

FINDERS RESOURCES LIMITED

ABN 82 108 547 413

**HALF YEAR FINANCIAL REPORT
SIX MONTHS ENDED 30 JUNE 2010**

DIRECTORS' REVIEW

Result

The consolidated loss after income tax for the six months ended 30 June 2010 was \$2.9 million (30 June 2009: \$6.0 million).

The group generated revenue of \$7.3 million during the period from copper cathode sales (30 June 2009: \$3.1 million), benefitting from higher copper production from the Company's demonstration plant as well as a stronger copper price. Copper production from the Wetar Copper Project totalled 869 tonnes for the period (30 June 2009: 533 tonnes). Total sales, including drawing down of copper inventory, were 940 tonnes (30 June 2009: 489 tonnes). The group received an average price of US\$3.22/lb (30 June 2009: US\$2.06/lb) for the copper sold, compared to the London Metals Exchange average cash settlement price during the same period of US\$3.23/lb (30 June 2009: US\$2.01/lb).

Copper production and sales for the period showed a significant improvement over the previous corresponding period, reflecting the improvements made to the leaching and SX-EW operations which led to a full six months of steady production from the Wetar Copper Project demonstration plant, which had been commissioned in early 2009.

Financial Position and Cash Flows

At balance date, the group had \$3.3 million in cash. Subsequent to balance date, the company raised \$20.95 million through a placement of approximately 75 million shares at \$0.28 per share, of which \$7.86 million will be completed on 3 September 2010 (Tranche 1) and the balance (Tranche 2) to be completed following shareholders' approval at an extraordinary general meeting to be held on or about 30 September 2010.

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

Receipts from copper cathode sales for the six months totalled \$6.0 million (30 June 2009: \$3.0 million) which provided a useful contribution to the group's funding requirements for the demonstration plant operating costs and capital expenditure in advancing the Wetar Copper Project development plans. As discussed below, following completion of the definitive feasibility study in the previous period, significant capital expenditure was incurred during the current period as it moves towards commercial development of the project, ultimately to produce 23,000 tonnes of copper cathode per annum. Total capital expenditure paid was \$4.0 million which included \$2.2 million on dismantling and containerising the Whim Creek solvent extraction electro-winning plant acquired in the previous period, in preparation for shipping it to the Wetar Copper Project.

During the period, the company also sold its shareholding of 5,900,000 fully paid ordinary shares in Geopacific Resources NL for a total cash consideration of \$0.8 million, realising a profit of \$0.5 million.

Wetar Copper Project

The company completed a definitive feasibility study on the Wetar Copper Project in the previous period which concluded that the project is technically feasible and economically robust. Significant milestones achieved during the current period and on-going work in preparation for the full-scale development of the project included –

- a) Approval of the final environmental impact study;
- b) Progressing application for permits;
- c) Dismantled and containerised Whim Creek SX-EW plant in readiness for shipping to Wetar;
- d) Completing detailed engineering for the expansion of the demonstration plant to produce 7,000 tonnes copper cathode per annum from its current capacity of 1,800 tonnes per annum (Stage 1);
- e) Progressing engineering design work for expansion to 23,000 tonnes per annum (Stage 2);
- f) Short-listed project finance providers for the debt funding component of the expansion capital.

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The Wetar Copper Project contains an estimated ore reserve of 8.2 million tonnes at 2.5% copper containing 205,000 tonnes of copper, at a 0.5% copper cut-off.

Exploration

Exploration activities were focussed on the company's Ojolali gold-silver project in Sumatra, Indonesia where the company undertook two drilling campaigns at the Jambi and Tambang prospects. At Jambi, 19 holes were drilled for a total of 1,939 metres while 18 holes were drilled at Tambang for 1,714 metres. Assay results were encouraging and will be incorporated into a resource update estimate to be undertaken in the near future.

Total exploration expenditure for the half year amounted to \$0.7 million (30 June 2009: \$4,000).

Outlook

The group's priority is to complete the expansion of the Wetar Copper Project. The expansion timetable will depend on the timing of securing the various permits required from the Indonesian authorities and obtaining the required finance.

The company will also continue to assess and advance the Ojolali gold-silver project prudently to provide the company with a second potential development project following Wetar.

DIRECTORS' REPORT

Your directors present their report on the consolidated entity consisting of Finders Resources Limited and the entities it controlled at the end of, or during, the half year ended 30 June 2010.

