FINDERS RESOURCES LIMITED

ABN 82 108 547 413

FINANCIAL REPORT

YEAR ENDED 30 JUNE 2009

DIRECTORS' REPORT

Your directors present their report on the Company and its controlled entities ("consolidated entity" or "Group") for the financial year ended 30 June 2009.

Directors

The directors in office during the financial year and up to the date of this report are:

Dr 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	—	7,444,671 Ordinary Shares.
Special Responsibilities	—	Nil
Other Listed Company Directorships in last 3 years	—	Geopacific Resources NL (since 9 May 2006).

Dr 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 18 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

Mr 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

Mr Robert P Thomson	—	***Executive Director, Development***
(Appointed 6 January 2009)		
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	—	528,496 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)

Mr Stephen de Belle	—	***Independent Non-Executive Director***
(Appointed 27 November 2004)		
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.
Interest in Shares and Options	—	4,418,800 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).

Mr Stephen J Lonergan	—	***Independent Non-Executive Director***
(Appointed 22 March 2005)		
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).

Mr T Quinn Roussel	—	***Non-Executive Director***
(Appointed 25 March 2009)		
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

Mr Ian D Neuss	—	***Alternate Director for Dr R Fountain***
(Retired 25 March 2009)		
Qualifications	—	BSc (Hons) (University of New England), Dip. Ed (University of New England), MSc (University of Birmingham), FAIG, FAICD.
Experience	—	Mr Neuss has over 36 years mining experience and has held various positions where he was responsible for commercial operations and exploration, building overseas mining interests and minerals portfolios leading to successful joint ventures, financial investments and mines.
Interest in Shares and Options	—	5,381,202 Ordinary Shares (25 March 2009).
Special Responsibilities	—	Member of the Audit Committee.
Other Listed Company Directorships in last 3 years	—	Nil

Company Secretary
Mr Ian H Morgan
(Appointed 27 November 2004)

Qualifications	—	BBus (NSW Institute of Technology), CA, ACIS, MAICD, FFin
Experience	—	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.

Principal Activities

The principal activities of the consolidated entity during the financial year were –

a) Development of the Wetar Copper Project;
b) Exploration for copper and gold in Indonesia; and
c) Investment in resource-based companies.

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

Operating Results

The consolidated loss after income tax for the financial year was $11,652,000 (2008: $6,675,000).

The company generated revenue of $3.1 million from copper sales for the first time. However the result for the year was adversely affected by significant expenses, including the write-off of pre-production expenses ($4.6 million) and financing costs ($1.3 million).

Review of Operations and Business Strategies

<u>Wetar Copper Project – Indonesia</u>
The Group reached a significant milestone during the year with the commissioning of the Wetar Demonstration Plant in February 2009. The demonstration plant is a solvent-extraction/ electro-winning plant with a capacity to produce 5 tonnes per day of copper cathode. To 30 June 2009, the plant had produced 533 tonnes of LME Grade A quality copper cathode.

The demonstration plant is part of the ongoing definitive feasibility study for the Wetar Copper Project. The Group's primary focus during the year had been on the feasibility study, which is nearing completion.

<u>Ojolali Gold-Silver Project – Indonesia</u>
Minimal exploration work was carried out at the Ojolali project as the priority during the year was the completion of the Wetar feasibility study. The directors continue to hold the view that, with further exploration, the project has the potential to be developed into a gold mine. Given the Group's stronger cash position following the equity raising after balance date, new exploration programmes are being developed to further advance this project.

Financial Position
Funding for the Group's activities during the year was drawn from loan funds and equity raisings, supplemented by cashflow from copper sales. At 30 June 2009, the Group had total borrowings of $9.6 million, of which $7.8 million is due within 12 months. As referred to in Note 13 to the financial statements, the bulk of the current borrowings have been or will be repaid from the proceeds of a share placement after balance date. The $20 million share placement after balance date has significantly strengthened the Group's financial position.

Outlook
Construction and development of the full-scale Wetar project, targeted to produce 23,000 tonnes of copper cathode per annum is conditional on the Group securing final permitting and arranging the necessary funding.

Significant Changes in State of Affairs

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

a) The Wetar Demonstration Plant, with a production capacity of 5 tonnes per day of copper cathode, was commissioned in February 2009;
b) On 30 June 2009, the consolidated entity increased its interest in the Wetar Copper Project from 72.54% to 93.97%; and
c) In October 2008, the Company raised $5.2 million through a placement of 8.6 million shares at $0.60 per share and in March/May 2009 raised a further $5.5 million through a placement of 28 million shares at $0.20 per share.

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

Capital Raisings
As noted above, the Company undertook the following capital raisings subsequent to balance date:

a) A share placement at $0.33 per share to raise $20 million, of which $5.5 million was completed in August 2009 (Tranche 1) and the balance (Tranche 2) to be completed following shareholders' approval at an extraordinary general meeting held on 14 September 2009; and
b) A share purchase plan under which each eligible shareholder is entitled to subscribe for up to $10,000 in shares in the Company at an issue price of $0.33 per share.

Loan Repayment
At 30 June 2009, the Company had a secured borrowing of $6.3 million repayable on 31 December 2009. The loan was partially repaid in August 2009 from the proceeds of Tranche 1 of the share placement referred to above and the balance will be repaid in September 2009 upon completion of Tranche 2 of the share placement.

At 30 June 2009, the consolidated entity also had a deferred settlement liability of $314,000 in connection with the purchase of an ocean-going transportation vessel used at the Wetar Project. The liability was repaid in August 2009.

Other than the above, the directors are not aware of any matter or circumstance, which has arisen since the end of the financial year 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 year.

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. The results of these studies are communicated to the appropriate local Indonesian authorities.

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 and will themselves have varying levels and types of potential impact on the natural environment.

Exploration work is intended to be carried out to cause minimum impact on the environment. 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 year were as follows:

	Directors Meetings		**Audit Committee Meetings**	
	Number eligible to attend	**Number attended**	**Number eligible to attend**	**Number attended**
Russell Fountain	19	19	-	-
Christopher Farmer	19	18	-	-
Michael Stirzaker	1	1	-	-
Robert Thomson	10	10	-	-
Stephen de Belle	19	14	3	3
Stephen Lonergan	19	17	3	3
T Quinn Roussel	5	5	-	-
Ian Neuss *	-	-	3	1

* Alternate for Dr Russell Fountain (retired 25 March 2009)

The Remuneration and Nomination Committee did not meet during the year. All remuneration matters and directors appointments were dealt with in directors meetings.

Indemnifying Directors and Other Officers

During the year, the Company paid a premium and other charges for a Directors and Officers Liability insurance policy for the benefit of the directors, secretary, officers and employees of the Company. The policy prohibits disclosure of the terms of the policy, including the amount insured, the insuring clauses and exclusions and the amount of premium paid.

Options

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

Name	Grant date	Expiry date	Exercise price	Number
Chin Haw Lim	16 Apr 2009	16 Apr 2012	$0.30	500,000
Chin Haw Lim	16 Apr 2009	16 Apr 2014	$0.30	500,000
Monterey Consolidated Services Pty Ltd [(a)]	8 May 2009	8 May 2014	$0.30	2,000,000
Paul Heather	24 Jun 2009	23 Jun 2014	$0.37	250,000
Highfield Metallurgical Services Limited [(b)]	29 Jun 2009	28 Jun 2014	$0.37	125,000
Highfield Metallurgical Services Limited	29 Jun 2009	28 Jun 2014	$0.37	500,000
Highshaw Pty Ltd [(c)]	29 Jun 2009	29 Jun 2014	$0.37	500,000
Daniel Edgar Tarrant	31 Aug 2009	29 Aug 2014	$0.37	250,000
Stith Pty Ltd [(d)]	14 Sep 2009	14 Sep 2014	$0.37	1,000,000
				5,625,000

(a) Company associated with Mr Robert Thomson, a director.
(b) Company associated with Mr Grant Harding, a key management person.
(c) Company associated with Mr Geoffrey Hiller, a key management person.
(d) 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 16 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 298,533 ordinary shares have been issued at $0.50 per share by virtue of the exercise of options.

Non-audit Services

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

During the financial year, the Company engaged the auditors for tax consulting services, for which the Company paid $15,071 in fees to the parent entity auditor and a subsidiary not audited by the parent entity auditor paid $8,114 to its auditor.

The Board of Directors has considered the level and nature of the non-audit services provided by the auditor during the year and, in accordance with advice received from the Audit Committee, is satisfied that the provision of the non-audit services during the year 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 24 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 17.

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 & 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 Group'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 and Nomination 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-executives) 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 and Nomination 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.

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.

