

FINDERS RESOURCES LIMITED
ABN 82 108 547 413

HALF YEAR FINANCIAL REPORT
SIX MONTHS ENDED 30 JUNE 2012

DIRECTORS' REVIEW

Wetar Copper Project

The Group has continued to make progress towards the expansion of the Wetar Copper Project to a full-scale production capacity of 25,000 tonnes per annum copper cathode, however it is disappointing that forestry clearance remains outstanding. Mining and processing licences were awarded to the Group in June 2011. Either the rezoning of forestry areas to open ground or the grant of a production stage forestry use permit (referred to as an "exploitation *pinjam pakai*" in Indonesia) will allow the Group to commence construction activities to expand the production capacity to ultimately 25,000 tonnes per annum copper cathode.

Final maps and documentation supporting a new spatial plan for the Province of Maluku have been completed and final gazetting is now pending a decree by the Ministry of Forestry. The Group is a bystander in this rezoning process as the application is made by the Maluku provincial government.

Separately, the Group has also applied for an exploitation *pinjam pakai* which will allow it access to the project area. Importantly, the Group was recently granted two exploration *pinjam pakai* which cover the project area. The exploration *pinjam pakai* is a pre-requisite to the application for an exploitation *pinjam pakai*. The exploitation *pinjam pakai* application is being processed in parallel with the provincial government's rezoning application and will enable the Group access to the project area on the earlier of the forestry rezoning or the grant of an exploitation *pinjam pakai*.

The Wetar Copper Project has strong fundamentals over a range of copper prices with low capital intensity and projected low operating costs (C1), the latter estimated to be around US90c/lb Cu at full capacity. During the half-year, the Group completed a review of the Bankable Feasibility Study ("BFS") completed in June 2011. Whilst the updated BFS showed a small (8%) increase in capital cost, due mainly to scope changes related to power generation capacity, the project remains economically robust.

Ore Reserves ¹	8.2 MT
Average Copper Grade	2.5%
Strip Ratio	0.86
Initial Mine Life	9.2 years
Cathode Production Capacity	25,000 tpa
Average Copper Recovery	75%
Life of Mine (LOM) Production	150,000 tonnes
Capital Costs (includes \$17m accuracy provision)	US\$167.4m
Operating Cash Cost – LOM Average ²	US\$1.07/lb Cu

	Flat LOM Copper Price (\$/t)				
Price Case	\$6,000	\$7,000	\$8,000	\$9,000	\$10,000
LOM Cash Surplus (US\$m)	287	397	506	615	724
Project NPV (US\$m)	131	202	274	345	417
Project IRR	28%	37%	46%	54%	62%
Payback Period (Years)	1.7	1.4	1.2	1.0	0.9

1. Excludes 0.2mt of Inferred Resources within the pit shell. 2. Excludes royalty (4%), head office & marketing costs (nil net of sales premium)

FINDERS RESOURCES LIMITED
HALF YEAR FINANCIAL REPORT 30 JUNE 2012

The current ore reserve is as follows –

(0.5% Cu Cut-off)	Category	Tonnes (m)	Grade % Cu	Contained Copper (kt)	Finders (95%)
Kali Kuning Pit	Proved	4.91	2.5	123	117
	Probable	0.85	2.2	19	18
	Sub-Total	5.76	2.5	142	135
Lerokis Pit	Proved	2.05	2.4	49	47
	Probable	0.37	2.3	9	9
	Sub-Total	2.42	2.4	58	55
Combined	Proved	6.96	2.5	172	163
	Probable	1.22	2.2	28	27
	Total	8.18	2.5	205	195

Tonnes and grades are stated to a number of significant digits reflecting the confidence of the estimate. Since each number and total is rounded individually the columns and rows in the above table may not show exact sums or weighted averages of the reported tonnes and grades.

Approximately 0.2Mt of Inferred Resource at similar copper grades occurs within the pit shell.

There is also strong potential to extend the mine life from higher copper grades and better copper recoveries. The copper recovery of 75% used in the updated BFS is conservative compared to the 87.5% recovery achieved from Heap 3 during the demonstration phase. Together, this could lead to an additional 30,000t of copper cathode from the Kali Kuning and Lerokis reserves. Future mining potential could exist in known satellite deposits, such as Meron, which are located close to the proposed operations. Elsewhere on Wetar Island, other massive sulphides have been discovered and partially explored by previous explorers.

