Dr Fountain has over 40 years of successful international experience in all aspects of mineral exploration, project feasibility and development of mining projects.



Christopher B Farmer

Managing Director

BSc (Hons) (University of Southampton), MBA (Ashridge), PhD (Royal School of Mines, Imperial College)

Dr Farmer has over 19 years of international experience in all aspects of exploration, with a strong emphasis on business development.



Michael H Stirzaker

Finance Director

BCom (University of Cape Town), CA (Australia)

Mr Stirzaker is a Chartered Accountant with more than 25 years of commercial experience, most of which has been in the mining finance and mining investment sectors, including mergers and acquisitions and capital raisings.



Robert P Thomson

Executive Director, Development

BE (Mining) (University of Queensland), MBA (University of Wollongong), FAusIMM

Mr Thomson has over 30 years of Australian and international mining experience. He has worked on 5 Asian development projects in the last 13 years including GM Development, Chatree Gold Mine in Thailand and Project Director, Sepon Gold Mine in Laos. Mr Thomson was CEO of Climax Mining Limited from 2003 to 2006 and Asian Mineral Resources Limited from 2006 to 2008.





# Directors

## Stephen R de Belle

Independent Non-Executive Director

BA (Macquarie University), MSc (London University), MTCP (University of Sydney)

Mr de Belle has been closely involved with the start-up and operation of iron ore, coal, base metals, gold and petroleum projects and companies, and has particular expertise in the development and financing of projects in the resources and infrastructure sectors both in Australia and overseas. He is currently managing director of a geothermal and power technology company.



## Stephen J Lonergan

Independent Non-Executive Director

LLB (Australian National University), LLM (McGill University)

Mr Lonergan is a commercial lawyer based in Sydney with more than 25 years experience in the Australian and international mining industry, having been General Counsel of Pancontinental Mining Group, a partner at Baker & McKenzie Sydney, and General Counsel and Company Secretary of Savage Resources Limited. Mr Lonergan is currently General Counsel and Company Secretary of CBH Resources Limited.



## T Quinn Roussel

Non-Executive Director

BSc (Mining Engineering) (Colorado School of Mines), MBA (University of South Carolina and Wirtschafts Universitat – Wien)

Mr Roussel is a Principal of Resource Capital Funds (RCF), a mining-focussed private equity firm. Prior to joining RCF in 2006, he was Director of Business Development at one of RCF's portfolio companies in China. He has also worked as an engineer in both mining and the oil & gas industries.





## Senior Management

### Grant K Harding

#### Operations Manager

BSc (Mineral Science), MAusIMM

Mr Harding is a qualified extractive metallurgist with over 25 years experience in the mining industry. He has extensive operational, engineering and project management experience in Australia and internationally in Indonesia, Myanmar, Ghana, Tanzania and the Philippines.

### Chin Haw Lim

#### Chief Financial Officer

BCom, CA

Mr Lim qualified as a Chartered Accountant in 1984 and has been involved in the mining industry since that time. His mining and Indonesian experience included 8 years with Straits Resources Limited which operated the Girilambone Copper Mine (heap leach SX-EW) in New South Wales and the Sebuk Coal Mine in Indonesia and 5 years with Triako Resources Limited. He was also the company secretary of those companies.

### Geoffrey R Hiller

#### Project Manager, Development

BSc Hons (Mining Engineering), BSc Hons (Civil Engineering), MBA

Mr Hiller has over 20 years of commercial experience, first in engineering consulting and then in investment banking. In the latter role he specialised in the mining finance and mining investment sectors, including funds management, mergers and acquisitions and capital raisings.

### Ian H Morgan

#### Company Secretary

BBus (NSW Institute of Technology), CA, ACIS, MAICD, FFin

Mr Morgan is a Chartered Accountant and Chartered Company Secretary, with over 25 years experience. He provides secretarial and advisory services to a range of companies, and is company secretary of other publicly listed companies.



# Corporate Governance

## Corporate Governance Statement

The Board of Directors supports good corporate governance principles and practices. Notwithstanding its small size, the Company aims to comply with the Corporate Governance Principles and Recommendations 2<sup>nd</sup> Edition ("ASX Principles") set by the ASX Corporate Governance Council ("Council") to the extent appropriate and practical. However where compliance is inappropriate or impractical, these departures from the ASX Principles are explained in this statement.

This report is for the 6 months transition period ended 31 December 2009 following the Company's change of financial year-end from 30 June to 31 December. Given the change to the Company's year-end, certain reviews are still in progress at this time.

The Directors have adopted the following charters and policies and copies are available on the Company's website together with the Company's Constitution.

Audit Committee Charter

Board Charter

Code of Conduct

Continuous Disclosure Policy

Nomination Committee Charter

Remuneration Committee Charter

Risk Management Policy

Securities Dealing Policy

Shareholder Communication Policy

**ASX Principle 1: Lay solid foundations for management and oversight.**

Council states that a company should "*Establish and disclose the respective roles and responsibilities of board and management*".

The Board Charter defines the operation of the Board of Directors, its role, composition and responsibilities and the separation of the role of the Board from that of the management.

The Board is responsible for -

- a) setting the Company's values and standards of conduct;
- b) providing leadership of the Company within a framework of prudent and effective controls which enable risk to be assessed and managed;
- c) setting the Company's direction, strategies and financial objectives;
- d) approving business plans and annual budgets;
- e) approving half-year and annual financial reports;
- f) ensuring that the performance of management, and the Board itself, is regularly assessed and monitored;
- g) monitoring compliance with regulatory and ethical standards; and
- h) appointing, terminating and reviewing the performance of the Managing Director and Executive Directors.

The Board has delegated authority for the operations and administration of the Company to the management team, led by the Managing Director.

The roles of the Chairman and the Managing Director are separate.



# Corporate Governance

## Corporate Governance Statement cont.

The Chairman is responsible for -

- a) leading the Board in its duties to the Company;
- b) ensuring there are processes and procedures in place to evaluate the performance of the Board, its committees and individual directors;
- c) facilitating effective discussions at Board meetings;
- d) ensuring effective communication with shareholders; and
- e) developing an effective working relationship with the Managing Director and Executive Directors.

The Managing Director is responsible for -

- a) policy direction of the operations of the Company;
- b) the efficient and effective operation of the Company;
- c) ensuring directors are provided with accurate and clear information in a timely manner to promote effective decision-making by the Board;
- d) ensuring all material matters affecting the Company are brought to the Board's attention; and
- e) maintaining regular communication with the Chairman on operational and strategic matters.

A formal process for evaluating the performance of senior executives, including Executive Directors, was implemented after balance date.

## ASX Principle 2: Structure the board to add value.

Council states that a company should "Have a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties".

The Board consists of 7 directors. A description of the skills and experience of each Board member and their period of office are contained in the Directors' Report.

### Independent Directors

Non-Executive Directors	Stephen de Belle Stephen Lonergan
-------------------------	--------------------------------------

### Non-Independent Directors

Non-Executive Chairman	Russell Fountain
Executive Directors	
Managing Director	Christopher Farmer
Finance Director	Michael Stirzaker
Executive Director, Development	Robert Thomson
Non-Executive Director	Quinn Roussel

Messrs Fountain, Farmer, Stirzaker and Thomson are not independent (see definition below) as they have been or are employed in an executive capacity.

Mr Roussel, being a Principal of Resource Capital Funds (which is a substantial shareholder in the Company), is considered to be not an independent director.



# Corporate Governance

## Corporate Governance Statement cont.

The majority of the Board comprise of non-independent directors. Notwithstanding, the Company believes that the present composition of the Board is appropriate for the following reasons –

- a) it provides a balance of skills and expertise that are required and that are appropriate at this stage of the Company's development;
- b) each of the non-independent directors, other than Mr Roussel, has a significant personal stake in the Company and the Board believes that, on balance, this serves to align their interests with those of shareholders and other stakeholders.

The Chairman, Dr Fountain, was the Executive Chairman until 25 March 2009 and is not considered to be independent. Having regard to the composition of the Board, the directors have taken the view that it is in the best interest of the Company that Dr Fountain serve as chairman of the Board.

### Independence

An independent director is a non-executive director (ie is not a member of management) and -

- a) is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- b) within the last three years has not been employed in an executive capacity by the Company or its subsidiaries, or been a director after ceasing to hold any such employment;
- c) is not a principal or employee of a professional adviser to the Company or its subsidiaries whose billings exceed five per cent of the adviser's total revenue;

- d) is not a significant supplier or customer of the Company or its subsidiaries, or an officer of or otherwise associated directly or indirectly with a significant supplier or customer. A significant supplier is defined as one whose revenues from the Company exceed five per cent of the supplier's total revenue. A significant customer is one whose amounts payable to the Company exceed five per cent of the customer's total operating costs;
- e) has no material contractual relationship with the Company or its subsidiaries other than as a director of the Company;
- f) has not served on the board for a period which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company;
- g) is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company.

### Term

The Board has not adopted a tenure policy. In accordance with the Constitution of the Company, no director shall hold office for a continuous period in excess of three years or past the third annual general meeting following the director's appointment, whichever is the longer, without submitting for re-election.

### Independent Advice

The Board, or individual directors, may obtain independent professional advice if it (or the director) considers necessary, with the costs to be borne by the Company.



# Corporate Governance

## Corporate Governance Statement cont.

### Nomination Committee

The members of the Committee are –

Stephen de Belle (Chairman)

Stephen Lonergan

Under the Nomination Committee Charter, candidates for Board positions are nominated by the Nomination Committee for consideration by the Board. In selecting new members for the Board, directors have regard to the appropriate skills and characteristics needed by the Board as a whole.

The directors endeavour to appoint individuals who would provide the mix of director characteristics and diverse experiences, perspectives and skills appropriate for the Company, at least one of whom will have appropriate technical and commercial skills relevant to the mining industry.

The Nomination Committee did not meet during the financial period.

### Board Performance Evaluation

A formal evaluation process for the Board and individual directors was implemented after balance date.

ASX Principle 3: Promote ethical and responsible decision-making.

*Council states that a company should “Actively promote ethical and responsible decision-making”.*

### Code Of Conduct

The Company conducts its business within the guidelines set out in the Code of Conduct. Under the Code all directors and employees are required to -

- a) comply with the law;
- b) act honestly and with integrity;
- c) not place themselves in situations which result in a conflict of interest;
- d) use the Company’s assets responsibly and in the best interests of the Company;
- e) be responsible and accountable for their actions.

Adherence to the Code is a term of employment with the Company.

Employees are encouraged to report any violations of this Code of Conduct to the Managing Director or to the Chairman where a concern or conflict issue involves a director.

### Securities Dealing Policy

The Securities Dealing Policy is to create awareness of the legal prohibition on dealing in securities of the Company and deals with the manner in which directors, employees and contractors can deal in securities in the Company.

The policy rules are designed to assist in preventing breaches of the insider trading provisions of the Corporations Act. The policy also aims to ensure that the Company’s reputation and those of its employees and directors is not adversely impacted by perceptions of dealing at inappropriate times.



# Corporate Governance

## Corporate Governance Statement cont.

The policy also imposes additional dealing restrictions on all directors, officers, senior executives and managers (referred to as “Designated Persons”). Designated Persons are permitted to deal in the Company’s securities throughout the year except during the following periods:

- a) the period commencing 14 days prior to the financial year-end and ending 24 hours after the release of the Company’s annual results;
- b) the period commencing 14 days prior to the half year-end and ending 24 hours after the release of the Company’s half-year results; and
- c) any other period where they are in possession of information and, were they to deal in the Company’s securities, would cause a breach of the insider trading provisions of the Corporations Act, such period ending 24 hours after the release of the information to the stock exchanges on which the Company’s securities are quoted.

At all times, a Designated Person is prohibited from dealing in the Company’s securities without first giving prior notification of the proposed dealing:

- a) if the Designated Person is a Director, giving prior notification of the proposed dealing to the Chairman;
- b) if the Designated Person is a person other than a Director, giving prior notification of the proposed dealing to the Managing Director or in his absence, an Executive Director.

Where the proposed dealing is approved, the Designated Person must complete the dealing within 10 business days of the approval.

A Designated Person is also prohibited from engaging in frequent and regular trading activity involving the Company’s securities or derivatives with a view to deriving profit related income from that activity.

Directors are required to provide details of all changes to their interest in the Company’s securities registered in the name of the director or held on behalf of the director, directly or indirectly. The details must be provided as soon as reasonably possible after the date of the change and in any event no later than three business days after the change to allow for compliance with the listing rule obligations.



# Corporate Governance

## Corporate Governance Statement cont.

### ASX Principle 4: Safeguard integrity in financial reporting.

*Council states that a company should "Have a structure to independently verify and safeguard the integrity of their financial reporting".*

The Company has accounting policies, systems and procedures for ensuring that its financial reports present a true and fair view of its financial position in all material respects. The policies, systems and procedures cover areas of significance to the financial statements such as revenue recognition, accounting for non-current assets, payroll, control of cash and other assets, recording of liabilities and authority levels.

The Managing Director and Chief Financial Officer provide the Board with a written statement pursuant to Section 295A of the *Corporations Act 2001* that the financial records of the Company for each financial period have been properly maintained in accordance with Section 286 of the *Corporations Act 2001*, the financial statements and notes thereto comply with the accounting standards and give a true and fair view and, that to the best of their knowledge, the integrity of the financial statements is founded on a sound system of risk management and internal compliance and control and the Company's risk management and internal compliances and control system is operating efficiently and effectively in all material respects.

### Audit Committee

The Committee's role and responsibilities, powers and membership requirements are set out in an Audit Committee Charter.

The Committee provides assistance to the Board in fulfilling its corporate governance and oversight responsibilities in relation to the Company's financial reporting, internal control structure, risk management systems and external audit functions.

In discharging its oversight role, the Committee is empowered to investigate any matter brought to its attention with full access to all books, records, facilities and personnel of the Company and the authority to engage independent counsel and other advisers as it determines necessary at the Company's cost.

The members of the Committee are two independent non-executive directors -

Stephen de Belle (Chairman)

Stephen Lonergan

Details of the qualifications of each Committee member, the number of Committee meetings held and the attendance of each Committee member are set out in the Directors' Report.

