

FINDERS RESOURCES LIMITED A.B.N 82 108 547 413
AND CONTROLLED ENTITIES
INTERIM FINANCIAL REPORT
DIRECTORS' REPORT

Your directors submit the financial report of the economic entity for the half-year ended 31 December 2006.

Directors

The names of directors who held office during or since the end of the half-year:

Dr Russell Fountain (Chairman)

Dr Chris Farmer (Managing Director)

Mr Stephen de Belle (Non – Executive Director)

Mr Steve Lonergan (Non – Executive Director)

Mr Ian Neuss (Alternate Director for Dr Russell Fountain)

Review and Results of Operations

The consolidated loss of the economic entity after providing for income tax and eliminating minority equity interests amounted to \$2,638,711.

Wetar Copper Project – Indonesia

The Wetar copper project is located in eastern Indonesia. Finders have 72% of the project and is earning further equity. It comprises two high grade low strip ratio copper deposits within 5km of the coast on the island of Wetar, with minor infrastructure from the former gold mining operations Kali Kuning and Lerokis deposits. Finders completed a Scoping Study in the period which indicated positive economic results if the two deposits were exploited. Finders' activities then focused on gathering information to progress a Feasibility Study on both copper deposits with the view to produce saleable copper metal. This involved additional drilling for resource estimation, mine design and cost estimation, gathering additional ore for metallurgical testing and environmental and infrastructure planning and project costing. Current activities in the the first stage of the Feasibility Study involve more detailed evaluation of two different process options.

Ojolali Gold-Silver Project - Indonesia

The Ojolali gold silver project is located on the island of Sumatra, Indonesia. Finders have 72% of the project with an option to earn further equity. The project is favorably located adjacent to the highway and grid power. Finders work in 2006 has confirmed the grade and continuity of known gold mineralisation at the Jambi oxide prospect, with the potential to expand to the near by Batu Kuning prospect. Impressive gold and silver grades have been encountered beneath the oxide caps at both these deposits. Resources were also outlined at the adjacent Tambang prospect where gold, silver and zinc mineralisation was encountered. Assessment drilling is continuing on the Ojolali project in an effort to outline sufficient resources on which to commence a low cost 50,000 ozs /yr gold operation with the flexibility to expand as the resources base in the district grows which will provide Finders with a cash flow. Exploration drilling is continuing on this project.

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Auditor's Declaration

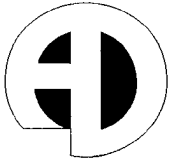
The lead auditor's independence declaration under section 307C of the *Corporations Act 2001* is set out on page 3 for the half-year ended 31 December 2006.

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

.....
Dr Russell Fountain, Director

.....
Mr Stephen de Belle, Director

Sydney, 14 March 2007



Alcock Davis Danieli

Chartered Accountants

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AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF FINDERS RESOURCES LIMITED

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2006 there have been:

- i. no contraventions of the auditor independence requirement as set out in the Corporations Act 2001 in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

Alcock Davis Danieli
Chartered Accountants
Sam Danieli
Partner

Sydney, 14 March 2007



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CONSOLIDATED INCOME STATEMENT FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

	Economic Entity	
	31.12.2006	31.12.2005
	\$	\$
Revenue	156,470	173,105
Employee benefits expense	(250,729)	(68,000)
Depreciation expense	(3,022)	-
Exploration expenditure written off	(2,776,884)	-
Operating expenses	(806,124)	(904,165)
Loss before income tax	(3,680,289)	(799,060)
Income tax expense	-	-
Loss from operations	(3,680,289)	(799,060)
Loss attributable to minority equity interest	(1,041,578)	(242,141)
Loss attributable to members of the parent entity	(2,638,711)	(556,919)
 Overall Operations		
Basic earnings per share (cents per share)	(4.99)	(1.86)
Diluted earnings per share (cents per share)	(4.59)	(1.86)

The accompanying notes form part of these financial statements.