Directors

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

Russell J Fountain (Non-Executive Chairman)

Christopher B Farmer (Managing Director)

Michael H Stirzaker (Finance Director)

Robert P Thomson (Director-Development)

Stephen R de Belle (Independent Non-Executive Director)

Stephen J Lonergan (Independent Non-Executive Director)

T Quinn Roussel (Non-Executive Director)

Review and Results of Operations

A review of the consolidated entity's operations during the half year is set out on pages 1 and 2.

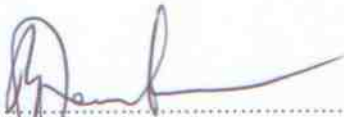
Auditor's Independence Declaration

The auditor's independence declaration under section 307C of the *Corporations Act 2001* is set out on page 4.

Rounding of amounts to nearest thousand dollars

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

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



.....
Russell J Fountain
Chairman

Sydney, 1 September 2010

Auditor's Independence Declaration

As lead auditor for the review of Finders Resources Limited for the half year ended 30 June 2010, I declare that to the best of my knowledge and belief, there have been:

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

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



Marc Upcroft
Partner
PricewaterhouseCoopers

Sydney
1 September 2010

FINDERS RESOURCES LIMITED
HALF YEAR FINANCIAL REPORT 30 JUNE 2010

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 30 JUNE 2010

	Six months ended 30 June 2010	Six months ended 30 June 2009
	\$'000	\$'000
Sales revenue	7,316	3,082
Interest income	93	5
Profit on sale of investments	496	-
Other income	31	7
Raw materials and consumables used	(5,651)	(5,077)
Change in inventories of finished goods and work in progress	(928)	1,262
Personnel costs	(1,205)	(1,097)
Depreciation and amortisation	(834)	(468)
Exchange loss	(70)	(1,646)
Exploration expenditure written off	(663)	(4)
Financing costs	(263)	(1,019)
Pre-production costs written off	-	(253)
Provision for impairment	-	(600)
Royalty expense	(285)	(115)
Other expenses	(910)	(49)
Loss before income tax	(2,876)	(5,972)
Income tax expense	-	-
Loss for the period	(2,876)	(5,972)
Other comprehensive income		
Changes in fair value of available for sale financial asset	5	(118)
Adjustments from translation of foreign controlled entities	782	1,482
Other comprehensive income, net of tax	787	1,364
Total comprehensive income for the period	(2,089)	(4,608)
Loss for the period attributable to:		
Members of the parent entity	(2,681)	(4,379)
Non controlling interest	(195)	(1,593)
	(2,876)	(5,972)
Total comprehensive income for the period attributable to:		
Members of the parent entity	(1,942)	(3,428)
Non controlling interest	(147)	(1,180)
	(2,089)	(4,608)
Earnings per share	cents	cents
Basic loss per share	(1.5)	(6.3)
Diluted loss per share	(1.5)	(6.3)

The accompanying notes form part of these financial statements.

FINDERS RESOURCES LIMITED
HALF YEAR FINANCIAL REPORT 30 JUNE 2010

CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2010

	Note	30 Jun 2010 \$'000	31 Dec 2009 \$'000
CURRENT ASSETS			
Cash and cash equivalents		3,328	7,606
Receivables		313	609
Financial assets		-	324
Inventories		1,677	2,511
Other assets		140	120
Total Current Assets		5,458	11,170
NON-CURRENT ASSETS			
Receivables		3,314	2,032
Financial assets		58	120
Plant and equipment	2	15,203	13,580
Development expenditure	3	11,799	3,857
Exploration expenditure	3	-	6,700
Total Non-Current Assets		30,374	26,289
Total Assets		35,832	37,459
CURRENT LIABILITIES			
Trade and other payables		2,471	1,507
Provisions		9	10
Other liabilities		-	921
Total Current Liabilities		2,480	2,438
NON-CURRENT LIABILITIES			
Borrowings		1,690	1,591
Provision		1,093	1,006
Total Non-Current Liabilities		2,783	2,597
Total Liabilities		5,263	5,035
NET ASSETS		30,569	32,424
EQUITY			
Issued capital	4	65,826	65,727
Reserves		2,249	1,375
Accumulated losses		(37,139)	(34,458)
Capital and reserves attributable to owners of Finders Resources Limited		30,936	32,644
Non-controlling interest		(367)	(220)
TOTAL EQUITY		30,569	32,424

