

**FINDERS RESOURCES LIMITED**

**ABN 82 108 547 413**

**HALF YEAR FINANCIAL REPORT  
SIX MONTHS ENDED 30 JUNE 2011**

**DIRECTORS' REVIEW**

**Wetar Copper Project**

The Directors are pleased to report that significant progress was made during the half-year towards the full scale development of the Group's Wetar Copper Project in Indonesia. Most significant was the grant of the following key mining permits, each valid for a term of up to 20 years –

- a. Mining Business Permit for Copper Mining Operations (Izin Usaha Pertambangan, IUP)
- b. Mining Business Permit for Copper Processing and Refining (Izin Usaha Pertambangan, IUPK).

The Bankable Feasibility Study ("BFS") was completed in June 2011. The BFS confirmed the technical feasibility of the project and that the project is economically robust. Key findings of the BFS announced to the market on 27 June 2011 are tabulated below.

Ore Reserves	8.2 mt
Strip Ratio	0.95
Initial Mine Life	9 years
Average Copper Grade	2.5%
Copper Cathode Production Capacity	25,000 tpa
LOM Copper Cathode Production	150,000 t
Average Copper Recovery	75%
Operating Cash Cost (LOM) <sup>1</sup>	US\$1.09/lb Cu
Capital Costs	US\$155m
NPV <sub>10</sub>	US\$304m

Notes:

1. *Operating Cash Costs exclude royalties (4%), head office costs and marketing costs (expected to be zero after netting off sales premiums)*
2. *Key financial assumptions used in the financial analysis*
  - *Copper price for the base case used the Comex forward curve as at 16 June 2011 and then assumed a reversion to a real long-term price of US\$2.50/lb by 2017.*
  - *Discount rate 10% (approximates Company's weighted average cost of capital, WACC)*
  - *IDR/USD exchange rate 8,500*
  - *Diesel fuel price US\$1.13/litre, MFO fuel price US\$1.01/litre*
  - *Total power cost US\$0.226/kWh*
  - *Tax rate of 25%, royalty rate of 4%*

In preparation for the full scale development of the project, engineering design work required to commence construction of the project has been completed and three international mining project financiers (Standard Bank Plc, Credit Suisse AG and Barclays Capital) have been mandated to arrange debt facilities totalling US\$138 million for the project development. The financiers are currently undertaking their due diligence and credit approvals. Loan documentation is expected to be completed thereafter, with a view to the project finance facility being available (subject to usual conditions precedent) for drawdown by the end of the year.

The Group is now awaiting the resolution of the conversion of the forestry areas and continues to progress the permitting of the remaining production forest areas, namely 4ha of the Lerokis deposit. The conversion process is required to occur prior to the end of the year but is expected to occur sooner and is anticipated to be a condition precedent to the drawdown of project financing.

Following the rezoning and receipt of routine permits, the Group and its local partner will be able to commence mine development and re-start production from the Wetar demonstration plant which was shut down in December 2010.

In January 2011, the Company acquired all the shares in Banda Minerals Pty Ltd it did not already own, thereby making Banda Minerals Pty Ltd a wholly-owned subsidiary. The consideration for the acquisition was \$1.47

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million, comprising US\$675,000 in cash and 2 million fully paid ordinary shares in the Company which are subject to vesting conditions. The shares were acquired from PT Batutua Kharisma Permai ("BKP"), the Company's joint venture partner in Indonesia. BKP was also entitled to a royalty on the Wetar Copper Project equal to 5% of net profits ("NPI") of PT Batutua Tembaga Raya ("BTR"), the subsidiary that holds the Company's interest in the project. To ensure compliance with new Indonesian mining regulations, the Company has reached in principle agreement with BKP to exchange the NPI for a 5% interest in a new corporate structure (subject to there being no legal or taxation impediments), with the Company holding a 95% interest and BKP's shareholders holding the other 5% interest.

#### ***Half-Year Financial Result***

The final sale of copper cathode produced from the demonstration plant totalling 92 tonnes was made in February 2011. The sale grossed \$0.8 million in revenue for the half year (30 Jun 2010: \$7.3 million).