Fees for non-executive directors are not linked to the performance of the Group. However, to align directors' interests with those of shareholders, the directors are encouraged to hold shares in the Company. There are no schemes for retirement benefits other than statutory superannuation for both executives and non-executive directors.

Performance-based remuneration

Short-term incentives
The Performance Bonus Plan was developed and agreed by the Remuneration and Nomination 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 and Nomination 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 and Nomination 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 Group. 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 year were –

Directors
Russell Fountain, Non-Executive Chairman
Christopher Farmer, Managing Director
Michael Stirzaker, Finance Director (appointed 3 June 2009)
Robert Thomson, Executive Director, Development (appointed 6 January 2009)
Stephen de Belle, Independent Non-executive Director
Stephen Lonergan, Independent Non-executive Director
T Quinn Roussel, Non-executive Director (appointed 25 March 2009)
Ian Neuss, Alternate Director (retired 25 March 2009)
Gerry Mbatemooy, Director of PT Batutua Tembaga Raya, a subsidiary of Finders Resources Limited

Other key management personnel
Chin Haw Lim, Chief Financial Officer (appointed 10 November 2008)
Geoffrey Hiller, Project Manager, Development (appointed 25 June 2009)
Grant Harding, Operations Manager

Consolidated Entity

	Short Term Benefits		Post Employment			
2009	**Salary & fees**	**Cash bonus**	**Superannuation**	**Share-based payments (Options)**	**Total**	**Proportion of performance-based remuneration**
	$	**$**	**$**	**$**	**$**	**%**
Directors						
Russell Fountain	46,008	-	71,940	-	117,948	-
Christopher Farmer	250,000	-	18,507	-	268,507	-
Michael Stirzaker	-	-	-	-	-	-
Robert Thomson	169,754	-	-	16,533	186,287	9%
Stephen de Belle	36,000	-	3,240	-	39,240	-
Stephen Lonergan	-	-	39,240	-	39,240	-
T Quinn Roussel	9,000	-	-	-	9,000	-
Ian Neuss	-	-	-	-	-	-
Gerry Mbatemooy	295,631	-	-	-	295,631	-
Other key management personnel						
Chin Haw Lim	79,230	-	32,182	11,333	122,745	9%
Geoffrey Hiller	-	-	-	-	-	-
Grant Harding	195,338	-	-	-	195,338	-
	1,080,961	-	165,109	27,866	1,273,936	

Parent Entity

	Short Term Benefits		Post Employment		
2009	**Salary & fees**	**Cash bonus**	**Superannuation**	**Share-based payments (Options)**	**Total**
	$	**$**	**$**	**$**	**$**
Directors					
Russell Fountain	46,008	-	71,940	-	117,948
Christopher Farmer	78,416	-	18,507	-	96,923
Michael Stirzaker	-	-	-	-	-
Robert Thomson	32,500	-	-	16,533	49,033
Stephen de Belle	36,000	-	3,240	-	39,240
Stephen Lonergan	-	-	39,240	-	39,240
T Quinn Roussel	9,000	-	-	-	9,000
Ian Neuss	-	-	-	-	-
Gerry Mbatemooy	161,384	-	-	-	161,384
Other key management personnel					
Chin Haw Lim	79,230	-	32,182	11,333	122,745
Geoffrey Hiller	-	-	-	-	-
Grant Harding	13,092	-	-	-	13,092
	455,630	-	165,109	27,866	648,605

Consolidated Entity & Parent Entity

	Short Term Benefits		Post Employment			
2008	**Salary & fees**	**Cash bonus**	**Superannuation**	**Share-based payments**	**Total**	**Proportion of performance-based remuneration**
	$	**$**	**$**	**$**	**$**	**%**
Directors						
Russell Fountain	92,014	50,000	78,480	-	220,494	23%
Christopher Farmer	245,443	50,000	24,149	-	319,592	16%
Stephen de Belle	36,000	-	3,240	-	39,240	-
Stephen Lonergan	-	-	39,240	-	39,240	-
Ian Neuss	105,600	-	-	-	105,600	-
Other key management personnel						
Dominic Barrington	81,161	-	-	-	81,161	-
Grant Harding	150,000	-	-	-	150,000	-
	710,218	100,000	145,109	-	955,327	

Mr Dominic Barrington ceased to be part of key management personnel on 30 June 2008.

Performance-based remuneration as a proportion of total remuneration

Executive directors are paid performance-based bonuses based on set monetary figures, rather than proportions of their salary. This has led to the proportions of remuneration related to performance varying between individuals. The Remuneration and Nomination Committee had set these bonuses to encourage achievement of specific targets that have been given a high level of importance to the future growth of the consolidated entity.

Share-based payments

The following options were issued to key management personnel or their nominees during the financial year (2008: Nil).

Name	Grant date	Number	Vesting date/ condition	Expiry date	Exercise price	Value per option at grant date
Chin Haw Lim	16 Apr 2009	500,000	10 May 2009	16 Apr 2012	$0.30	$0.19
Chin Haw Lim	16 Apr 2009	500,000	Note (i)	16 Apr 2014	$0.30	$0.22
Robert Thomson	8 May 2009	2,000,000	Note (ii)	8 May 2014	$0.30	$0.25
Paul Heather	24 Jun 2009	250,000	Note (iii)	23 Jun 2014	$0.37	$0.21
Grant Harding	29 Jun 2009	125,000	Vested	28 Jun 2014	$0.37	$0.22
Grant Harding	29 Jun 2009	500,000	Note (iv)	28 Jun 2014	$0.37	$0.22
Geoffrey Hiller	29 Jun 2009	500,000	Note (v)	29 Jun 2014	$0.37	$0.22
		4,375,000				

Vesting dates

i) Upon securing finance for the full scale Wetar Copper Project;

ii) 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;

iii) Upon production from the full scale Wetar Copper Project reaching 75% of nameplate design capacity;

iv) 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;

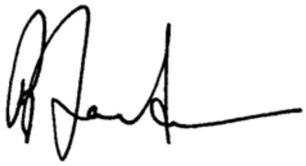
v) 180 days after drawdown of a project finance facility for the development of the full scale Wetar Copper Project.

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 Fountain Executive Chairman (until 25 Mar 2009) Non-Executive Chairman (from 26 Mar 2009)	22 Mar 2006 – 25 Mar 2009	$110,000 per annum	50% of the fee applicable to the remaining term of the agreement or 12 months fee, whichever is greater
Christopher Farmer Managing Director	4 years commencing 22 Mar 2006	$250,000 per annum	50% of the fee applicable to the remaining term of the agreement or 24 months fee, whichever is greater
Michael 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 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 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 Harding Operations Manager	2 years commencing 3 Aug 2007. Company has option to renew the agreement for two further terms of 3 years each	$200,000 per annum	50% of the fee applicable to the remaining term of the agreement or 12 months fee, whichever is greater

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



Russell Fountain
Chairman

Sydney
15 September 2009

Alcock Davis Danieli
Chartered Accountants

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Auditor's Independence Declaration

under Section 307C of The Corporations Act 2001

to the Directors of Finders Resources Limited and Controlled Entities

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2009 there have been:

i. no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

ALCOCK DAVIS DANIELI

Chartered Accountants

Sam Danieli

Sydney, 14 September 2009

Alcock Davis Danieli
Chartered Accountants

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Independent Auditor's Report

to the Members of

Finders Resources Limited
A.B.N. 82 108 547 413

Report on the Financial Report
We have audited the accompanying financial report of Finders Resources Limited (the company) and Finders Resources Limited and Controlled Entities (the consolidated entity), which comprises the balance sheet as at 30 June 2009 and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

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 control 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 compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

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 judgment, 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.

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

Independence
In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, was provided to the directors of Finders Resources Limited on 14 September 2009.

Auditor's Opinion
In our opinion:

a. the financial report of Finders Resources Limited and Finders Resources Limited and Controlled Entities is in accordance with the Corporations Act 2001, including:
    i. giving a true and fair view of the company and consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and
    ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;

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 9 to 15 of the report of the directors for the year ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with s 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.

Auditors Opinion
In our opinion the Remuneration Report of Finders Resources Limited for the year ended 30 June 2009, complies with s 300A of the *Corporations Act 2001*.