### Appointment and Rotation of External Auditor

If a change in external auditor is proposed, responsibility for recommending the external auditor (to be proposed for shareholder approval) and for evaluating the external auditor shall lie with the Audit Committee.

The Committee aims to recommend an external auditor who demonstrates independence and integrity and who has the capacity to support the group's business operations in Australia and Indonesia.

The audit partner responsible for the audit shall be rotated at least every five years. At least two years must elapse before the audit partner can again be involved in the audit of the Company.



# Corporate Governance

## Corporate Governance Statement cont.

### ASX Principle 5: Make timely and balanced disclosure.

*Council states that a company should "Promote timely and balanced disclosure of all material matters concerning the company".*

The Continuous Disclosure Policy sets out how directors and employees shall deal with potentially price-sensitive information to ensure that the Company complies with its continuous disclosure obligations which require the Company to immediately notify the Australian Stock Exchange (ASX) and the London Stock Exchange's AIM market (AIM) of any such information.

The Managing Director and Executive Directors constantly monitor all Company activities with a view to determining the possible need for disclosure of price-sensitive information.

Directors and the management team notify the Managing Director or the Company Secretary immediately if they become aware of any information that should be considered for release to the market.

Disclosures concerning financial information are reviewed and approved by the Chairman of the Audit Committee prior to their release to ASX and AIM.

Price-sensitive information is released to ASX and AIM. Price-sensitive information is not disclosed to analysts or others outside the Company until after the ASX and/or AIM confirm that the announcement has been released. The information is posted on the Company's website immediately after the ASX and/or AIM confirm that the announcement has been released, with the aim of making the information accessible to the widest audience.

The Company has a policy of not responding to market rumours and speculation unless it is required to do so by ASX or AIM. Where the Company is not able to make an immediate announcement of market sensitive information, it may choose to apply for a trading halt of its securities on ASX. A trading halt can only be sought by the Managing Director in consultation with the Chairman.

### ASX Principle 6: Respect the rights of shareholders.

*Council states that a company should "Respect the rights of shareholders and facilitate the effective exercise of those rights".*

The aim of the Shareholder Communication Policy is to provide shareholders with information about their company to enable them to exercise their rights as shareholders in an informed manner.

Shareholders and other interested parties are invited to register to receive email alerts of announcements posted on the Company's website.

Shareholders are encouraged to attend all meetings, or if unable to attend, to vote on the motions proposed by appointing a proxy.

The Company's auditor attends each Annual General Meeting and is available to answer questions about the conduct of the audit and the preparation and contents of the auditor's report.



# Corporate Governance

## Corporate Governance Statement cont.

### ASX Principle 7: Recognise and manage risk.

Council states that a company should “*Establish a sound system of risk oversight and management and internal control*”.

The Company faces material business risks arising from its profile as an exploration company in transition to a mining company and includes operational and financial risks and others such as reputation and regulatory risks.

Risk management strategies adopted shall include –

- a) health, safety and environment policies;
- b) internal control policies and procedures;
- c) financial authority limits;
- d) business plans and budgets;
- e) monthly reporting against budgets;
- f) insurance programme; and
- g) hedging strategies, where appropriate.

The above strategies are implemented in conjunction with other policies adopted by the Company, including the code of conduct, continuous disclosure policy and securities dealing policy to provide a comprehensive risk management policy.

The Board monitors and reviews areas of significant business risks regularly through –

- a) monthly financial reports, including reports on the operations;
- b) attendance at Board meetings held at least six times a year;
- c) tour of operations and major exploration sites;
- d) presentations by the Managing Director, Executive Directors and senior management at Board meetings;
- e) informal briefings by the Managing Director and Executive Directors; and
- f) reports by the Chairman of the Audit Committee and circulation of minutes of Audit Committee meetings to the Board.

The Managing Director and Chief Financial Officer have provided the Board with a written statement pursuant to section 295A of the *Corporations Act 2001* that the financial records of the Company for the financial year have been properly maintained in accordance with Section 286 of the *Corporations Act 2001*, the financial statements and notes thereto comply with the accounting standards and give a true and fair view and, that to the best of their knowledge, the integrity of the financial statements is founded on a sound system of risk management and internal compliance and control and the Company's risk management and internal compliances and control system is operating efficiently and effectively in all material respects.



# Corporate Governance

## Corporate Governance Statement cont.

### ASX Principle 8: Remunerate fairly and responsibly.

Council states that a company should “Ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear”.

### Remuneration Committee

The members of the Committee are -

Stephen de Belle (Chairman)

Stephen Lonergan

Russell Fountain (appointed 2 March 2010)

Quinn Roussel (appointed 2 March 2010)

Messrs Fountain and Roussel were appointed as additional members of the Committee on 2 March 2010. The Remuneration Committee Charter requires that the Committee consists of a majority of independent directors.

Whilst the additional appointments results in an equal number of independent and non-independent directors, the Board believes the appointments are appropriate given the expanding operations of the group. The Chairman of the Committee is an independent director.

Details of the qualifications of each Committee member, the number of Committee meetings held and the attendance of each Committee member are set out in the Directors' Report.

The Committee's role and responsibilities, powers and membership requirements are set out in a Remuneration Committee Charter.

The Committee advises the Board on remuneration policies and practices generally to assist the Board in the discharge of its responsibilities for human resources and remuneration matters. The objective of the Committee is to ensure that –

- a) the Company's remuneration policy is designed to align senior executives' interests with those of shareholders;
- b) remuneration level is commensurate with a person's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating employees of the highest calibre.

Full details of the Company's remuneration policy and the structure and level of remuneration paid during the period ended 31 December 2009 are set out in the Remuneration Report section of the Directors' Report. There are no schemes for retirement benefits other than statutory superannuation for both executives and non-executive directors.

The Company does not permit the hedging of unvested incentive options issued to executive directors, eligible employees and consultants. The Company's policy in this matter is contained in its Securities Dealing Policy, a copy of which can be found on the Company's website.



# Directors' Report

Your Directors present their report on the Company and its controlled entities for the six months ended 31 December 2009.

## Directors

The Directors in office during the financial period and up to the date of this report are:

**Russell J Fountain**  
(Appointed 30 March 2004)

Non-Executive Chairman

Qualifications

BSc (University of Sydney), PhD  
(University of Sydney), FAIG

Experience

Dr Fountain has over 40 years of successful international experience in all aspects of mineral exploration, project feasibility and development of mining projects.

Interest in Shares and Options

7,505,277 Ordinary Shares

Special Responsibilities

Nil

Other Listed Company Directorships in last 3 years

Geopacific Resources NL (since 9 May 2006)

**Christopher B Farmer**  
(Appointed 30 March 2004)

Managing Director

Qualifications

BSc (Hons) (University of Southampton), MBA (Ashridge), PhD (Royal School of Mines, Imperial College)

Experience

Dr Farmer has over 19 years of international experience in all aspects of exploration, with a strong emphasis on business development.

Interest in Shares and Options

5,965,695 Ordinary Shares

Special Responsibilities

Nil

Other Listed Company Directorships in last 3 years

Nil



# Directors' Report

**Michael H Stirzaker**  
(Appointed 3 June 2009)

Finance Director

Qualifications

BCom (University of Cape Town),  
CA (Australia)

Experience

Mr Stirzaker is a Chartered Accountant with more than 25 years of commercial experience, most of which has been in the mining finance and mining investment sectors, including mergers and acquisitions and capital raisings.

Interest in Shares and Options

4,017,858 Ordinary Shares  
1,000,000 options expiring 14 September 2014 (exercise price - \$0.37)

Special Responsibilities

Nil

Other Listed Company Directorships in last 3 years

Nil

**Robert P Thomson**  
(Appointed 6 January 2009)

Executive Director, Development

Qualifications

BE (Mining) (University of Queensland), MBA (University of Wollongong), FAusIMM

Experience

Mr Thomson has over 30 years of Australian and international mining experience. He has worked on 5 Asian development projects in the last 13 years including GM Development, Chatree Gold Mine in Thailand and Project Director, Sepon Gold Mine in Laos. Mr Thomson was CEO of Climax Mining Limited from 2003 to 2006 and Asian Mineral Resources Limited from 2006 to 2008.

Interest in Shares and Options

569,405 Ordinary Shares  
2,000,000 options expiring 8 May 2014 (exercise price - \$0.30)

Special Responsibilities

Nil

Other Listed Company Directorships in last 3 years

Asian Mineral Resources Limited (TSX.V) (16 April 2004 – May 2009)



# Directors' Report

**Stephen R de Belle**  
(Appointed 27 November 2004)

Independent Non-Executive Director

Qualifications

BA (Macquarie University), MSc (London University), MTCP (University of Sydney)

Experience

Mr de Belle has been closely involved with the start-up and operation of iron ore, coal, base metals, gold and petroleum projects and companies, and has particular expertise in the development and financing of projects in the resources and infrastructure sectors both in Australia and overseas. He is currently managing director of a geothermal and power technology company.

Interest in Shares and Options

4,570,315 Ordinary Shares

Special Responsibilities

Chairman of Audit, Remuneration and Nomination Committees

Other Listed Company Directorships in last 3 years

Mantle Mining Corporation Limited (since 3 July 2006)  
Midwest Corporation Limited (10 Apr 2003 – 10 Sep 2008)

**Stephen J Lonergan**  
(Appointed 22 March 2005)

Independent Non-Executive Director

Qualifications

LLB (Australian National University), LLM (McGill University)

Experience

Mr Lonergan is a commercial lawyer based in Sydney with more than 25 years experience in the Australian and international mining industry, having been General Counsel of Pancontinental Mining Group, a partner at Baker & McKenzie Sydney, and General Counsel and Company Secretary of Savage Resources Limited. Mr Lonergan is currently General Counsel and Company Secretary of CBH Resources Limited.

Interest in Shares and Options

70,733 Ordinary Shares

Special Responsibilities

Member of Audit, Remuneration and Nomination Committees

Other Listed Company Directorships in last 3 years

Paradigm Metals Limited (since 18 November 2003)  
CBH Resources Limited, Alternate Director (19 March 2008 -11 July 2008)



# Directors' Report

**T Quinn Roussel**  
(Appointed 25 March 2009)

Non-Executive Director

Qualifications

BSc (Mining Engineering)  
(Colorado School of Mines),  
MBA (University of South  
Carolina and Wirtschafts  
Universitat – Wien)

Experience

Mr Roussel is a Principal of  
Resource Capital Funds (“RCF”),  
a mining-focussed private equity  
firm. Prior to joining RCF in  
2006, he was Director of  
Business Development at one of  
RCF’s portfolio companies in  
China. He has also worked as an  
engineer in both mining and the  
oil & gas industries.

Interest in Shares and  
Options

Nil

Special Responsibilities

Nil

Other Listed Company  
Directorships in last 3 years

Nil

## Company Secretary

**Ian H Morgan**  
(Appointed 27 November  
2004)

BBus (NSW Institute of  
Technology), CA, ACIS, MAICD,  
FFin

Mr Morgan is a Chartered  
Accountant and Chartered  
Company Secretary, with over 25  
years experience. He provides  
secretarial and advisory services  
to a range of companies, and is  
company secretary of other  
publicly listed companies.



# Directors' Report

## Principal Activities

The principal activities of the consolidated entity during the financial period were -

- a) Operation of the Wetar Copper Demonstration Project;
- b) Wetar Copper Project feasibility study;
- c) Exploration for copper and gold in Indonesia; and
- d) Investment in resource-based companies.

There was no significant change in the nature of those activities during the financial period.

## Change of financial year-end

Pursuant to an order dated 10 March 2010, the Australian Securities and Investments Commission has granted the Company approval to change its financial year-end from 30 June to 31 December so as to align the balance dates of companies in the consolidated entity.

The change is effective from 31 December 2009 and accordingly, the financial statements attached to this report are for the six months ended 31 December 2009, with comparative information for the 12 months ended 30 June 2009.

## Operating Results

The consolidated loss after income tax for the six months ended 31 December 2009 was \$3,108,000 (12 months ended 30 June 2009: \$11,652,000).

The result reflects the first full half year of operations at the Wetar Copper Project where the consolidated entity operates a solvent extraction electrowinning plant producing at a rate of 5 tonnes copper cathode per day.

The consolidated entity realised \$3 million in revenue from the sale of 416 tonnes of copper cathode during the six month period. Excluding the one-off pre-production cost expensed in the previous year and the higher financing charges in that period, the annualised result for the six months to 31 December 2009 is comparable to that of the previous year.

## Review of Operations and Business Strategies

### Wetar Copper Project – Indonesia

During the financial period, the consolidated entity completed a Definitive Feasibility Study (“DFS”) of the Wetar Copper Project. The DFS concluded that the project is technically feasible and economically robust.

A significant input into the DFS was the results of operations of the Wetar Copper Demonstration Project which was commissioned in February 2009.

The demonstration project, which includes a solvent extraction electrowinning demonstration plant with a production capacity of 1,800 tonnes of copper cathode per annum, yielded valuable information which has been incorporated into the DFS and provided operating experience which will be invaluable in operating the full scale project.

Development of the project is now expected to proceed in two phases (subject to final permitting and financing), with Stage 1 targeting total production of 7,000 tonnes of copper cathode per annum and Stage 2 targeting total production of 23,000 tonnes of copper cathode per annum.

The demonstration plant produced 567 tonnes of London Metals Exchange Grade A copper cathode during the six month period.

### Ojolali Gold-Silver Project – Indonesia

Following a period of minimal exploration at the Ojolali project due to financial constraints, the consolidated entity recommenced active exploration, including drilling, towards the end of the financial period. The Ojolali project has significant gold-silver potential and it is the consolidated entity's aim to complete a pre-feasibility study on one of the deposits (Jambi) by the end of 2010.

### Financial Position

As detailed below, the Company raised a total of \$21.25 million during the financial period. The capital raising placed the Company on a firm financial footing with no debt, other than the US\$1.5 million 12% convertible note which if not converted, will be repayable on 19 January 2012.



# Directors' Report

## Outlook

The focus in the next 12 months will be on executing the expansion of the Wetar Copper Project to a production capacity of 7,000 tonnes copper cathode per annum, advancing activities required for the second stage development of the project to produce 23,000 tonnes copper cathode per annum as well as continuing to assess the potential of the Ojolali project.

