FINDERS RESOURCES LIMITED

ABN 82 108 547 413

FINANCIAL REPORT

SIX MONTHS ENDED 31 DECEMBER 2009

DIRECTORS' REPORT

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

Directors

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

Russell J Fountain	—	***Non-Executive Chairman***
(Appointed 30 March 2004)		
Qualifications	—	BSc (University of Sydney), PhD (University of Sydney), FAIG
Experience	—	Dr Fountain has over 40 years of successful international experience in all aspects of mineral exploration, project feasibility and development of mining projects.
Interest in Shares and Options	—	7,505,277 Ordinary Shares
Special Responsibilities	—	Nil
Other Listed Company Directorships in last 3 years	—	Geopacific Resources NL (since 9 May 2006)

Christopher B Farmer	—	***Managing Director***
(Appointed 30 March 2004)		
Qualifications	—	BSc (Hons) (University of Southampton), MBA (Ashridge), PhD (Royal School of Mines, Imperial College)
Experience	—	Dr Farmer has over 19 years of international experience in all aspects of exploration, with a strong emphasis on business development.
Interest in Shares and Options	—	5,965,695 Ordinary Shares
Special Responsibilities	—	Nil
Other Listed Company Directorships in last 3 years	—	Nil

Michael H Stirzaker	—	***Finance Director***
(Appointed 3 June 2009)		
Qualifications	—	BCom (University of Cape Town), CA (Australia)
Experience	—	Mr Stirzaker is a Chartered Accountant with more than 25 years of commercial experience, most of which has been in the mining finance and mining investment sectors, including mergers and acquisitions and capital raisings.
Interest in Shares and Options	—	4,017,858 Ordinary Shares 1,000,000 options expiring 14 September 2014 (exercise price - $0.37)
Special Responsibilities	—	Nil
Other Listed Company Directorships in last 3 years	—	Nil

Robert P Thomson *(Appointed 6 January 2009)*	—	***Executive Director, Development***
Qualifications	—	BE (Mining) (University of Queensland), MBA (University of Wollongong), FAusIMM
Experience	—	Mr Thomson has over 30 years of Australian and international mining experience. He has worked on 5 Asian development projects in the last 13 years including GM Development, Chatree Gold Mine in Thailand and Project Director, Sepon Gold Mine in Laos. Mr Thomson was CEO of Climax Mining Limited from 2003 to 2006 and Asian Mineral Resources Limited from 2006 to 2008.
Interest in Shares and Options	—	569,405 Ordinary Shares 2,000,000 options expiring 8 May 2014 (exercise price - $0.30)
Special Responsibilities	—	Nil
Other Listed Company Directorships in last 3 years	—	Asian Mineral Resources Limited (TSX.V) (16 April 2004 – May 2009)

Stephen R de Belle *(Appointed 27 November 2004)*	—	***Independent Non-Executive Director***
Qualifications	—	BA (Macquarie University), MSc (London University), MTCP (University of Sydney)
Experience	—	Mr de Belle has been closely involved with the start-up and operation of iron ore, coal, base metals, gold and petroleum projects and companies, and has particular expertise in the development and financing of projects in the resources and infrastructure sectors both in Australia and overseas. He is currently managing director of a geothermal and power technology company.
Interest in Shares and Options	—	4,570,315 Ordinary Shares
Special Responsibilities	—	Chairman of Audit, Remuneration and Nomination Committees
Other Listed Company Directorships in last 3 years	—	Mantle Mining Corporation Limited (since 3 July 2006) Midwest Corporation Limited (10 Apr 2003 – 10 Sep 2008)

Stephen J Lonergan	—	***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)

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

Company Secretary
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 period were -

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

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

Change of financial year-end

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

Operating Results

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

The result reflects the first full half year of operations at the Wetar Copper Project where the consolidated entity operates a solvent extraction electrowinning plant producing at a rate of 5 tonnes copper cathode per day. The consolidated entity realised $3 million in revenue from the sale of 416 tonnes of copper cathode during the six month period. Excluding the one-off pre-production cost expensed in the previous year and the higher financing charges in that period, the annualised result for the six months to 31 December 2009 is comparable to that of the previous year.

Review of Operations and Business Strategies

<u>Wetar Copper Project – Indonesia</u>

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

A significant input into the DFS was the results of operations of the Wetar Copper Demonstration Project which was commissioned in February 2009. The demonstration project, which includes a solvent extraction electrowinning demonstration plant with a production capacity of 1,800 tonnes of copper cathode per annum, yielded valuable information which has been incorporated into the DFS and provided operating experience which will be invaluable in operating the full scale project.

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

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

Ojolali Gold-Silver Project – Indonesia

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

Financial Position

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

Outlook

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

Significant Changes in State of Affairs

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

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

Likely Developments and Expected Results

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

Significant Events after Balance Date

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

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

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

in subsequent financial years.

Dividends Paid or Recommended

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

Environmental Issues

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

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

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

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

Meetings of Directors and Board Committees

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

			Committee Meetings			
	Directors Meetings		**Audit**		**Remuneration**	
	Eligible to attend	**Attended**	**Eligible to attend**	**Attended**	**Eligible to Attend**	**Attended**
Russell J Fountain	10	10	-	-	-	-
Christopher B Farmer	10	9	-	-	-	-
Michael H Stirzaker	10	9	-	-	-	-
Robert P Thomson	10	10	-	-	-	-
Stephen R de Belle	10	4	1	1	1	1
Stephen J Lonergan	10	8	1	1	1	1
T Quinn Roussel	10	10	-	-	-	-

The Nomination Committee did not meet during the period.