A significant portion of costs in operating a small scale demonstration plant are fixed. The full team of employees engaged during the demonstration plant phase was retained in anticipation of the grant of the mining permits and forestry clearance so as to ensure a quick re-start of the demonstration plant. As a result, operating costs remained high during the half-year and the Group incurred a consolidated loss after income tax for the six months ended 30 June 2011 of \$6.1 million (30 June 2010: \$2.9 million).

#### ***Financial Position and Cash Flows***

As discussed above, the Group generated \$0.8 million during the half year from the sale of copper cathode. Apart from that, funding during the half-year was drawn from cash reserves. At the beginning of the half-year, the Group had \$14.5 million in cash. After payment of operating costs and development expenditure (including long lead plant items), the Group had \$5.6 million in cash at balance date.

As noted above, the mining and processing permits for the Wetar Copper Project have been awarded and the Group is now awaiting the forestry conversion process to be completed. Financing for the project development has been delayed while clarification of land administration was sought.

The Directors are confident rezoning will occur in a timely manner and will not unduly delay project financing. As such, the Group continues preparatory works for the project development so as to minimise project start up time once project finance becomes available. The Company is therefore in the process of arranging interim funding to continue its activities. Offers have been received from several parties and this bridging funding is expected to be finalised shortly. The Directors are confident that bridging funding and project finance will be successfully concluded as planned, however as referred to in Note 1 of the financial statements, the Group's ability to continue as a going concern and meet its debts and commitments as they fall due are dependent upon the Company being successful in negotiating those funding facilities.

The Group has interest-bearing debt, provided by a substantial shareholder, in the form of a US\$1.5 million 12% convertible note which if not converted, will be repayable on 19 January 2012.

#### **Exploration**

While focussed on the mine development at the Wetar Copper Project, the Group has conducted minimal exploration activities within the Wetar tenements. Management believes there is excellent potential to extend the mine life at Wetar through satellite deposits such as Meron, which is a partially drilled copper-bearing massive sulphide, and the Karkopang geophysical target located within 2 kilometres of the existing operations and could provide extra ore to extend the mine life. Elsewhere on Wetar Island, similar gold-copper mineralization has been located within the Group's exploration tenements on the south side of the island, and longer term, excellent potential exists for discovery of deep porphyry copper style mineralization within the extensively altered feeder zone for the Wetar massive sulphide deposits.

The exploration strategy at Ojolali is to increase the oxide gold-silver resource base to +300,000 oz gold equivalent (Au eq), to provide the basis for a low cost 30-50,000 oz Au eq production per year.

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The current Jambi Resource Estimate at a 0.3 g/t Au cut-off grade is as follows -

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

During the half-year, work undertaken at Ojolali comprised:

- Metallurgical testing for both Jambi and Tambang prospects. Leach test results suggest excellent potential for leaching the Jambi oxide deposit with average recovery of 85% Au.
- On-going surface exploration comprising trench sampling and mapping of soil geochemical targets, and augur soil geochemistry through areas of shallow cover where previous surface geochemical sampling would not have been effective. The geological setting for the locations targeted is regarded as highly encouraging, with potential to open up a significant new target area with no previous drill testing.

#### Outlook

The Directors are optimistic that development of the Wetar Copper Project to produce 25,000 tonnes of copper cathode per annum will commence soon. On the basis that the current plans for the financing of the project development come to finalisation as planned, the Company expects to commence development activities at Wetar once all permits are received.

Expansion of the demonstration plant is expected to take 10 months to complete. Commissioning of the main plant is expected to follow 10 months thereafter.

13 September 2011

#### Competent Persons Statements

*The information in this report that relates to mineral resource estimation is based on work compiled by Dr Phillip Hellman who is a Director of Hellman and Schofield Pty Ltd and a Fellow of the Australian Institute of Geoscientists. Dr Hellman has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' ("JORC Code"). 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.*

*Geological information in this announcement is based on information compiled by Dr Russell Fountain who is a Fellow of the Australasian Institute of Geoscientists and a Director of Finders Resources Limited. 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 as defined in the JORC Code. He consents to the inclusion in this announcement of the matters based on his information in the form and context in which they appear.*

**DIRECTORS' REPORT**

Your directors present their report on the consolidated entity consisting of Finders Resources Limited and the entities it controlled at the end of, or during, the half year ended 30 June 2011.