## Significant Changes in State of Affairs

The following significant changes in the state of affairs of the consolidated entity occurred during the financial period:

- a) The Company raised \$20.0 million (before issue expenses) through a share placement of 60,606,061 shares at \$0.33 per share and a further \$1.25 million through the issue of 3,836,361 shares under a share purchase plan to eligible shareholders at \$0.33 per share (16.5 pence per depository interest listed on AIM);
- b) On 23 December 2009, the Company issued 13,421,439 fully paid ordinary shares to a subsidiary of Straits Resources Limited in consideration for the acquisition of the Whim Creek solvent extraction electrowinning plant. The shares issued represented the consideration of \$5.0 million for the acquisition of the plant and a further \$0.25 million for the option fee payable pursuant to the option agreement to purchase the plant entered into in June 2009.

## Likely Developments and Expected Results

Other than as referred to in this report, further information as to likely developments in the operations of the consolidated entity and the likely results of those operations would, in the opinion of the Directors, be speculative and/or prejudicial to the interests of the consolidated entity.

## Significant Events after Balance Date

Subsequent to balance date, the Company sold its shareholding in Geopacific Resources NL for a total consideration of \$826,000.

Other than the above, the Directors are not aware of any matter or circumstance, which has arisen since the end of the financial period that has significantly affected or may significantly affect:

- a) the operations of the consolidated entity;
- b) the result of those operations; or
- c) the state of affairs of the consolidated entity;

in subsequent financial years.

## Dividends Paid or Recommended

There was no dividend paid, recommended or declared but not paid, during the financial period.

## Environmental Issues

The consolidated entity adopts "best practice" environmental management techniques from the wider mining community, particularly Australian standards of operation, in managing environmental issues at all its project areas.

In each of the project areas, the consolidated entity has engaged reputable independent consultants to undertake extensive environmental studies, including base line studies, design of monitoring programmes and rehabilitation. The consolidated entity is not aware of any endangered species of flora or fauna in these project areas.

Projects are subject to relevant environmental regulation in Indonesia and will themselves have varying levels and types of potential impact on the natural environment. At Ojolali, exploration work typically has a minimal impact on the environment. At Wetar, activities during the demonstration stage are conducted under the auspices of an approved environmental permit specifically for small scale developments with limited impact. All environmental studies and ongoing monitoring results are reported on a quarterly basis to the relevant Indonesian authorities. There were no breaches of environmental regulations during the period.

The consolidated entity is required to comply with Indonesian laws and regulations regarding environmental matters, including disturbance and rehabilitation issues and the discharge of hazardous waste and materials.



### Meetings of Directors and Board Committees

Attendances by each director during the six month period were as follows:

	Directors' Meetings	
	Eligible to Attend	Attended
Russell J Fountain	10	10
Christopher B Farmer	10	9
Michael H Stirzaker	10	9
Robert P Thomson	10	10
Stephen R de Belle	10	4
Stephen J Lonergan	10	8
T Quinn Roussel	10	10

	Committee Meetings			
	Audit		Remuneration	
	Eligible to Attend	Attended	Eligible to Attend	Attended
Russell J Fountain	-	-	-	-
Christopher B Farmer	-	-	-	-
Michael H Stirzaker	-	-	-	-
Robert P Thomson	-	-	-	-
Stephen R de Belle	1	1	1	1
Stephen J Lonergan	1	1	1	1
T Quinn Roussel	-	-	-	-

The Nomination Committee did not meet during the period.

### Indemnifying Directors and Other Officers

The Company's constitution provides that "to the extent permitted by the *Corporations Act 2001*, the Company may indemnify:

- every person who is or has been an officer of the Company; and
- where the board of directors considers it appropriate to do so, any person who is or has been an officer of a related body corporate of the Company;

against any liability incurred by that person in his or her capacity as an officer of the Company or of the related body corporate (as the case may be)."

During the financial period, the Company did have in place a Directors and Officers Liability insurance policy for the benefit of the directors, secretary, officers and employees of the Company. The premium was paid in the previous financial period.

### Options

The following options over unissued ordinary shares were granted during or since the end of the financial period:

Name	Grant Date	Expiry Date	Exercise Price	Number
Daniel Edgar Tarrant	31 Aug 2009	29 Aug 2014	\$0.37	250,000
Stith Pty Ltd*	14 Sep 2009	14 Sep 2014	\$0.37	1,000,000

\*Company associated with Mr Michael Stirzaker, a Director.

The options over unissued ordinary shares outstanding at the date of this report are detailed in Note 18 to the financial statements. The option holders do not have any right by virtue of the options to participate in any share issue of any other body corporate.

Since the end of the previous financial year, no shares have been issued by virtue of the exercise of options.



# Directors' Report

## Non-audit Services

The Company may engage the services of its auditor on other assignments in addition to the statutory audit where the firm's expertise and experience with the Company are beneficial.

During the financial period, the Company engaged the auditor, PricewaterhouseCoopers, for tax consulting services, for which the Company paid \$13,840 in fees. A subsidiary of the Company audited by PricewaterhouseCoopers Indonesia also paid \$59,679 to that firm for taxation services.

The directors have considered the level and nature of the non-audit services provided by the auditor during the period and, in accordance with advice received from the Audit Committee, is satisfied that the provision of the non-audit services during the period is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the nature and scope of the non-audit services provided by the auditors did not compromise the auditor independence requirements of the *Corporations Act 2001*.

Full details of the auditors' remuneration are set out in Note 26 to the financial statements.

## Auditor's Independence Declaration

The auditor's independence declaration pursuant to section 307C of the *Corporations Act 2001* is set out on page 36.

## Rounding of Amounts to Nearest Thousand Dollars

The Company is of a kind referred to in Class Order 98/100 dated 10 July 1998 issued by the Australian Securities and Investments Commission and in accordance with that Class Order, amounts in the Directors' Report and the Financial Report have been rounded to the nearest thousand dollars, unless otherwise stated.

## Remuneration Report

This report details the nature and amount of remuneration for key management personnel and executives receiving the highest remuneration.

### Remuneration Policy

The remuneration policy is designed to align key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance indicators affecting the consolidated entity's operational and financial results.

The policy ensures that the remuneration level is commensurate with the person's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating employees of the highest calibre, as well as creating goal congruence between directors, executives, shareholders and all other stakeholders.

The remuneration policy, which sets the terms and conditions for senior executives, was developed by the Remuneration Committee, after seeking professional advice from independent consultants, and was approved by the Board.

All key management personnel receive a base salary, superannuation and may benefit from the Company's performance bonus plan. The Board (including non-executive directors) are remunerated by means of a fixed annual salary and superannuation, having regard to comparable companies from time to time.

The employment conditions of the managing director and specified executives are formalised in contracts of employment.

Board policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The Remuneration Committee determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required.



# Directors' Report

The Company's Constitution requires that the remuneration payable from time to time to non-executive directors shall be an amount not exceeding in aggregate a maximum sum that is from time to time approved by resolution of the Company, currently \$350,000 per annum. In accordance with the Constitution, the Board has set the directors fees as follows –

Non-Executive Chairman	\$50,000 per annum
Non-Executive Directors	\$36,000 per annum

The Company also makes statutory superannuation contributions, currently 9% of directors' fees, for the benefit of the directors. There are no schemes for retirement benefits other than statutory superannuation for both executives and non-executive directors.

Fees for non-executive directors are not linked to the performance of the consolidated entity. However, to align directors' interests with those of shareholders, the directors are encouraged to hold shares in the Company.

## Performance-based Remuneration

### Short-term incentives

The performance bonus plan was developed and agreed by the Remuneration Committee with the aim of providing alignment between executives and shareholders' interests in respect of the financial performance of the Company.

The payment of bonuses and other incentive payments are reviewed by the Remuneration Committee annually as part of the review of executive remuneration and a recommendation is put to the Board for approval. The Board can exercise its discretion in relation to approving bonuses and can recommend changes to the Remuneration Committee's recommendations. Any changes must be justified by reference to measurable performance criteria.

### Long-term incentives

The Company has an established Employee Share Option Plan. The Plan is designed to provide long-term incentives to employees of the consolidated entity. Under the Plan, the number of options issued and outstanding at any time is limited to 5% of the total number of issued shares of the Company from time to time.

The Plan is administered by the Board who have power to determine the terms and conditions of the options issued to eligible employees. Participation in the Plan is at the discretion of the Board.

## Company Performance and Directors and Executive Remuneration

At this stage of the Company's development, performance-based bonuses and incentive awards are made at the discretion of the Board. The Company has not yet developed a structured performance-linked remuneration policy.

### Details of Remuneration

The key management personnel of the consolidated entity during the period were :

#### Directors

Russell J Fountain, Non-Executive Chairman

Christopher B Farmer, Managing Director

Michael H Stirzaker, Finance Director

Robert P Thomson, Executive Director, Development

Stephen R de Belle, Independent Non-Executive Director

Stephen J Lonergan, Independent Non-Executive Director

T Quinn Roussel, Non-Executive Director

#### Other key management personnel

Gerry I Mbatemooy, Director of PT Batutua Tembaga Raya, a subsidiary of Finders Resources Limited

Chin Haw Lim, Chief Financial Officer

Geoffrey R Hiller, Project Manager, Development

Grant K Harding, Operations Manager



# Directors' Report

## Details of Remuneration cont.

	Short Term Benefits Salary & Fees	Post Employment Superannuation	Share-based payments (Options)	Total	Proportion of performance-based remuneration
	\$	\$	\$	\$	%
<b>6 months ended 31 Dec 2009</b>					
<b>Directors</b>					
Russell J Fountain	63,649	25,000	-	88,649	-
Christopher B Farmer *	125,000	13,908	-	138,908	-
Michael H Stirzaker	90,000	-	13,358	103,358	13
Robert P Thomson *	139,000	-	49,600	188,600	26
Stephen R de Belle	18,000	1,620	-	19,620	-
Stephen J Lonergan	-	19,620	-	19,620	-
T Quinn Roussel	18,000	-	-	18,000	-
<b>Other key management personnel</b>					
Gerry Mbatemooy*	144,698	-	-	144,698	-
Chin Haw Lim *	60,000	27,231	27,200	114,431	24
Geoffrey R Hiller	90,000	-	10,800	100,800	11
Grant K Harding*	125,000	7,230	13,500	145,730	9
	<b>873,347</b>	<b>94,609</b>	<b>114,458</b>	<b>1,082,414</b>	
<b>12 months ended 30 Jun 2009</b>					
<b>Directors</b>					
Russell J Fountain	46,008	71,940	-	117,948	-
Christopher B Farmer *	250,000	18,507	-	268,507	-
Robert P Thomson *	169,754	-	16,533	186,287	9
Stephen R de Belle	36,000	3,240	-	39,240	-
Stephen J Lonergan	-	39,240	-	39,240	-
T Quinn Roussel	9,000	-	-	9,000	-
<b>Other key management personnel</b>					
Gerry Mbatemooy*	295,631	-	-	295,631	-
Chin Haw Lim *	79,230	32,182	11,333	122,745	9
Grant K Harding*	195,338	-	-	195,338	-
	<b>1,080,961</b>	<b>165,109</b>	<b>27,866</b>	<b>1,273,936</b>	

\* Denotes one of the five highest remunerated executives in the respective financial period whose remuneration is required to be disclosed under the Corporations Act 2001.



# Directors' Report

## Share-based Payments

The options below were issued to key management personnel or their nominees during the financial period. Each option entitles the optionholder to subscribe for one fully paid share in the Company on the terms and conditions set out below.

	Grant Date	Number	Vesting Date/ Condition	Expiry Date	Exercise Price	Value per Option at Grant Date	Max Total Value of Options yet to Vest
Michael H Stirzaker	14 Sep 2009	1,000,000	Note (i)	14 Sep 2014	\$0.37	\$0.23	\$229,000
Daniel E Tarrant	31 Aug 2009	250,000	Note (ii)	31 Aug 2014	\$0.37	\$0.25	\$63,250
		<b>1,250,000</b>					

## Vesting dates

- i) 180 days after drawdown of a project finance facility for the development of the full scale Wetar Copper Project.
- ii) Upon production from the full scale Wetar Copper Project reaching 75% of nameplate design capacity.

None of the options granted above have vested and in accordance with the Company's Securities Dealing Policy, the holders of incentive options are not permitted to hedge any unvested options. The optionholders are permitted to hedge options which have previously vested where the relevant performance hurdles and vesting conditions have been satisfied.

## Service Agreements

The remuneration and other terms of engagement of Executive Directors and other key management personnel are formalised in employment and consulting agreements. Key provisions of each of the agreements are set out below. All contracts may be terminated early by the Company giving between 1 and 3 months notice, subject to termination payments as detailed below.

Name	Term of agreement	Base fee/salary	Termination payment
Russell J Fountain Non-Executive Chairman, Senior Consultant, Exploration and Technical Services	1 Apr 2010 – 31 Mar 2013	Chairman \$50,000 Consulting \$90,000 for 104 days/year	None
Christopher B Farmer Managing Director	3 years concluding 22 Mar 2013	\$300,000 per annum	6 months salary plus 1 month salary for each year of service after a qualifying period of 6 months



# Directors' Report

## Service Agreements cont.

Name	Term of agreement	Base fee/salary	Termination payment
Michael H Stirzaker Finance Director	2 Jun 2009 until the first drawdown of debt under a facility to fund the development of the Wetar Copper Project	\$180,000 per annum	No termination payment
Robert P Thomson Executive Director, Development	2 years commencing 21 Sep 2008. Company has option to renew the agreement for two further terms of 3 years each	\$1,000 per day	6 months fee plus 1 month fee for each year of service after a qualifying period of 6 months
Chin Haw Lim Chief Financial Officer	2 years commencing 10 Nov 2008. Company has option to renew the agreement for two further terms of 3 years each	\$160,000 per annum	6 months salary plus 1 month salary for each year of service after a qualifying period of 6 months
Geoffrey R Hiller Project Manager, Development	25 Jun 2009 until the first drawdown of debt under a facility to fund the development of the Wetar Copper Project	\$180,000 per annum	No termination payment
Grant K Harding Operations Manager	2 years commencing 1 Jul 2009	\$250,000 per annum	6 months salary plus 1 month salary for each year of service after a qualifying period of 6 months

Signed in accordance with a resolution of the Board of Directors.