ALCOCK DAVIS DANIELI
Chartered Accountants

Sam Danieli

Sydney, 15 September 2009

DIRECTORS' DECLARATION

In the opinion of the directors:

1. the financial statements and notes set out on pages 21 to 61 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 30 June 2009 and of their performance for the year 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.
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 Fountain
Chairman

Sydney
15 September 2009

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	Note	Consolidated Entity		Parent Entity	
		2009 $'000	**2008 $'000**	**2009 $'000**	**2008 $'000**
Sales revenue		**3,082**	-	**-**	-
Interest income		**56**	332	**56**	332
Other income		**7**	-	**-**	-
Raw materials and consumables used		**(5,077)**	-	**-**	-
Change in inventories of finished goods and work in progress	7	**1,262**	-	**-**	-
Personnel costs		**(1,998)**	(1,510)	**(1,039)**	(783)
Pre-production costs written-off		**(4,616)**	-	**-**	-
Provision for impairment	5	**(600)**	-	**-**	-
Financing costs		**(1,289)**	-	**(1,144)**	-
Depreciation and amortisation		**(589)**	(56)	**(7)**	(5)
Exchange gain/ (loss)		**(296)**	(1,871)	**(279)**	45
Exploration expenditure written-off		**(255)**	(1,903)	**-**	(1)
Royalty expense		**(115)**	-	**-**	-
Other expenses		**(1,224)**	(1,667)	**(877)**	(1,090)
Loss before income tax		**(11,652)**	(6,675)	**(3,290)**	(1,502)
Income tax expense	3	**-**	-	**-**	-
Loss for the year		**(11,652)**	(6,675)	**(3,290)**	(1,502)
Loss attributable to minority interest		**2,263**	1,414	**-**	-
Loss attributable to members of the parent entity		**(9,389)**	(5,261)	**(3,290)**	(1,502)

		cents	Cents
Basic loss per share		**10.8**	7.5
Diluted loss per share		**10.8**	7.0

The accompanying notes form part of these financial statements.

BALANCE SHEET AS AT 30 JUNE 2009

	Note	Consolidated Entity		Parent Entity	
		2009 $'000	**2008 $'000**	**2009 $'000**	**2008 $'000**
CURRENT ASSETS					
Cash and cash equivalents	4	**1,706**	4,988	**374**	4,681
Receivables	5	**148**	425	**741**	209
Financial assets	6	**-**	129	**-**	-
Inventories	7	**1,702**	-	**-**	-
Other assets	8	**117**	629	**-**	12
TOTAL CURRENT ASSETS		**3,673**	6,171	**1,115**	4,902
NON-CURRENT ASSETS					
Receivables	5	**1,556**	-	**6,365**	18,685
Financial assets	6	**528**	378	**33,950**	5,444
Plant and equipment	9	**8,987**	3,901	**15**	19
Development expenditure	10	**4,117**	3,195	**-**	-
Exploration expenditure	11	**4,897**	1,961	**-**	-
Other assets	8	**-**	808	**-**	-
TOTAL NON-CURRENT ASSETS		**20,085**	10,243	**40,330**	24,148
TOTAL ASSETS		**23,758**	16,414	**41,445**	29,050
CURRENT LIABILITIES					
Trade and other payables	12	**3,358**	2,198	**747**	308
Borrowings	13	**7,814**	-	**6,268**	-
Provisions	14	**7**	-	**7**	-
TOTAL CURRENT LIABILITIES		**11,179**	2,198	**7,022**	308
NON-CURRENT LIABILITIES					
Borrowings	13	**1,747**	4,217	**1,747**	4,217
Provisions	14	**1,240**	-	**-**	-
TOTAL NON-CURRENT LIABILITIES		**2,987**	4,217	**1,747**	4,217
TOTAL LIABILITIES		**14,166**	6,415	**8,769**	4,525
NET ASSETS		**9,592**	9,999	**32,676**	24,525
EQUITY					
Issued capital	15	**39,722**	28,025	**39,722**	28,025
Reserves	17	**1,440**	1,892	**(232)**	24
Accumulated Losses		**(31,570)**	(19,918)	**(6,814)**	(3,524)
TOTAL EQUITY		**9,592**	9,999	**32,676**	24,525
Parent equity interest		**9,592**	9,999	**32,676**	24,525
Minority interest		**-**	-	**-**	-
TOTAL EQUITY		**9,592**	9,999	**32,676**	24,525

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2009

Consolidated Entity	Share Capital	Accumulated Losses	Equity Reserve	Foreign Currency Translation Reserve	Share-based Payments Reserve	Financial Asset Reserve	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2008	**28,025**	**(19,918)**	**-**	**1,868**	**-**	**24**	**9,999**
Shares issued during the year	**11,854**	**-**	**-**	**-**	**-**		**11,854**
Share issue expenses	**(157)**	**-**	**-**	**-**	**-**	**-**	**(157)**
Value of convertible note conversion right	**-**	**-**	**159**	**-**	**-**	**-**	**159**
Loss attributable to members of parent entity	**-**	**(9,389)**	**-**	**-**	**-**	**-**	**(9,389)**
Loss attributable to minority interest	**-**	**(2,263)**	**-**	**-**	**-**	**-**	**(2,263)**
Adjustments from translation of foreign controlled entities	**-**	**-**	**-**	**(196)**	**-**	**-**	**(196)**
Acquisition of additional investment in controlled entity	**-**	**-**	**(325)**	**-**	**-**	**-**	**(325)**
Changes in fair value of available-for-sale financial asset	**-**	**-**	**-**	**-**	**-**	**(118)**	**(118)**
Share-based payment	**-**	**-**	**-**	**-**	**28**	**-**	**28**
Balance at 30 June 2009	**39,722**	**(31,570)**	**(166)**	**1,672**	**28**	**(94)**	**9,592**
Balance at 1 July 2007	18,061	(13,243)	-	700	-	1,971	7,489
Changes in fair value of available-for-sale financial asset	-	-	-	-	-	(1,947)	(1,947)
Shares issued during the year	10,206	-	-	-	-	-	10,206
Share Issue Expenses	(242)	-	-	-	-	-	(242)
Loss attributable to members of parent entity	-	(5,261)	-	-	-		(5,261)
Loss attributable to minority interest	-	(1,414)	-	-	-	-	(1,414)
Adjustments from translation of foreign controlled entities	-	-	-	1,168	-	-	1,168
Balance at 30 June 2008	28,025	(19,918)	-	1,868	-	24	9,999

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 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 July 2008	**28,025**	**(3,524)**	**-**	**-**	**24**	**24,525**
Shares issued during the year	**11,854**	**-**	**-**	**-**	**-**	**11,854**
Share issue expenses	**(157)**	**-**	**-**	**-**	**-**	**(157)**
Value of convertible note conversion right	**-**	**-**	**159**	**-**	**-**	**159**
Loss attributable to members of parent entity	**-**	**(3,290)**	**-**	**-**	**-**	**(3,290)**
Acquisition of additional investments in controlled entity	**-**	**-**	**(325)**	**-**	**-**	**(325)**
Changes in fair value of available-for-sale financial asset	**-**	**-**	**-**	**-**	**(118)**	**(118)**
Share-based payments	**-**	**-**	**-**	**28**	**-**	**28**
Balance at 30 June 2009	**39,722**	**(6,814)**	**(166)**	**28**	**(94)**	**32,676**
Balance at 1 July 2007	18,061	(2,022)	-	-	1,971	18,010
Changes in fair value of available-for-sale financial asset	-	-	-	-	(1,947)	(1,947)
Shares issued during the year	10,206	-	-	-	-	10,206
Share issue expenses	(242)	-	-	-	-	(242)
Loss attributable to members of parent entity	-	(1,502)	-	-	-	(1,502)
Balance at 30 June 2008	28,025	(3,524)	-	-	24	24,525

The accompanying notes form part of these financial statements.

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	Note	Consolidated Entity		Parent Entity	
		2009 $'000	**2008 $'000**	**2009 $'000**	**2008 $'000**
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		**3,014**	-	**-**	-
Payments to suppliers and employees		**(6,171)**	(4,912)	**(1,815)**	(1,799)
Interest received		**56**	332	**56**	332
Net cash used in operating activities	26	**(3,101)**	(4,580)	**(1,759)**	(1,468)
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for property, plant and equipment		**(4,358)**	(3,861)	**(3)**	(15)
Payments for exploration expenditure		**(3,389)**	-	**-**	-
Payments for development expenditure		**(7,873)**	(5,156)	**(409)**	-
Payments for investments in and loans to controlled entities		**(325)**	-	**(16,611)**	(12,787)
Payments for security deposit		**-**	-	**(17)**	-
Net cash used in investing activities		**(15,945)**	(9,017)	**(17,040)**	(12,802)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of shares		**10,908**	10,132	**10,908**	10,132
Share issue expenses		**(189)**	(242)	**(189)**	(242)
Proceeds from borrowings		**6,072**	4,217	**4,637**	4,217
Repayment of borrowings		**(955)**	-	**(864)**	-
Net cash provided by financing activities		**15,836**	14,107	**14,492**	14,107
Net increase / (decrease) in cash held		**(3,210)**	510	**(4,307)**	(163)
Cash and cash equivalents at beginning of financial year		**4,988**	5,158	**4,681**	4,810
Exchange rate effect		**(72)**	(680)	**-**	34
Cash and cash equivalents at end of financial year	4	**1,706**	4,988	**374**	4,681

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 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 15 September 2009.