**Directors**

The directors who held office during the financial period and up to the date of this report are –

Russell J Fountain (Non-Executive Chairman)  
Christopher B Farmer (Managing Director)  
Robert P Thomson (Executive Director-Development)  
James H Wentworth (Finance Director) (appointed 8 March 2011)  
Stephen R de Belle (Independent Non-Executive Director)  
Stephen J Lonergan (Independent Non-Executive Director)  
T Quinn Roussel (Non-Executive Director)  
Michael H Stirzaker (Non-Executive Director) (retired 26 May 2011)

**Review and Results of Operations**

A review of the consolidated entity's operations during the half year is set out on pages 1 to 3.

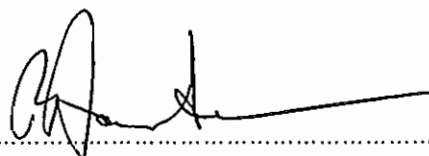
**Auditor's Independence Declaration**

The auditor's independence declaration under section 307C of the *Corporations Act 2001* is set out on page 5.

**Rounding of amounts to nearest thousand dollars**

The Company is of a kind referred to in Class Order 98/0100 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 Half Year Financial Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

This report is signed in accordance with a resolution of the directors.



.....  
**Russell J Fountain**  
Chairman

Sydney, 13 September 2011



## Auditor's Independence Declaration

As lead auditor for the review of Finders Resources Limited for the half year ended 30 June 2011, 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 review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

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

A handwritten signature in black ink, appearing to read 'Marc Upcroft', is written over a light blue horizontal line.

Marc Upcroft  
Partner  
PricewaterhouseCoopers

Sydney  
13 September 2011

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**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE HALF YEAR ENDED 30 JUNE 2011**

	Six months ended 30 June 2011	Six months ended 30 June 2010
	\$'000	\$'000
Sales revenue	816	7,316
Interest income	256	93
Profit on sale of investments	-	496
Other income	1	31
Raw materials and consumables used	(3,935)	(5,651)
Change in inventories of finished goods and work in progress	(632)	(928)
Personnel costs	(1,452)	(1,205)
Depreciation and amortisation	(61)	(834)
Exchange gain/loss	291	(70)
Exploration expenditure written off	(243)	(663)
Financing costs	(318)	(263)
Royalty expense	(32)	(285)
Other expenses	(831)	(913)
Loss before income tax	(6,140)	(2,876)
Income tax expense	-	-
Loss for the period	(6,140)	(2,876)
<b>Other comprehensive income</b>		
Changes in fair value of available for sale financial asset	-	5
Adjustments from translation of foreign controlled entities	(1,261)	782
Other comprehensive income, net of tax	(1,261)	787
<b>Total comprehensive income for the period</b>	(7,401)	(2,089)
<b>Loss for the period attributable to:</b>		
Members of the parent entity	(5,856)	(2,681)
Non controlling interest	(284)	(195)
	(6,140)	(2,876)
<b>Total comprehensive income for the period attributable to:</b>		
Members of the parent entity	(7,159)	(1,942)
Non controlling interest	(242)	(147)
	(7,401)	(2,089)
<b>Earnings per share</b>	<b>cents</b>	<b>cents</b>
Basic loss per share	(2.3)	(1.5)
Diluted loss per share	(2.3)	(1.5)

The accompanying notes form part of these financial statements.

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**CONSOLIDATED BALANCE SHEET**  
**AS AT 30 JUNE 2011**

