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## Annual Report 2007

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Operations Review  
Corporate Governance  
Directors Report  
Financial Statements

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Photography courtesy of Finders Resources employees, consultants and contractors.  
Cover Photograph: Kali Kuning copper sulphide deposit exposed in pit wall during former gold mining operations. Courtesy Philip Scotney.

# From the Chairman



## *Dear Shareholder,*

This Annual Report details a year of major progress towards our Company's goal of becoming a low cost producer of copper, gold and silver, capped off by successful completion of a dual listing on the ASX in early June 2007.

Issue of shares through the ASX and private placements in Europe raised a gross amount of \$6.9 million to support intensive work programs on our key Wetar Copper and Ojolali Gold-Silver projects, for which milestones achieved include:

### **Wetar Copper Project**

- Selection of heap leaching with on site production of cathode copper by SX-EW as the process route, on the basis of high copper recoveries in test work and lower capital and operating costs compared with other processing options
- Project resource upgrade, to 90% JORC Measured and Indicated status
- Planning and preparation for on-site test heaps and pilot SX-EW plant.
- Operations Manager appointed to execute project development strategy

### **Ojolali Gold-Silver Project**

- Successful metallurgy test work of Jambi oxide gold samples with indicative gold recoveries of around 90%.
- Integrated modelling of resistivity and newly acquired magnetics data which provides basis for a revised exploration model and better targeting of new prospects to expand the known resource base.

In progressing these exciting development opportunities, the Board and management remain committed to maintaining the highest possible standards of environmental excellence and good corporate citizenship, and are actively pursuing social development programs to match our technical work in the communities in which we operate.

None of our progress could have been achieved without the sustained efforts of our management and staff, particularly our Indonesian project teams, who regularly spend sustained periods away from their families to fulfill their jobs, our financial advisors RFC Corporate Finance, stock broking support from Hanson Westhouse in the UK, and Southern Cross Equities in Australia, and of course our supporting shareholders. On behalf of the Board I would like to express our sincere thanks to you all.

With sustained strength in commodity prices your Directors believe that the company is now well positioned for a major growth phase. We plan to produce our first copper metal from the Wetar pilot plant during the second half of 2008, and are confident that a major drilling program planned at Ojolali for the 4<sup>th</sup> quarter of 2007 will begin to unlock the major discovery potential indicated by our work to date. Thank you for your support.

A handwritten signature in black ink, appearing to read 'Russell Fountain', written in a cursive style.

Russell Fountain  
EXECUTIVE CHAIRMAN



# Operations Review

## *OBJECTIVES AND STRATEGY*

The Company's vision is to move as rapidly as is prudently possible to generate a cash flow with development of its Wetar Copper and Ojolali gold-silver projects. Further growth will be generated through expansion of the developments and brownfields exploration around the initial projects. The Management Team is continually evaluating new projects and will target those with high growth potential or other strategic benefits.

Specific objectives include:

- Development of the Wetar copper project as a low cost copper producer targeting 25,000 tpa LME grade copper production from 2009, and assessing the copper potential of the Wetar tenements.
- Progressive development at Ojolali with low cost start-up oxide gold mining operation to provide cash flow to unlock the outstanding potential of the area.
- Identifying new undervalued assets and/or those with unrecognized potential for low cost acquisition.

The Board believes that these objectives can be achieved by means of a definitive work programme which entails:

- Construction of test heaps and a pilot plant at the Wetar Copper project by mid 2008
- Completion of a definitive Wetar Copper project Feasibility Studies by mid 2008
- At Ojolali, a final drill-out of the Jambi oxide gold deposit with an evaluation of a staged commercial operation by the end of 2007.
- Drill testing of priority targets in the Ojolali mineral district

The Board is fully committed to maintaining its good operational safety record and the principles of sustainability in mining in a way that meets the obligations of all its stakeholders.