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 Group.

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. Controlled entities are all those entities over which the consolidated entity has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exerciseable or convertible are considered when assessing whether the consolidated entity controls another entity.

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.

Minority interests in the results and equity of subsidiaries are shown separately in the consolidated income statement and balance sheet respectively.

b. 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 3 months or less, nett of bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

c. 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 –

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

d. Employee Benefits

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

e. 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 satisfies the above policy is 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 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.

f. 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 (ie 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 profit or loss immediately.

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 profit or loss.

The Group 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 profit or loss.

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 Group'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.

v. Financial liabilities

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 income statement 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.

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
At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

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 either 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 profit or loss.

g. Foreign Currency Transactions and Balances

Functional and presentation currency
The functional currency of each of the group's entities 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.

Transaction and balances
Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. 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 income statement, except where deferred in equity as a qualifying cash flow or net investment hedge.

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 income statement.

Group companies
The financial results and position of foreign operations whose functional currency is different from the group'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 income statement in the period in which the operation is disposed.

h. 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.

i. 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 income statement.

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

j. Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates and tax laws that have been enacted or are subsequently enacted by the reporting date.

Tax losses for current and prior periods are recognised as an income tax asset only where realisation of the benefit can be regarded as being probable.

k. 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.

l. Leases

Payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the period in which they are incurred.

m. Operating Segments

Operating segment information is based on the consolidated entity's reporting structure and internal reports that are regularly reviewed by the Group's Board 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, Exploration and Head Office Administration, which forms the basis for the operating segments.

n. 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 directors to ensure it is not in excess of the recoverable amount from 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.

o. Provisions

Provisions are recognised when the group 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.

p. 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.

q. Revenue

Sales of copper cathode are recognised when the title has 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.

r. 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.

s. Comparative Figures

Certain comparative numbers have been reclassified to conform with the current year presentation, the material changes being –

i) the separate disclosure of exploration expenditure in the balance sheet. Exploration expenditure (2008: $1,961,000) was previously included in development expenditure.

ii) the separate disclosure of exchange loss in the income statement. Exchange loss (2008: $1,871,000) was previously included in other expenses; and

t. 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 Group has decided against early adoption of these standards. A discussion of those future requirements and their impact on the Group follows:

- AASB 3: Business Combinations, AASB 127: Consolidated and Separate Financial Statements, AASB 2008-3: Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 [AASBs 1,2,4,5,7,101,107, 112, 114, 116, 121, 128, 131, 132, 133, 134, 136, 137, 138 & 139 and Interpretations 9 & 107] (applicable for annual reporting periods commencing from 1 July 2009) and AASB 2008-7: Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate [AASB 1, AASB 118, AASB 121, AASB 127 & AASB 136] (applicable for annual reporting periods commencing from 1 January 2009). These standards are applicable prospectively and so will only affect relevant transactions and consolidations occurring from the date of application. In this regard, its impact on the Group will be unable to be determined. The following changes to accounting requirements are included:
  - acquisition costs incurred in a business combination will no longer be recognised in goodwill but will be expensed unless the cost relates to issuing debt or equity securities;
  - contingent consideration will be measured at fair value at the acquisition date and may only be provisionally accounted for during a period of 12 months after acquisition;
  - a gain or loss of control will require the previous ownership interests to be remeasured to their fair value;
  - there shall be no gain or loss from transactions affecting a parent's ownership interest of a subsidiary with all transactions required to be accounted for through equity (this will not represent a change to the Group's policy);
  - dividends declared out of pre-acquisition profits will not be deducted from the cost of an investment but will be recognised as income;
  - impairment of investments in subsidiaries, joint ventures and associates shall be considered when a dividend is paid by the respective investee; and
  - where there is, in substance, no change to Group interests, parent entities inserted above existing groups shall measure the cost of its investments at the carrying amount of its share of the equity items shown in the balance sheet of the original parent at the date of reorganisation.

  The Group will need to determine whether to maintain its present accounting policy of calculating goodwill acquired based on the parent entity's share of net assets acquired or change its policy so goodwill recognised also reflects that of the non-controlling interest.
- AASB 101: Presentation of Financial Statements, AASB 2007-8: Amendments to Australian Accounting Standards arising from AASB 101, and AASB 2007-10: Further Amendments to

Australian Accounting Standards arising from AASB 101 (all applicable to annual reporting periods commencing from 1 January 2009). The revised AASB 101 and amendments supersede the previous AASB 101 and redefines the composition of financial statements including the inclusion of a statement of comprehensive income. There will be no measurement or recognition impact on the Group. If an entity has made a prior period adjustment or reclassification, a third balance sheet as at the beginning of the comparative period will be required.

- AASB 123: Borrowing Costs and AASB 2007-6: Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12] (applicable for annual reporting periods commencing from 1 January 2009). The revised AASB 123 has removed the option to expense all borrowing costs and will therefore require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. Management has determined that there will be no effect on the Group as a policy of capitalising qualifying borrowing costs has been maintained by the Group.
- AASB 2008-1: Amendments to Australian Accounting Standard – Share-based Payments: Vesting Conditions and Cancellations [AASB 2] (applicable for annual reporting periods commencing from 1 January 2009). This amendment to AASB 2 clarifies that vesting conditions consist of service and performance conditions only. Other elements of a share-based payment transaction should therefore be considered for the purposes of determining fair value. Cancellations are also required to be treated in the same manner whether cancelled by the entity or by another party.

The Group does not anticipate early adoption of any of the above reporting requirements and does not expect these requirements to have any material effect on the Group's financial statements.

NOTE 3: INCOME TAX

a) Reconciliation of income tax expense to prima facie tax payable

	Consolidated Entity		Parent Entity	
	2009	**2008**	**2009**	**2008**
	$'000	**$'000**	**$'000**	**$'000**
Loss before income tax	**(11,652)**	(6,675)	**(3,290)**	(1,502)
Income tax benefit calculated at tax rate of 30% (2008: 30%)	**(3,496)**	(2,003)	**(987)**	(451)
Tax effect of amounts which are not deductible in calculating taxable income:				
- Finance costs	**35**	-	**35**	-
- Share-based payments	**8**	-	**8**	-
- Other non-deductible expenses	**176**	593	**91**	1
Difference in overseas tax rate	**141**	-	**-**	-
Deferred tax assets not brought to account				
- Tax losses not recognised	**2,883**	1,410	**756**	450
- Timing differences not recognised	**253**	-	**97**	-
Income tax expense	**-**	-	**-**	-

b) Tax losses

Unused tax losses for which no deferred tax asset has been recognised	**16,716**	14,723	**5,699**	3,342
Potential tax benefit at 30% (Australia), 28% (Indonesia)	**4,796**	4,417	**1,710**	1,003

c) Temporary differences

Deductible temporary differences for which no deferred tax asset has been recognised	**347**	-	**324**	-
Potential tax benefit at 30% (Australia), 28% (Indonesia)	**106**	-	**97**	-

NOTE 4: CASH AND CASH EQUIVALENTS

	Consolidated Entity		Parent Entity	
	2009	**2008**	**2009**	**2008**
	$'000	**$'000**	**$'000**	**$'000**
Cash at bank and in hand	**1,706**	4,988	**374**	4,681

NOTE 5: RECEIVABLES

	Note	Consolidated Entity 2009 $'000	Consolidated Entity 2008 $'000	Parent Entity 2009 $'000	Parent Entity 2008 $'000
CURRENT					
Trade receivable		**69**	-	**-**	-
Owing by controlled entities		**-**	-	**727**	-
Other receivables		**79**	425	**14**	209
		148	425	**741**	209
NON-CURRENT					
Value added tax receivable		**2,156**	-	**-**	-
Provision for impairment	5(b)	**(600)**	-	**-**	-
		1,556	-	**-**	-
Loans to controlled entities	5(a)	**-**	-	**6,365**	18,685
		1,556	-	**6,365**	18,685

a) The consolidated entity's projects in Indonesia are funded by loans to controlled entities which are interest free until the commencement of commercial production.

On 30 June 2009, the Company converted its loan to Banda Minerals Pty Ltd into shares, thereby increasing the Company's interest (indirectly) in PT Batutua Tembaga Raya, which owns the Wetar Project, from 72.54% to 93.97%.

b) 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.