Indemnifying Directors and Other Officers

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

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

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

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

Options

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

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

*Company associated with Mr Michael Stirzaker, a director.

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

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

Non-audit Services

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

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

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

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

Auditor's Independence Declaration

The auditor's independence declaration pursuant to section 307C of the *Corporations Act 2001* is set out on page 14.

Rounding of Amounts to Nearest Thousand Dollars

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

REMUNERATION REPORT

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

Remuneration policy

The remuneration policy is designed to align key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance indicators affecting the consolidated entity's operational and financial results. The policy ensures that the remuneration level is commensurate with the person's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating employees of the highest calibre, as well as creating goal congruence between directors, executives, shareholders and all other stakeholders.

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

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

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

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

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

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

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

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

Performance-based remuneration

Short-term incentives
The performance bonus plan was developed and agreed by the Remuneration Committee with the aim of providing alignment between executives and shareholders' interests in respect of the financial performance of the Company. The payment of bonuses and other incentive payments are reviewed by the Remuneration Committee annually as part of the review of executive remuneration and a recommendation is put to the Board for approval. The Board can exercise its discretion in relation to approving bonuses and can recommend changes to the Remuneration Committee's recommendations. Any changes must be justified by reference to measurable performance criteria.

Long-term incentives
The Company has an established Employee Share Option Plan. The Plan is designed to provide long-term incentives to employees of the consolidated entity. Under the Plan, the number of options issued and outstanding at any time is limited to 5% of the total number of issued shares of the Company from time to time. The Plan is administered by the Board who have power to determine the terms and conditions of the options issued to eligible employees. Participation in the Plan is at the discretion of the Board.

Company performance and directors and executive remuneration

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

Details of remuneration

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

<u>Directors</u>
Russell J Fountain, Non-Executive Chairman
Christopher B Farmer, Managing Director
Michael H Stirzaker, Finance Director
Robert P Thomson, Executive Director, Development
Stephen R de Belle, Independent Non-Executive Director
Stephen J Lonergan, Independent Non-Executive Director
T Quinn Roussel, Non-Executive Director

<u>Other key management personnel</u>
Gerry I Mbatemooy, Director of PT Batutua Tembaga Raya, a subsidiary of Finders Resources Limited
Chin Haw Lim, Chief Financial Officer
Geoffrey R Hiller, Project Manager, Development
Grant K Harding, Operations Manager

Consolidated

6 months ended 31 Dec 2009	**Short Term Benefits** Salary & fees	**Post Employment** Superannuation	Share-based payments (Options)	Total	Proportion of performance-based remuneration
	$	$	$	$	%
Directors					
Russell J Fountain	63,649	25,000	-	88,649	-
Christopher B Farmer *	125,000	13,908	-	138,908	-
Michael H Stirzaker	90,000	-	13,358	103,358	13%
Robert P Thomson *	139,000	-	49,600	188,600	26%
Stephen R de Belle	18,000	1,620	-	19,620	-
Stephen J Lonergan	-	19,620	-	19,620	-
T Quinn Roussel	18,000	-	-	18,000	-
Other key management personnel					
Gerry Mbatemooy*	144,698	-	-	144,698	-
Chin Haw Lim *	60,000	27,231	27,200	114,431	24%
Geoffrey R Hiller	90,000	-	10,800	100,800	11%
Grant K Harding*	125,000	7,230	13,500	145,730	9%
	873,347	**94,609**	**114,458**	**1,082,414**	

12 months ended 30 Jun 2009	**Short Term Benefits** Salary & fees	**Post Employment** Superannuation	Share-based payments (Options)	Total	Proportion of performance-based remuneration
	$	$	$	$	%
Directors					
Russell J Fountain	46,008	71,940	-	117,948	-
Christopher B Farmer *	250,000	18,507	-	268,507	-
Robert P Thomson *	169,754	-	16,533	186,287	9%
Stephen R de Belle	36,000	3,240	-	39,240	-
Stephen J Lonergan	-	39,240	-	39,240	-
T Quinn Roussel	9,000	-	-	9,000	-
Other key management personnel					
Gerry I Mbatemooy*	295,631	-	-	295,631	-
Chin Haw Lim *	79,230	32,182	11,333	122,745	9%
Grant K Harding*	195,338	-	-	195,338	-
	1,080,961	165,109	27,866	1,273,936	

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

Share-based payments

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

Name	Grant date	Number	Vesting date/ condition	Expiry date	Exercise price	Value per option at grant date	Maximum total value of options yet to vest
Michael H Stirzaker	14 Sep 2009	1,000,000	Note (i)	14 Sep 2014	$0.37	$0.23	$229,000
Daniel E Tarrant	31 Aug 2009	250,000	Note (ii)	31 Aug 2014	$0.37	$0.25	$63,250
		1,250,000					