*Wetar Island*



# Wetar Copper Project

(Fnd 72.4% as at 30/12/2006, earning by expenditure)

The Wetar Copper Project is located in Maluku, Eastern Indonesia. The project is the site of a former gold mine operation by Billiton until 1997 and comprises two main deposits, Kali Kuning and Lerokis, both within 5km of the coast. The deposits are high grade (2.5% Cu) and outcrop, resulting in low stripping ratios.

The Wetar deposits are regarded to be similar in mineralisation style to sea-floor black smoker deposits and are characterised by a gold-bearing barite sand cap rock (now mined) underlain by a copper-bearing massive pyrite body which has sharp upper and lower boundaries.

Within the massive sulphide unit, there is minor oxidation resulting in 10-15% of the copper occurring in water soluble species. Sulphide copper mineralisation at Kali Kuning is found predominantly in the matrix of breccias and stockworks and comprises covellite-chalcocite (~65%) chalcopyrite, enargite and tennantite. Similar minerals occur at Lerokis, with a higher proportion of chalcopyrite (~45%) and significant zinc in the form of sphalerite. Accompanying impurities, such as arsenic, result in a low quality concentrate likely to attract large smelter penalties.

## MINERAL RESOURCE ESTIMATE AND EXPLORATION

A revised resource estimate for the Kali Kuning deposit was undertaken by Hellman & Schofield Pty Ltd in February 2007, using assays from 30 new diamond drill holes completed by Finders during 2006 and complementing the historical dataset which comprises 24 diamond drill holes by Finders during 2005 and 61 diamond drill holes completed by Billiton in the 1990's.

The independent resource estimate of the two deposits indicates the presence of approximately 245,000 tonnes contained copper within Measured, Indicated and Inferred Resources of 9.8 Mt at 2.5% Cu, 0.38% Zn 0.7 g/t Au and 28 g/t Ag at a cut-off grade of 0.5% Cu.

Kali Kuning at 0.5% Cu cut-off									Attributable (72%)*		
Category	T (m)	Cu%	Zn%	Ag g/t	Au g/t	As ppm	Cont. Cu (KT)	Cont. Zn (KT)	T (m)	Cu (KT)	Zn (KT)
Measured	3.3	2.72	0.22	29	0.71	4924	90	7	2.4	65	5
Indicated	2.6	2.42	0.24	25	0.67	4367	63	6	1.9	45	4
Inferred	0.6	1.75	0.12	19	0.54	2730	10	1	0.4	7	1
<b>Total</b>	<b>6.6</b>	<b>2.50</b>	<b>0.22</b>	<b>27</b>	<b>0.68</b>	<b>4485</b>	<b>165</b>	<b>14</b>	<b>4.8</b>	<b>119</b>	<b>10</b>

Lerokis at 0.5% Cu cut-off									Attributable (72%)*		
Category	T (m)	Cu%	Zn%	Ag g/t	Au g/t	As ppm	Cont. Cu (KT)	Cont. Zn (KT)	T (m)	Cu (KT)	Zn (KT)
Indicated	2.9	2.46	0.74	33	0.65	2898	71	21	2.0	50	15
Inferred	0.4	1.70	0.48	25	0.54	1659	7	2	0.3	5	1
<b>Total</b>	<b>3.2</b>	<b>2.38</b>	<b>0.72</b>	<b>32</b>	<b>0.64</b>	<b>2750</b>	<b>76</b>	<b>23</b>	<b>2.2</b>	<b>53</b>	<b>16</b>

Combined Total Kali Kuning and Lerokis at 0.5% Cu cut-off									Attributable (72%)*		
	T (m)	Cu%	Zn%	Ag g/t	Au g/t	As ppm	Cont. Cu (KT)	Cont. Zn (KT)	T (m)	Cu (KT)	Zn (KT)
<b>Total</b>	<b>9.8</b>	<b>2.5</b>	<b>0.38</b>	<b>28</b>	<b>0.68</b>	<b>3918</b>	<b>245</b>	<b>37</b>	<b>6.9</b>	<b>172</b>	<b>26</b>