The accompanying notes form part of these financial statements.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 30 JUNE 2010

	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 Jan 2010	65,727	(34,458)	(166)	1,394	152	(5)	(220)	32,424
Total comprehensive income for the period	-	(2,681)	-	734	-	5	(147)	(2,089)
Transactions with owners recorded directly in equity:								
Shares issued during the period	99	-	-	-	-	-	-	99
Share-based payments	-	-	-	-	135	-	-	135
Balance at 30 Jun 2010	65,826	(37,139)	(166)	2,128	287	-	(367)	30,569
Balance at 1 Jan 2009	33,382	(25,598)	-	190	-	24	-	7,998
Total comprehensive income for the period	-	(5,972)	-	1,482	-	(118)	-	(4,608)
Transactions with owners recorded directly in equity:								
Shares issued during the year	6,370	-	-	-	-	-	-	6,370
Share issue expenses	(30)	-	-	-	-	-	-	(30)
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.

FINDERS RESOURCES LIMITED
HALF YEAR FINANCIAL REPORT 30 JUNE 2010

CONSOLIDATED CASH FLOW STATEMENT
FOR THE HALF YEAR ENDED 30 JUNE 2010

	Six months ended 30 Jun 2010	Six months ended 30 Jun 2009
	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	6,004	3,014
Payments to suppliers and employees	(6,966)	(4,146)
Interest received	89	5
Interest paid	(1)	-
Taxes and value added tax paid	(138)	(397)
Net cash used in operating activities	<u>(1,012)</u>	<u>(1,524)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for plant and equipment	(2,812)	(599)
Payment for development expenditure	(1,229)	(4,626)
Payment for exploration expenditure	(506)	(827)
Proceeds from sale of fixed assets	408	-
Proceeds from sale of investment	822	-
Refund of security deposits	62	-
Net cash used in investing activities	<u>(3,255)</u>	<u>(6,052)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	-	5,551
Payment for share issue expenses	-	(189)
Proceeds from borrowings	-	4,463
Repayment of borrowings	-	(955)
Net cash provided by (used in) financing activities	<u>-</u>	<u>8,870</u>
Net increase/(decrease) in cash held	(4,267)	1,294
Cash and cash equivalents at beginning of period	7,606	412
Exchange rate effect	(11)	-
Cash and cash equivalents at end of period	<u><u>3,328</u></u>	<u><u>1,706</u></u>

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2010

NOTE 1: BASIS OF PREPARATION

This general purpose interim financial report for the half year reporting period ended 30 June 2010 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the financial report for the period ended 31 December 2009 and any public announcements made by Finders Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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

Reporting basis and convention

The half year report has been prepared on an accrual basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Impact of standards issued but not yet applied by the entity

In December 2009, the Australian Accounting Standards Board issued AASB 9 *Financial Instruments* which addresses the classification and measurement of financial assets and is likely to affect the group's accounting for its financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption. The group has not yet decided when to adopt AASB 9.

Rounding of amounts to nearest thousand dollars

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

Change of financial year-end

Pursuant to an order dated 10 March 2010, the Australian Securities and Investments Commission 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 was effective from 31 December 2009 and accordingly, this is the first half year report since the change.

NOTE 2: PLANT AND EQUIPMENT

In December 2009, the company acquired the Whim Creek SX-EW plant located in Western Australia from a subsidiary of Straits Resources Limited. The plant was dismantled and prepared for relocation to Wetar during the period at a total cost of \$2.3 million.

During the period, a controlled entity disposed of an ocean-going transportation vessel for \$568,000.

NOTE 3: EXPLORATION DEVELOPMENT EXPENDITURE

The consolidated entity completed a definitive feasibility study on the Wetar Copper Project during the period. Plans are being advanced to undertake an expansion of the project. Accordingly, all capitalised exploration expenditure has been re-classified and included under development expenditure in the balance sheet.