Vesting dates

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

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

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

Service agreements

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

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

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

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

Russell J Fountain
Chairman

Sydney
16 March 2010

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers
ABN 52 780 433 757

Darling Park Tower 2
201 Sussex Street
GPO BOX 2650
SYDNEY NSW 1171
DX 77 Sydney
Australia
Telephone +61 2 8266 0000
Facsimile +61 2 8266 9999

Auditor's Independence Declaration

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

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

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

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

Marc Upcroft
Partner
PricewaterhouseCoopers

Sydney
16 March 2010

STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 31 DECEMBER 2009

	Note	Consolidated		Parent Entity	
		6 months ended 31 Dec 2009 $'000	12 months ended 30 Jun 2009 $'000	6 months ended 31 Dec 2009 $'000	12 months ended 30 Jun 2009 $'000
Sales revenue		**2,985**	3,082	**-**	-
Interest income		**91**	56	**91**	56
Other income		**2**	7	**-**	-
Raw materials and consumables used		**(3,936)**	(5,077)	**-**	-
Change in inventories of finished goods and work in progress		**738**	1,262	**-**	-
Personnel costs		**(1,245)**	(1,998)	**(728)**	(1,039)
Pre-production costs written-off		**-**	(4,616)	**-**	-
Provision for impairment		**-**	(600)	**-**	-
Financing costs		**(289)**	(1,289)	**(224)**	(1,144)
Depreciation and amortisation		**(662)**	(589)	**(5)**	(7)
Exchange gain/(loss)		**531**	(296)	**449**	(279)
Exploration expenditure written-off		**(206)**	(255)	**-**	-
Royalty expense		**(127)**	(115)	**-**	-
Other expenses		**(990)**	(1,224)	**(532)**	(877)
Loss before income tax		**(3,108)**	(11,652)	**(949)**	(3,290)
Income tax expense	3	**-**	-	-	-
Loss for the period		**(3,108)**	(11,652)	**(949)**	(3,290)
Other comprehensive income					
Changes in fair value of available for sale financial asset		**89**	(118)	**89**	(118)
Adjustments from translation of foreign controlled entities		**(278)**	(196)	**-**	-
Other comprehensive income, net of tax		**(189)**	(314)	**89**	(118)
Total comprehensive income for the period		**(3,297)**	**(11,966)**	**(860)**	**(3,408)**
Loss for the period attributable to:					
Members of the parent entity		**(2,905)**	(9,389)	**(949)**	(3,290)
Non controlling interests		**(203)**	(2,263)	**-**	-
		(3,108)	**(11,652)**	**(949)**	**(3,290)**
Total comprehensive income for the period attributable to:					
Members of the parent entity		**(3,077)**	(9,649)	**(860)**	(3,408)
Non controlling interests		**(220)**	(2,317)	**-**	-
		(3,297)	**(11,966)**	**(860)**	**(3,408)**
Basic loss per share	27	**2.3 cents**	10.8 cents		
Diluted loss per share		**2.3 cents**	10.8 cents		

The accompanying notes form part of these financial statements.

BALANCE SHEET AS AT 31 DECEMBER 2009

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

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 31 DECEMBER 2009

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

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 31 DECEMBER 2009

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

The accompanying notes form part of these financial statements.

CASH FLOW STATEMENT FOR THE SIX MONTHS ENDED 31 DECEMBER 2009

	Note	Consolidated		Parent Entity	
		6 Months ended 31 Dec 2009 $'000	12 Months ended 30 Jun 2009 $'000	6 Months ended 31 Dec 2009 $'000	12 Months ended 30 Jun 2009 $'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		**3,975**	3,014	**-**	**-**
Payments to suppliers and employees		**(7,853)**	(6,171)	**(1,347)**	(1,815)
Interest received		**72**	56	**72**	56
Interest paid		**(166)**	-	**(142)**	-
Taxes and VAT paid		**(1,013)**	**-**	**(510)**	-
Net cash used in operating activities	28	**(4,985)**	(3,101)	**(1,927)**	(1,759)
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for property, plant and equipment		**(95)**	(4,358)	**(17)**	(3)
Payments for exploration expenditure		**(2,255)**	(3,389)	**-**	-
Payments for development expenditure		**(105)**	(7,873)	**-**	(409)
Payments for investments in and loans to controlled entities		**-**	(325)	**(5,978)**	(16,611)
Payments for security deposits		**-**	-		(17)
Refund of security deposits		**173**	-	**-**	-
Net cash used in investing activities		**(2,282)**	(15,945)	**(5,995)**	(17,040)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of shares		**21,248**	10,908	**21,248**	10,908
Share issue expenses		**(600)**	(189)	**(600)**	(189)
Proceeds from borrowings		**622**	6,072	**-**	4,637
Repayment of borrowings		**(8,106)**	(955)	**(5,954)**	(864)
Net cash provided by financing activities		**13,164**	15,836	**14,694**	14,492
Net increase/(decrease) in cash held		**5,897**	(3,210)	**6,772**	(4,307)
Cash and cash equivalents at beginning of financial period		**1,706**	4,988	**374**	4,681
Exchange rate effect		**3**	(72)	**(1)**	-
Cash and cash equivalents at end of financial period	4	**7,606**	1,706	**7,145**	374

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2009

NOTE 1: BASIS OF PREPARATION OF FINANCIAL REPORT

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

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

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

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

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

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

Key areas of judgement are –
- Determination of ore reserve and resource estimates
- Capitalisation and impairment of exploration and evaluation costs