**Russell J Fountain**  
Chairman

Sydney

16 March 2010

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### Auditor's Independence Declaration

As lead auditor for the audit of Finders Resources Limited for the 6 month period ended 31 December 2009, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Finders Resources Limited and the entities it controlled during the period.



Marc Upcroft  
Partner  
PricewaterhouseCoopers

Sydney  
16 March 2010



# Financial Statements

## Statement of Comprehensive Income for the Six Months Ended 31 December 2009

	Note	Consolidated		Parent Entity	
		6 months ended 31 Dec 2009 \$'000	12 months ended 30 Jun 2009 \$'000	6 months ended 31 Dec 2009 \$'000	12 months ended 30 Jun 2009 \$'000
Sales revenue		2,985	3,082	-	-
Interest income		91	56	91	56
Other income		2	7	-	-
Raw materials and consumables used		(3,936)	(5,077)	-	-
Change in inventories of finished goods and work in progress		738	1,262	-	-
Personnel costs		(1,245)	(1,998)	(728)	(1,039)
Pre-production costs written-off		-	(4,616)	-	-
Provision for impairment		-	(600)	-	-
Financing costs		(289)	(1,289)	(224)	(1,144)
Depreciation and amortisation		(662)	(589)	(5)	(7)
Exchange gain/(loss)		531	(296)	449	(279)
Exploration expenditure written-off		(206)	(255)	-	-
Royalty expense		(127)	(115)	-	-
Other expenses		(990)	(1,224)	(532)	(877)
Loss before income tax		(3,108)	(11,652)	(949)	(3,290)
Income tax expense	3	-	-	-	-
Loss for the period		(3,108)	(11,652)	(949)	(3,290)
<b>Other comprehensive income</b>					
Changes in fair value of available for sale financial asset		89	(118)	89	(118)
Adjustments from translation of foreign controlled entities		(278)	(196)	-	-
Other comprehensive income, net of tax		(189)	(314)	89	(118)
Total comprehensive income for the period		(3,297)	(11,966)	(860)	(3,408)
<b>Loss for the period attributable to:</b>					
Members of the parent entity		(2,905)	(9,389)	(949)	(3,290)
Non controlling interests		(203)	(2,263)	-	-
		(3,108)	(11,652)	(949)	(3,290)
<b>Total comprehensive income for the period attributable to:</b>					
Members of the parent entity		(3,077)	(9,649)	(860)	(3,408)
Non controlling interests		(220)	(2,317)	-	-
		(3,297)	(11,966)	(860)	(3,408)
Basic loss per share		2.3 cents	10.8 cents		
Diluted loss per share		2.3 cents	10.8 cents		

The accompanying notes form part of these financial statements.



# Financial Statements

## Balance Sheet as at 31 December 2009

	Note	Consolidated		Parent Entity	
		31 Dec 2009 \$'000	30 Jun 2009 \$'000	31 Dec 2009 \$'000	30 Jun 2009 \$'000
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	4	7,606	1,706	7,145	374
Receivables	5	609	148	1,014	741
Financial assets	6	324	-	324	-
Inventories	7	2,511	1,702	-	-
Other assets	8	120	117	5	-
		11,170	3,673	8,488	1,115
Assets classified as held for sale	9	-	-	5,251	-
<b>TOTAL CURRENT ASSETS</b>		<b>11,170</b>	<b>3,673</b>	<b>13,739</b>	<b>1,115</b>
<b>NON-CURRENT ASSETS</b>					
Receivables	5	2,032	1,556	-	-
Financial assets	6	120	528	46,057	40,315
Plant and equipment	10	13,580	8,987	27	15
Development expenditure	11	3,857	4,117	-	-
Exploration expenditure	12	6,700	4,897	-	-
<b>TOTAL NON-CURRENT ASSETS</b>		<b>26,289</b>	<b>20,085</b>	<b>46,084</b>	<b>40,330</b>
<b>TOTAL ASSETS</b>		<b>37,459</b>	<b>23,758</b>	<b>59,823</b>	<b>41,445</b>
<b>CURRENT LIABILITIES</b>					
Trade and other payables	13	1,507	3,415	277	804
Borrowings	14	-	7,814	-	6,268
Provisions	15	10	7	10	7
Other liabilities	16	921	-	-	-
<b>TOTAL CURRENT LIABILITIES</b>		<b>2,438</b>	<b>11,236</b>	<b>287</b>	<b>7,079</b>
<b>NON-CURRENT LIABILITIES</b>					
Borrowings	14	1,591	1,690	1,591	1,690
Provisions	15	1,006	1,240	-	-
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>2,597</b>	<b>2,930</b>	<b>1,591</b>	<b>1,690</b>
<b>TOTAL LIABILITIES</b>		<b>5,035</b>	<b>14,166</b>	<b>1,878</b>	<b>8,769</b>
<b>NET ASSETS</b>		<b>32,424</b>	<b>9,592</b>	<b>57,945</b>	<b>32,676</b>
<b>EQUITY</b>					
Issued capital	17	65,727	39,722	65,727	39,722
Reserves	19	1,375	1,440	(19)	(232)
Accumulated losses		(34,458)	(31,570)	(7,763)	(6,814)
Capital and reserves attributable to owners of Finders Resources Limited		32,644	9,592	57,945	32,676
Non-controlling interest		(220)	-	-	-
<b>TOTAL EQUITY</b>		<b>32,424</b>	<b>9,592</b>	<b>57,945</b>	<b>32,676</b>

The accompanying notes form part of these financial statements.



### Statement of Changes in Equity for the Six Months Ended 31 December 2009

Consolidated	Share Capital	Accumulated Losses	Equity Reserve	Foreign Currency Translation Reserve	Share-based Payments Reserve	Financial Asset Reserve	Non-Controlling Interest	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 Jul 2009	39,722	(31,570)	(166)	1,672	28	(94)	-	9,592
Total comprehensive income for the period	-	(2,888)	-	(278)	-	89	(220)	(3,297)
Transactions with owners recorded directly in equity:								
Shares issued during the period	26,605	-	-	-	-	-	-	26,605
Share issue expenses	(600)	-	-	-	-	-	-	(600)
Share-based payments	-	-	-	-	124	-	-	124
Balance at 31 Dec 2009	65,727	(34,458)	(166)	1,394	152	(5)	(220)	32,424
Balance at 1 Jul 2008	28,025	(19,918)	-	1,868	-	24	-	9,999
Total comprehensive income for the year	-	(11,652)	-	(196)	-	(118)	-	(11,966)
Transactions with owners recorded directly in equity:								
Shares issued during the year	11,854	-	-	-	-	-	-	11,854
Share issue expenses	(157)	-	-	-	-	-	-	(157)
Value of convertible note conversion right	-	-	159	-	-	-	-	159
Acquisition of additional investment in controlled entity	-	-	(325)	-	-	-	-	(325)
Share-based payments	-	-	-	-	28	-	-	28
Balance at 30 Jun 2009	39,722	(31,570)	(166)	1,672	28	(94)	-	9,592

The accompanying notes form part of these financial statements.

# Financial Statements

## Statement of Changes in Equity for the Six Months Ended 31 December 2009

Parent Entity	Share Capital	Accumulated Losses	Equity Reserve	Share-based Payments Reserve	Financial Asset Reserve	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 Jul 2009	39,722	(6,814)	(166)	28	(94)	32,676
Total comprehensive income for the period	-	(949)	-	-	89	(860)
Transactions with owners recorded directly in equity:						
Shares issued during the period	26,605	-	-	-	-	26,605
Share issue expenses	(600)	-	-	-	-	(600)
Share-based payments	-	-	-	124	-	124
Balance at 31 Dec 2009	65,727	(7,763)	(166)	152	(5)	57,945
Balance at 1 Jul 2008	28,025	(3,524)	-	-	24	24,525
Total comprehensive income for the year	-	(3,290)	-	-	(118)	(3,408)
Transactions with owners recorded directly in equity:						
Shares issued during the year	11,854	-	-	-	-	11,854
Share issue expenses	(157)	-	-	-	-	(157)
Value of convertible note conversion right	-	-	159	-	-	159
Acquisition of additional investment in controlled entity	-	-	(325)	-	-	(325)
Share-based payments	-	-	-	28	-	28
Balance at 30 Jun 2009	39,722	(6,814)	(166)	28	(94)	32,676

The accompanying notes form part of these financial statements.

# Financial Statements

## Cash Flow Statement for the Six Months Ended 31 December 2009

	Note	Consolidated		Parent Entity	
		6 months ended 31 Dec 2009 \$'000	12 months ended 30 Jun 2009 \$'000	6 months ended 31 Dec 2009 \$'000	12 months ended 30 Jun 2009 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers		3,975	3,014	-	-
Payments to suppliers and employees		(7,853)	(6,171)	(1,347)	(1,815)
Interest received		72	56	72	56
Interest paid		(166)	-	(142)	-
Taxes and VAT paid		(1,013)	-	(510)	-
Net cash used in operating activities	28	(4,985)	(3,101)	(1,927)	(1,759)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Payments for property, plant and equipment		(95)	(4,358)	(17)	(3)
Payments for exploration expenditure		(2,255)	(3,389)	-	-
Payments for development expenditure		(105)	(7,873)	-	(409)
Payments for investments in and loans to controlled entities		-	(325)	(5,978)	(16,611)
Payments for security deposits		-	-	-	(17)
Refund of security deposits		173	-	-	-
Net cash used in investing activities		(2,282)	(15,945)	(5,995)	(17,040)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Proceeds from issue of shares		21,248	10,908	21,248	10,908
Share issue expenses		(600)	(189)	(600)	(189)
Proceeds from borrowings		622	6,072	-	4,637
Repayment of borrowings		(8,106)	(955)	(5,954)	(864)
Net cash provided by financing activities		13,164	15,836	14,492	14,492
Net increase/(decrease) in cash held		5,897	(3,210)	6,772	(4,307)
Cash and cash equivalents at beginning of financial period		1,706	4,988	374	4,681
Exchange rate effect		3	(72)	(1)	-
<b>Cash and cash equivalents at end of financial period</b>	4	<b>7,606</b>	<b>1,706</b>	<b>7,145</b>	<b>374</b>

The accompanying notes form part of these financial statements.



# Financial Statements

## Notes to the Financial Statements for the Six Months Ended 31 December 2009

### NOTE 1: BASIS OF PREPARATION OF FINANCIAL REPORT

Finders Resources Limited is a public company, incorporated and domiciled in Australia whose shares are traded on the Australian Securities Exchange (ASX) and the AIM market of the London Stock Exchange.

This financial report includes the consolidated financial statements and notes of Finders Resources Limited and controlled entities ("consolidated entity"), and the separate financial statements and notes of Finders Resources Limited as an individual parent entity ("parent entity").

The financial report was authorised for issue in accordance with a resolution of the Directors on 16 March 2010.

#### *Statement of Compliance*

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*. Compliance with Australian Accounting Standards ensures that the financial statements and notes thereto comply with International Financial Reporting Standards.

#### *Historical Cost Convention*

The financial statements have been prepared under the historical cost convention, as modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

#### *Critical Accounting Estimates and Judgements*

The Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the consolidated entity.

Key areas of judgement are –

- Determination of ore reserve and resource estimates
- Capitalisation and impairment of exploration and evaluation costs

Key areas of estimation are –

- Estimation of rehabilitation and restoration costs and the timing of such expenditure
- Review of asset carrying values and impairment charges

The Directors have reviewed the carrying values of assets at balance date and concluded that there has been no impairment.

#### *Change of financial year-end*

Pursuant to an order dated 10 March 2010, the Australian Securities and Investments Commission has granted the Company approval to change its financial year-end from 30 June to 31 December so as to align the balance dates of companies in the consolidated entity. The change is effective from 31 December 2009 and accordingly, these financial statements are for the six months ended 31 December 2009, with comparative information for the 12 months ended 30 June 2009.

### NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. The accounting policies have been consistently applied, unless otherwise stated.

#### a. Principles of Consolidation

The consolidated financial statements are those of the consolidated entity, comprising Finders Resources Limited and all entities which Finders Resources Limited controlled from time to time during the year and at balance date.



# Financial Statements

At reporting date, the assets and liabilities of all controlled entities, as well as their results for the period then ended, are incorporated into the consolidated financial statements. Where control of an entity is obtained during a financial year, its results are included from the date on which control commences. Where control of an entity ceases during a financial year its results are included for that part of the year during which control exists. All intercompany balances and transactions, including unrealised profits arising from intra-group transactions are eliminated in full. Accounting policies of subsidiaries are changed where necessary to ensure consistencies with those policies applied by the parent entity.

Following adoption of AASB 127 Consolidated and Separate Financial Statements which applies to annual reporting periods beginning on or after 1 July 2009, non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, balance sheet and statement of changes in equity.

## b. Borrowings

Borrowings are initially recognised at fair value, net of transaction costs. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of comprehensive income over the period of the borrowing using the effective interest method.

The fair value of the liability portion of a convertible note is determined using a market interest rate for an equivalent non-convertible debt instrument. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the note. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects.

Borrowings are classified as current liabilities unless the consolidated entity has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Borrowing costs are expensed in the period in which they are incurred.

## c. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, net of bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

## d. Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

## e. Earnings per Share

Basic earnings per share is determined by dividing net profit attributable to members, adjusted to exclude costs of servicing equity (other than dividends), by the weighted average number of ordinary shares outstanding during the financial year, adjusted for any bonus element.

Diluted earnings per share is determined by dividing net profit attributable to members, adjusted for –

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses;



# Financial Statements

- c) other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; and
- d) by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

## f. Employee Benefits

### *Annual and long service leave*

Provision is made for the consolidated entity's liability for annual and long service leave arising from services rendered by employees to balance date. Entitlements expected to be settled within 12 months of the balance date are measured at the amounts expected to be paid when the liabilities are settled. All other leave liabilities are measured at the present value of the estimated future payments.

## g. Exploration and Development Expenditure

### *Exploration and evaluation expenditure*

Exploration and evaluation expenditure is carried forward in the accounts in respect to areas of interest for which the rights of tenure are current and where -

- (i) such costs are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; or
- (ii) exploration and/or evaluation activities in the area have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the area are continuing.