The Directors note the publicity surrounding Indonesia's new mining law on divestment and in-country processing of minerals. The Group structure is already compliant with the new mining law. As a producer of pure copper cathode, the Group will also be fully compliant with the in-country processing rules as it will produce London Metal Exchange Grade A copper cathode on Wetar Island.

Half-Year Financial Result

Project delays resulted in the Group reporting a loss of \$10,873,000 for the half-year. There was negligible income in the half year (2011: \$1,364,000 in sales revenue, interest income and exchange gain). The loss was arrived at after expensing \$3,017,000 in financing costs, including \$1,583,000 in value of options over shares in the Company granted to three of the Company's major shareholders who have collectively provided the Company with \$16.0 million in loan funds.

The Group had maintained activity and staffing levels in anticipation of securing forestry clearance and positioning itself to re-start the plant and commence construction activities with minimal delays. The Group conducted a review of its cost structure and implemented cost-cutting initiatives towards the end of the half-year.

Financial Position and Cash Flows

The Company received funding from the following sources during the half-year -

- a) In March, the Company raised US\$5,500,000 from Standard Bank Plc pursuant to mandatory converting notes, which will convert into shares in the Company on or before 16 March 2018 at a conversion price of \$0.427 per share. In consideration, the Group entered into a copper cathode offtake agreement with Standard Bank Plc for 40% of its copper cathode production from the Wetar Copper Project.
- b) In June, the Company secured an increase in loan facility of up to \$8,000,000 from three of its major shareholders, Resource Capital Funds ("RCF"), Taurus Funds Management Pty Limited ("Taurus") and Acorn Capital Limited (collectively "the Lenders") to a fully drawn facility of \$8,000,000 previously provided by RCF and Taurus. The facility is unsecured with interest at 8% per annum and is repayable

FINDERS RESOURCES LIMITED
HALF YEAR FINANCIAL REPORT 30 JUNE 2012

on the earlier of the project equity raising for development of the Wetar project or 24 October 2012. In consideration for the increased facility, the Company granted options over a total of 22,857,144 shares in the Company to the Lenders, exercisable at \$0.35 per share at any time up to 5 June 2017. At 30 June, the Company had utilised \$5,400,000 of the facility, with the balance drawn down subsequent to balance date.

A US\$1,500,000 Convertible Note was converted into 3,992,207 shares in the Company at an issue price of \$0.36 per share on maturity of the Note in January 2012.

At 30 June 2012, the Group had interest-bearing debt of \$13,400,000 plus accrued interest provided by the three major shareholders above. The loan matures on 24 October 2012 and the shareholders have agreed in principle to extend the loan. Negotiations are at an advanced stage on the terms and tenure of the extension.

The Group had \$3,821,000 in cash at balance date. The cash on hand was supplemented by drawdown of the balance of the loan facility from the three major shareholders after balance date. Subsequent to balance date, the Group also received confirmation from the Indonesian Tax Office that its application for refund of value added tax amounting to approximately \$3,000,000 had been approved.

As previously advised, the Group has arranged funding for the Wetar project development in the form of project finance facilities amounting to US\$138 million and mezzanine finance of US\$75 million. The Group will be in a position to formalise these finance facilities for the mine development and raise the required working capital on the earlier of the forestry rezoning or the grant of an exploitation *pinjam pakai*. The Directors are confident rezoning will occur or the exploitation *pinjam pakai* will be granted in a timely manner and the Group will be able to secure its funding requirements. However, until it is able to do so and as referred to in Note 1 of the financial statements, the Group's ability to continue as a going concern and meet its debts and commitments as they fall due are dependent upon the timely completion of the forestry rezoning or the grant of an exploitation *pinjam pakai*, the Group being successful in securing project finance for the project development and, until project finance is secured, the Group being able to secure interim funding.

Exploration – Ojolali Gold-Silver Project

Low cost exploration work was conducted during the half-year due to funding constraints. The results continue to highlight the exploration potential of the project.

