FINDERS RESOURCES LIMITED ABN 82 108 547 413

HALF YEAR FINANCIAL REPORT SIX MONTHS ENDED 30 JUNE 2013

DIRECTORS' REVIEW

Wetar Copper Project

The Directors are pleased to report that the Group has secured its Borrow and Use Permit from the Forestry Department ("Pinjam Pakai"). Development of the Wetar Copper Project ("Project") into a 28,000tpa copper cathode operation is planned to commence as soon as possible once financing for the project development is secured.

Tremendous progress has been made since the annual financial report. Key achievements realised to the date of this report are –

- a) Awarded production stage forestry use permit ("Pinjam Pakai").
- b) Updated Ore Reserve estimate for the Project.
- c) Revised development strategy involving upgrade of the Demonstration Plant to 3,000tpa copper cathode and expansion of the Whim Creek SX-EW plant to 25,000tpa copper cathode capacity, with expected reduction in development cost.
- d) Formalised majority shareholding (70%) in company holding Wetar mining licence (IUP).

Awarded Forestry Permit ("Pinjam Pakai")

A production stage forestry use permit ("Pinjam Pakai") has been awarded to the Indonesian operating company. The permit allows the company to carry out development, mining and production activities at the Project through to expiry in December 2031.

Updated Ore Reserve Estimate

As part of its feasibility study update, the Ore Reserve estimate for the Project has been updated. The combined Ore Reserve now stands at 8.9Mt at an average copper grade of 2.4% for approximately 210,000 tonnes of contained copper, an increase of 10,000 tonnes over the previous estimate.

Wetar Copper Project - Ore Reserve Estimate						
	Category Tonnage (Mt) Cu %					
Kali Kuning	Proved	5.4	2.4			
Cut-off Grade	Probable	0.9	2.1			
0.4% Cu	Total Ore	6.3	2.4			
	Waste	5.9				
	Ratio	0.9				
Lerokis	Proved	2.1	2.3			
Cut-off Grade	Probable	0.4	2.0			
0.5% Cu	Total Ore	2.5	2.3			
	Waste	1.9				
	Ratio	0.8				
Total	Proved	7.5	2.4			
Cut-off Grade as above	Probable	1.4	2.1			
	Total Ore	8.9	2.4			
	Waste	7.8				
	Ratio	0.9				

Important Note: The tonnes and grades are stated to a number of significant digits reflecting the confidence of the estimate. Since each number and total is rounded individually the columns and rows in the above table may not show exact sums or weighted averages of the reported tonnes and grades. "Ratio" refers to the ratio of the waste to the ore tonnage.

In addition, there are a number of promising prospects within the Group's existing tenements including Meron, Karkopang and the South Coast of Wetar which have the potential to significantly expand the resource base of the Project.

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Revised Development Strategy

A revised development strategy has been adopted which will provide for faster delivery and reduced construction risk. The previous two stage expansion will be replaced by a simpler construction plan involving the expansion of the ex-Whim Creek Solvent Extraction - Electrowinning ("SX-EW") plant to 25,000tpa copper cathode capacity, with expected reductions in capital requirements as a result of the reduced scope for the Demonstration Plant expansion. The construction time is expected to be reduced to 15 months.

In preparation for development, the Company is currently undertaking a review of the bankable feasibility study completed in June 2012. The updated feasibility study, with revised capital and operating cost estimates, is required for its submission to the project financiers to refresh their previously approved credit lines. With the revised development strategy, the Company expects a reduction in mine development costs will be achieved.

The Group is also upgrading the demonstration SX-EW plant on Wetar Island to 3,000tpa production capacity and will restart the plant with a view to producing copper cathode again towards the end of the year. In 2009 and 2010, the Group successfully operated the 1,825tpa demonstration plant and produced about 2,500 tonnes of LME Grade A copper cathode, all of which was sold at a premium to the LME price and without specification issues.

Secured Majority Shareholding in BKP

Following the approval by the Indonesian Investment Coordinating Board (BKPM), PT Batutua Tembaga Raya (a wholly-owned subsidiary of the Company), has had the acquisition of its 70% shareholding in PT Batutua Kharisma Permai ("BKP") formally gazetted by the Ministry of Law and Human Rights.

The Group's economic interest in the Project remains unchanged at 95%.

Half-Year Financial Result

The consolidated loss after income tax for the half-year was \$10.3 million (2012: \$10.9 million).