Key areas of estimation are –
- Estimation of rehabilitation and restoration costs and the timing of such expenditure
- Review of asset carrying values and impairment charges

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

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

NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

a. Principles of Consolidation

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

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

b. Borrowings

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

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

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

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

c. Cash and Cash Equivalents

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

d. Contributed equity

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

e. Earnings per Share

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

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

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.

f. Employee Benefits

Annual and long service leave

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

g. Exploration and Development Expenditure

Exploration and evaluation expenditure

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

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

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

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

Development expenditure

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

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

h. Financial Instruments

Recognition and initial measurement

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

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

Classification and subsequent measurement

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

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

Amortised cost is calculated as -

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

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

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

i. Financial assets at fair value through profit or loss

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

ii. Loans and receivables

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

iii. Held-to-maturity investments

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

iv. Available-for-sale financial assets

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

Fair value

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

Impairment

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

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

De-recognition

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

i. Foreign Currency Transactions and Balances

Functional and presentation currency

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

Transactions and balances

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

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

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

Subsidiaries

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

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

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

j. Goods and Services Tax (GST)

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

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

k. Impairment of Assets

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

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

l. Income Tax

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

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

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

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

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

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

m. Inventories

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

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

n. Leases

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

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

o. Non-Current Assets Held For Sale

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

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

p. Operating Segments

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

q. Plant and Equipment

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

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

Depreciation

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

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

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

r. Provisions

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

s. Rehabilitation and Restoration Costs

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

t. Revenue

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

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

u. Share-based Payments

Share-based compensation benefits are provided to employees under the Company's Employee Share Option Plan. The fair value of options granted under the Plan is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employee becomes unconditionally entitled to the options.

v. Comparative Figures

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

w. New Accounting Standards for Application in Future Periods

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

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

	Consolidated		Parent Entity	
	6 months ended 31 Dec 2009 $'000	12 months ended 30 Jun 2009 $'000	6 months ended 31 Dec 2009 $'000	12 months ended 30 Jun 2009 $'000

NOTE 3: INCOME TAX

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

Loss before income tax	**(3,108)**	(11,652)	**(949)**	(3,290)
Income tax benefit calculated at tax rate of 30% (30 Jun 2009: 30%)	**(932)**	(3,496)	**(284)**	(987)
Tax effect of amounts which are not deductible in calculating taxable income:				
- Finance costs	**10**	35	**10**	35
- Share-based payments	**37**	8	**37**	8
- Other non-deductible expenses	**158**	176	**46**	91
Difference in overseas tax rate	**(25)**	141	**-**	-
Deferred tax assets not brought to account				
- Tax losses not recognised	**422**	2,883	**403**	756
- Timing differences not recognised	**600**	253	**(212)**	97
Tax losses recouped	**(270)**	-	**-**	-
Income tax expense	**-**	-	**-**	-

a)	**Tax losses**				
	Unused tax losses for which no deferred tax asset has been recognised	**20,936**	16,716	**7,203**	5,699
	Potential tax benefit at 30% (Australia), 28% (Indonesia)	**5,513**	4,796	**2,161**	1,710
b)	**Temporary differences**				
	Deductible temporary differences for which no deferred tax asset has been recognised	**829**	347	**707**	324
	Potential tax benefit at 30% (Australia), 28% (Indonesia)	**246**	106	**212**	97

	Note	Consolidated		Parent Entity	
		31 Dec 2009	30 Jun 2009	31 Dec 2009	30 Jun 2009
		$'000	$'000	$'000	$'000

NOTE 4: CASH AND CASH EQUIVALENTS

Cash at bank and in hand		**7,606**	1,706	**7,145**	374

NOTE 5: RECEIVABLES

CURRENT					
Trade receivable		**-**	69	**-**	-
Goods and services tax receivable		**524**	-	**524**	
Owing by controlled entities		**-**		**470**	727
Other receivables		**85**	79	**20**	14
		609	148	**1,014**	741
NON-CURRENT					
Value added tax receivable		**2,632**	2,156	**-**	-
Provision for impairment	5(a)	**(600)**	(600)	**-**	-
		2,032	1,556	**-**	-

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

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

a) Available-for-sale financial assets comprise investments in the ordinary issued capital of various entities. There are no fixed returns or fixed maturity dates attached to these investments.

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

c) Security deposits include $17,000 held by the parent entity's banker to secure a bank guarantee issued by the bank on behalf of the parent entity (Note 21). The remaining security deposits comprise cash held by suppliers to a controlled entity to secure payments for services.