Where the expenditure is expected to be recouped through development and economic exploitation of the area of interest, the accumulated costs are transferred to mine properties and amortised over the life of the mine in proportion to the depletion of the economically recoverable mineral reserves.

Costs carried forward in respect of an area of interest which no longer satisfy the above policy are written off in the period in which that decision is made.

### *Development expenditure*

Development expenditure carried forward represents the accumulation of exploration, evaluation and development expenditure in respect of the Wetar Copper Demonstration Project in which trial mining and processing has commenced.

Amortisation of development expenditure is calculated on a unit-of-production basis so as to write off the cost over the life of the project in proportion to the depletion of the anticipated recoverable mineral reserves.

## h. Financial Instruments

### *Recognition and initial measurement*

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to the statement of comprehensive income immediately.



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## *Classification and subsequent measurement*

Finance instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost.

*Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

*Amortised cost* is calculated as -

- a) the amount at which the financial asset or financial liability is measured at initial recognition;
- b) less principal repayments;
- c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*; and
- d) less any reduction for impairment.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in the statement of comprehensive income.

The consolidated entity does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

## *i. Financial assets at fair value through profit or loss*

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in the statement of comprehensive income.

## *ii. Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

## *iii. Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the consolidated entity's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

## *iv. Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.



# Financial Statements

## *Fair value*

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

## *Impairment*

The consolidated entity assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the statement of comprehensive income - is reclassified from equity and recognised in the statement of comprehensive income as a reclassification adjustment. Impairment losses recognised in the statement of comprehensive income on equity instruments classified as available-for-sale are not reversed through the statement of comprehensive income.

If there is evidence of impairment for any of the consolidated entity's financial assets carried at amortised cost, the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not been incurred. The cash flows are discounted at the financial asset's original effective interest rate. The loss is recognised in the statement of comprehensive income.

## *De-recognition*

Financial assets are de-recognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are de-recognised where the related obligations are discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in the statement of comprehensive income.

## i. Foreign Currency Transactions and Balances

### *Functional and presentation currency*

The functional currency of each of the subsidiaries is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

### *Transactions and balances*

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transactions. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the statement of comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge.



# Financial Statements

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the statement of comprehensive income.

## *Subsidiaries*

The financial results and position of foreign operations whose functional currency is different from the consolidated entity's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the foreign currency translation reserve in the balance sheet. These differences are recognised in the statement of comprehensive income in the period in which the operation is disposed.

## j. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST or Value Added Tax (VAT), except where the amount of GST or VAT incurred is not recoverable from the relevant tax authorities. In these circumstances the GST or VAT is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST or VAT.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST or VAT component of investing and financing activities, which are presented as operating cash flows.

## k. Impairment of Assets

At each reporting date, the consolidated entity reviews the carrying values of its assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

## l. Income Tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries and associates operate and generate taxable income.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.



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Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

## m. Inventories

Inventories of copper cathode and work in progress are carried at the lower of cost and net realisable value. Cost includes raw materials, labour and other direct expenditure together with a portion of fixed and variable overhead attributable to the inventory on hand, calculated on a weighted average basis.

Inventories of consumables and spares are valued at cost less, where appropriate, a provision for obsolescence.

## n. Leases

Leases of property, plant and equipment where the consolidated entity, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the consolidated entity will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the consolidated entity as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.



# Financial Statements

## o. Non-Current Assets Held For Sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Non-current assets classified as held for sale are presented separately from the other assets in the balance sheet.

## p. Operating Segments

Operating segment information is based on the consolidated entity's reporting structure and internal reports that are regularly reviewed by the Directors for the purposes of decision making. The consolidated entity is developing a copper project on the Indonesian island of Wetar and conducting mineral exploration on Wetar Island and in Sumatra. The internal reporting structure is focussed on copper mining and exploration which forms the basis for the operating segments.

## q. Plant and Equipment

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by the Directors to ensure it is not in excess of the recoverable amount of these assets.

## Depreciation

Fixed assets are depreciated over their useful lives commencing from the time the asset is held ready for use.

Depreciation on copper processing plant and equipment is calculated on a unit-of-production basis so as to write off the cost of each asset in proportion to the depletion of the economically recoverable mineral reserves.

Depreciation of other plant and equipment is calculated on a straight line basis so as to write off the cost of each asset over its estimated useful life, generally at a rate of between 12.5% and 25% per annum.

## r. Provisions

Provisions are recognised when the consolidated entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current assessment of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

## s. Rehabilitation and Restoration Costs

Expenditure relating to ongoing rehabilitation and restoration programmes are provided for or charged to costs of production as incurred. Other rehabilitation and restoration costs are accrued over the life of the mine. The estimated costs are reassessed on a regular basis and changes in estimates are dealt with on a prospective basis. The estimates are based on current costs, current legal requirements and current technology.



# Financial Statements

## t. Revenue

Sales of copper cathode are recognised when the title and risk have passed to the customer and the selling price can be determined with reasonable accuracy. All revenue is stated net of the amount of goods and services tax (GST).

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument.

## u. Share-based Payments

Share-based compensation benefits are provided to employees under the Company's Employee Share Option Plan. The fair value of options granted under the Plan is recognised as an employee benefit expense with a corresponding increase in equity.

The fair value is measured at grant date and recognised over the period during which the employee becomes unconditionally entitled to the options.

## v. Comparative Figures

Certain comparative numbers have been reclassified to conform with the current year presentation.

## w. New Accounting Standards for Application in Future Periods

The AASB has issued new, revised and amended standards and interpretations that have mandatory application dates for future reporting periods. The consolidated entity has decided against early adoption of these standards. A discussion of those future requirements and their impact on the consolidated entity follows:

AASB 9 Financial Instruments and AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 (effective for annual reporting periods beginning on or after 1 January 2013) AASB 9 addresses the classification and measurement of financial assets and may affect the consolidated entity's accounting for its financial assets. The standard is not applicable until 1 January 2013 and the consolidated entity is yet to assess its full impact. The consolidated entity has not yet decided when to adopt AASB 9.

# Financial Statements

## NOTE 3: INCOME TAX

	Consolidated		Parent Entity	
	6 months ended 31 Dec 2009 \$'000	12 months ended 30 Jun 2009 \$'000	6 months ended 31 Dec 2009 \$'000	12 months ended 30 Jun 2009 \$'000
<b>a) Reconciliation of income tax expense to prima facie tax payable</b>				
Loss before income tax	(3,108)	(11,652)	(949)	(3,290)
Income tax benefit calculated at tax rate of 30% (30 Jun 2009: 30%)	(932)	(3,496)	(284)	(987)
Tax effect of amounts which are not deductible in calculating taxable income:				
- Finance costs	10	35	10	35
- Share-based payments	37	8	37	8
- Other non-deductible expenses	158	176	46	91
Difference in overseas tax rate	(25)	141	-	-
Deferred tax assets not brought to account				
- Tax losses not recognised	422	2,883	403	756
- Timing differences not recognised	600	253	(212)	97
Tax losses recouped	(270)	-	-	-
Income tax expense	-	-	-	-
<b>b) Tax losses</b>				
Unused tax losses for which no deferred tax asset has been recognised	20,936	16,716	7,203	5,699
Potential tax benefit at 30% (Australia), 28% (Indonesia)	5,513	4,796	2,161	1,710
<b>c) Temporary differences</b>				
Deductible temporary differences for which no deferred tax asset has been recognised	829	347	707	324
Potential tax benefit at 30% (Australia), 28% (Indonesia)	246	106	212	97



# Financial Statements

	Note	Consolidated		Parent Entity	
		31 Dec 2009 \$'000	30 Jun 2009 \$'000	31 Dec 2009 \$'000	30 Jun 2009 \$'000
<b>NOTE 4: CASH AND CASH EQUIVALENTS</b>					
Cash at bank and in hand		7,606	1,706	7,145	374
<b>NOTE 5: RECEIVABLES</b>					
CURRENT					
Trade receivable		-	69	-	-
Good and services tax receivable		524	-	524	-
Owing by controlled entities		-	-	470	727
Other receivables		85	79	20	14
		609	148	1,014	741
NON-CURRENT					
Value added tax receivable		2,632	2,156	-	-
Provision for impairment	5(a)	(600)	(600)	-	-
		2,032	1,556	-	-

- a) A provision for impairment has been booked against value added tax receivable to recognise the uncertainty that the receivable will be refunded in full. Other than the foregoing, there are no balances within trade and other receivables that are impaired or past due.



# Financial Statements

## NOTE 6: FINANCIAL ASSETS

	Note	Consolidated		Parent Entity	
		31 Dec 2009 \$'000	30 Jun 2009 \$'000	31 Dec 2009 \$'000	30 Jun 2009 \$'000
<b>CURRENT</b>					
Available-for-sale financial assets					
- Shares in listed corporations, at fair value	6(a)	324	-	324	-
<b>NON-CURRENT</b>					
Available-for-sale financial assets					
- Shares in listed corporations, at fair value	6(a)	-	236	-	236
Other financial assets					
- Shares in unlisted controlled entities, at cost		-	-	33,697	33,697
- Loans to controlled entities	6(b)	-	-	12,343	6,365
- Security deposits	6(c)	120	292	17	17
		120	528	46,057	40,315

- a) Available-for-sale financial assets comprise investments in the ordinary issued capital of various entities. There are no fixed returns or fixed maturity dates attached to these investments.
- b) The consolidated entity's projects in Indonesia are funded by loans to controlled entities which are interest free until the commencement of commercial production.
- c) Security deposits include \$17,000 held by the parent entity's banker to secure a bank guarantee issued by the bank on behalf of the parent entity (Note 21). The remaining security deposits comprise cash held by suppliers to a controlled entity to secure payments for services.

## NOTE 7: INVENTORIES

Inventories, at cost					
Raw materials and consumables		387	440	-	-
Work in progress		1,485	1,201	-	-
Finished goods		639	61	-	-
		2,511	1,702	-	-

## NOTE 8: OTHER ASSETS

Prepayments		120	117	5	-
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# Financial Statements

	Consolidated		Parent Entity	
	31 Dec 2009 \$'000	30 Jun 2009 \$'000	31 Dec 2009 \$'000	30 Jun 2009 \$'000
<b>NOTE 9: ASSETS CLASSIFIED AS HELD FOR SALE</b>				
Plant and equipment, at cost	-	-	5,251	-

During the period, the Company purchased a solvent extraction electrowinning plant for use at the Wetar Copper Project in Indonesia. The plant will be sold to BTR at a price which will be no less than the cost to the Company.

## NOTE 10: PLANT AND EQUIPMENT

Plant and equipment, at cost	14,572	9,511	44	28
Less: accumulated depreciation	(993)	(524)	(17)	(13)
	13,580	8,987	27	15
Construction in progress	-	-	-	-
	13,580	8,987	27	15
<b>Movements:</b>				
<i>Plant and equipment</i>				
Opening net book value	8,987	267	15	19
Additions	5,088	5,282	17	3
Transfer from construction in progress	-	3,634	-	-
Depreciation charge	(357)	(468)	(5)	(7)
Exchange rate effect	(138)	272	-	-
Closing net book value	13,580	8,987	27	15
<i>Construction in progress</i>				
Opening net book value	-	3,634	-	-
Transfer to plant and equipment	-	(3,634)	-	-
Closing net book value	-	-	-	-



# Financial Statements

	Consolidated		Parent Entity	
	31 Dec 2009 \$'000	30 Jun 2009 \$'000	31 Dec 2009 \$'000	30 Jun 2009 \$'000
<b>NOTE 11: DEVELOPMENT EXPENDITURE</b>				
Development expenditure	4,163	4,238	-	-
Less: accumulated amortisation	(306)	(121)	-	-
	3,857	4,117	-	-
Movements:				
Opening net book value	4,117	3,195	-	-
Additions	114	811	-	-
Amortisation charge	(305)	(121)	-	-
Exchange rate effect	(69)	232	-	-
Closing net book value	3,857	4,117	-	-
<b>NOTE 12: EXPLORATION EXPENDITURE</b>				
Exploration expenditure	6,700	4,897	-	-
Movements:				
Opening net book value	4,897	1,961	-	-
Additions	1,881	2,798	-	-
Exchange rate effect	(78)	138	-	-
Closing net book value	6,700	4,897	-	-
Recoverability of the carrying amount of exploration assets is dependent on the successful exploration, development and commercial exploitation or alternatively, sale of the project interests.				
<b>NOTE 13: TRADE AND OTHER PAYABLES</b>				
Trade creditors and accruals	1,507	3,415	277	804
<b>Foreign currency risks</b>				
Trade creditors and accruals are denominated in the following currencies:				
Australian Dollar	458	1,300	214	734
British Pound	1	9	1	9
Indonesian Rupiah	453	636	-	-
United States Dollar	595	1,470	62	61
	1,507	3,415	277	804



# Financial Statements

## NOTE 14: BORROWINGS

	Note	Consolidated		Parent Entity	
		31 Dec 2009 \$'000	30 Jun 2009 \$'000	31 Dec 2009 \$'000	30 Jun 2009 \$'000
<b>CURRENT</b>					
<i>Secured</i>					
Loans	14(a)(i), 14(b)(i)	-	7,500	-	6,268
Deferred settlement liability	14(a)(ii), 14(b)(ii)	-	314	-	-
		-	7,814	-	6,268
<b>NON-CURRENT</b>					
<i>Secured</i>					
Convertible note	14(a)(iii), 14(c)	1,591	1,690	1,591	1,690
		1,591	1,690	1,591	1,690

### a) Assets pledged as security

- The loans were secured by a first ranking fixed and floating charge over the assets of the parent entity. The book value of the assets at 30 June 2009 was \$41.4 million. Included in the loans was an amount of \$1.2 million owed by a controlled entity for the forward sale and purchase of copper cathode (Note 14(e)). The parent entity has guaranteed the payment obligations of the controlled entity.
- The deferred settlement liability was secured by a mortgage over an ocean-going transportation vessel owned by Finders Resources NZ Limited. The book value of the vessel at 30 June 2009 was \$627,000.
- The convertible note is secured by a fixed and floating charge over the assets of the parent entity. The book value of the assets at balance date was \$59.8 million (30 June 2009: \$41.4 million).

### b) Loans and loan repayments

- Of the loans, \$6.3 million was repayable on 31 December 2009 and the balance on 31 March 2010. The loans were repaid during the period.
- The deferred settlement liability was repaid in August 2009.