The Group implemented cost-cutting initiatives which have reduced pre-development and personnel costs (\$5.1 million) during the half-year compared to the previous corresponding period (\$6.4 million). However financing and other cost, as detailed below, impacted adversely on the year's result.

Interest and other financing costs contributed \$3.6 million (2012: \$3.0 million) to the loss. Other financing costs included \$2.9 million in option premium expense, being the amortisation of value of options granted to the lenders in connection with the loan facility. The loan facility was fully repaid on 1 July 2013 following the conversion of the remaining outstanding loans into shares in the Company.

In January 2013, the Company issued 50 million options with an exercise price of \$0.20 each and expiring on 30 September 2013. These options were exercised subsequent to balance date. The value of these options is being amortised, resulting in a charge of \$0.8 million to the profit and loss statement.

Financial Position and Cash Flows

At the beginning of the half-year, the Company had outstanding loans of \$14.44 million from three of its major shareholders. The lenders have elected to convert the loans into shares in the Company and at the date of this report, the Company has no interest-bearing debt.

Funding for the half-year was derived from the placement of shares pursuant to subscription agreements with Provident Capital Partners Pte Ltd ("Provident") which raised \$6.0 million.

The Group had \$1.42 million in cash at balance date. Subsequent to balance date, the Company raised \$14.0 million from the exercise of options and a share placement as follows -

- (a) Pursuant to the subscription agreement with Provident in December 2012, the investors were issued 50 million options with an exercise price of \$0.20 each and expiring on 30 September 2013. As referred to above, the Company has raised \$10.0 million from the investors following the exercise of the 50 million options subsequent to balance date.
- (b) In conjunction with the exercise of the options, the Company also placed a further 20 million shares at \$0.20 per share to raise \$4.0 million.

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As stated above, the directors have approved the upgrade and restart of the demonstration plant in order to generate early cash flow during the development of the Project.

Subject to funding, the Group is now able to commence development of the Project, now that it has received all the requisite permits, including a forestry access permit. The Directors are confident that the Group will be able to secure its funding requirements. However, until it is able to do so and as referred to in Note 1 of the financial statements, the Group's ability to continue as a going concern and meet its debts and commitments as they fall due are dependent upon the Group being successful in securing project finance for the project development and, until project finance is secured, the Group being able to secure interim funding.

Exploration - Ojolali Gold-Silver Project

Low cost exploration work continued to be conducted on the Ojolali exploration tenement. Whilst the directors believe in the exploration potential of the project, the Company's limited cash resources does not permit a more thorough assessment of the project.

Corporate

As previously foreshadowed, the Company has completed the process of re-structuring its Board of Directors along ASX Corporate Governance guidelines appropriate to its status as an emerging significant copper producer.

Outlook

With the *Pinjam Pakai* secured, the Group is now fully focussed on bringing the 28,000tpa Wetar Copper Project into production. The Project is one of the lowest cost operations set for development and will produce a premium LME Grade A copper cathode. The Group will commence development of the Project as soon as funding is arranged.

30 August 2013

Competent Person Statement

The information in this report that relates to ore reserve estimation is based on work completed by Mr John Wyche who is a full time employee of Australian Mine Design and Development Pty Ltd and a member of the Australasian Institute of Mining and Metallurgy. Mr Wyche has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Wyche consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

DIRECTORS' REPORT

Your directors present their report on the consolidated entity consisting of Finders Resources Limited and the entities it controlled at the end of, or during, the half year ended 30 June 2013.

Directors

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

Gary E Comb

Chairman (appointed 4 June 2013)

Barry J Cahill

Managing Director (appointed 22 August 2013)

Christopher B Farmer

Executive Director

Gavin A Caudle

Non-Executive Director (appointed 15 August 2013)

Gordon T Galt

Non-Executive Director (appointed 22 August 2013)

Former Directors

Russell J Fountain

Non-Executive Director (resigned 20 August 2013)

Stephen R de Belle

Non-Executive Director (resigned 20 August 2013)

Stephen J Lonergan T Quinn Roussel Non-Executive Director (resigned 20 August 2013)
Non-Executive Director (resigned 4 June 2013)

Robert P Thomson

Executive Director-Development (resigned 15 August 2013)

James H Wentworth

Finance Director (resigned 15 August 2013)