	Consolidated		Parent Entity	
	31 Dec 2009 $'000	30 Jun 2009 $'000	31 Dec 2009 $'000	30 Jun 2009 $'000
NOTE 7: INVENTORIES				
Inventories, at cost				
Raw materials and consumables	**387**	440	**-**	-
Work in progress	**1,485**	1,201	**-**	-
Finished goods	**639**	61	**-**	-
	2,511	1,702	**-**	-
NOTE 8: OTHER ASSETS				
Prepayments	**120**	117	**5**	**-**

	Consolidated		Parent Entity	
	31 Dec 2009 $'000	**30 Jun 2009 $'000**	**31 Dec 2009 $'000**	**30 Jun 2009 $'000**

NOTE 9: ASSETS CLASSIFIED AS HELD FOR SALE

Plant and equipment - at cost	**-**	-	**5,251**	-

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

NOTE 10: PLANT AND EQUIPMENT

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

	Consolidated		Parent Entity	
	31 Dec 2009 $'000	30 Jun 2009 $'000	31 Dec 2009 $'000	30 Jun 2009 $'000

NOTE 11: DEVELOPMENT EXPENDITURE

	31 Dec 2009 $'000	30 Jun 2009 $'000	31 Dec 2009 $'000	30 Jun 2009 $'000
Development expenditure	**4,163**	4,238	**-**	-
Less: accumulated amortisation	**(306)**	(121)	**-**	-
	3,857	4,117	**-**	-
Movements:				
Opening net book value	**4,117**	3,195	**-**	-
Additions	**114**	811	**-**	-
Amortisation charge	**(305)**	(121)	**-**	-
Exchange rate effect	**(69)**	232	**-**	-
Closing net book value	**3,857**	4,117	**-**	-

NOTE 12: EXPLORATION EXPENDITURE

	31 Dec 2009 $'000	30 Jun 2009 $'000	31 Dec 2009 $'000	30 Jun 2009 $'000
Exploration expenditure	**6,700**	4,897	**-**	-
Movements:				
Opening net book value	**4,897**	1,961	**-**	-
Additions	**1,881**	2,798	**-**	-
Exchange rate effect	**(78)**	138	**-**	-
Closing net book value	**6,700**	4,897	**-**	-

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

NOTE 13: TRADE AND OTHER PAYABLES

	31 Dec 2009 $'000	30 Jun 2009 $'000	31 Dec 2009 $'000	30 Jun 2009 $'000
Trade creditors and accruals	**1,507**	3,415	**277**	804

a) Foreign currency risks

Trade creditors and accruals are denominated in the following currencies -

	31 Dec 2009 $'000	30 Jun 2009 $'000	31 Dec 2009 $'000	30 Jun 2009 $'000
Australian Dollar	**458**	1,300	**214**	734
British Pound	**1**	9	**1**	9
Indonesian Rupiah	**453**	636	**-**	-
United States Dollar	**595**	1,470	**62**	61
	1,507	3,415	**277**	804

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

a) Assets pledged as security

i) The loans were secured by a first ranking fixed and floating charge over the assets of the parent entity. The book value of the assets at 30 June 2009 was $41.4 million. Included in the loans was an amount of $1.2 million owed by a controlled entity for the forward sale and purchase of copper cathode (Note 14(e)). The parent entity has guaranteed the payment obligations of the controlled entity.

ii) The deferred settlement liability was secured by a mortgage over an ocean-going transportation vessel owned by Finders Resources NZ Limited. The book value of the vessel at 30 June 2009 was $627,000.

iii) The convertible note is secured by a fixed and floating charge over the assets of the parent entity. The book value of the assets at balance date was $59.8 million (30 June 2009: $41.4 million).

b) Loans and loan repayments

i) Of the loans, $6.3 million was repayable on 31 December 2009 and the balance on 31 March 2010. The loans were repaid during the period.

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

c) Convertible note

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

	Consolidated		Parent Entity	
	31 Dec 2009 $'000	30 Jun 2009 $'000	31 Dec 2009 $'000	30 Jun 2009 $'000
Face value of convertible note	**2,324**	2,324	**2,324**	2,324
Other equity security – value of conversion rights	**(159)**	(159)	**(159)**	(159)
Unwinding of discount	**33**	-	**33**	-
Exchange rate effect	**(607)**	(475)	**(607)**	(475)
	1,591	1,690	**1,591**	1,690

d) Foreign currency risks

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

United States Dollar	**1,591**	9,190	**1,591**	7,958
New Zealand Dollar	-	314	-	-
	1,591	9,504	**1,591**	7,958

e) Loan facilities (secured)

	31 Dec 2009			30 Jun 2009				
	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	-	31 Dec 2009	90-day LIBOR plus 7%pa
Forward sale and purchase of copper	**2,000**	**-**	**2,000**	2,000	1,000	1,000	31 Mar 2010	90-day LIBOR plus 7%pa

	Consolidated		Parent Entity	
	31 Dec 2009 $'000	30 Jun 2009 $'000	31 Dec 2009 $'000	30 Jun 2009 $'000

NOTE 15: PROVISIONS

CURRENT				
Employee entitlements	**10**	7	**10**	7
NON CURRENT				
Rehabilitation and restoration	**1,006**	1,240	**-**	-
Movements in provision for rehabilitation and restoration:				
Opening net book value	**1,240**	-	**-**	-
Provision recognised for the year	**-**	1,307	**-**	-
De-recognition of provision	**(194)**	-	**-**	-
Unwinding of discount	**(40)**	(67)	**-**	-
Closing net book value	**1,006**	1,240	**-**	-

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

	Consolidated		Parent Entity	
	31 Dec 2009 $'000	30 Jun 2009 $'000	31 Dec 2009 $'000	30 Jun 2009 $'000