Outlook

The Group anticipates securing forestry clearance by the end of 2012. Subject to forestry clearance, the Directors believe it will be able to complete project financing for the Wetar development and look forward to the staged development of the project. The project development is staged to produce 7,000 tonnes per annum of copper cathode initially (expected twelve months after commencement of construction) and subsequently to produce a total of 25,000 tonnes per annum of copper cathode after 24 months from commencement of construction.

11 September 2012

Competent Person Statement

The information in this report that relates to exploration potential, mineral resource and ore reserve estimation for the Wetar Copper Project and the geological data and geological and geophysical interpretations for the Ojolali Project is the responsibility of Dr Russell Fountain. Dr Fountain is a Director of Finders Resources Limited and a Fellow of the Australian Institute of Geoscientists. Dr Fountain has sufficient experience that is relevant to the styles of mineralisation and types of deposits under consideration and to the activity that he is undertaking to qualify as a Competent Person as that term is defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code). He consents to the inclusion in this report of the matters based on his information in the form and context in which they appear. All assaying of drill core samples was undertaken by the ITS laboratory in Jakarta. ITS is one of the world's largest product and commodity testing, inspection and certification organizations. The Jakarta laboratory is ISO 17025 accredited and employs a Laboratory Information Management System (LIMS) for sample tracking, quality control and reporting.

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 2012.

Directors

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

Russell J Fountain (Non-Executive Chairman)

Christopher B Farmer (Managing Director)

Robert P Thomson (Executive Director-Development)

James H Wentworth (Finance Director)

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 to 3.

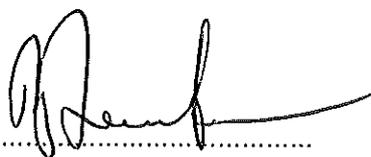
Auditor's Independence Declaration

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

Rounding of amounts to nearest thousand dollars

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

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



.....
Russell J Fountain
Chairman

Sydney, 11 September 2012



Auditor's Independence Declaration

As lead auditor for the review of Finders Resources Limited for the half year ended 30 June 2012, I declare that to the best of my knowledge and belief, there have been:

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

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

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

Marc Upcroft
Partner
PricewaterhouseCoopers

Sydney
11 September 2012

FINDERS RESOURCES LIMITED
HALF YEAR FINANCIAL REPORT 30 JUNE 2012

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 30 JUNE 2012

	Six months ended 30 June 2012	Six months ended 30 June 2011
	\$'000	\$'000
Sales revenue	-	816
Interest income	15	256
Other income	-	1
Raw materials and consumables used	-	(3,935)
Change in inventories of finished goods and work in progress	-	(632)
Personnel costs	(1,642)	(1,452)
Pre-development costs	(4,786)	-
Depreciation and amortisation	(268)	(61)
Exchange gain (loss)	(189)	291
Exploration expenditure written off	(110)	(243)
Financing costs	(3,017)	(318)
Royalty expense	-	(32)
Other expenses	(876)	(831)
Loss before income tax	(10,873)	(6,140)
Income tax expense	-	-
Loss for the period	(10,873)	(6,140)
Other comprehensive income		
Adjustments from translation of foreign controlled entities	51	(1,261)
Other comprehensive income, net of tax	51	(1,261)
Total comprehensive income for the period	(10,822)	(7,401)
Loss for the period attributable to:		
Members of the parent entity	(10,545)	(5,856)
Non controlling interest	(328)	(284)
	(10,873)	(6,140)
Total comprehensive income for the period attributable to:		
Members of the parent entity	(10,502)	(7,159)
Non controlling interest	(320)	(242)
	(10,822)	(7,401)
Loss per share	cents	cents
Basic loss per share	(3.8)	(2.3)
Diluted loss per share	(3.8)	(2.3)

The accompanying notes form part of these financial statements.