NOTE 6: FINANCIAL ASSETS

	Note	Consolidated Entity 2009 $'000	Consolidated Entity 2008 $'000	Parent Entity 2009 $'000	Parent Entity 2008 $'000
CURRENT					
Held-to-maturity financial assets					
- Security deposits	6(a)	**-**	129	**-**	-
NON-CURRENT					
Available-for-sale financial assets	6(b)				
- Shares in listed corporations, at fair value		**236**	354	**236**	354
- Shares in unlisted controlled entities, at cost		**-**	-	**33,697**	5,090
Held-to-maturity financial assets					-
- Security deposits	6(a)	**292**	24	**17**	-
		528	378	**33,950**	5,444

a) 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 19). The remaining security deposits comprise cash held by suppliers to a controlled entity to secure payments for services.

b) 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. The fair value of unlisted available-for-sale financial assets cannot be reliably measured. As a result, all unlisted investments are reflected at cost.

NOTE 7: INVENTORIES

	Consolidated Entity		Parent Entity	
	2009 $'000	**2008 $'000**	**2009 $'000**	**2008 $'000**
Inventories, at cost				
Raw materials and consumables	**440**	-	**-**	-
Work in progress	**1,201**	-	**-**	-
Finished goods	**61**	-	**-**	-
	1,702	-	**-**	-

NOTE 8: OTHER ASSETS

CURRENT				
Prepayments	**117**	629	**-**	12
NON-CURRENT				
Prepayments	**-**	808	**-**	-

NOTE 9: PLANT AND EQUIPMENT

	Consolidated Entity		Parent Entity	
	2009 $'000	**2008 $'000**	**2009 $'000**	**2008 $'000**
Plant and equipment - at cost	**9,511**	336	**28**	25
Less: accumulated depreciation	**(524)**	(69)	**(13)**	(6)
	8,987	267	**15**	19
Construction in progress	**-**	3,634	**-**	-
	8,987	3,901	**15**	19
Movements:				
Plant and equipment				
Opening net book value	**267**	112	**19**	8
Additions	**5,282**	226	**3**	16
Transfer from construction in progress	**3,634**	-	**-**	-
Disposals	**-**	(15)	**-**	-
Depreciation charge	**(468)**	(56)	**(7)**	(5)
Exchange rate effect	**272**	-	**-**	-
Closing net book value	**8,987**	267	**15**	19
Construction in progress				
Opening net book value	**3,634**	-	**-**	-
Additions	**-**	3,634	**-**	-
Transfer to plant and equipment	**(3,634)**	-	**-**	-
Closing net book value	**-**	3,634	**-**	-

NOTE 10: DEVELOPMENT EXPENDITURE

Development expenditure capitalised	**4,238**	3,195	**-**	-
Less: accumulated amortisation	**(121)**	-	**-**	-
	4,117	3,195	**-**	-
Movements:				
Opening net book value	**3,195**	-	**-**	-
Additions	**811**	3,195	**-**	-
Amortisation charge	**(121)**	-	**-**	-
Exchange rate effect	**232**	-	**-**	-
Closing net book value	**4,117**	3,195	**-**	-

NOTE 11: EXPLORATION EXPENDITURE

	Consolidated Entity		Parent Entity	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Exploration expenditure capitalised	**4,897**	1,961	**-**	-
Movements:				
Opening net book value	**1,961**	-	**-**	-
Additions	**2,798**	1,961	**-**	-
Exchange rate effect	**138**	-	**-**	-
Closing net book value	**4,897**	1,961	**-**	-

Recoverability of the carrying amount of exploration assets is dependent on the successful exploration, development and commercial exploitation or alternatively, sale of the project areas.

NOTE 12: TRADE AND OTHER PAYABLES

	Consolidated Entity		Parent Entity	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Trade creditors and accruals	**3,358**	2,198	**747**	308

a) Foreign currency risks

Trade creditors and accruals are denominated in the following currencies -

Australian Dollar	**1,300**	1,237	**734**	308
British Pound	**9**	-	**9**	-
Indonesian Rupiah	**636**	448	**-**	-
United States Dollar	**1,413**	513	**4**	-
	3,358	2,198	**747**	308

NOTE 13: BORROWINGS

		Consolidated Entity		Parent Entity	
		2009 $'000	**2008 $'000**	**2009 $'000**	**2008 $'000**
CURRENT					
Secured					
Loans	13(a)(i) 13(b)(i)	**7,500**	-	**6,268**	-
Deferred settlement liability	13(a)(ii) 13(b)(ii)	**314**	-	**-**	-
		7,814	-	**6,268**	-
NON CURRENT					
Secured					
Loan		**-**	4,217	**-**	4,217
Convertible note	13(a)(iii) 13(c)	**1,747**	-	**1,747**	-
		1,747	4,217	**1,747**	4,217

a) Assets pledged as security

i) The loans are secured by a first ranking fixed and floating charge over the assets of the parent entity. The book value of the assets at balance date was $41.4 million. Included in the loans is an amount of $1.2 million owed by a controlled entity for the forward sale and purchase of copper cathode (Note 13(e)). The parent entity has guaranteed the payment obligations of the controlled entity.

ii) The deferred settlement liability is secured by a mortgage over an ocean-going transportation vessel owned by Finders Resources NZ Limited. The book value of the vessel at balance date was $627,000.

iii) The convertible note is secured by a second ranking fixed and floating charge over the assets of the parent entity. The book value of the assets at balance date was $41.4 million.

b) Loans and loan repayments

i) Of the loans, $6.3 million is repayable on 31 December 2009 and the balance on 31 March 2010. In August 2009, the Company repaid part of the loan maturing 31 December 2009 from the proceeds of Tranche 1 of the share placement (Note 27) and the balance will be repaid in September 2009 upon completion of Tranche 2 of the share placement.

ii) The deferred settlement liability was repaid in August 2009.

iii) During the year, the Company entered into loan agreements with four directors, Messrs R Fountain, C Farmer, R Thomson and S de Belle, pursuant to which the directors and/or the director-related entities lent the Company a total of $714,000. The loans and accrued interest were converted into shares in the Company following shareholders approval at an extraordinary general meeting on 4 May 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 6,281,005 shares in the parent entity, being the equivalent Australian Dollar value of the note on drawdown of the Facility, at a conversion price of $0.37.

	Consolidated Entity		Parent Entity	
	2009 $'000	**2008 $'000**	**2009 $'000**	**2008 $'000**
Face value of convertible note	**2,324**	-	**2,324**	-
Other equity security – value of conversion rights	**(159)**	-	**(159)**	-
Exchange rate effect	**(418)**	-	**(418)**	-
	1,747	-	**1,747**	-

d) Foreign currency risks

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

United States Dollar	**9,247**	4,217	**8,015**	4,217
New Zealand Dollar	**314**	-	**-**	-
	9,561	4,217	**8,015**	4,217

e) Loan facilities (secured)

	2009			2008				
	Facility limit US$'000	**Used US$'000**	**Unused US$'000**	**Facility limit US$'000**	**Used US$'000**	**Unused US$'000**	**Repayment date**	**Interest rate**
Loan	**5,000**	**5,000**	**-**	5,000	3,750	1,250	31 Dec 2009	90-day LIBOR plus 7%pa
Forward sale and purchase of copper	**2,000**	**1,000**	**1,000**	-	-	-	31 Mar 2010	90-day LIBOR plus 7%pa

NOTE 14: PROVISIONS

	Consolidated Entity		Parent Entity	
	2009 **$'000**	**2008** **$'000**	**2009** **$'000**	**2008** **$'000**
CURRENT				
Employee entitlements	**7**	-	**7**	-
NON CURRENT				
Rehabilitation and restoration	**1,240**	-	**-**	-
Movements in provision for rehabilitation and restoration:				
Opening net book value	**-**	-	**-**	-
Provision recognised for the year	**1,307**	-	**-**	-
Unwinding of discount	**(67)**	-	**-**	-
Closing net book value	**1,240**	-	**-**	-

The provision for rehabilitation and restoration has been recognised in connection with the Group's closure obligations when the Wetar 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 15: ISSUED CAPITAL

	Consolidated Entity		Parent Entity	
	2009 **$'000**	**2008** **$'000**	**2009** **$'000**	**2008** **$'000**
115,548,673 (2008: 74,911,425) fully paid ordinary shares	**39,722**	28,025	**39,722**	28,025

NOTE 15: ISSUED CAPITAL (continued)

Movements:

Date		Number of shares '000	Issue price	Issued capital $'000
1 Jul 2008	Balance at beginning of financial year	74,912		28,025
2 Jul 2008	Exercise of options	10	$0.50	5
9 Oct 2008	Share purchase plan	272	$0.60	163
17 Oct 2008	Placement	1,725	$0.60	1,035
23 Oct 2008	Placement	6,925	$0.60	4,155
8 Dec 2008	Share-based payment – corporate advisory fees	208	$0.60	125
19 Jan 2009	Share-based payment – convertible note establishment fees	113	$0.40	45
26 Mar 2009	Exercise of options	288	$0.50	144
26 Mar 2009	Placement	6,400	$0.20	1,280
4 May 2009	Placement	3,000	$0.18	549
7 May 2009	Placement	18,559	$0.20	3,712
7 May 2009	Conversion of directors loans	2,985	$0.20	597
7 May 2009	Conversion of interest payable on convertible note	152	$0.29	44
	Less share issue expenses	-		(157)
30 Jun 2009	Balance at end of financial year	115,549		39,722

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 Group's development, its objectives in capital management are to ensure that the Group 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 Group 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 from a convertible note issue and share placements during the year and since 30 June 2009 for the development of the Wetar Project, to retire debt maturing at the end of 2009 and for working capital.