FINDERS RESOURCES LIMITED ABN 82 108 547 413
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CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2006

	Economic Entity	
	31.12.2006	30.06.2006
	\$	\$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	2,248,685	5,809,230
Trade and other receivables	649,331	397,714
TOTAL CURRENT ASSETS	2,898,016	6,206,944
NON-CURRENT ASSETS		
Financial assets	3,599,000	796,500
Property, plant and equipment	82,048	4,021
Exploration expenditure	-	175,746
TOTAL NON-CURRENT ASSETS	3,681,048	976,267
TOTAL ASSETS	6,579,064	7,183,211
CURRENT LIABILITIES		
Trade and other payables	680,584	76,332
TOTAL CURRENT LIABILITIES	680,584	76,332
TOTAL LIABILITIES	680,584	76,332
NET ASSETS	5,898,480	7,106,879
EQUITY		
Issued capital	11,551,816	11,551,816
Reserves	3,085,138	576,914
Retained earnings	(8,738,474)	(5,021,851)
Parent entity interest	5,898,480	7,106,876
Minority equity interest	-	3
TOTAL EQUITY	5,898,480	7,106,879

The accompanying notes form part of these financial statements.

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STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2006

Economic Entity

	Share Capital Ordinary	Retained Earnings	Financial Asset Reserve	Foreign Currency Translation Reserve	Minority Equity Interests	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2005	1,603,757	(411,367)			(85,667)	1,106,719
Shares issued during the year	646,403					646,403
Loss attributable to members of parent entity		(556,919)				(556,919)
Loss attributable to minority shareholders					(242,141)	(242,141)
Revaluation increment					2,050	2,050
Balance at 31 December 2005	<u>2,250,156</u>	<u>(968,286)</u>	<u>-</u>	<u>-</u>	<u>(325,758)</u>	<u>956,112</u>
Balance at 1 July 2006	11,551,816	(4,359,083)	466,500	110,414	(662,768)	7,106,879
Adjustment to controlled entity's audited accounts at 30 June 2006		(80,706)			(51,507)	(132,213)
Adjustment on application of AASB 139 for fair value on shares in listed entities			2,802,500			2,802,500
Loss attributable to members of parent entity		(2,638,710)				(2,638,710)
Loss attributable to minority shareholders					(1,041,578)	(1,041,578)
Adjustments from translation of foreign controlled entities				(294,276)		(294,276)
Outside Equity Interests					95,878	95,878
Balance at 31 December 2006	<u>11,551,816</u>	<u>(7,078,499)</u>	<u>3,269,000</u>	<u>(183,862)</u>	<u>(1,659,975)</u>	<u>5,898,480</u>

The accompanying notes form part of these financial statements.

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CONSOLIDATED CASH FLOW STATEMENT FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

	Economic Entity	
	31.12.2006	31.12.2005
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(3,528,853)	(808,548)
Interest received	93,880	7,734
Net cash provided by (used in) operating activities	<u>(3,434,973)</u>	<u>(800,814)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in controlled entity paid to other shareholders	(44,523)	-
Purchase of non-current assets	(81,049)	-
Net cash provided by (used in) investing activities	<u>(125,572)</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	-	646,403
Loans - associated entities	-	(176,002)
Loan – convertible notes	-	(20,000)
Net cash provided by (used in) financing activities	<u>-</u>	<u>450,401</u>
Net increase in cash held	(3,560,545)	(350,413)
Cash and cash equivalents at beginning of period	5,809,230	617,494
Cash and cash equivalents at end of period	<u>2,248,685</u>	<u>267,081</u>

FINDERS RESOURCES LIMITED ABN 82 108 547 413
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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The half year consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standard AASB 134: Interim Financial Reporting, Urgent Issues Group Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2006 and any public announcements made by Finders Resources Limited and its controlled entities during the half year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

The interim financial report of Finders Resources Limited and controlled entities comply with Australian equivalents to International Financial Reporting Standards (AIFRS) however, it does not include full disclosures of the type normally included in an annual financial report .

The following is a summary of the material accounting policies adopted by the economic entity in the preparation of the interim financial report. The accounting policies have been consistently applied, unless otherwise stated.