	Note	30 Jun 2011	31 Dec 2010
		\$'000	\$'000
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		5,596	14,457
Receivables		253	812
Inventories		316	1,006
Other assets		122	132
<b>Total Current Assets</b>		<b>6,287</b>	<b>16,407</b>
<b>NON-CURRENT ASSETS</b>			
Receivables		3,125	2,705
Financial assets		112	291
Plant and equipment		15,343	14,831
Development expenditure		12,523	11,236
<b>Total Non-Current Assets</b>		<b>31,103</b>	<b>29,063</b>
<b>Total Assets</b>		<b>37,390</b>	<b>45,470</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		1,495	1,774
Borrowings		1,375	-
Provisions		306	327
<b>Total Current Liabilities</b>		<b>3,176</b>	<b>2,101</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings		-	1,436
Provision		926	947
<b>Total Non-Current Liabilities</b>		<b>926</b>	<b>2,383</b>
<b>Total Liabilities</b>		<b>4,102</b>	<b>4,484</b>
<b>NET ASSETS</b>		<b>33,288</b>	<b>40,986</b>
<b>EQUITY</b>			
Issued capital	2	86,538	85,661
Reserves		(3,823)	(1,388)
Accumulated losses		(48,141)	(42,243)
<b>Capital and reserves attributable to owners of Finders Resources Limited</b>		<b>34,574</b>	<b>42,030</b>
Non-controlling interest		(1,286)	(1,044)
<b>TOTAL EQUITY</b>		<b>33,288</b>	<b>40,986</b>

The accompanying notes form part of these financial statements.

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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE HALF YEAR ENDED 30 JUNE 2011**

	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
<b>30 June 2011</b>								
Balance at 1 Jan 2011	85,661	(42,243)	(166)	(1,566)	344	-	(1,044)	40,986
Total comprehensive income for the period	-	(5,898)	-	(1,261)	-	-	(242)	(7,401)
<b>Transactions with owners recorded directly in equity:</b>								
Shares issued during the period	877	-	-	-	-	-	-	877
Acquisition of additional investment in controlled entity	-	-	(1,483)	-	-	-	-	(1,483)
Share-based payments	-	-	-	-	309	-	-	309
<b>Balance at 30 Jun 2010</b>	<b>86,538</b>	<b>(48,141)</b>	<b>(1,649)</b>	<b>(2,827)</b>	<b>653</b>	<b>-</b>	<b>(1,286)</b>	<b>33,288</b>
<b>30 June 2010</b>								
Balance at 1 Jan 2010	65,727	(34,458)	(166)	1,394	152	(5)	(220)	32,424
Total comprehensive income for the period	-	(2,681)	-	734	-	5	(147)	(2,089)
<b>Transactions with owners recorded directly in equity:</b>								
Shares issued during the period	99	-	-	-	-	-	-	99
Share-based payments	-	-	-	-	135	-	-	135
<b>Balance at 30 Jun 2010</b>	<b>65,826</b>	<b>(37,139)</b>	<b>(166)</b>	<b>2,128</b>	<b>287</b>	<b>-</b>	<b>(367)</b>	<b>30,569</b>

The accompanying notes form part of these financial statements.

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**CONSOLIDATED CASH FLOW STATEMENT**  
**FOR THE HALF YEAR ENDED 30 JUNE 2011**

	Six months ended 30 Jun 2011	Six months ended 30 Jun 2010
	\$'000	\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	826	6,004
Payments to suppliers and employees	(6,076)	(6,966)
Interest received	248	89
Interest paid	(12)	(1)
Taxes and value added tax paid	(585)	(138)
Net cash used in operating activities	<u>(5,599)</u>	<u>(1,012)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payment for plant and equipment	(1,166)	(2,812)
Payment for development expenditure	(1,966)	(1,229)
Payment for exploration expenditure	(297)	(506)
Proceeds from sale of fixed assets	-	408
Proceeds from sale of investment	-	822
Refund of security deposits	179	62
Net cash used in investing activities	<u>(3,250)</u>	<u>(3,255)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares	-	-
Payment for share issue expenses	-	-
Proceeds from borrowings	-	-
Repayment of borrowings	-	-
Net cash provided by (used in) financing activities	<u>-</u>	<u>-</u>
Net increase/(decrease) in cash held	<b>(8,849)</b>	<b>(4,267)</b>
Cash and cash equivalents at beginning of period	<b>14,457</b>	<b>7,606</b>
Exchange rate effect	<b>(12)</b>	<b>(11)</b>
<b>Cash and cash equivalents at end of period</b>	<b><u>5,596</u></b>	<b><u>3,328</u></b>

The accompanying notes form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 30 JUNE 2011**

**NOTE 1: BASIS OF PREPARATION**

This general purpose interim financial report for the half year reporting period ended 30 June 2011 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the financial report for the year ended 31 December 2010 and any public announcements made by Finders Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

**Going concern**

Finders Resources Limited completed a Bankable Feasibility Study (BFS) on the Wetar Copper Project in June 2011. The BFS confirmed the technical feasibility of the project and that the project is economically robust.