NOTE 16: OTHER LIABILITIES

Deferred income	**921**	-	**-**	-

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

NOTE 17: ISSUED CAPITAL

193,728,009 (30 June 2009: 115,548,673) fully paid ordinary shares	**65,727**	39,722	**65,727**	39,722

NOTE 17: ISSUED CAPITAL (continued)

Movements:

		Number of shares '000	Issue price	Issued capital $'000
30 Jun 2009	Balance at beginning of financial period	115,549		39,722
24 Jul 2009	Conversion of interest payable on convertible note	169	$0.33	56
7 Aug 2009	Placement	16,600	$0.33	5,478
18 Sep 2009	Placement	44,006	$0.33	14,522
18 Sep 2009	Share purchase plan	2,921	$0.33	964
18 Sep 2009	Depositary interest	915	$0.31	284
9 Oct 2009	Conversion of interest payable on convertible note	147	$0.35	51
23 Dec 2009	Consideration for option over Whim Creek plant	724	$0.345	250
23 Dec 2009	Consideration for Whim Creek plant	12,697	$0.394	5,000
	Less share issue expenses	-		(600)
31 Dec 2009	Balance at end of financial period	**193,728**		**65,727**

30 Jun 2009

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

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

	Consolidated		**Parent Entity**	
	31 Dec 2009 '000	**30 Jun 2009 '000**	**31 Dec 2009 '000**	**30 Jun 2009 '000**
NOTE 18: OPTIONS				
Number of options on issue				
Balance at beginning of financial period	**4,875**	4,924	**4,875**	4,924
Add: Options issued	**1,250**	4,375	**1,250**	4,375
Less: Options exercised	**-**	(288)	**-**	(288)
Options lapsed	**-**	(4,136)	**-**	(4,136)
Balance at end of financial period	**6,125**	4,875	**6,125**	4,875

Details of options on issue

Number of options 31 Dec 2009 '000	Number of options 30 Jun 2009 '000	Exercise price	Vesting date/conditions	Expiry date
500	500	68.75p	Vested	13 Jun 2010
500	500	$0.30	Vested	16 Apr 2012
500	500	$0.30	Note 18(i)	16 Apr 2014
2,000	2,000	$0.30	Note 18(ii)	8 May 2014
250	250	$0.37	Note 18(iii)	23 Jun 2014
625	625	$0.37	Note 18(iv)	28 Jun 2014
500	500	$0.37	Note 18(v)	29 Jun 2014
250	-	$0.37	Note 18(iii)	31 Aug 2014
1,000	-	$0.37	Note 18(v)	14 Sep 2014
6,125	4,875			

Vesting dates

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 19: RESERVES

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

Equity reserve

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

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

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

Financial asset reserve
The financial asset reserve records revaluation of financial assets.

	Consolidated		Parent Entity	
	31 Dec 2009	**30 Jun 2009**	**31 Dec 2009**	**30 Jun 2009**
	$'000	**$'000**	**$'000**	**$'000**
NOTE 20: COMMITMENTS				
a. Operating lease commitments				
Commitments for minimum lease payments in relation to non-cancellable operating leases				
— Payable within 1 year	**419**	557	**36**	36
— Payable later than 1 year but not later than 5 years	**6**	24	**6**	24
	425	581	**42**	60

b. Option to acquire SX-EW processing plant

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

	Consolidated		Parent Entity	
	31 Dec 2009	**30 Jun 2009**	**31 Dec 2009**	**30 Jun 2009**
	$'000	**$'000**	**$'000**	**$'000**
NOTE 21: CONTINGENT LIABILITIES				
Bank guarantee	**17**	17	**17**	17

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

	Country of Incorporation	Percentage Owned*	
		31 Dec 2009	**30 Jun 2009**
		%	**%**
NOTE 22: CONTROLLED ENTITIES			
Banda Minerals Pty Ltd	Australia	**93.94**	93.94
PT Batutua Tembaga Raya	Indonesia	**93.97**	93.97
Way Kanan Resources Pty Ltd	Australia	**71.71**	71.71
PT Batutua Lampung Elok	Indonesia	**71.82**	71.82
Finders Resources NZ Limited	New Zealand	**100.00**	100.00

** Percentage of voting power is in proportion to ownership*

NOTE 23: OPERATING SEGMENTS

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

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

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

Geographical Segments

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

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

NOTE 24: KEY MANAGEMENT PERSONNEL DISCLOSURES

Detailed remuneration disclosures are set out in the Remuneration Report section of the Directors' Report on pages 9 to 13.

(a) Key management personnel compensation

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

(b) Equity instrument disclosures

(i) Shareholdings

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

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

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

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

(ii) Option Holdings

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

31 Dec 2009	Balance 1 Jul 2009	Granted (Exercised)	Balance 31 Dec 2009	Vested and exercisable	Unvested
Directors					
Michael H Stirzaker	-	1,000,000	**1,000,000**	-	1,000,000
Robert P Thomson	2,000,000	-	**2,000,000**	-	2,000,000
Other key management personnel					
Chin Haw Lim	1,000,000	-	**1,000,000**	500,000	500,000
Geoffrey R Hiller	500,000	-	**500,000**	-	500,000
Grant K Harding	625,000	-	**625,000**	125,000	500,000
Total	**4,125,000**	**1,000,000**	**5,125,000**	**625,000**	**4,500,000**