NOTE 16: OPTIONS

	Consolidated Entity		Parent Entity	
	2009 ’000	**2008 ’000**	**2009 ’000**	**2008 ’000**
Number of options on issue				
Balance at beginning of financial year	**4,924**	5,025	**4,924**	5,025
Add: Options issued	**4,375**	-	**4,375**	-
Less: Options exercised	**(288)**	(101)	**(288)**	(101)
Options lapsed	**(4,136)**	-	**(4,136)**	-
Balance at end of financial year	**4,875**	4,924	**4,875**	4,924

Details of options on issue

Number of options		Exercise price	Vesting date/conditions	Expiry date
2009 ‘000	**2008 ‘000**			
-	3,101	$0.50		20 Mar 2009
-	1,323	24.00p		20 Mar 2009
500	500	68.75p	Vested	13 Jun 2010
500	-	$0.30	10 May 2009	16 Apr 2012
500	-	$0.30	Note 16(i)	16 Apr 2014
2,000	-	$0.30	Note 16(ii)	8 May 2014
250	-	$0.37	Note 16(iii)	23 Jun 2014
625	-	$0.37	Note 16(iv)	28 Jun 2014
500	-	$0.37	Note 16(v)	29 Jun 2014
4,875	4,924			

Vesting dates

i) Upon securing finance for the full scale Wetar Copper Project;

ii) 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;

iii) Upon production from the full scale Wetar Copper Project reaching 75% of nameplate design capacity;

iv) 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;

v) 180 days after drawdown of a project finance facility for the development of the full scale Wetar Copper Project.

NOTE 17: RESERVES

	Consolidated Entity		Parent Entity	
	2009 $'000	**2008 $'000**	**2009 $'000**	**2008 $'000**
Equity reserve	**(166)**	-	**(166)**	-
Foreign currency translation reserve	**1,672**	1,868	**-**	-
Share-based payments reserve	**28**	-	**28**	-
Financial assets reserve	**(94)**	24	**(94)**	24
	1,440	1,892	**(232)**	24

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 a foreign controlled subsidiary.

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 18: COMMITMENTS

a. Operating lease commitments

	Consolidated Entity		Parent Entity	
	2009	**2008**	**2009**	**2008**
	$'000	**$'000**	**$'000**	**$'000**
Commitments for minimum lease payments in relation to non-cancellable operating leases				
— Payable within 1 year	**557**	-	**36**	-
— Payable later than 1 year but not later than 5 years	**24**	-	**24**	-
	581	-	**60**	-

b. Capital expenditure commitments

Capital commitments contracted for but not recognised as liabilities in the financial statements				
— Payable within 1 year	**-**	156	**-**	156

c. Option to acquire SX-EW processing plant

PT Batutua Tembaga Raya, a controlled entity, has entered into an option agreement with Straits Resources Limited to acquire the latter's solvent extraction-electrowinning (SX-EW) plant currently being operated at the latter's Whim Creek project. Under the agreement, the controlled entity has the right to acquire the SX-EW plant at any time on or before 31 March 2010 for a consideration of $5.0 million which the Company has agreed to pay on behalf of the controlled entity by the issue of shares in the Company. The Company has also agreed to pay the option fee ($250,000) by the issue of 724,638 shares in the Company.

NOTE 19: CONTINGENT LIABILITIES

	Consolidated Entity		Parent Entity	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Bank guarantee	**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(a)).

NOTE 20: CONTROLLED ENTITIES

	Country of Incorporation	Percentage Owned*	
		2009 %	2008 %
Banda Minerals Pty Ltd	Australia	**93.94**	72.38
PT Batutua Tembaga Raya #	Indonesia	**93.97**	72.54
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*
 # Audited by PricewaterhouseCoopers, Indonesia

Acquisition and increase in interest in controlled entities

a) On 30 June 2009, the Company, increased its interest (indirectly) in PT Batutua Tembaga Raya, which owns the Wetar Project, to 93.97% (2008: 72.54%) by the acquisition of 385 shares in Banda Minerals Pty Ltd from the minority shareholder as well as the conversion of its loan to Banda Minerals Pty Ltd into shares.

b) A wholly-owned subsidiary, Finders Resources NZ Limited, was incorporated in New Zealand on 30 June 2008 to facilitate the acquisition of an ocean-going transportation vessel used for the Wetar Project.

NOTE 21: 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.

In the 2008 Annual Report, segment information was reported based on geographical locations. The primary reporting segments below are based on the consolidated entity's current reporting structure, being Copper Mining and Exploration. This presentation is based on the requirements of *AASB 8: Operating Segments* which the consolidated entity has elected to adopt early.

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 a day of copper cathode.

	Copper Mining		**Exploration**		**Total**	
	2009	**2008**	**2009**	**2008**	**2009**	**2008**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Revenue						
Sales revenue	**3,082**	-	**-**	-	**3,082**	-
Unallocated revenue					**63**	377
Total revenue					**3,145**	377
Result						
Segment result	**(2,381)**	(2,480)	**(527)**	(2,435)	**(2,908)**	(4,915)
Pre-production costs written off	**(4,616)**	-	**-**	-	**(4,616)**	-
Unallocated income less unallocated expenses					**(4,128)**	(1,760)
Loss before income tax					**(11,652)**	(6,675)
Income tax expense					**-**	-
Loss after income tax					**(11,652)**	(6,675)
Assets						
Segment assets	**22,414**	10,782	**304**	447	**22,718**	11,229
Unallocated assets					**1,040**	5,185
Total assets					**23,758**	16,414
Liabilities						
Segment liabilities	**4,908**	1,824	**175**	66	**5,083**	1,890
Unallocated liabilities					**9,083**	4,525
Total liabilities					**14,166**	6,415

Geographical Segments

	Revenue from Sales to External Customers		Segment Assets	
	2009	**2008**	**2009**	**2008**
	$'000	**$'000**	**$'000**	**$'000**
Australia	**-**	-	**1,194**	5,275
Indonesia	**3,082**	-	**22,564**	11,139
	3,082	-	**23,758**	16,414

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

NOTE 22: KEY MANAGEMENT PERSONNEL DISCLOSURES

Detailed remuneration disclosures are set out in the Remuneration Report section of the Directors' Report on pages 9 to 15.

Key management personnel compensation

	Consolidated Entity		Parent Entity	
	2009 **$**	**2008** **$**	**2009** **$**	**2008** **$**
Short-term employee benefits	**1,080,961**	810,218	**455,630**	810,218
Post-employment benefits	**165,109**	145,109	**165,109**	145,109
Share-based payments	**27,866**	-	**27,866**	-
	1,273,936	955,327	**648,605**	955,327

Equity instrument disclosures

a) Shareholdings

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

2009	**Balance 1 Jul 2008**	**Acquisitions**	**Exercise of options**	**Other**	**Balance 30 Jun 2009**
Directors					
Russell Fountain	5,847,869	1,463,469	133,333	-	**7,444,671**
Christopher Farmer	5,381,202	584,493	-	-	**5,965,695**
Michael Stirzaker (appointed 3 Jun 2009)	-	-	-	4,017,858	**4,017,858**
Robert Thomson (appointed 6 Jan 2009)	-	-	-	528,496	**528,496**
Stephen de Belle	1,812,999	2,471,801	134,000	-	**4,418,800**
Stephen Lonergan	41,600	8,333	20,800	-	**70,733**
T Quinn Roussel (appointed 25 Mar 2009)	-	-	-	-	**-**
Other key management personnel					
Chin Haw Lim (appointed 10 Nov 2008)	-	-	-	-	**-**
Geoffrey Hiller (appointed 25 Jun 2009)	-	-	-	950,000	**950,000**
Grant Harding	10,000	10,000	-	-	**20,000**
Total	13,093,670	4,538,096	288,133	5,496,354	**23,416,253**

(a) Acquisitions of shares by directors comprise shares received by the directors on conversion of loans (Note 13(b)(iii) and participation in a share purchase plan and market placement.