Review and Results of Operations

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

Auditor's Independence Declaration

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

Rounding of amounts to nearest thousand dollars

The Company is of a kind referred to in Class Order 98/0100 dated 10 July 1998 issued by the Australian Securities and Investments Commission and in accordance with that Class Order, amounts in the Directors' Report and the Half Year Financial Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

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

Gary E Comb Chairman

Sydney, 30 August 2013



Auditor's Independence Declaration

As lead auditor for the review of Finders Resources Limited for the half-year ended 30 June 2013, I declare that to the best of my knowledge and belief, there have been:

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

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

Marc Upcroft

Partner

PricewaterhouseCoopers

30 August 2013

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 30 JUNE 2013

		Six months ended
	30 June 2013	30 June 2012
	\$'000	\$'000
Interest income	27	15
Personnel costs	(1,266)	(1,642)
Pre-development costs	(3,875)	(4,786)
Depreciation and amortisation	(88)	(268)
Exchange gain (loss)	68	(189)
Exploration expenditure written off	(103)	(110)
Financing costs	(3,620)	(3,017)
Option premium expense	(792)	-
Other expenses	(657)	(876)
Loss before income tax	(10,306)	(10,873)
Income tax expense	-	-
Loss for the period	(10,306)	(10,873)
Other comprehensive income		
Adjustments from translation of foreign controlled entities	4,138	51
Other comprehensive income, net of tax	4,138	51
Total comprehensive income for the period	(6,168)	(10,822)
Loss for the period attributable to:		
Members of the parent entity	(10,233)	(10,545)
Non controlling interest	(73)	(328)
-	(10,306)	(10,873)
Total comprehensive income for the period attributable to:		
Members of the parent entity	(5,697)	(10,502)
Non controlling interest	(471)	(320)
	(6,168)	(10,822)
Loss per share	cents	cents
Basic loss per share	(3.2)	(3.8)
Diluted loss per share	(3.2)	(3.8)

CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2013

	Note	30 Jun 2013	31 Dec 2012
		\$'000	\$'000
CURRENT ASSETS			
Cash and cash equivalents		1,420	1,770
Receivables		202	753
Financial assets		380	351
Inventories		495	409
Other assets	_	49	72
Total Current Assets		2,546	3,355
NON-CURRENT ASSETS	_		_
Receivables		880	346
Financial assets		96	88
Plant and equipment		18,455	16,217
Development expenditure	_	18,807	15,716
Total Non-Current Assets		38,238	32,367
Total Assets	-	40,784	35,722
CURRENT LIABILITIES			
Trade and other payables		3,206	2,298
Borrowings	2	8,912	11,492
Provisions		384	391
Total Current Liabilities	_	12,502	14,181
NON-CURRENT LIABILITIES	_		
Provision		2,163	1,735
Total Non-Current Liabilities		2,163	1,735
Total Liabilities	_	14,665	15,916
NET ASSETS	-	26,119	19,806
EQUITY			
	3	107,934	96,488
Issued capital Reserves	3	107,934	4,652
Accumulated losses		(89,359)	(79,126)
Capital and reserves attributable to owners of	_	28,798	22,014
Finders Resources Limited		20,730	22,014
Non-controlling interest		(2,679)	(2,208)
TOTAL EQUITY	_	26,119	19,806
TOTAL EQUIT	_	20,119	19,000

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 30 JUNE 2013

	Share Capital	Accumulated Losses	Equity Reserve	Foreign Currency Translation Reserve	Share-based Payments Reserve	Non- Controlling Interest	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
30 June 2013							
Balance at 1 Jan 2013	96,488	(79,126)	5,095	(2,050)	1,607	(2,208)	19,806
Loss for the period	-	(10,233)	-	-	-	(73)	(10,306)
Other comprehensive							
income	-		-	4,536	-	(398)	4,138
Transactions with owners recorded directly in equity:							
Shares issued during the period	11,889	-	-	-	-	-	11,889
Share issue expenses	(443)	-	-	-	-	-	(443)
Share-based payments	-	-	-	-	85	-	85
Option premium	-	-	950	-	-	-	950
Balance at 30 Jun 2013	107,934	(89,359)	6,045	2,486	1,692	(2,679)	26,119
30 June 2012							
Balance at 1 Jan 2012	86,747	(60,020)	547	(1,644)	1,066	(1,456)	25,240
Loss for the period	-	(10,546)	-	-	-	(327)	(10,873)
Other comprehensive							
income	-	-	-	44	-	7	51
Transactions with owners recorded directly in equity:							
Shares issued during the period	2,038	-	-	-	-	-	2,038
Converting notes	5,185	-	-	-	-	-	5,185
Share-based payments	-	-	-	-	337	-	337
Option premium	-	-	2,263	-	-	-	2,263
Balance at 30 Jun 2012	93,970	(70,566)	2,810	(1,600)	1,403	(1,776)	24,241