### c) Convertible note

Pursuant to a US\$1.5 million 12% Convertible Note Facility Agreement ("Facility"), the note is convertible into shares in the parent entity at the option of the noteholder, and if not converted, repayable on 19 January 2012. At balance date, the note is convertible into 6,455,477 (30 June 2009: 6,281,005) shares in the parent entity, being the equivalent Australian Dollar value of the note on drawdown of the Facility, at a conversion price of \$0.36 (30 June 2009: \$0.37).

Face value of convertible note	2,324	2,324	2,324	2,324
Other equity security – value of conversion rights	(159)	(159)	(159)	(159)
Unwinding of discount	33	-	33	-
Exchange rate effect	(607)	(475)	(607)	(475)
	1,591	1,690	1,591	1,690



# Financial Statements

## NOTE 14: BORROWINGS cont.

### d) Foreign Currency Risk

The borrowings (current and non-current) are denominated in the following currencies:

	Consolidated		Parent Entity	
	31 Dec 2009 \$'000	30 Jun 2009 \$'000	31 Dec 2009 \$'000	30 Jun 2009 \$'000
United States Dollar	1,591	9,190	1,591	7,958
New Zealand Dollar	-	314	-	-
	1,591	9,504	1,591	7,958

### e) Loan facilities (secured)

	31 Dec 2009			30 Jun 2009			Repayment date	Interest Rate
	Facility Limit US\$'000	Used US\$'000	Unused US\$'000	Facility Limit US\$'000	Used US\$'000	Unused US\$'000		
Loan	-	-	-	5,000	5,000	-	31 Dec 2009	90-day LIBOR plus 7%pa
Forward sale and purchase of copper	2,000	-	2,000	2,000	1,000	1,000	31 Mar 2010	90-day LIBOR plus 7%pa



# Financial Statements

	Consolidated		Parent Entity	
	31 Dec 2009 \$'000	30 Jun 2009 \$'000	31 Dec 2009 \$'000	30 Jun 2009 \$'000
<b>NOTE 15: PROVISIONS</b>				
<b>CURRENT</b>				
Employee entitlements	10	7	10	7
<b>NON CURRENT</b>				
Rehabilitation and restoration	1,006	1,240	-	-
Movements in provision for rehabilitation and restoration:				
Opening net book value	1,240	-	-	-
Provision recognised for the year	-	1,307	-	-
De-recognition of provision	(194)	-	-	-
Unwinding of discount	(40)	(67)	-	-
Closing net book value	1,006	1,240	-	-

The provision for rehabilitation and restoration has been recognised in connection with the consolidated entity's closure obligations when the Wetar Copper Project ceases operations in the future. The timing of the site rehabilitation will depend on the mine life of the full scale project to be developed.

## NOTE 16: OTHER LIABILITIES

Deferred income	921	-	-	-
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A subsidiary of the Company receives payment for copper cathode sales based on provisional invoices. At balance date, sales receipts that do not meet the revenue recognition policy set out in Note 2 (t) are classified as deferred income.



# Financial Statements

## NOTE 17: ISSUED CAPITAL

	Consolidated		Parent Entity	
	31 Dec 2009 \$'000	30 Jun 2009 \$'000	31 Dec 2009 \$'000	30 Jun 2009 \$'000
193,728,009 (30 June 2009: 115,548,673) fully paid ordinary shares	65,727	39,722	65,727	39,722

	Number of shares '000	Issue price	Issued capital \$'000
Movements:			
30 Jun 2009	115,549		39,722
24 Jul 2009	169	\$0.33	56
7 Aug 2009	16,600	\$0.33	5,478
18 Sep 2009	44,006	\$0.33	14,522
18 Sep 2009	2,921	\$0.33	964
18 Sep 2009	915	\$0.31	284
9 Oct 2009	147	\$0.35	51
23 Dec 2009	724	\$0.345	250
23 Dec 2009	12,697	\$0.394	5,000
	-		(600)
31 Dec 2009	193,728		65,727
30 June 2009			
1 Jul 2008	74,912		28,025
2 Jul 2008	10	\$0.50	5
9 Oct 2008	272	\$0.60	163
17 Oct 2008	1,725	\$0.60	1,035
23 Oct 2008	6,925	\$0.60	4,155
8 Dec 2008	208	\$0.60	125
19 Jan 2009	113	\$0.40	45
26 Mar 2009	288	\$0.50	144
26 Mar 2009	6,400	\$0.20	1,280
4 May 2009	3,000	\$0.18	549
7 May 2009	18,559	\$0.20	3,712
7 May 2009	2,985	\$0.20	597
7 May 2009	152	\$0.29	44
	-		(157)
30 Jun 2009	115,549		39,722



# Financial Statements

## NOTE 17: ISSUED CAPITAL cont

### Ordinary shares

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At a general meeting on a show of hands, each shareholder present has one vote and on a poll each shareholder present has:

- (i) one vote for each fully paid share held; and
- (ii) for each share which is not fully paid a fraction of a vote equivalent to the proportion which the amount paid up, but not credited as paid up, on that share bears to the total of the amounts paid and payable (excluding amounts credited) on that share.

### Capital management

At this stage of the consolidated entity's development, its objectives in capital management are to ensure that the consolidated entity can meet its debts as and when they become due and payable and to maintain an optimal capital structure to reduce the cost of capital. Even though the consolidated entity commenced generating a modest cashflow from copper sales since the commissioning of the Wetar Demonstration Plant in February 2009, its funding requirements have largely been sourced from equity funds.

Consistent with the above objectives, the Company raised funds during the period from share placements and a shareholder share purchase plan to advance the Wetar Copper Project, to retire debt and for working capital.

## NOTE 18: OPTIONS

	Consolidated		Parent Entity	
	31 Dec 2009 '000	30 Jun 2009 '000	31 Dec 2009 '000	30 Jun 2009 '000
<b>Number of options on issue</b>				
Balance at the beginning of financial period	4,875	4,924	4,875	4,924
Add: Option issued	1,250	4,375	1,250	4,375
Less: Options exercised	-	(288)	-	(288)
Options lapsed	-	(4,136)	-	(4,136)
Balance at end of financial period	6,125	4,875	6,125	4,875



# Financial Statements

## NOTE 18: OPTIONS cont

### Details of options on issue

Number of options		Exercise price	Vesting date / conditions	Expiry date
31 Dec 2009	31 Jun 2009			
'000	'000			
500	500	68.75p	Vested	13 Jun 2010
500	500	\$0.30	Vested	16 Apr 2012
500	500	\$0.30	Note 18(i)	16 Apr 2014
2,000	2,000	\$0.30	Note 18(ii)	8 May 2014
250	250	\$0.37	Note 18(iii)	23 Jun 2014
625	625	\$0.37	Note 18(iv)	28 Jun 2014
500	500	\$0.37	Note 18(v)	29 Jun 2014
250	-	\$0.37	Note 18(iii)	31 Aug 2014
1,000	-	\$0.37	Note 18(v)	14 Sep 2014
6,125	4,875			

### Vesting dates

- Upon securing finance for the full scale Wetar Copper Project.
- 750,000 options upon completion of Wetar Copper Project definitive feasibility study and 1,250,000 on commencement of commercial production from the full scale Wetar Copper Project.
- Upon production from the full scale Wetar Copper Project reaching 75% of nameplate design capacity.
- 125,000 options on grant date and 500,000 options upon production from the full scale Wetar Copper Project reaching 75% of nameplate design capacity.
- 180 days after drawdown of a project finance facility for the development of the full scale Wetar Copper Project.

## NOTE 19: RESERVES

	Consolidated		Parent Entity	
	31 Dec 2009	30 Jun 2009	31 Dec 2009	30 Jun 2009
	\$'000	\$'000	\$'000	\$'000
Equity reserve	(166)	(166)	(166)	(166)
Foreign currency translation reserve	1,394	1,672	-	-
Share-based payments reserve	152	28	152	28
Financial assets reserve	(5)	(94)	(5)	(94)
	1,375	1,440	(19)	(232)



# Financial Statements

## NOTE 19: RESERVES cont

### Equity reserve

The equity reserve arises from the acquisition of shares in a controlled entity from a minority shareholder and the value of conversion rights attached to the convertible note.

### Foreign currency translation reserve

The foreign currency translation reserve records exchange differences arising on translation of foreign controlled subsidiaries.

### Share-based payments reserve

The share-based payments reserve is used to recognise the fair value of equity instruments issued to employees.

### Financial asset reserve

The financial asset reserve records revaluation of financial assets.

## NOTE 20: COMMITMENTS

	Consolidated		Parent Entity	
	31 Dec 2009 \$'000	30 Jun 2009 \$'000	31 Dec 2009 \$'000	30 Jun 2009 \$'000
<b>a. Operating lease commitments</b>				
Commitments for minimum lease payments in relation to non-cancellable operating leases				
- Payable within 1 year	419	557	36	36
- Payable later than 1 year but not later than 5 years	6	24	6	24
	<u>425</u>	<u>581</u>	<u>42</u>	<u>60</u>

### b. Option to acquire SX-EW processing plant

In June 2009, PT Batutua Tembaga Raya, a controlled entity, entered into an option agreement with Straits Resources Limited to acquire the latter's solvent extraction-electrowinning (SX-EW) plant at the Whim Creek project. Under the agreement, the controlled entity had the right to acquire the SX-EW plant at any time on or before 31 March 2010 for a consideration of \$5.0 million. Pursuant to an agreed variation to the option agreement the Company acquired the plant during the period for \$5.0 million which was satisfied by the issue of 12,696,801 shares in the Company. The Company also paid the option fee (\$250,000) by the issue of 724,638 shares in the Company.



# Financial Statements

## NOTE 21: CONTINGENT LIABILITIES

	Consolidated		Parent Entity	
	31 Dec 2009 \$'000	30 Jun 2009 \$'000	31 Dec 2009 \$'000	30 Jun 2009 \$'000
Bank guarantee	17	17	17	17

The bank guarantee issued by the Company's banker in favour of a third party to secure obligations of the Company is secured by cash on deposit with the bank (Note 6(c)).

## NOTE 22: CONTROLLED ENTITIES

	Country of Incorporation	Percentage Owned*	
		31 Dec 2009 %	30 Jun 2009 %
Banda Minerals Pty Ltd	Australia	93.94	93.94
PT Batutua Tembaga Raya	Indonesia	93.97	93.97
Way Kanan Resources Pty Ltd	Australia	71.71	71.71
PT Batutua Lampung Elok	Indonesia	71.82	71.82
Finders Resources NZ Limited	New Zealand	100.00	100.00

\* Percentage of voting power is in proportion to ownership



# Financial Statements

## NOTE 23: OPERATING SEGMENTS

The consolidated entity operates in two geographical locations, being Australia and Indonesia. Its minerals business is based in Indonesia where it is developing a copper project on the island of Wetar and conducting mineral exploration on Wetar Island and Sumatra. Copper mining is centred on the Wetar Project where a demonstration plant was commissioned in February 2009. The demonstration plant has a production capacity of 5 tonnes of copper cathode per day.

The segment result comprises all costs directly attributable to the two operating segments in Indonesia.

	Copper Mining		Exploration		Total	
	6 months ended 31 Dec 2009 \$'000	12 months ended 30 Jun 2009 \$'000	6 months ended 31 Dec 2009 \$'000	12 months ended 30 Jun 2009 \$'000	6 months ended 31 Dec 2009 \$'000	12 months ended 30 Jun 2009 \$'000
<b>Revenue</b>						
Sales revenue	2,985	3,082	-	-	2,985	3,082
Unallocated revenue					96	63
Total revenue					3,081	3,145
<b>Result</b>						
Segment result	(1,763)	(2,381)	(337)	(527)	(2,100)	(2,908)
Pre-production costs written off	-	(4,616)	-	-	-	(4,616)
Administration expenses					(1,008)	(4,128)
Loss before income tax					(3,108)	(11,652)
Income tax expense					-	-
Loss after income tax					(3,108)	(11,652)
<b>Assets</b>						
Segment assets	29,194	22,414	314	304	29,508	22,718
Unallocated assets					7,951	1,040
Total assets					37,459	23,758
<b>Liabilities</b>						
Segment liabilities	3,010	4,908	146	175	3,156	5,083
Unallocated liabilities					1,879	9,083
Total liabilities					5,035	14,166



# Financial Statements

## NOTE 23: OPERATING SEGMENTS cont.

### Geographical Segments

	Revenue from Sales to External Customers		Segment Assets	
	6 months ended	12 months ended	31 Dec 2009	30 Jun 2009
	31 Dec 2009	30 Jun 2009	\$'000	\$'000
Australia				
Indonesia	-	-	13,199	1,194
	2,985	3,082	24,260	22,564
	2,985	3,082	37,459	23,758

The controlled entity sells all its copper production from the Wetar Copper demonstration plant to Tennant Metals Pty Ltd pursuant to a Copper Cathode Sales Agreement between the parties.

## NOTE 24: KEY MANAGEMENT PERSONNEL DISCLOSURES

Detailed remuneration disclosures are set out in the Remuneration Report section of the Directors' Report on pages 31 to 35.

### a) Key management personnel compensation

	Consolidated		Parent Entity	
	6 months ended	12 months ended	6 months ended	12 months ended
	31 Dec 2009	30 Jun 2009	31 Dec 2009	30 Jun 2009
	\$	\$	\$	\$
Short-term employee benefits	873,347	1,080,961	420,086	455,630
Post-employment benefits	94,609	165,109	87,379	165,109
Share-based payments	114,458	27,866	114,458	27,866
	1,082,414	1,273,936	621,923	648,605



# Financial Statements

## NOTE 24: KEY MANAGEMENT PERSONNEL DISCLOSURES cont.

### b) Equity instrument disclosures

#### i) Shareholdings

Number of shares in respect of which Directors and other key management personnel have a relevant interest directly or through related entities.