(b) Mr Ian Neuss retired as an alternate director on 25 March 2009.

2008	**Balance 1 Jul 2007**	**Acquisitions**	**Exercise of options**	**Other**	**Balance 30 Jun 2008**
Directors					
Russell Fountain	5,747,869	100,000	-	-	5,847,869
Christopher Farmer	5,381,202	-	-	-	5,381,202
Stephen de Belle	1,812,999	-	-	-	1,812,999
Stephen Lonergan	41,600	-	-	-	41,600
Ian Neuss	5,736,543	-	-	-	5,736,543
Other key management personnel					
Dominic Barrington	-	-	-	-	-
Grant Harding	-	10,000	-	-	10,000
Total	18,720,213	110,000	-	-	18,830,213

Mr Dominic Barrington ceased to be part of key management personnel on 30 June 2008.

b) Option Holdings

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

2009	**Balance 1 Jul 2008**	**Granted (Exercised)**	**Balance 30 Jun 2009**	**Vested and exerciseable**	**Unvested**
Directors					
Russell Fountain	133,333	(133,333)	**-**	-	-
Christopher Farmer	-	-	**-**	-	-
Michael Stirzaker (appointed 3 Jun 2009)	-	-	**-**	-	-
Robert Thomson (appointed 6 Jan 2009)	-	2,000,000	**2,000,000**	-	2,000,000
Stephen de Belle	134,000	(134,000)	**-**	-	-
Stephen Lonergan	20,800	(20,800)	**-**	-	-
T Quinn Roussel (appointed 25 Mar 2009)	-	-	**-**	-	-
Other key management personnel					
Chin Haw Lim	-	1,000,000	**1,000,000**	500,000	500,000
Geoffrey Hiller	-	500,000	**500,000**	-	500,000
Grant Harding	-	625,000	**625,000**	125,000	500,000
Total	288,133	3,836,867	**4,125,000**	625,000	3,500,000

2008	**Balance 1 Jul 2007**	**Granted (Exercised)**	**Balance 30 Jun 2008**	**Vested and exerciseable**	**Unvested**
Directors					
Russell Fountain	133,333	-	**133,333**	133,333	-
Christopher Farmer	-	-	**-**	**-**	-
Stephen de Belle	134,000	-	**134,000**	134,000	-
Stephen Lonergan	20,800	-	**20,800**	20,800	-
Ian Neuss	102,400	-	**102,400**	102,400	-
Other key management personnel					
Dominic Barrington	-	-	**-**	-	-
Grant Harding	-	-	**-**	-	-
Total	390,533	-	**390,533**	390,533	-

NOTE 23: SHARE-BASED PAYMENTS

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 - 2009
The options set out below were granted during the financial year under the Plan. These comprise the total options outstanding under the Plan.

	Grant Date	Expiry Date	Exercise Price	Number	Number vested and exerciseable at end of year
	16 Apr 2009	16 Apr 2012	$0.30	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
	29 Jun 2009	28 Jun 2014	$0.37	500,000	-
	29 Jun 2009	29 Jun 2014	$0.37	500,000	-
				4,375,000	625,000
Weighted average exercise price				$0.32	$0.31

The vesting conditions attached to the options above are set out in Note 16.

Expense arising from share-based payments

	Consolidated Entity		Parent Entity	
	2009 $'000	**2008 $'000**	**2009 $'000**	**2008 $'000**
Options issued under Employee Share Option Plan	**28**	-	**28**	-
Shares issued	**-**	73		73
	28	73	**28**	73

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
16 Apr 2009	16 Apr 2012	$0.30	$0.35	4.00%	78.3%
16 Apr 2009	16 Apr 2014	$0.30	$0.35	3.46%	78.3%
8 May 2009	8 May 2014	$0.30	$0.38	4.66%	77.8%
24 Jun 2009	23 Jun 2014	$0.37	$0.34	5.23%	77.6%
29 Jun 2009	28 Jun 2014	$0.37	$0.35	5.23%	77.4%
29 Jun 2009	28 Jun 2014	$0.37	$0.35	5.23%	77.4%
29 Jun 2009	29 Jun 2014	$0.37	$0.35	5.23%	77.4%

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

Shares granted - 2008

On 11 January 2008 the Company issued 70,000 fully paid ordinary shares to its employees. The share price on 11 January 2008 was $1.05. A total of $73,000 was recognised as an expense in the year ended 30 June 2008.

NOTE 24: AUDITORS' REMUNERATION

	Consolidated Entity		Parent Entity	
	2009 $	**2008 $**	**2009 $**	**2008 $**
Remuneration of auditor of parent entity for:				
- audit and review of financial report				
Current year	**95,000**	95,000	**95,000**	95,000
Under-accrual in prior year	**42,270**	-	**42,270**	-
- tax consulting	**15,071**	13,500	**15,071**	13,500
- accounting services	**-**	22,840	**-**	22,840
Remuneration of auditor of Indonesian subsidiaries for:				
- audit and review of financial report	**60,918**	41,938	**-**	-
- tax consulting	**8,114**	-	**-**	-
	221,373	173,278	**152,341**	131,340

NOTE 25: EARNINGS PER SHARE

	Consolidated Entity	
	2009	**2008**
Basic loss per share	**10.8 cents**	7.5 cents
Diluted loss per share	**10.8 cents**	7.0 cents
	$'000	**$'000**
Loss used to calculate basic and diluted loss per share	**9,389**	5,261
	No.	**No.**
Weighted average number of ordinary shares used in calculating basic loss per share	**86,675,065**	69,972,875
Potential ordinary shares - options outstanding	**68,849**	4,973,972
Weighted average number of ordinary shares used in calculating diluted loss per share	**86,743,914**	74,946,847

NOTE 26: RECONCILIATION OF LOSS AFTER INCOME TAX TO NET CASH USED IN OPERATING ACTIVITIES

	Consolidated Entity		Parent Entity	
	2009 $'000	**2008 $'000**	**2009 $'000**	**2008 $'000**
Loss for the year	**(11,652)**	(6,675)	**(3,290)**	(1,502)
Unrealised foreign exchange (gain)/ loss	**296**	1,849	**279**	(45)
Depreciation and amortisation	**589**	56	**7**	5
Financing costs	**1,068**	-	**998**	-
Loss on assets disposal	**-**	14	**-**	-
Share based payment	**28**	73	**28**	73
Non-current assets written-off	**5,964**	-	**310**	-
Provision for impairment	**600**	-	**-**	-
Changes in assets and liabilities -				
(Increase)/decrease in receivables	**(1,878)**	(1,602)	**(532)**	(147)
(Increase)/decrease in financial assets	**153**	-	**-**	-
(Increase)/decrease in inventories	**(1,702)**	-	**-**	-
(Increase)/decrease in other assets	**1,027**	-	**(4)**	-
Increase/(decrease) in trade and other payables	**1,159**	1,705	**438**	148
Increase/(decrease) in provisions	**1,247**	-	**7**	-
Net cash used in operating activities	**(3,101)**	(4,580)	**(1,759)**	(1,468)

	Consolidated Entity		Parent Entity	
	2009 $	2008 $	2009 $	2008 $
Non-cash financing activities				
Shares in the Company were issued during the financial year for the following -				
Conversion of loans from directors	**597**	-	**597**	-
Convertible note establishment fee and interest payable	**44**	-	**44**	-
Corporate advisory fee	**125**	-	**125**	-
	766	-	**766**	-

NOTE 27: EVENTS AFTER BALANCE SHEET DATE

Capital Raisings

The Company undertook the following capital raisings subsequent to balance date –

a) A share placement at $0.33 per share to raise $20 million, of which $5.5 million was completed in August 2009 (Tranche 1) and the balance (Tranche 2) to be completed following shareholders' approval at an extraordinary general meeting held on 14 September 2009; and

b) A shareholder share purchase plan under which each shareholder is entitled to subscribe for up to $10,000 in shares in the Company at an issue price of $0.33 per share.

Loan Repayment

At 30 June 2009, the Company had a secured borrowing of A$6.3 million repayable on 31 December 2009. The loan was partially repaid in August 2009 from the proceeds of Tranche 1 of the share placement referred to above and the balance will be repaid in September 2009 upon completion of Tranche 2 of the share placement.