CONSOLIDATED CASH FLOW STATEMENT FOR THE HALF YEAR ENDED 30 JUNE 2013

		Six months ended
	30 Jun 2013	30 Jun 2012
	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(4,281)	(6,035)
Interest received	24	8
Taxes and value added tax received/ (paid)	251	(504)
Net cash used in operating activities	(4,006)	(6,531)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for plant and equipment	(362)	(2,659)
Payments for development expenditure	(1,214)	(1,572)
Payments for exploration expenditure	(135)	(178)
Net cash used in investing activities	(1,711)	(4,409)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	6,000	5,335
Proceeds from borrowings	-	6,922
Payments for share issue expenses	(444)	-
Payments for interest and other finance costs	(186)	(1,065)
Net cash provided by (used in) financing activities	5,370	11,192
Net increase/(decrease) in cash held	(347)	252
Cash and cash equivalents at beginning of period	1,770	3,571
Exchange rate effect	(3)	(2)
Cash and cash equivalents at end of period	1,420	3,821

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2013

NOTE 1: BASIS OF PREPARATION

This general purpose interim financial report for the half year reporting period ended 30 June 2013 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the financial report for the year ended 31 December 2012 and any public announcements made by Finders Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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

Going concern

At 30 June 2013, the Group had net current liabilities of \$9,996,000. Included in current liabilities are loans of \$8,912,000 from two major shareholders of the Company which were converted into shares in the Company on 1 July 2013. At the date of this report, the Group has no interest bearing debt.

Subsequent to balance date, the Company raised \$14.0 million from the exercise of options and a share placement.

As disclosed in Note 1 to the financial statements for the year ended 31 December 2012, the Group had -

- (a) completed a Bankable Feasibility Study ("BFS") on the Wetar Copper Project ("Project") which confirmed the technical feasibility and economic robustness of the Project;
- (b) been granted key mining permits for the Project; and
- (c) received credit approval (although such approval will need to be refreshed given the time that has elapsed) for the majority of the financing required for the Project development from three international mining project financiers (Credit Suisse AG, Barclays Capital and Commonwealth Bank) and mezzanine finance on a subordinated basis to the senior debt providers.

In July 2013, the Group was awarded a production stage forestry use permit (referred to as a "Pinjam Pakai" in Indonesia) which allows it access to the Project area to conduct development, mining and production activities. The Group is now in the process of updating the BFS, with a view to re-submitting its application to the project financiers for refreshed credit approval. The Group has also adopted a revised development strategy which will reduce the construction period to 15 months and increase production flexibility. The previous two stage expansion will be replaced by a simpler construction plan involving the expansion of the ex-Whim Creek SX-EW plant to 25,000 tpa copper cathode capacity, with expected reductions in mine development costs.

The Group is also upgrading the demonstration SX-EW plant on Wetar Island to 3,000tpa production capacity and will restart the plant with a view to producing copper cathode again towards the end of the year.

As noted in the financial statements, the Company has been able to secure interim funding to support its activities, as follows –

- (a) during the half-year, the Company raised \$6,000,000 from the placement of shares pursuant to subscription agreements with Provident Capital Partners Pte Ltd ("Provident"); and
- (b) subsequent to balance date, the Company raised \$14.0 million from the exercise of options and a share placement.

The continuing viability of the Company and its ability to continue as a going concern and meet its debts and commitments as they fall due are dependent upon the Company being successful in securing project finance and raising additional equity for the Project development and, until project finance is secured, the Company being able to secure interim funding. Until these matters are finalised, there is a material uncertainty that may cast significant doubt on whether the Company will continue as a going concern and, therefore, whether it will realise its assets and settle its liabilities and commitments in the normal course of business and at the amounts stated in the financial report.