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

	Consolidated		Parent Entity	
	6 months ended	12 months ended	6 months ended	12 months ended
	31 Dec 2009 $'000	30 Jun 2009 $'000	31 Dec 2009 $'000	30 Jun 2009 $'000

NOTE 25: SHARE-BASED PAYMENTS

Expense arising from share-based payments

Options issued under Employee Share Option Plan	**124**	28	**124**	28

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

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

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

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

Fair value of options granted

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

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

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

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

NOTE 27: EARNINGS PER SHARE

	Consolidated	
	6 months ended 31 Dec 2009	12 months ended 30 Jun 2009
Basic loss per share	**2.3 cents**	10.8 cents
Diluted loss per share	**2.3 cents**	10.8 cents
	$'000	$'000
Loss used to calculate basic and diluted loss per share	**3,108**	9,389
	No.	No.
Weighted average number of ordinary shares used in calculating basic and diluted loss per share	**136,221,969**	86,675,065

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

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

	Consolidated		Parent Entity	
	31 Dec 2009 $	30 Jun 2009 $	31 Dec 2009 $	30 Jun 2009 $
NOTE 28: RECONCILIATION OF LOSS AFTER INCOME TAX TO NET CASH USED IN OPERATING ACTIVITIES (continued)				
Non-cash financing activities				
Shares in the Company were issued during the financial period for the following -				
Acquisition of solvent extraction electrowinning plant	**5,250**	-	**5,250**	-
Conversion of loans from directors	**-**	597	**-**	597
Convertible note interest payable	**107**	44	**107**	44
Corporate advisory fee	**-**	125	**-**	125
	5,357	766	**5,357**	766

NOTE 29: RELATED PARTY TRANSACTIONS

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

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) *	**-**	-	**5,977,724**	16,563,048
	Outstanding balance	**-**	-	**12,342,145**	6,364,421
b)	**Directors and director-related entities**				
i)	Loans from directors (Messrs RJ Fountain, CB Farmer, RP Thomson and SR de Belle) and/or director-related entities. The loans were converted to shares in the Company during the previous year and through the exercise of options held.	**-**	713,169	**-**	713,169
	Outstanding balance	**-**	-	**-**	-

NOTE 29: RELATED PARTY TRANACTIONS (continued)

		Consolidated 31 Dec 2009 $	Consolidated 30 Jun 2009 $	Parent Entity 31 Dec 2009 $	Parent Entity 30 Jun 2009 $
ii)	Copper cathode sales by a subsidiary, PT Batutua Tembaga Raya ("PTBTR"), to Tennant Metals Pty Ltd (a company in which Mr M H Stirzaker, who was appointed Finance Director of the Company on 3 June 2009, is a significant shareholder) pursuant to a Copper Cathode Sales Agreement dated 10 January 2008 (as amended).	**2,985,361**	3,082,363	-	-
	Outstanding balance	**65,359**	68,844	-	-
iii)	Loan from Tennant Metals Pty Ltd to PTBTR pursuant to the forward sale and purchase of copper cathode. The parent entity has provided security for the facility (Note 14(a)(i)).	**608,273**	1,232,438	-	-
	Outstanding balance	**-**	1,232,438	-	-
iv)	Payments made to Elliott Geophysics Indonesia, a company controlled by Mr Peter Elliott who is a director of Way Kanan Resources Pty Ltd, for geophysical services.	**19,432**	-	-	-
	Outstanding balance	**-**	-	-	-
v)	Interest free loan and prepayment of director fees to Mr G. Mbatemooy.	**(21,110)**	40,334	-	-
	Outstanding balance	**19,224**	40,334	-	-

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

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

c) Key Management Personnel

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

NOTE 30: FINANCIAL RISK MANAGEMENT

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

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

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

a) Market Risk

i) Foreign currency risk

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

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

ii) Commodity price risk

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

iii) Interest rate risk

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

iv) Credit Risk

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

v) Liquidity risk

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

b) Financial instrument composition and maturity analysis:

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

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

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

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

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

Non Interest Bearing

		Within 1 year		Within 1 to 5 years		Over 5 years		TOTAL	
Parent Entity	**Note**	**31 Dec 2009 $'000**	**30 Jun 2009 $'000**	**31 Dec 2009 $'000**	**30 Jun 2009 $'000**	**31 Dec 2009 $'000**	**30 Jun 2009 $'000**	**31 Dec 2009 $'000**	**30 Jun 2009 $'000**
Financial Assets:									
Receivables	5	**6,669**	741	**777**	454	**5,911**	5,911	**13,357**	7,106
Investments	6	**324**	236	**-**	-	**33,697**	33,697	**34,021**	33,933
Total Financial Assets		**6,993**	977	**777**	454	**39,608**	39,608	**47,378**	41,039
Financial Liabilities:									
Trade and other payables	13	**277**	747	**-**	-	**-**	-	**277**	747
Total Financial Liabilities		**277**	747	**-**	-	**-**	-	**277**	747

c) Net Fair Values

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

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

d) Sensitivity Analysis

Interest Rate Risk, Foreign Currency Risk and Commodity Price Risk

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

Commodity price sensitivity analysis

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

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

Interest rate sensitivity analysis

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

	Consolidated		**Parent Entity**	
	31 Dec 2009	**30 Jun 2009**	**31 Dec 2009**	**30 Jun 2009**
	$'000	**$'000**	**$'000**	**$'000**
Change in profit				
— Increase in interest rate by 2%	**30**	**(85)**	**21**	(85)
— Decrease in interest rate by 2%	**(30)**	**85**	**(21)**	85
Change in total equity				
— Increase in interest rate by 2%	**30**	**(85)**	**21**	(85)
— Decrease in interest rate by 2%	**(30)**	**85**	**(21)**	85