Basis of Preparation

Accounting Policies

a. Principles of Consolidation

A controlled entity is any entity Finders Resources Limited has the power to control the financial and operating policies of so as to obtain benefits from its activities.

All financial statements are prepared as of the same reporting date. Where a controlled entity has a different year end reporting date than the parent, additional financial statements are prepared to align the reporting dates.

All inter-company balances and transactions between entities in the economic entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

Where controlled entities have entered or left the economic entity during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

Minority equity interests in the equity and results of the entities that are controlled are shown as a separate item in the consolidated financial report.

b. Income Tax

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

Current tax losses for current and prior periods are not recognised as an asset as the future income tax benefit can be carried forward only as an asset where realisation of the benefit can be regarded as being probable.

c. 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.

Plant and equipment

Plant and equipment are measured on the cost basis.

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Depreciation

The depreciable amount of all fixed assets, is depreciated on a straight-line basis over their useful lives to the economic entity commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and equipment	25% Prime Cost
Motor vehicles	25% Prime Cost

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

d. Exploration Expenditure

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest.

e. Leases

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

f. Financial Instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

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 stated at amortised cost using the effective interest rate method.

Held-to-maturity investments

These investments have fixed maturities, and it is the group's intention to hold these investments to maturity. Any held-to-maturity investments held by the group are stated at amortised cost using the effective interest rate method.

Available-for-sale financial assets

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

g. Impairment of Assets

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

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

h. Foreign Currency Transactions and Balances

Functional and presentation currency

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Transactions and balances

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

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

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

Group companies

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

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

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

i. Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. At 31 December 2006 no benefits have yet accrued.

j. Provisions

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. There are no provisions at 30 June 2006.

k. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of 3 months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

l. Revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

All revenue is stated net of the amount of goods and services tax (GST).

m. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST 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.

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

n. Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

	Economic Entity	
NOTE 2: PROFIT FROM ORDINARY ACTIVITIES	31.12.2006	31.12.2005
	\$	\$
The following revenue items are relevant in explaining the financial performance for the interim period:		
Interest	93,880	7,734
Foreign Exchange Gain	62,590	165,371
Total Revenue	156,470	173,105

	31.12.2006	30.06.2006
Other receivables	597,731	397,714
Prepayments	51,600	-
	649,331	397,714

Other receivables are primarily advances on operating costs for the projects which are operating in remote locations.

NOTE 4: FINANCIAL ASSETS

Listed investments, at fair value:

Available-for- sale financial assets	3,599,000	796,500
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Available-for-sale financial assets comprise investments in the ordinary issued capital of listed entities. There is no fixed returns or maturity date attached to these investments. The fair value of listed investments have been valued at the quoted market bid price at balance date.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

NOTE 5: TRADE AND OTHER PAYABLES	Economic Entity	
	31.12.2006	30.06.06
	\$	\$
Trade creditors and accruals	680,584	76,332

Trade creditors were substantial at period end due to late receipt of creditor invoices. This is not typical of the company's payables position.

NOTE 6: ACQUISITION OF SUBSIDIARIES

On 28 August 2006 Way Kanan Resources Pty Limited purchased shares in an Indonesian company PT Batutua Lampung Elok for \$333,250. The establishment of this company finalises the holding structure of the Ojolali Gold-Silver project in Indonesia. The parent entity, Finders Resources Limited, therefore have a controlling interest in PT Batutua Lampung Elok through Way Kanan Resources Pty Limited of 71.70%

NOTE 7: SEGMENT REPORTING

The consolidated entity operates in two geographical locations being Australia and Indonesia, and its business is concentrated on investments and mineral exploration / mining projects. As yet the consolidated entity has not generated any revenues, except interest and foreign exchange gains.

Segment accounting policies are the same as the consolidated entity's accounting policies. During the financial year, there were no changes in segment accounting policies that had a material effect on the segment information.