31 Dec 2009	Balance 1 Jul 2009	Acquisitions	Exercise of Options	Disposals	Balance 31 Dec 2009
<b>Directors</b>					
Russell J Fountain	7,444,671	60,606	-	-	7,505,277
Christopher B Farmer	5,965,695	-	-	-	5,965,695
Michael H Stirzaker	4,017,858	-	-	-	4,017,858
Robert P Thomson	528,496	90,909	-	(50,000)	569,405
Stephen R de Belle	4,418,800	151,515	-	-	4,570,315
Stephen J Lonergan	70,733	-	-	-	70,733
<b>Other key management personnel</b>					
Gerry I Mbatemooy	2,875	-	-	-	2,875
Geoffrey R Hiller	950,000	-	-	(100,000)	850,000
Grant K Harding	20,000	30,303	-	-	50,303
<b>Total</b>	<b>23,419,128</b>	<b>333,333</b>	<b>-</b>	<b>(150,000)</b>	<b>23,602,461</b>

30 Jun 2009	Balance 1 Jul 2008	Acquisitions	Exercise of Options	Other	Balance 30 Jun 2009
<b>Directors</b>					
Russell J Fountain	5,847,869	1,463,469	133,333	-	7,444,671
Christopher B Farmer	5,381,202	584,493	-	-	5,965,695
Michael H Stirzaker	-	-	-	4,017,858	4,017,858
Robert P Thomson	-	-	-	528,496	528,496
Stephen R de Belle	1,812,999	2,471,801	134,000	-	4,418,800
Stephen J Lonergan	41,600	8,333	20,800	-	70,733
<b>Other key management personnel</b>					
Gerry I Mbatemooy	2,875	-	-	-	2,875
Geoffrey R Hiller	-	-	-	950,000	950,000
Grant K Harding	10,000	10,000	-	-	20,000
<b>Total</b>	<b>13,096,545</b>	<b>4,538,096</b>	<b>288,133</b>	<b>5,496,354</b>	<b>23,419,128</b>

Acquisitions of shares by directors comprise shares received by the directors on conversion of loans and participation in a share purchase plan and market placement.



# Financial Statements

## NOTE 24: KEY MANAGEMENT PERSONNEL DISCLOSURES cont.

### ii) Option Holdings

Number of Options in respect of which Directors and other key management personnel have a relevant interest, directly or through related entities.

<b>31 Dec 2009</b>	<b>Balance 1 Jul 2009</b>	<b>Granted (Exercise)</b>	<b>Balance 31 Dec 2009</b>	<b>Vested and exercisable</b>	<b>Unvested</b>
<b>Directors</b>					
Michael H Stirzaker	-	1,000,000	1,000,000	-	1,000,000
Robert P Thomson	2,000,000	-	2,000,000	-	2,000,000
<b>Other key management personnel</b>					
Chin Haw Lim	1,000,000	-	1,000,000	500,000	500,000
Geoffrey R Hiller	500,000	-	500,000	-	500,000
Grant K Harding	625,000	-	625,000	125,000	500,000
<b>Total</b>	<b>4,125,000</b>	<b>1,000,000</b>	<b>5,125,000</b>	<b>625,000</b>	<b>4,500,000</b>
<b>30 Jun 2009</b>	<b>Balance 1 Jul 2008</b>	<b>Granted (Exercise)</b>	<b>Balance 30 Jun 2009</b>	<b>Vested and exercisable</b>	<b>Unvested</b>
<b>Directors</b>					
Russell J Fountain	133,333	(133,333)	-	-	-
Robert P Thomson	-	2,000,000	2,000,000	-	2,000,000
Stephen R de Belle	134,000	(134,000)	-	-	-
Stephen J Lonergan	20,800	(20,800)	-	-	-
<b>Other key management personnel</b>					
Chin Haw Lim	-	1,000,000	1,000,000	500,000	500,000
Geoffrey R Hiller	-	500,000	500,000	-	500,000
Grant K Harding	-	625,000	625,000	125,000	500,000
<b>Total</b>	<b>288,133</b>	<b>3,836,867</b>	<b>4,125,000</b>	<b>625,000</b>	<b>3,500,000</b>



# Financial Statements

## NOTE 25: SHARE-BASED PAYMENTS

	Consolidated		Parent Entity	
	6 months ended	12 months ended	6 months ended	12 months ended
	31 Dec 2009	30 Jun 2009	31 Dec 2009	30 Jun 2009
<b>Expense arising from share-based payments</b>	\$'000	\$'000	\$'000	\$'000
Options issued under Employee Share Option Plan	124	28	124	28

The Company has an established Employee Share Option Plan. The Plan is designed to provide long-term incentives to employees of the consolidated entity. The Plan is administered by the Directors who have power to determine the terms and conditions of the options issued to eligible employees. Participation in the Plan is at the discretion of the Board.

### Options granted

The options set out below were granted during the financial period under the Plan. These comprise the total options outstanding under the Plan.

Grant Date	Expiry Date	Exercise Price	Number		Number vested and exercisable at end of year	
			31 Dec 2009	30 Jun 2009	31 Dec 2009	30 Jun 2009
31 Aug 2009	31 Aug 2014	\$0.37	250,000	-	-	-
14 Sep 2009	14 Sep 2014	\$0.37	1,000,000	-	-	-
16 Apr 2009	16 Apr 2012	\$0.30	-	500,000	500,000	500,000
16 Apr 2009	16 Apr 2014	\$0.30	-	500,000	-	-
8 May 2009	8 May 2014	\$0.30	-	2,000,000	-	-
24 Jun 2009	23 Jun 2014	\$0.37	-	250,000	-	-
29 Jun 2009	28 Jun 2014	\$0.37	-	125,000	125,000	125,000
29 Jun 2009	28 Jun 2014	\$0.37	-	500,000	-	-
29 Jun 2009	29 Jun 2014	\$0.37	-	500,000	-	-
			1,250,000	4,375,000	625,000	625,000
Weighted average exercise price			\$0.37	\$0.32	\$0.31	\$0.31

The vesting conditions attached to the options above are set out in Note 18.

### Fair value of options granted

The fair value of the options granted during the year were estimated using the Black Scholes option pricing model with the following assumptions:

Grant Date	Expiry Date	Exercise Price	Share price at grant date	Risk free rate	Volatility
31 Aug 2009	31 Aug 2014	\$0.37	\$0.40	5.30%	76.4%
14 Sep 2009	14 Sep 2014	\$0.37	\$0.37	5.22%	76.1%

The exercise prices for the above options were set at a premium over the then market price of the shares. Due to the time that elapsed between the date when the exercise prices were set and the grant date, the option exercise prices may appear to be at a discount to the market prices.

# Financial Statements

	Consolidated		Parent Entity	
	6 months ended 31 Dec 2009	12 months ended 30 Jun 2009	6 months ended 31 Dec 2009	12 months ended 30 Jun 2009
	\$	\$	\$	\$
<b>NOTE 26: AUDITOR'S REMUNERATION</b>				
PricewaterhouseCoopers Australia				
- audit and review of financial report	85,000	-	85,000	-
- tax consulting	13,840	-	13,840	-
Related practices of PricewaterhouseCoopers Australia				
- audit and review of financial report	41,388	60,918	-	-
- tax consulting	59,679	8,114	-	-
Non-PricewaterhouseCoopers audit firm				
- audit and review of financial report				
Current year	-	95,000	-	95,000
Under-accrual in prior year	-	42,270	-	42,270
- tax consulting	-	15,071	-	15,071
	<u>199,907</u>	<u>221,373</u>	<u>98,840</u>	<u>152,341</u>

## NOTE 27: EARNINGS PER SHARE

Basic loss per share	2.3 cents	10.8 cents
Diluted loss per share	2.3 cents	10.8 cents
	<b>\$'000</b>	<b>\$'000</b>
Loss used to calculate basic and diluted loss per share	<u>3,108</u>	<u>9,389</u>
	<b>No.</b>	<b>No.</b>
Weighted average number of ordinary shares used in calculating basic and diluted loss per share	<u>136,221,969</u>	<u>86,675,065</u>



# Financial Statements

## NOTE 28: RECONCILIATION OF LOSS AFTER INCOME TAX TO NET CASH USED IN OPERATING ACTIVITIES

	Consolidated		Parent Entity	
	6 months ended 31 Dec 2009 \$'000	12 months ended 30 Jun 2009 \$'000	6 months ended 31 Dec 2009 \$'000	12 months ended 30 Jun 2009 \$'000
Loss for the period	(3,108)	(11,652)	(949)	(3,290)
Unrealised foreign exchange (gain)/loss	(531)	296	(449)	279
Depreciation and amortisation	662	589	5	7
Financing costs	175	1,068	144	998
Share based payment	124	28	124	28
Non-current assets written-off	255	5,964	-	310
Provision for impairment	-	600	-	-
Changes in assets and liabilities:				
(Increase)/decrease in receivables	(938)	(1,878)	(272)	(532)
(Increase)/decrease in financial assets	172	153	-	-
(Increase)/decrease in inventories	(808)	(1,702)	-	-
(Increase)/decrease in other assets	(3)	1,027	(5)	(4)
Increase/(decrease) in trade and other payables	(1,908)	1,159	(528)	438
Increase/(decrease) in provisions	3	1,247	3	7
Increase/(decrease) in other liabilities	920	-	-	-
Net cash used in operating activities	(4,985)	(3,101)	(1,927)	(1,759)

### Non-cash financing activities

Shares in the Company were issued during the financial period for the following:

Acquisition of solvent extraction electrowinning plant	5,250	-	5,250	-
Conversion of loans from directors	-	597	-	597
Convertible note interest payable	107	44	107	44
Corporate advisory fee	-	125	-	125
	5,357	766	5,357	766



# Financial Statements

## NOTE 29: RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

	Consolidated		Parent Entity	
	31 Dec 2009	30 Jun 2009	31 Dec 2009	30 Jun 2009
	\$	\$	\$	\$
<b>a) Controlled entities</b>				
i) Interest free loans provided by the Company to its controlled entities (Mr G Mbatemooy is a director of Banda Minerals Pty Ltd and Way Kanan Resources Pty Ltd) *	-	-	5,977,724	16,563,048
Outstanding balance	-	-	12,342,145	6,364,421
<b>b) Directors and director-related entities</b>				
i) Loans from directors (Messrs RJ Fountain, CB Farmer, RP Thomson and SR de Belle) and/or director-related entities. The loans were converted to shares in the Company during the previous year and through the exercise of options held.	-	713,169	-	713,169
Outstanding balance	-	-	-	-
ii) Copper cathode sales by a subsidiary, PT Batutua Tembaga Raya ("PTBTR"), to Tennant Metals Pty Ltd (a company in which Mr M H Stirzaker, who was appointed Finance Director of the Company on 3 June 2009, is a significant shareholder) pursuant to a Copper Cathode Sales Agreement dated 10 January 2008 (as amended).	2,985,361	3,082,363	-	-
Outstanding balance	65,359	68,844	-	-
iii) Loan from Tennant Metals Pty Ltd to PTBTR pursuant to the forward sale and purchase of copper cathode. The parent entity has provided security for the facility (Note 14(a)(i)).	608,273	1,232,438	-	-
Outstanding balance	-	1,232,438	-	-
iv) Payments made to Elliott Geophysics Indonesia, a company controlled by Mr Peter Elliott who is a director of Way Kanan Resources Pty Ltd, for geophysical services.	19,432	-	-	-
Outstanding balance	-	-	-	-
v) Interest free loan and prepayment of director fees to Mr G. Mbatemooy.	(21,110)	40,334	-	-
Outstanding balance	19,224	40,334	-	-

\* The Company's interests in the Wetar Project and the Ojolali Project are held through its subsidiaries, Banda Minerals Pty Ltd ("Banda") and Way Kanan Resources Pty Ltd ("Way Kanan"), the holding companies for PT Batutua Tembaga Raya ("PTBTR") (Wetar Project) and PT Batutua Lampung Elok ("PTBLE") (Ojolali Project) respectively. PT Batutua Kharisma Permai ("PTBKP"), a company controlled by Mr G Mbatemooy, is a minority shareholder in PTBTR and PTBLE. Pursuant to agreements between the Company and PTBKP, the Company provides funding for the Wetar and Ojolali Projects through loan funds to Banda and Way Kanan.

The loan to Banda was converted into shares on 30 June 2009.

### c) Key Management Personnel

Disclosures relating to key management personnel are set out in Note 24 and the Remuneration Report.



# Financial Statements

## NOTE 30: FINANCIAL RISK MANAGEMENT

The consolidated entity is headquartered in Australia and operates in Indonesia where it manages a demonstration plant capable of producing 5 tonnes of copper cathode per day. It is exposed to a variety of financial risks: market risk (including foreign exchange risk, commodity price risk and fair value interest rate risk), credit risk and liquidity risk.

The Board has overall responsibility for the determination of the consolidated entity's risk management objectives and policies. The consolidated entity's risk management program focuses on the unpredictability and volatility of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity without unduly affecting its ability to operate and function.

In respect to foreign currency risk, the Board has retained an external consultant to advise on this risk.

### a) Market Risk

#### i) Foreign currency risk

The consolidated entity operates in Indonesia and is exposed to foreign exchange risk arising from currency exposures, primarily the United States Dollar and the Indonesian Rupiah. The exposure to the United States Dollar is partially mitigated by the natural hedge provided by United States Dollar receipts generated from copper sales.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities that are denominated in a currency that is not the consolidated entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

#### ii) Commodity price risk

The consolidated entity is exposed to any adverse movements in the price of copper. The risk could be managed through the use of derivative financial instruments such as forward sale and option contracts. However the consolidated entity has not entered into any hedging instruments due to the unpredictability of copper production from the demonstration plant and the prohibitive cost of buying options.

#### iii) Interest rate risk

The consolidated entity is exposed to interest rate risk through its cash deposits held with banks and its interest bearing commercial loans. The loans, which were subject to interest at variable rates (US\$ LIBOR), were repaid during the period. The risk is measured using cash flow forecasting.

#### iv) Credit Risk

Credit risk is the risk that counterparties may default on their contractual obligation, resulting in a financial loss to the consolidated entity. The risk arises from cash and deposits with financial institutions and credit exposures to trade customers. The consolidated entity minimises this risk by maintaining its banking and sales relationships with credit-worthy parties.

#### v) Liquidity risk

Liquidity risk is the risk that the consolidated entity will encounter difficulty in meeting obligations associated with financial liabilities. The consolidated entity manages its liquidity risk by closely monitoring its forecast and actual cash flows. The consolidated entity currently generates some cash flow from the Wetar Copper Project. Its additional funding requirements are sourced from equity raisings. The appropriate level of liquidity is determined by cash flow forecasting. Surplus funds are invested on short-term deposits.