(T = tonnes, m = millions, KT = kilo-tonnes of metal)



# Wetar Copper Project

(Fnd 72.4% as at 30/12/2006, earning by expenditure)

The 2006 Kali Kuning drilling program, through use of more sophisticated mud technology has achieved more much better core recoveries in comparison to previous campaigns. Three holes were drilled as twin-holes to check assays from historical holes to further evaluate presumed selective copper losses in the old drilling. These results are shown in the table below.

Phase 1 Hole	Twin Hole	Depth (m)	Interval (m)	Phase 1 Cu %	Twin Hole Cu%	Increase in copper
KKG008	KKG052	22	42	0.95	1.13	19%
KKG011	KKG050	23	18	2.00	2.02	1%
KKG006	KKG053	12	69	1.40	2.39	70%

The results support the interpretation that the average copper grade at Kali Kuning may be understated due to uneven levels of copper losses in earlier drilling, as demonstrated by the above data.

A generative exploration program surrounding the two main deposits is ongoing and has been complemented by Finders' March 2007 agreement with PT Batutua Kharisma Permai (our Indonesian partner) to explore in three new tenements covering 21,435 hectares of prospective geology on the southern coast of the island.

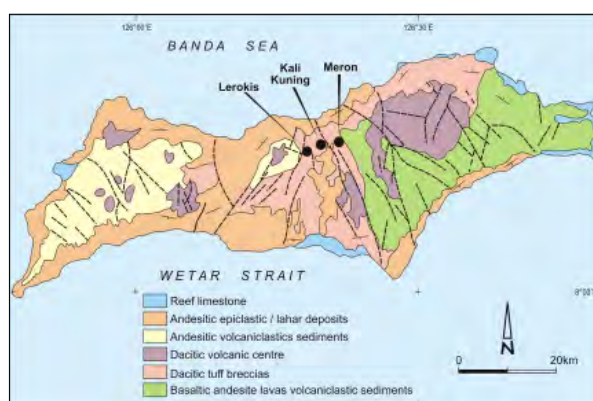
Close to the Lerokis deposit, six geophysical targets were drill tested with minor mineralisation being intersected. A satellite deposit is known to occur at Meron, approximately 2 km east of Kali Kuning. The deposit is un-mined. Billiton reported an Inferred Resource for Meron copper body of 0.6 Mt @ 2.3% Cu, 0.6 g/t Au using a 1% Cu cut-off and an assumed density of 4.0. The estimate was for the internal purposes of Billiton and, as such, was not reported to JORC standards. It is provided here for historical purposes only.

During the period initial reconnaissance mapping and stream sediment sampling was undertaken in the tenements on the southern coast of Wetar Island. The main focus of the exploration program is to delineate the extent of mineralisation systems around known deposits which have similar styles of mineralisation to the Kali Kuning and Lerokis deposits.

During the period activities focussed around the following prospects:

- W6 (Ilwaki) Prospect:  
8 drill holes (777m) by Billiton with best result of 14m @ 0.55 g/t Au and 95g/t Ag
- J91 (Batu Duri) Prospect:  
9 drill holes (602.5m) by Billiton with best results of 10m @ 4.5% Cu.

Observed mineralization, outside of the drilled prospect areas, mostly occurs as limonite-hematite fracture fill in the dacitic tuffs or andesite rock units with base metal veins observed adjacent to the W6 prospect area, consisting of quartz-pyrite-galena veins within silicified andesites. Gossanous barite mineralization, similar in style to the mine feed of the former Billiton gold operations was observed in float in streams adjacent to the known prospect areas.