The Company has mandated three international mining project financiers (Standard Bank Plc, Credit Suisse AG and Barclays Capital) to arrange debt facilities totalling US\$138 million for the development of the project. The financiers are currently undertaking their due diligence and credit approvals and loan documentation is expected to be completed thereafter, with a view to the project finance facility being available (subject to usual conditions precedent) for drawdown by the end of the year.

On 9 June 2011, the Group was granted key mining permits for the project. It is now awaiting the resolution of the conversion of the forestry areas and continues to progress the permitting of the remaining production forest areas, namely 4ha of the Lerokis deposit. The conversion process is required to occur prior to the end of the year but is expected to occur sooner. Following the rezoning and receipt of routine permits and assuming the expected completion of the project financing arrangements, the Group and its local partner will be able to commence mine development and re-start production from the Wetar demonstration plant which was shut down in December 2010.

Due to the delays in the grant of the mining and forestry permits, financing for the project development has also been delayed. The Directors are confident rezoning will occur in a timely manner and will not unduly delay project financing. As such, the Group continues preparatory works for the project development so as to minimise project start up time once project finance becomes available. The Company is therefore in the process of arranging interim funding to continue its activities. Offers have been received from several parties and this bridging funding is expected to be finalised shortly. The continuing viability of the Company and its ability to continue as a going concern and meet its debts and commitments as they fall due are dependent upon the Company being successful in negotiating bridging funding. Until completion of the bridging funding, there is material uncertainty whether the Company will continue as a going concern and, therefore, whether it will realise its assets and settle its liabilities and commitments in the normal course of business and at the amounts stated in the financial report.

The Directors believe that the Company will be successful in the above matters and, accordingly, have prepared the financial report on a going concern basis. At this time, the Directors are of the opinion that no asset is likely to be realised for an amount less than the amount at which it is recorded in the financial report at 30 June 2011. Accordingly, no adjustments have been made to the financial report relating to the recoverability and classification of the asset carrying amounts or the amounts and classification of liabilities that might be necessary should the Company not continue as a going concern.

**Impact of standards issued but not yet applied by the entity**

AASB 9 Financial Instruments addresses the classification, measurement and de-recognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2013 but is available for early adoption. When adopted, the standard will affect in particular the Group's accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for

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example, will therefore have to be recognised directly in profit or loss. In the current reporting period, the Group does not have any available-for-sale financial assets as at 30 June 2011.

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The de-recognition rules have been transferred from AASB 139 Financial Instruments: Recognition and Measurement and have not been changed. The Group has not yet decided when to adopt AASB 9.

**Rounding of amounts to nearest thousand dollars**

The Company is of a kind referred to in Class Order 98/0100 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 Half Year Financial Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

	Note	30 Jun 2011	31 Dec 2010	30 Jun 2011	31 Dec 2010
		Number	Number	\$'000	\$'000
<b>NOTE 2: ISSUED SECURITIES</b>					
<b>a) Ordinary shares</b>					
Issued and paid up		<b>271,357,445</b>	269,146,997	<b>86,538</b>	85,661
Employee incentive shares	2(b)	<b>7,492,430</b>	-	-	-
		<b>278,849,875</b>	269,146,997	<b>86,538</b>	85,661

Movement:	Number	Number
	'000	'000
At beginning of reporting period	<b>269,147</b>	194,014
Shares issued during the period:		
Conversion of interest payable on convertible note	<b>211</b>	312
Employee share issues	<b>7,492</b>	-
Consideration for acquisition of shares in Banda Minerals Pty Ltd	<b>2,000</b>	-
Placement of shares	-	73,214
Placement fee	-	1,607
At end of reporting period	<b>278,850</b>	269,147

**b) Employee incentive shares**

The Company issued 4,142,430 incentive shares at \$0.43 per share to employees under the Finders Employee Share Plan and a further 3,350,000 incentive shares to executive directors following approval of shareholders on 17 January 2011. This share-based compensation under which the employees and executive directors purchase shares funded by limited recourse loans from the Company is measured as the value of the options inherent within the shares issued and is expensed over the vesting period of the shares with a corresponding credit to the share-based payments reserve.