PRIMARY REPORTING — GEOGRAPHICAL SEGMENTS

	Segment Revenues External		Segment Result		Carrying Amount of Segment Assets	
	2006	2005	2006	2005	2006	2005
	\$	\$	\$	\$	\$	\$
Geographical location:						
Australia	89,931	7,734	(561,299)	(101,655)	5,536,694	875,748
Indonesia	66,539	-	(3,118,990)	(697,405)	1,001,586	165,900
	156,470	7,734	(3,680,289)	(799,060)	6,538,280	1,041,648
	Segment Liabilities		Cost to acquire Plant and Equipment		Depreciation of Segment Assets	
	2006	2005	2006	2005	2006	2005
	\$	\$	\$	\$	\$	\$
Geographical location:						
Australia	87,290	8,179	4,110	-	450	-
Indonesia	597,033	130,277	76,939	-	2,572	-
	684,323	138,456	81,049	-	3,022	-

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

NOTE 8: CONTINGENT LIABILITIES

There has been no change in contingent liabilities since the last annual reporting date.

NOTE 9: EVENTS SUBSEQUENT TO REPORTING DATE

Since 31 December 2006 no matter or circumstance has arisen which has significantly affected or which may significantly affect the operations of the company or controlled entities except for:

Finders Resources Limited proceeding to allot and issue 1,478,000 ordinary shares at 25.375 pence per share on 6 March 2007.

On 12 March 2007 Finders Resources Limited purchased 115 additional shares in controlled entity Banda Minerals Pty Limited from other shareholders for \$44,523. Also on this date an additional 40,810 ordinary shares in Banda Minerals Pty Limited were issued to Finders Resources Limited, under the dilution clause of the Shareholders Agreement. As a result, Finders' interest in Banda is currently 72.38%.

In addition Finders Resources Limited plans to list on the Australian Stock Exchange (ASX) prior to June 2007.

NOTE 10: PRIOR PERIOD ADJUSTMENTS

An adjustment of \$132,213 was made to retained earnings as at 1 July 2006. This adjustment related to changes to a controlled entity's accounts. As this entity is located in Indonesia, it has a different year end reporting date to the parent entity. In line with consolidation principles, additional financial statements were prepared to align the reporting dates. However, these statements were subsequently amended as requested by the auditors.

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DIRECTORS' DECLARATION

The directors of the company declare that:

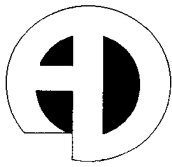
1. The financial statements and notes, as set out on pages 1 to 13:
 - a. comply with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations; and
 - b. give a true and fair view of the economic entity's financial position as at 31 December 2006 and of its performance for the half-year ended on that date.
2. In the directors' opinion 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 Board of Directors.

.....
Dr Russell Fountain, Director

.....
Mr Stephen de Belle, Director

Sydney, 14 March 2007



Alcock Davis Danieli

Chartered Accountants

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INDEPENDENT REVIEW REPORT

TO THE MEMBERS OF
FINDERS RESOURCES LIMITED

A.B.N. 82 108 547 413

Scope

We have reviewed the financial report of Finders Resources Ltd for the financial half-year ended 31 December 2006 as set out on pages 4 to 14. The company's directors' are responsible for the financial report.

The financial report includes the consolidated financial statements of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year. We have performed an independent review of the financial report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the report is not presented fairly in accordance with Accounting Standard AASB 134: Interim Financial Reporting and other mandatory professional reporting requirements in Australia and statutory requirements, so as to present a view which is consistent with our understanding of the company's financial position, and performance as represented by the results of its operations and its cash flows, and in order for the company to lodge the financial report with the Australian Securities and Investments Commission.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. A review is limited primarily to inquiries of company personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Independence

In conducting our review, we followed applicable independence requirements of Australian professional and ethical pronouncements and the Corporations Act 2001.

In accordance with ASIC Class Order 05/83, we declare to the best of our knowledge and belief that the auditor's independence declaration set out on page 3 of the financial report has not changed at the date of providing our review opinion.

Statement

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 Ltd is not in accordance with:

- (a) the Corporations Act 2001 including:
 - (i) giving a true and fair view of the company's financial position as at the 31 December 2006 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.

ALCOCK DAVIS DANIELI

Chartered Accountants

Sam Danieli

Partner

Sydney, 14 March 2007

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