FINDERS RESOURCES LIMITED
HALF YEAR FINANCIAL REPORT 30 JUNE 2012

CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2012

	Note	30 Jun 2012	31 Dec 2011
		\$'000	\$'000
CURRENT ASSETS			
Cash and cash equivalents		3,821	3,571
Receivables		3,320	307
Financial assets		-	230
Inventories		466	501
Other assets		80	122
Total Current Assets		7,687	4,731
NON-CURRENT ASSETS			
Receivables		563	3,384
Financial assets		199	137
Plant and equipment		16,556	13,611
Development expenditure		15,375	13,767
Total Non-Current Assets		32,693	30,899
Total Assets		40,380	35,630
CURRENT LIABILITIES			
Trade and other payables		3,031	2,366
Borrowings	2	10,905	6,037
Provisions		533	425
Total Current Liabilities		14,469	8,828
NON-CURRENT LIABILITIES			
Provision		1,670	1,562
Total Non-Current Liabilities		1,670	1,562
Total Liabilities		16,139	10,390
NET ASSETS		24,241	25,240
EQUITY			
Issued capital	3	93,970	86,747
Reserves		2,613	(31)
Accumulated losses		(70,566)	(60,020)
Capital and reserves attributable to owners of Finders Resources Limited		26,017	26,696
Non-controlling interest		(1,776)	(1,456)
TOTAL EQUITY		24,241	25,240

The accompanying notes form part of these financial statements.

FINDERS RESOURCES LIMITED
HALF YEAR FINANCIAL REPORT 30 JUNE 2012

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 30 JUNE 2012

	Share Capital	Accumulated Losses	Equity Reserve	Foreign Currency Translation Reserve	Share-based Payments Reserve	Non- Controlling Interest	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
30 June 2012							
Balance at 1 Jan 2012	86,747	(60,020)	547	(1,644)	1,066	(1,456)	25,240
Total comprehensive income for the period	-	(10,546)	-	44	-	(320)	(10,822)
Transactions with owners recorded directly in equity:							
Shares issued during the period	2,038	-	-	-	-	-	2,038
Converting notes	5,185	-	-	-	-	-	5,185
Share-based payments	-	-	-	-	337	-	337
Option premium	-	-	2,263	-	-	-	2,263
Balance at 30 Jun 2012	93,970	(70,566)	2,810	(1,600)	1,403	(1,776)	24,241
30 June 2011							
Balance at 1 Jan 2011	85,661	(42,243)	(166)	(1,566)	344	(1,044)	40,986
Total comprehensive income for the period	-	(5,898)	-	(1,261)	-	(242)	(7,401)
Transactions with owners recorded directly in equity:							
Shares issued during the period	877	-	-	-	-	-	877
Acquisition of additional investment in controlled entity	-	-	(1,483)	-	-	-	(1,483)
Share-based payments	-	-	-	-	309	-	309
Balance at 30 Jun 2011	86,538	(48,141)	(1,649)	(2,827)	653	(1,286)	33,288

The accompanying notes form part of these financial statements.

FINDERS RESOURCES LIMITED
HALF YEAR FINANCIAL REPORT 30 JUNE 2012

CONSOLIDATED CASH FLOW STATEMENT
FOR THE HALF YEAR ENDED 30 JUNE 2012

	Six months ended 30 Jun 2012 \$'000	Six months ended 30 Jun 2011 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	-	826
Payments to suppliers and employees	(6,035)	(6,076)
Interest received	8	248
Interest and other cost of finance paid	(1,065)	(12)
Taxes and value added tax paid	(504)	(585)
Net cash used in operating activities	<u>(7,596)</u>	<u>(5,599)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for plant and equipment	(2,659)	(1,166)
Payment for development expenditure	(1,572)	(1,966)
Payment for exploration expenditure	(178)	(297)
Refund of security deposits	-	179
Net cash used in investing activities	<u>(4,409)</u>	<u>(3,250)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	5,335	-
Proceeds from borrowings	6,922	-
Net cash provided by (used in) financing activities	<u>12,257</u>	<u>-</u>
Net increase/(decrease) in cash held	252	(8,849)
Cash and cash equivalents at beginning of period	3,571	14,457
Exchange rate effect	(2)	(12)
Cash and cash equivalents at end of period	<u><u>3,821</u></u>	<u><u>5,596</u></u>

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2012

NOTE 1: BASIS OF PREPARATION

This general purpose interim financial report for the half year reporting period ended 30 June 2012 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the financial report for the year ended 31 December 2011 and any public announcements made by Finders Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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

Going concern

At 30 June 2012, the Group had a net current liability position of \$6,782,000. Included in current liabilities is a loan of \$13,525,000 from three major shareholders of the Company which is currently repayable on 24 October 2012 (refer Note 2). The shareholders have agreed in principle to extend the loan and negotiations are at an advanced stage on the terms and tenure of the extension.