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		**Parent Entity**	
	31 Dec 2009	**30 Jun 2009**	**31 Dec 2009**	**30 Jun 2009**
	$'000	**$'000**	**$'000**	**$'000**
Change in profit				
— Improvement in AUD to USD by 5%	**(63)**	142	-	-
— Decline in AUD to USD by 5%	**63**	(142)	-	-
Change in total equity				
— Improvement in AUD to USD by 5%	**(63)**	114	-	-
— Decline in AUD to USD by 5%	**63**	(114)	-	-

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		**Parent Entity**	
	31 Dec 2009	**30 Jun 2009**	**31 Dec 2009**	**30 Jun 2009**
	$'000	**$'000**	**$'000**	**$'000**
Change in profit				
— Improvement in AUD to IDR by 5%	**97**	248	-	-
— Decline in AUD to IDR by 5%	**(97)**	(248)	-	-
Change in total equity				
— Improvement in AUD to IDR by 5%	**97**	248	-	-
— Decline in AUD to IDR by 5%	**(97)**	(248)	-	-

31. EVENTS AFTER BALANCE DATE

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

DIRECTORS' DECLARATION

In the opinion of the Directors:

1. the financial statements and notes set out on pages 15 to 58 are in accordance with the *Corporations Act 2001* and:
    a. comply with Accounting Standards and the Corporations Regulations 2001; and
    b. give a true and fair view of the Company's and consolidated entity's financial position as at 31 December 2009 and of their performance for the six months ended on that date;
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
3. the Directors have received the declarations by the Chief Executive Officer and Chief Financial Officer pursuant to section 295A of the *Corporations Act 2001*.

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

Russell J Fountain
Chairman

Sydney
16 March 2010

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers
ABN 52 780 433 757

Darling Park Tower 2
201 Sussex Street
GPO BOX 2650
SYDNEY NSW 1171
DX 77 Sydney
Australia
Telephone +61 2 8266 0000
Facsimile +61 2 8266 9999

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

Report on the financial report

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

Directors' responsibility for the financial report

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

Auditor's responsibility

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

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

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

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

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

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

Independence

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

Auditor's opinion

In our opinion:

(a) the financial report of Finders Resources Limited and its controlled entities is in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the company's and consolidated entity's financial position as at 31 December 2009 and of their performance for the 6 month period ended on that date; and

   (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001;* and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the remuneration report included in pages 9 to 13 of the directors' report for the 6 month period ended 31 December 2009. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

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

PRICEWATERHOUSECOOPERS

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

Matters relating to the electronic presentation of the audited financial report

This auditor's report relates to the financial report and remuneration report of Finders Resources Limited (the company) and its controlled entities for the 6 month period ended 31 December 2009 included on Finders Resources Limited's web site. The company's directors are responsible for the integrity of the Finders Resources Limited web site. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the financial report and remuneration report named above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report or the remuneration report. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report and remuneration report to confirm the information included in the audited financial report and remuneration report presented on this web site.

PricewaterhouseCoopers

Marc Upcroft
Partner

Sydney
16 March 2010

CORPORATE DIRECTORY

Directors	Russell John Fountain Christopher Ben Farmer Michael Henry Stirzaker Robert Peter Thomson Stephen Ross de Belle Stephen John Lonergan Thomas Quinn Roussel	Non-Executive Chairman Managing Director Finance Director Executive Director, Development Independent Non-Executive Director Independent Non-Executive Director Non-Executive Director
Secretary	Ian Morgan	
Offices	Registered Office and Principal Place of Business Suite 51, Level 3 330 Wattle Street Ultimo NSW 2007	Indonesian Office PT Batutua Tembaga Raya Level 9, Room 931 Patra Office Tower Jl Jend. Gatot Subroto 32-34 Jakarta, Indonesia
Telephone Facsimile Email Website	+ (612) 9211 8299 + (612) 9212 0200 info@findersresources.com www.findersresources.com	
Stock Exchange Listings	ASX: FND AIM: FND	
Auditor	PricewaterhouseCoopers Darling Park Tower 2 201 Sussex street Sydney NSW 1171	
Nominated Adviser (AIM Market of the London Stock Exchange)	RFC Corporate Finance Limited Level 14, 19-31 Pitt Street Sydney NSW 2000 Australia	Level 8, QV1 Building 250 St Georges 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 (Trading as FinnCap) 4 Coleman Street London EC2R 5TA United Kingdom
Share Registry	Australia Computershare Investor Services Pty Limited 60 Carrington Street Sydney NSW 2000 Australia Telephone – 1300 850 505 (within Australia) 61 3 9415 4000 (outside Australia)	United Kingdom Computershare Investor Services Plc The Pavilions Bridgewater Road Bristol BS99 7NH United Kingdom
Australian Business Number	82 108 547 413	