The Directors believe that the Company will be successful in the above matters and, accordingly, have prepared the

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financial report on a going concern basis. At this time, the Directors are of the opinion that no asset is likely to be realised for an amount less than the amount at which it is recorded in the half-year report at 30 June 2013. Accordingly, no adjustments have been made to the half-year report relating to the recoverability and classification of the asset carrying amounts or the amounts and classification of liabilities that might be necessary should the Company not continue as a going concern.

Impact of standards issued but not yet applied by the entity

(i) New and amended standards adopted

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 January 2013 affected any of the amounts in the current period or any period and are not likely to affect future periods.

(ii) Early adoption of standards

The Group has not elected to apply any pronouncements before their operative dates in the half year reporting period beginning 1 January 2013.

Rounding of amounts to nearest thousand dollars

The Company is of a kind referred to in Class Order 98/0100 dated 10 July 1998 issued by the Australian Securities and Investments Commission and in accordance with that Class Order, amounts in the Directors' Report and the Half Year Financial Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

NOTE 2: BORROWINGS

	30 Jun 2013	31 Dec 2012	
	\$'000	\$'000	
Loan (unsecured)	9,070	14,440	
Deferred borrowing costs	(158)	(2,948)	
	8,912	11,492	

The Company had a fully drawn \$16,000,000 loan facility from three of its major shareholders, Resource Capital Funds ("RCF"), Taurus Funds Management Pty Limited ("Taurus") and Acorn Capital Limited ("Acorn"). At the election of the lenders, the loans were converted into shares in the Company as follows –

- a) In December 2012, Acorn elected to convert their outstanding loan of \$2.0 million into shares at a price of \$0.20 per share. A total of 10 million shares were issued to Acorn, 7.8 million in December 2012 and 2.2 million in January 2013.
- b) In May 2013, RCF and Taurus elected to convert their outstanding loan of \$14.0 million into shares at a price of \$0.165 per share. A total of 31.4 million shares were issued to RCF and Taurus in May 2013 to retire \$5.2 million of the loans. The balance of the loan and accrued interest were converted into shares in the Company subsequent to balance date (refer Note 3).

	Note	30 Jun 2013 Number	31 Dec 2012 Number	30 Jun 2013 \$'000	31 Dec 2012 \$'000
NOTE 3: ISSUED SECURITIES					
a) Contributed equity					
Issued and paid up shares		358,138,532	290,516,636	102,749	91,303
Employee incentive shares	3(b)	8,082,000	8,082,000	-	-
Converting Notes	3(c)	-	-	5,185	5,185
		366,220,532	298,598,636	107,934	96,488
			•		
Movement:				Number '000	Number '000
At beginning of reporting period			•	298,599	285,796
Shares issued during the period:					
Placement				32,652	-
Placement Conversion of loan				32,652 33,553	- 7,800
				•	7,800 3,438
Conversion of loan				33,553	

Subsequent to balance date, the Company issued -

- (I) 54.9 million shares at \$0.165 per share to its lenders on 1 July 2013 on conversion of outstanding loans and accrued interest (refer Note 2):
- (II) 70.0 million shares at \$0.20 per share in August 2013 pursuant to the exercise of 50.0 million options expiring 30 September 2013 (refer Note 3(c)) and a further 20.0 million shares pursuant to a share placement (refer Note 6).

b) Employee incentive shares

The Company has issued incentive shares to employees and executive directors under the Finders Employee Share Plan. This share-based compensation under which the employees and executive directors purchase shares funded by limited recourse loans from the Company is measured as the value of the options inherent within the shares issued and is expensed over the vesting period of the shares with a corresponding credit to the share-based payments reserve.

c) Converting Notes

The Company raised US\$5,500,000 from Standard Bank Plc pursuant to mandatory Converting Notes, which will convert into 12,248,538 shares in the Company on or before 16 March 2018 at a conversion price of A\$0.427 per share. The Notes will convert into shares and have been treated as equity for accounting purposes.

d) Unlisted Options

		30 Jun 2013	31 Dec 2012
Exercise Price	Expiry Date	Number	Number
		'000	'000
\$0.20	30 Sep 2013	50,000	-
\$0.30	16 Apr 2014	500	500
\$0.30	8 May 2014	2,000	2,000
\$0.37	29 Aug 2014	-	250
\$0.50	23 Oct 2014	16,000	16,000
\$0.35	05 Jun 2017	22,857	22,857
\$0.2556	22 Oct 2017	31,299	31,299
		122,656	72,906

NOTE 4: 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 in Sumatra. Copper mining is centred on the Wetar Project.