As disclosed in Note 1 to the financial statements for the year ended 31 December 2011, the Group completed a Bankable Feasibility Study on the Wetar Copper Project ("Project") in June 2011 (updated in May 2012) which confirmed the technical feasibility and economic robustness of the Project. The Group had also been granted key mining permits for the Project and was awaiting the rezoning of parts of the Province of Maluku to release certain forestry areas for development, including the Project area, from production and conversion forest areas to non-forestry zones. As at the date of this report, the re-zoning has still not been completed. In parallel with the forestry re-zoning, the Group has now applied for a production stage forestry use permit (referred to as an "exploitation *pinjam pakai*" in Indonesia) which will allow it access to the Project area to commence development.

The Directors are confident forestry rezoning will occur or the exploitation *pinjam pakai* will be granted. Pending the rezoning, the Company has been able to secure interim funding to support its activities. In March 2012, the Company raised US\$5,500,000 from Standard Bank Plc pursuant to mandatory converting notes, which will convert into shares in the Company on or before 16 March 2018 at a conversion price of \$0.427 per share. In June 2012, the Company secured a loan of \$8,000,000 from three of its major shareholders (\$2,578,000 undrawn at 30 June 2012). The loan is unsecured and is repayable on 24 October 2012. The shareholders have agreed in principle to extend the loan and negotiations are at an advanced stage on the terms and tenure of the extension. Subsequent to balance date, the Group also received confirmation from the Indonesian Tax Office that its application for refund of value added tax amounting to approximately \$3,000,000 had been approved.

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

The Directors believe that the Company will be successful in the above matters and, accordingly, have prepared the financial report on a going concern basis. At this time, the Directors are of the opinion that no asset is likely to be realised for an amount less than the amount at which it is recorded in the half-year report at 30 June 2012. Accordingly, no adjustments have been made to the half-year report relating to the recoverability and classification of the asset carrying amounts or the amounts and classification of liabilities that might be necessary should the Company not continue as a going concern.

FINDERS RESOURCES LIMITED
HALF YEAR FINANCIAL REPORT 30 JUNE 2012

Impact of standards issued but not yet applied by the entity

(i) New and amended standards adopted

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 January 2012 affected any of the amounts in the current period or any period and are not likely to affect future periods.

(ii) Early adoption of standards

The Group has not elected to apply any pronouncements before their operative dates in the half year reporting period beginning 1 January 2012.

Rounding of amounts to nearest thousand dollars

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

NOTE 2: BORROWINGS

	30 Jun 2012	31 Dec 2011
	\$'000	\$'000
Convertible note (secured)	-	1,477
Loan (unsecured)	13,525	6,500
	13,525	7,977
Deferred borrowing costs	(2,620)	(1,940)
	10,905	6,037

In June 2012, the Company secured a loan facility of \$8,000,000 from three of its major shareholders, Resource Capital Funds ("RCF"), Taurus Funds Management Pty Limited ("Taurus") and Acorn Capital Limited. The facility is by way of an amendment to the loan facility dated 24 October 2011 pursuant to which RCF and Taurus provided the Company with a loan of \$8,000,000. The increased loan facility of \$16,000,000 is unsecured and is repayable on the earlier of either the project equity raising for the development of the Wetar Copper Project, or 24 October 2012. Interest at the rate of 8% per annum is payable on the loan. In consideration for the additional loan, the company has issued 22,857,144 options over shares in the Company to the lenders, exercisable at \$0.35 per share at any time up to 5 June 2017 (refer Note 3(d)).

Subsequent to balance date, the above loan facility was fully drawn to \$16,000,000.

A US\$1,500,000 Convertible Note held by RCF was converted into shares in the Company on maturity of the Note. The Note was converted at a share price of \$0.36 per share.