### b) Financial instrument composition and maturity analysis:

The tables below reflect the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments.

The total contractual cash flows at each maturity date is equal to the carrying value except for a convertible note included under loans in the tables below. The convertible note has a face value of US\$1,500,000 (31 Dec 2009: \$1,672,000, 30 Jun 2009: \$1,906,000) and if not converted into shares, is repayable on 19 January 2012.



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## NOTE 30: FINANCIAL RISK MANAGEMENT cont.

Consolidated	Note	Weighted Average Effective Interest Rate		Floating Interest Rate		Fixing Interest Rate Maturing within 1 year		Fixing Interest Rate Maturing within 1 -5 years		Total	
		31 Dec 2009	30 Jun 2009	31 Dec 2009	30 Jun 2009	31 Dec 2009	30 Jun 2009	31 Dec 2009	30 Jun 2009	31 Dec 2009	30 Jun 2009
		%	%	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets:											
Cash and cash equivalents	4	3.78	3.00	7,606	1,706	-	-	-	-	7,606	1,706
Security deposit	6			-	-	-	-	17	17	17	17
<b>Total Financial Assets</b>				<b>7,606</b>	<b>1,706</b>	<b>-</b>	<b>-</b>	<b>17</b>	<b>17</b>	<b>7,623</b>	<b>1,723</b>
Financial Liabilities:											
Loans	14	9.82	8.40	-	-	-	7,814	1,672	1,906	1,672	9,720
<b>Total Financial Liabilities</b>				<b>-</b>	<b>-</b>	<b>-</b>	<b>7,814</b>	<b>1,672</b>	<b>1,906</b>	<b>1,672</b>	<b>9,720</b>

	Note	Non Interest Bearing within 1 year		Non Interest Bearing within 1 -5 years		Total	
		31 Dec 2009	30 Jun 2009	31 Dec 2009	30 Jun 2009	31 Dec 2009	30 Jun 2009
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets:							
Receivables	5	609	148	2,032	1,556	2,641	1,704
Investments	6	324	236	-	-	324	236
Security deposit	6	-	-	103	275	103	275
<b>Total Financial Assets</b>		<b>933</b>	<b>384</b>	<b>2,135</b>	<b>1,831</b>	<b>3,068</b>	<b>2,215</b>
Financial Liabilities:							
Trade and other payables	13	1,507	3,358	-	-	1,507	3,358
Other	16	921	-	-	-	921	-
<b>Total Financial Liabilities</b>		<b>2,428</b>	<b>3,358</b>	<b>-</b>	<b>-</b>	<b>2,428</b>	<b>3,358</b>



# Financial Statements

## NOTE 30: FINANCIAL RISK MANAGEMENT cont.

Parent Entity	Note	Weighted Average Effective Interest Rate		Floating Interest Rate		Fixing Interest Rate Maturing within 1 year		Fixing Interest Rate Maturing within 1 -5 years		Total	
		31 Dec 2009	30 Jun 2009	31 Dec 2009	30 Jun 2009	31 Dec 2009	30 Jun 2009	31 Dec 2009	30 Jun 2009	31 Dec 2009	30 Jun 2009
		%	%	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets:											
Cash and cash equivalents	4	3.78	3.00	7,145	374	-	-	-	-	7,145	374
Security deposit	6			-	-	-	-	17	17	17	17
<b>Total Financial Assets</b>				<b>7,145</b>	<b>374</b>	<b>-</b>	<b>-</b>	<b>17</b>	<b>17</b>	<b>7,162</b>	<b>391</b>
Financial Liabilities:											
Loans	14	9.82	8.40	-	-	-	6,268	1,672	1,906	1,672	8,174
<b>Total Financial Liabilities</b>				<b>-</b>	<b>-</b>	<b>-</b>	<b>6,268</b>	<b>1,672</b>	<b>1,906</b>	<b>1,672</b>	<b>8,174</b>

	Note	Non Interest Bearing within 1 year		Non Interest Bearing within 1 -5 years		Non Interest Bearing over 5 years		Total	
		31 Dec 2009	30 Jun 2009	31 Dec 2009	30 Jun 2009	31 Dec 2009	30 Jun 2009	31 Dec 2009	30 Jun 2009
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets:									
Receivables	5	6,669	741	777	454	5,911	5,911	13,357	7,106
Investments	6	324	236	-	-	33,697	33,697	34,021	33,933
<b>Total Financial Assets</b>		<b>6,993</b>	<b>977</b>	<b>777</b>	<b>454</b>	<b>39,608</b>	<b>39,608</b>	<b>47,378</b>	<b>41,039</b>
Financial Liabilities:									
Trade and other pyables	13	277	747	-	-	-	-	277	747
<b>Total Financial Liabilities</b>		<b>277</b>	<b>747</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>277</b>	<b>747</b>

### c) Net Fair Values

The net fair values of listed investments have been valued at the quoted market bid price at balance date. The company has adopted the amendments to AASB 7 Financial Instruments: Disclosures and consider the listed investments to be classified as Level 1 in the fair value measurement hierarchy.

All other financial assets and liabilities included in the balance sheet are carried at amounts approximate to fair value, except for the convertible note which had a fair value at balance date of \$1,672,000 (30 June 2009: \$1,906,000).



# Financial Statements

## NOTE 30: FINANCIAL RISK MANAGEMENT cont.

### d) Sensitivity Analysis

#### Interest Rate Risk, Foreign Currency Risk and Commodity Price Risk

The consolidated entity has performed sensitivity analysis relating to its exposure to interest rate risk, foreign currency risk and commodity price risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

#### Commodity price sensitivity analysis

The effect on profit and equity as a result of changes in the price of copper, with all other variables remaining constant would be as follows:

	Consolidated		Parent Entity	
	31 Dec 2009 \$'000	30 Jun 2009 \$'000	31 Dec 2009 \$'000	30 Jun 2009 \$'000
Change in profit				
- Increase in copper price by 10%	617	161	-	-
- Decrease in copper price by 10%	(617)	(161)	-	-
Change in total equity				
- Increase in copper price by 10%	617	161	-	-
- Decrease in copper price by 10%	(617)	(161)	-	-

#### Interest rate sensitivity analysis

The effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

Change in profit				
- Increase in interest rate by 2%	30	(85)	21	(85)
- Decrease in interest rate by 2%	(30)	85	(21)	85
Change in total equity				
- Increase in interest rate by 2%	30	(85)	21	(85)
- Decrease in interest rate by 2%	(30)	85	(21)	85



# Financial Statements

## NOTE 30: FINANCIAL RISK MANAGEMENT cont.

	Consolidated		Parent Entity	
	31 Dec 2009 \$'000	30 Jun 2009 \$'000	31 Dec 2009 \$'000	30 Jun 2009 \$'000
Change in profit				
- Improvement in AUD to USD by 5%	(63)	142	-	-
- Decline in AUD to USD by 5%	63	(142)	-	-
Change in total equity				
- Improvement in AUD to USD by 5%	(63)	114	-	-
- Decline in AUD to USD by 5%	63	(114)	-	-
<hr/>				
Change in profit				
- Improvement in AUD to IDR by 5%	97	248	-	-
- Decline in AUD to IDR by 5%	(97)	(248)	-	-
Change in total equity				
- Improvement in AUD to IDR by 5%	97	248	-	-
- Decline in AUD to IDR by 5%	(97)	(248)	-	-

## NOTE 31: EVENTS AFTER BALANCE DATE

Subsequent to balance date, the Company sold its shareholding in Geopacific Resources NL (Note 6) for a total consideration of \$826,000.



# Directors' Declaration

In the opinion of the Directors:

1. the financial statements and notes set out on pages 37 to 76 are in accordance with the *Corporations Act 2001* and:
  - a. comply with Accounting Standards and the Corporations Regulations 2001; and
  - b. give a true and fair view of the Company's and consolidated entity's financial position as at 31 December 2009 and of their performance for the six months ended on that date;
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
3. the Directors have received the declarations by the Chief Executive Officer and Chief Financial Officer pursuant to section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of the Board of Directors.

Russell J Fountain  
Chairman

Sydney

16 March 2010

## Independent auditor's report to the members of Finders Resources Limited

### Report on the financial report

We have audited the accompanying financial report of Finders Resources Limited (the company), which comprises the balance sheet as at 31 December 2009, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the 6 month period ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for both Finders Resources Limited and the consolidated entity. The consolidated entity comprises the company and the entities it controlled at the period's end or from time to time during the financial period.

#### *Directors' responsibility for the financial report*

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

#### *Auditor's responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

**Independent auditor's report to the members of Finders Resources Limited  
(continued)**

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

*Independence*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

*Auditor's opinion*

In our opinion:

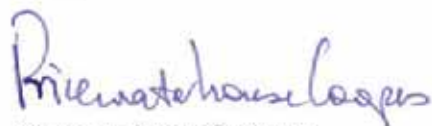
- (a) the financial report of Finders Resources Limited and its controlled entities is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 31 December 2009 and of their performance for the 6 month period ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

**Report on the Remuneration Report**

We have audited the remuneration report included in pages 31 to 35 of the directors' report for the 6 month period ended 31 December 2009. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

*Auditor's opinion*

In our opinion, the remuneration report of Finders Resources Limited and its controlled entities for the 6 month period ended 31 December 2009, complies with section 300A of the *Corporations Act 2001*.

  
PricewaterhouseCoopers

PricewaterhouseCoopers



Marc Upcroft  
Partner

Sydney  
16 March 2010



# Additional Information

## Shareholder Information as at 14 April 2010

	Ordinary Shares	Unlisted Options	Employee Options
Issued Capital	193,861,678	500,000*	
Distribution of Holders			
1-1,000	47	-	-
1,001-5,000	172	-	-
5,001-10,000	138	-	-
10,001-100,000	337	-	-
100,001 and over	120	1	7
	814	1	7

\* Held by Alchemy Securities Pty Ltd

There were 52 shareholders with less than a marketable parcel (shareholdings with a market value of less than \$500).

## Substantial Shareholders

The substantial shareholders in the company, as disclosed in substantial holding notices given to the company are:

	Holding	% of Issued Capital
Acorn Capital Limited	20,354,686	10.5
Straits Resources Limited	19,482,039	10.0
Resource Capital Fund IV LP	18,920,366	9.8
Taurus SM Holdings Pty Limited	18,181,800	9.4
Lujeta Pty Ltd	15,000,000	7.7



# Additional Information

## Shareholder Information as at 14 April 2010

### Top 20 Shareholders

		<b>Holding</b>	<b>% of Issued Capital</b>
1	Acorn Capital Limited	20,354,686	10.5%
2	Straits Mineral Investments Pty Ltd	19,482,039	10.0%
3	Resource Capital Fund IV LP	19,200,872	9.9%
4	Bond Street Custodians Limited <Taurus Res Ltd Partner A/C>	18,181,800	9.4%
5	Lujeta Pty Ltd <The Margaret Account>	15,000,000	7.7%
6	Exsolutions Pty Ltd	7,505,277	3.9%
7	ANZ Nominees Limited <Cash Income A/C>	6,344,189	3.3%
8	Dr Christopher Ben Farmer	5,965,695	3.1%
9	Tennant Metals Pty Limited	5,437,561	2.8%
10	Mr Ian David Neuss	5,035,303	2.6%
11	Mr Stephen de Belle + Ms Jennifer Sheehan <S J Superannuation Fund A/C>	4,570,315	2.4%
12	Fortis Clearing Nominees P/L <Settlement A/C>	3,372,080	1.7%
13	Merrill Lynch (Australia) Nominees Pty Limited	3,175,842	1.6%
14	Treecity Pty Ltd <Stanley S/F A/C>	2,530,303	1.3%
15	Darley Pty Limited	2,300,000	1.2%
16	National Nominees Limited	2,150,000	1.1%
17	Merrill Lynch (Australia) Nominees Pty Limited <Berndale A/C>	1,865,516	1.0%
18	Mr David Jeffrey Taylor + Mrs Rosemary Helen Taylor <Taylor S/F A/C>	1,859,050	1.0%
19	UBS Nominees Pty Ltd	1,828,105	0.9%
20	Mr Michael Stirzaker + Mrs Sally Stirzaker <Stirzaker Family S/F A/C>	1,679,470	0.9%
		147,838,103	76.3%



# Company Directory

## Directors

Russell John Fountain  
 Christopher Ben Farmer  
 Michael Henry Stirzaker  
 Robert Peter Thomson  
 Stephen Ross de Belle  
 Stephen John Lonergan  
 Thomas Quinn Roussel

Non Executive Chairman  
 Managing Director  
 Finance Director  
 Executive Director, Development  
 Independent Non-Executive Director  
 Independent Non-Executive Director  
 Non-Executive Director

## Secretary

Ian Morgan

## Offices

[Registered Office in Australia and Principal Place of Business](#)

[Indonesian Office](#)

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## Website

[www.findersresources.com](http://www.findersresources.com)

## Stock Exchange Listings

ASX: FND

AIM:FND



# Company Directory

Auditor	PricewaterhouseCoopers Darling Park Tower 2 201 Sussex Street Sydney NSW 1171	
Nominated Adviser (AIM Market of the London Stock Exchange)	RFC Corporate Finance Limited Level 14, 19-31 Pitt Street Sydney NSW 2000, Australia	Level 8, QV1 Building, 250 St Georges Tce Perth WA 6000, Australia
Brokers	<a href="#">Australia</a> Southern Cross Equities Limited Level 32, Aurora Place 88 Phillip Street Sydney NSW 2000, Australia	<a href="#">United Kingdom</a> JMFin Capital Markets Limited (Trading as FinnCap) 4 Coleman Street London EC2R 5TA, United Kingdom
Share Registry	<a href="#">Australia</a> Computershare Investor Services Pty Limited 60 Carrington Street, Sydney NSW 2000 1300 850 505 (within Australia) 61 3 6415 4000 (outside Australia)	<a href="#">United Kingdom</a> Computershare Investor Services Plc The Pavilions, Bridgewater Road Bristol BS99 7NH United Kingdom
Australian Business Number	82 108 547 413	

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