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**c) Unlisted Options**

			30 Jun 2011	31 Dec 2010
	Exercise Price	Expiry Date	Number '000	Number '000
	A\$0.30	16 Apr 2012	500	500
	A\$0.30	16 Apr 2014	500	500
	A\$0.30	8 May 2014	2,000	2,000
	A\$0.37	23 Jun 2014	250	250
	A\$0.37	29 Jun 2014	-	500
	A\$0.37	29 Aug 2014	250	250
	A\$0.37	14 Sep 2014	-	1,000
			<b>3,500</b>	<b>5,000</b>

**d) 12% Convertible Note**

Face Value	Conversion price	Maturity Date
US\$1,500,000 (A\$2,323,972)	A\$0.36	19 Jan 2012

**NOTE 3: 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.

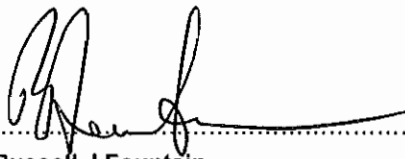
	Copper Mining		Exploration		Total	
	Six months ended 30 Jun 2011 \$'000	Six months ended 30 Jun 2010 \$'000	Six months ended 30 Jun 2011 \$'000	Six months ended 30 Jun 2010 \$'000	Six months ended 30 Jun 2011 \$'000	Six months ended 30 Jun 2010 \$'000
<b>Revenue</b>						
Sales revenue	816	7,316	-	-	816	7,316
Unallocated revenue					257	620
Total revenue					<b>1,073</b>	<b>7,936</b>
<b>Profit or loss</b>						
Segment loss	(4,321)	(1,203)	(240)	(816)	(4,561)	(2,019)
Unallocated income less unallocated expenses					(1,579)	(857)
Loss before income tax					(6,140)	(2,876)
Income tax expense					-	-
Loss after income tax					<b>(6,140)</b>	<b>(2,876)</b>
	<b>30 Jun 2011</b>	<b>31 Dec 2010</b>	<b>30 Jun 2011</b>	<b>31 Dec 2010</b>	<b>30 Jun 2011</b>	<b>31 Dec 2010</b>
<b>Assets</b>						
Segment assets	32,251	30,797	381	398	32,632	31,195
Unallocated assets					4,758	14,275
Total assets					<b>37,390</b>	<b>45,470</b>

**DIRECTORS' DECLARATION**

In the opinion of the directors:

1. the financial statements and notes set out on pages 6 to 12 are in accordance with the *Corporations Act 2001*, including:
  - a. complying with Accounting Standards and the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
  - b. giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the half-year ended on that date, and
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.

This declaration is made in accordance with a resolution of the directors.



.....  
**Russell J Fountain**  
Chairman

Sydney, 13 September 2011



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

### **Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of Finders Resources Limited, which comprises the balance sheet as at 30 June 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for Finders Resources Limited (the consolidated entity). The consolidated entity comprises both Finders Resources Limited (the company) and the entities it controlled during that half-year.

#### *Directors' responsibility for the half-year financial report*

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error.

#### *Auditor's responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Finders Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. It also includes reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

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

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

### *Independence*

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

### *Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Finders Resources Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

### *Material Uncertainty Regarding Continuation as a Going Concern*

Without qualifying our conclusion, we draw attention to Note 1 in the financial report, which indicates the company is negotiating an interim funding facility. These conditions, along with other matters as set forth in Note 1 indicate the existence of a material uncertainty that may cast significant doubt about the entity's ability to continue as a going concern and therefore the entity may be unable to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report.

  
PricewaterhouseCoopers

  
Marc Upcroft  
Partner

Sydney  
13 September 2011

**CORPORATE DIRECTORY**

Directors	Russell J Fountain Christopher B Farmer Robert P Thomson James H Wentworth Stephen R de Belle Stephen J Lonergan T Quinn Roussel	Non-Executive Chairman Managing Director Executive Director – Development Finance Director Non-Executive Director Non-Executive Director Non-Executive Director
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