FINDERS RESOURCES LIMITED
HALF YEAR FINANCIAL REPORT 30 JUNE 2012

	Note	30 Jun 2012 Number	31 Dec 2011 Number	30 Jun 2012 \$'000	31 Dec 2011 \$'000
NOTE 3: ISSUED SECURITIES					
a) Contributed equity					
Issued and paid up shares		277,714,404	278,849,875	88,785	86,747
Employee incentive shares	3(b)	8,082,000	1,128,283	-	-
Converting Notes	3(c)	-	-	5,185	-
		285,796,404	279,978,158	93,970	86,747

Movement:		Number '000	Number '000
At beginning of reporting period		279,978	278,850
Shares issued during the period:			
Conversion of Convertible Note		3,992	-
Conversion of interest payable		1,054	225
Employee share issues		-	590
Exercise of employee options		500	-
Loan establishment fee		272	313
At end of reporting period		285,796	279,978

b) Employee incentive shares

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

c) Converting Notes

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

d) Unlisted Options

		30 Jun 2012 Number '000	31 Dec 2011 Number '000
\$0.30	16 Apr 2012	-	500
\$0.30	16 Apr 2014	500	500
\$0.30	8 May 2014	2,000	2,000
\$0.37	29 Aug 2014	250	250
\$0.50	23 Oct 2014	16,000	-
\$0.35	05 Jun 2017	22,857	-
		41,607	3,500

FINDERS RESOURCES LIMITED
HALF YEAR FINANCIAL REPORT 30 JUNE 2012

NOTE 4: OPERATING SEGMENTS

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

	Copper Mining		Exploration		Total	
	Six months ended 30 Jun 2012 \$'000	Six months ended 30 Jun 2011 \$'000	Six months ended 30 Jun 2012 \$'000	Six months ended 30 Jun 2011 \$'000	Six months ended 30 Jun 2012 \$'000	Six months ended 30 Jun 2011 \$'000
Revenue						
Sales revenue	-	816	-	-	-	816
Unallocated revenue					15	257
Total revenue					15	1,073
Profit or loss						
Segment loss	(6,549)	(4,321)	(240)	(240)	(6,789)	(4,561)
Unallocated income less unallocated expenses					(4,084)	(1,579)
Loss before income tax					(10,873)	(6,140)
Income tax expense					-	-
Loss after income tax					(10,873)	(6,140)
	30 Jun 2012 \$'000	31 Dec 2011 \$'000	30 Jun 2012 \$'000	31 Dec 2011 \$'000	30 Jun 2012 \$'000	31 Dec 2011 \$'000
Assets						
Segment assets	36,754	33,181	379	385	37,133	33,566
Unallocated assets					3,247	2,064
Total assets					40,380	35,630

NOTE 5: CAPITAL COMMITMENTS

In 2011, the Group entered into a contract to purchase and refurbish six marine fuel oil generators for the power plant at the Wetar Copper Project. The total value of the contract is US\$8,600,000. Payment is made to the supplier when the requisite milestones under the contract are achieved.

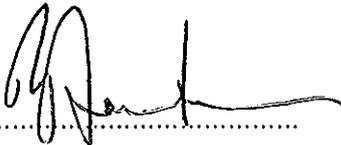
	30 Jun 2012 \$'000	31 Dec 2011 \$'000
Capital expenditure contracted for at the reporting date but not recognised as liabilities is as follows:		
Plant and equipment		
- Payable within 1 year	2,713	4,186
- Payable later than 1 year but not later than 5 years	2,652	4,015
	5,365	8,201

DIRECTORS' DECLARATION

In the opinion of the directors:

1. the financial statements and notes set out on pages 6 to 13 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 2012 and of its performance for the half-year ended on that date, and
2. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



.....
Russell J Fountain
Chairman

Sydney, 11 September 2012



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 2012, the statement of comprehensive income, statement of changes in equity and cash flow statement for the half-year ended on that date, selected explanatory notes and the directors' declaration for the Finders Resources Limited (the consolidated entity). The consolidated entity comprises both Finders Resources Limited (the company) and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Finders Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

PricewaterhouseCoopers, ABN 52 780 433 757

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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 2012 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Material Uncertainty Regarding Continuation as a Going Concern

Without qualifying our review conclusion, we draw attention to Note 1 in the financial report, which indicates the shareholder loan issued to the company is repayable on 24 October 2012 and the company is in the process of negotiating an extension of this facility. These conditions, along with other matters as set forth in Note 1 indicate the existence of a material uncertainty that may cast significant doubt about the entity's ability to continue as a going concern and therefore the entity may be unable to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report.

A handwritten signature in blue ink that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in blue ink that reads 'M Upcroft'.

Marc Upcroft
Partner

Sydney
11 September 2012

CORPORATE DIRECTORY

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