	Copper I Six months ended 30 Jun 2013 \$'000	Mining Six months ended 30 Jun 2012 \$'000	Explo Six months ended 30 Jun 2013 \$'000	ration Six months ended 30 Jun 2012 \$'000	Tot Six months ended 30 Jun 2013 \$'000	al Six months ended 30 Jun 2012 \$'000
Revenue	•	,	,	•	,	•
Sales revenue	-	-	-	-	-	-
Unallocated revenue					95	15
Total revenue				_ _	95	15
Profit or loss						
Segment loss	(4,972)	(6,549)	(226)	(240)	(5,198)	(6,789)
Unallocated income less unallocated expenses					(5,108)	(4,085)
Loss before income tax				_	(10,306)	(10,874)
Income tax expense					-	-
Loss after income tax				-	(10,306)	(10,874)
	30 Jun 2013 \$'000	31 Dec 2012 \$'000	30 Jun 2013 \$'000	31 Dec 2012 \$'000	30 Jun 2013 \$'000	31 Dec 2012 \$'000
Assets						
Segment assets	39,142	36,754	346	379	39,488	37,133
Unallocated assets					1,296	3,244
Total assets				_	40,784	40,377

NOTE 5: CAPITAL COMMITMENTS

The Group has entered into a contract to purchase and refurbish six marine fuel oil generators for the power plant at the Wetar Copper Project. The total value of the contract is US\$8.6 million. Payment is made to the supplier when the requisite milestones under the contract are achieved.

	30 Jun 2013	31 Dec 2012
	\$'000	\$'000
Capital expenditure contracted for at the reporting date		
but not recognised as liabilities is as follows:		
Plant and equipment		
- Payable within 1 year	2,663	1,681
- Payable later than 1 year	2,914	3,643
but not later than 5 years		
	5,577	5,324

NOTE 6: EVENTS AFTER BALANCE DATE

Subsequent to balance date -

- a) The Group was awarded a production stage forestry use permit ("*Pinjam Pakai*") covering the Wetar Copper Project. The permit allows the Group to carry out development, mining and production activities at the Wetar Copper Project through to expiry in December 2031.
- b) 54.9 million shares at \$0.165 per share to its lenders on 1 July 2013 on conversion of outstanding loans and accrued interest;
- c) The Company raised \$14.0 million from the issue of 70.0 million shares at \$0.20 per share in August 2013, \$10.0 million from the exercise of 50.0 million options and \$4.0 million from a placement of 20.0 million shares.
- d) The Group's subscription for a 70% shareholding in PT Batutua Kharisma Permai (BKP) was formalised. BKP is the holder of the mining license (Izin Usaha Pertambangan ("IUP") for the Wetar Copper Project.

The Group's economic interest in the Project remains unchanged at 95%.

DIRECTORS' DECLARATION

In the opinion of the directors:

- 1. the financial statements and notes set out on pages 6 to 14 are in accordance with the *Corporations Act 2001*, including:
 - complying with Accounting Standards and the Corporations Regulations 2001 and other mandatory
 professional reporting requirements, and
 - b. giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the half-year ended on that date, and
- 2. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

Oary E Comb Chairman

Sydney, 30 August 2013



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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Finders Resources Limited, which comprises the consolidated balance sheet as at 30 June 2013, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the half-year ended on that date, selected explanatory notes and the directors' declaration for the Finders Resources Limited (the consolidated entity). The consolidated entity comprises both Finders Resources Limited (the company) and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Finders Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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



Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Material Uncertainty Regarding Continuation as a Going Concern

Without qualifying our review conclusion, we draw attention to Note 1 in the financial report, which comments on the status of the Wetar Project and the Project finance. These conditions, along with other matters as set forth in Note 1 indicate the existence of a material uncertainty that may cast significant doubt about the entity's ability to continue as a going concern and therefore whether the entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

PricewaterhouseCoopers

Marc Upcroft

Sydney Partner 30 August 2013

CORPORATE DIRECTORY

Directors Gary E Comb Chairman

Barry J Cahill Managing Director
Christopher B Farmer Executive Director
Gavin A Caudle Non-Executive Director
Gordon T Galt Non-Executive Director

Secretary Ian Morgan

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