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30 Jun 2010 **31 Dec 2009**
\$'000 **\$'000**

NOTE 4: ISSUED SECURITIES

a) Ordinary shares

194,013,562 (31 Dec 2009: 193,728,009) fully paid ordinary shares

65,826 65,727

Movement:

Number '000 **Number '000**

At beginning of reporting period

193,728 115,549

Shares issued during the period:

 Conversion of interest payable on convertible note

286 316

 Share and Depository Interest Purchase Plan

- 3,836

 Placement of shares

- 60,606

 Consideration for Whim Creek plant

- 13,421

At end of reporting period

194,014 193,728

b) Unlisted Options

	Exercise Price	Expiry Date	Number '000
	A\$0.30	16 Apr 2012	500
	A\$0.30	16 Apr 2014	500
	A\$0.30	8 May 2014	2,000
	A\$0.37	23 Jun 2014	250
	A\$0.37	28 Jun 2014	625
	A\$0.37	29 Jun 2014	500
	A\$0.37	29 Aug 2014	250
	A\$0.37	14 Sep 2014	1,000
Total			5,625

c) 12% Convertible Note

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

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NOTE 5: OPERATING SEGMENTS

The consolidated entity operates in two geographical locations, being Australia and Indonesia. Its minerals business is based in Indonesia where it is developing a copper project on the island of Wetar and conducting mineral exploration on Wetar Island and Sumatra. Copper mining is centred on the Wetar Project.

	Copper Mining		Exploration		Total	
	Six months ended 30 Jun 2010 \$'000	Six months ended 30 Jun 2009 \$'000	Six months ended 30 Jun 2010 \$'000	Six months ended 30 Jun 2009 \$'000	Six months ended 30 Jun 2010 \$'000	Six months ended 30 Jun 2009 \$'000
Revenue						
Sales revenue	7,316	3,082	-	-	7,316	3,082
Unallocated revenue					620	12
Total revenue					7,936	3,094
Profit or loss						
Segment loss	(1,203)	(1,603)	(816)	(16)	(2,019)	(1,619)
Unallocated income less unallocated expenses					(857)	(4,353)
Loss before income tax					(2,876)	(5,972)
Income tax expense					-	-
Loss after income tax					(2,876)	(5,972)
	30 Jun 2010	31 Dec 2009	30 Jun 2010	31 Dec 2009	30 Jun 2010	31 Dec 2009
Assets						
Segment assets	32,792	29,194	456	314	33,248	29,508
Unallocated assets					2,584	7,951
Total assets					35,832	37,459

NOTE 6: CONTINGENT LIABILITY

The company may receive a claim from two minority shareholders in the company in connection with an equity placement of 5,165,289 shares at \$1.10 per share to the two shareholders in 2008 as part of a financing to fund construction of the Wetar Copper Project's Demonstration Plant ("Project"). A claim may be made by the two minority shareholders in relation to certain historic reports, announcements and presentations made by the company. In essence, the basis of the possible claim is that, given the final cost and timing of delivery of the now successful Project and its expected commercial development, the company could not at the time have had a reasonable basis for its various announcements.

The company believes the claims are without foundation and, if legal proceedings commence, they have little chance of success.

NOTE 7: EVENTS AFTER BALANCE DATE

Subsequent to balance date, the company raised \$20.95 million through a placement of approximately 75 million shares at \$0.28 per share, of which \$7.86 million will be completed on 3 September 2010 (Tranche 1) and the balance (Tranche 2) to be completed following shareholders' approval at an extraordinary general meeting to be held on or about 30 September 2010.

DIRECTORS' DECLARATION

In the opinion of the directors:

1. the financial statements and notes set out on pages 5 to 11 are in accordance with the *Corporations Act 2001*, including:
 - a. complying with Accounting Standards and the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
 - b. giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 and of its performance for the half-year ended on that date, and
2. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



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Russell J Fountain
Chairman

Sydney, 1 September 2010

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Finders Resources Limited, which comprises the balance sheet as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for the Finders Resources Limited group (the consolidated entity). The consolidated entity comprises both Finders Resources Limited (the company) and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Finders Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

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

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

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

Independence

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

Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.


PricewaterhouseCoopers


Marc Upcroft
Partner

Sydney
1 September 2010

CORPORATE DIRECTORY

Directors	Russell J Fountain Christopher B Farmer Michael H Stirzaker Robert P Thomson Stephen R de Belle Stephen J Lonergan T Quinn Roussel	Non-Executive Chairman Managing Director Finance Director Director - Development Non-Executive Director Non-Executive Director Non-Executive Director
Secretary	Ian Morgan	
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