At 30 June 2009, the consolidated entity also had a deferred settlement liability of $314,000 in connection with the purchase of an ocean-going transportation vessel used at the Wetar Project. The liability was repaid in August 2009.

NOTE 28: RELATED PARTY TRANSACTIONS

		Consolidated Entity		Parent Entity	
		2009 **$**	**2008** **$**	**2009** **$**	**2008** **$**
Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.					
a)	**Controlled entities**				
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) *	**-**	-	**16,563,048**	12,953,784
	Outstanding balance	**-**	-	**6,364,421**	18,685,467
b)	**Directors and director-related entities**				
i)	Loans from directors (Messrs R Fountain, C Farmer, R Thomson and S de Belle) and/or director-related entities. The loans were converted to shares in the Company during the year (Note 13(b)(iii)) 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 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).	**3,082,363**	-	**-**	-
	Outstanding balance	**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 13(a)(i)).	**1,232,438**		**-**	-
	Outstanding balance	**1,232,438**	-	**-**	-

NOTE 28: RELATED PARTY TRANSACTIONS (continued)

		Consolidated Entity		Parent Entity	
		2009	**2008**	**2009**	**2008**
		$	**$**	**$**	**$**
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.	**-**	112,009	**-**	-
	Outstanding balance	**-**	-	**-**	-
v)	Interest free loan and prepayment of director fees to Mr G. Mbatemooy.	**40,334**	46,973	**-**	46,973
	Outstanding balance	**40,334**	46,973	**-**	46,973

c) Key Management Personnel

Disclosures relating to key management personnel are set out in Note 22 and the Remuneration Report.

* 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.

NOTE 29: FINANCIAL RISK MANAGEMENT

The Group is headquartered in Australia and operates in Indonesia where it manages a demonstration plant capable of producing up to 2,000 tonnes of copper cathode per annum. 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 Group's risk management objectives and policies. The Group'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 Group without unduly affecting the Group's 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 Group 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 Group's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

ii) *Commodity price risk*

The Group is now 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 Group 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 group is exposed to interest rate risk through its cash deposits held with banks and its interest bearing commercial loans and convertible note. The loans are subject to interest at variable rates (US$ LIBOR) while the convertible note is at a fixed rate of 12% per annum. 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 Group. The risk arises from cash and deposits with financial institutions and credit exposures to trade customers. The Group minimizes this risk by maintaining its banking and sales relationships with credit-worthy parties.

v) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities. The Group currently generates some cash flow from the Wetar Copper Project. Its additional funding requirements are sourced from equity raisings. The Group manages liquidity risk by using cash flow forecasting.

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.

		Weighted Average Effective Interest Rate		Floating Interest Rate		Fixed Interest Rate Maturing Within 1 year		Fixed Interest Rate Maturing Within 1 to 5 year		Non Interest Bearing		TOTAL	
Consolidated Entity	**Note**	**2009 %**	**2008 %**	**2009 $'000**	**2008 $'000**	**2009 $'000**	**2008 $'000**	**2009 $'000**	**2008 $'000**	**2009 $'000**	**2008 $'000**	**2009 $'000**	**2008 $'000**
Financial Assets:													
Cash and cash equivalents	4	**3.00**	3.00	**1,706**	4,988	**-**	-	**-**	-	**-**	-	**1,706**	4,988
Receivables	5			**-**	-	**-**	-	**-**	-	**1,704**	425	**1,704**	425
Investments	6			**-**	-	**-**	-	**-**	-	**236**	354	**236**	354
Security deposit	6			**-**	-	**-**	129	**17**	24	**275**	-	**292**	153
Total Financial Assets				**1,706**	4,988	**-**	129	**17**	24	**2,215**	779	**3,938**	5,920
Financial Liabilities:													
Trade and other payables	12			**-**	-	**-**	-	**-**	-	**3,358**	2,198	**3,358**	2,198
Loans	13	**8.40**	6.80	**-**	-	**7,814**	-	**1,906**	4,217	**-**	-	**9,720**	4,217
Total Financial Liabilities				**-**	-	**7,814**	-	**1,906**	4,217	**3,358**	2,198	**13,078**	6,415

		Weighted Average Effective Interest Rate		Fixed Interest Rate Maturing									
				Floating Interest Rate		Within 1 year		Within 1 to 5 year		Non Interest Bearing		TOTAL	
Parent Entity	**Note**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**
		%	**%**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Financial Assets:													
Cash and cash equivalents	4	**3.00**	3.00	**374**	4,681	**-**	-	**-**	-	**-**	-	**374**	4,681
Receivables	5			**-**	-	**-**	-	**-**	-	**7,106**	18,894	**7,106**	18,894
Investments	6			**-**	-	**-**	-	**-**	-	**33,933**	5,444	**33,933**	5,444
Security deposit	6			**-**	-	**-**	-	**17**	-	**-**	-	**17**	-
Total Financial Assets				**374**	4,681	**-**	-	**17**	-	**41,039**	24,338	**41,430**	29,019
Financial Liabilities:													
Trade and other payables	12			**-**	-	**-**	-	**-**	-	**747**	304	**747**	304
Loans	13	**8.40**	6.80	**-**	-	**6,268**	-	**1,906**	4,217	**-**	-	**8,174**	4,217
Total Financial Liabilities				**-**	-	**6,268**	-	**1,906**	4,217	**747**	304	**8,921**	4,521

c) **Net Fair Values**

The net fair values of listed investments have been valued at the quoted market bid price at balance date.

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 $1,906,000.

d) **Sensitivity Analysis**

Interest Rate Risk, Foreign Currency Risk and Commodity Price Risk

The group 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 Entity		**Parent Entity**	
	2009	**2008**	**2009**	**2008**
	$'000	**$'000**	**$'000**	**$'000**
Change in profit				
— Increase in copper price by 10%	**161**	-	**-**	-
— Decrease in copper price by 10%	**(161)**	-	**-**	-
Change in equity				
— Increase in copper price by 10%	**161**	-	**-**	-
— Decrease in copper price by 10%	**(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:

	Consolidated Entity		**Parent Entity**	
	2009	**2008**	**2009**	**2008**
	$'000	**$'000**	**$'000**	**$'000**
Change in profit				
— Increase in interest rate by 2%	**(85)**	156	**(85)**	156
— Decrease in interest rate by 2%	**85**	(156)	**85**	(156)
Change in equity				
— Increase in interest rate by 2%	**(85)**	156	**(85)**	156
— Decrease in interest rate by 2%	**85**	(156)	**85**	(156)

Foreign Currency Risk Sensitivity Analysis

The effect on profit and equity as a result of changes in the value of the Australian Dollar to the United States Dollar, with all other variables remaining constant is as follows:

	Consolidated Entity		Parent Entity	
	2009	**2008**	**2009**	**2008**
	$'000	**$'000**	**$'000**	**$'000**
Change in profit				
— Improvement in AUD to USD by 5%	**142**	2	**-**	2
— Decline in AUD to USD by 5%	**(142)**	(2)	**-**	(2)
Change in equity				
— Improvement in AUD to USD by 5%	**114**	2	**-**	2
— Decline in AUD to USD by 5%	**(114)**	(2)	**-**	(2)

Foreign Currency Risk Sensitivity Analysis

The effect on profit and equity as a result of changes in the value of the Australian Dollar to the Indonesian Rupiah, with all other variables remaining constant is as follows:

	Consolidated Entity		Parent Entity	
	2009	**2008**	**2009**	**2008**
	$'000	**$'000**	**$'000**	**$'000**
Change in profit				
— Improvement in AUD to IDR by 5%	**248**	94	**-**	-
— Decline in AUD to IDR by 5%	**(248)**	(94)	**-**	-
Change in equity				
— Improvement in AUD to IDR by 5%	**248**	94	**-**	-
— Decline in AUD to IDR by 5%	**(248)**	(94)	**-**	-

CORPORATE DIRECTORY

Directors	Russell John Fountain	Non-Executive Chairman
	Christopher Ben Farmer	Managing Director
	Michael Henry Stirzaker	Finance Director
	Robert Peter Thomson	Executive Director, Development
	Stephen Ross de Belle	Independent Non-Executive Director
	Stephen John Lonergan	Independent Non-Executive Director
	Thomas Quinn Roussel	Non-Executive Director
Secretary	Ian Morgan	
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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 Terrace Perth WA 6000 Australia
Brokers	Australia Southern Cross Equities Limited Level 32, Aurora Place 88 Phillip Street Sydney NSW 2000 Australia	United Kingdom JM Finn Capital Markets Limited 4 Coleman Street London EC2R 5TA United Kingdom
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