Geological Summary Map

## FEASIBILITY STUDY

Finders activities during the period focussed on the first stage of a feasibility study designed to optimise and select processing routes for the copper deposits with view to producing up to 25,000 tonnes per year LME grade copper cathode over a ten year mine life. Two broad processing routes were being assessed, the on-site production of copper concentrates followed by off-site hydrometallurgical processing and secondly, on-site heap leaching.

Concurrent with process test work, elements of the Feasibility Study which are common to both process options were progressed, including environmental baseline, hydrology studies and geotechnical studies. At the project site, the former mine accommodation units are maintained. Wharf facilities and haulage access to the deposits are operational but will need repair for future mining activities.

Intermet Engineering, SRK Consultants and HLA-Envirosciences were appointed as key consultants for particular aspects of the Feasibility Study.

The corporate target for the Wetar project remains the completion of a definitive feasibility study for a 20-25,000 tonnes per annum copper cathode operation at Wetar by mid 2008 and commercial production by 2009.



# Wetar Copper Project

(Fnd 72.4% as at 30/12/2006, earning by expenditure)

Finders' commitment to achieving the project milestones has been boosted by the recent appointment of Grant Harding as Operations Manager. Mr. Harding, a qualified extractive metallurgist, has over 25 years of extensive industry experience in a range of roles incorporating copper leach operations, commissioning and project development. His experience in Indonesia includes positions with Avocet Mining, Straits Resources and Newcrest.

## CONCENTRATE TEST WORK

Forty-two (42) flotation tests from two composite core samples made up from representative Kali Kuning core material were completed at Optimet Laboratories in Adelaide, South Australia. Subsequently, viscosity, filtration and thickening tests on the rougher flotation products were completed. The major conclusions drawn from this study were that:

- An estimated copper recovery of 89.1% at a concentrate grade of 16.3% Cu is expected across the Kali Kuning ore body.
- Rougher concentrate production aimed at maximum copper recovery will provide better returns than cleaner concentrate production when followed by downstream hydrometallurgical treatment.
- Optimum rougher flotation conditions for Kali Kuning were defined by Internet Engineering as follows: grind in lime pH 11.5; target grind size P80 53 microns; SMS dosage 500 g/t; SEX (sodium ethyl xanthate) dosage 300 g/t added stepwise through flotation; 35 g/t MIBC frother addition; total reagent conditioning time 5 minutes; and total flotation time 25 minutes
- The Kali Kuning ores fall into the range of soft to very soft. To achieve optimal grind size post crushing, it is anticipated that a relatively low 26 kWh/t of energy input will be required.

## HYDROMETALLURGICAL TEST WORK

Concentrate samples prepared from Kali Kuning and Lerokis drill core have been successfully tested for hydrometallurgical production of LME A grade equivalent products using both the Albion™ Process, owned by Xstrata, and the Hydrocopper™ process developed by Outokumpu Oy.

In the first stage of test work, both the Albion™ process and Hydrocopper™ yielded copper recoveries in excess of between 93-99% from concentrates grading around 15% Cu. An Albion™ bulk test of the Lerokis concentrate had a gross acid consumption of 261 kg/tonne and a net acid consumption of 51 kg/tonne of sulphuric acid to achieve a copper recovery in excess of 98 % at a grind size of 80 % passing 7.85 microns.

The Lerokis concentrate contained a much higher level of zinc (7.7% Zn) than the earlier Kali Kuning concentrate (2.4% Zn). Leaching test results were good with high recoveries of zinc (96-99%) being achieved by both processes. Outokumpu conducted additional testwork which demonstrated the ability to economically produce by-product cathode zinc by SX-EW treatment of the copper raffinate. Further testwork would be needed to confirm the potential for production of by-product zinc oxide.

The extent of recovery of silver and gold has varied substantially between the two processes. The Albion™ process yielded combined silver and zinc recoveries of only 9% and 49% respectively. The HydroCopper™ process yielded 99% recovery of silver and would expect to obtain similar high recovery of gold.

Detailed operating cost information based on manning, reagent and power usage has been provided by both concentrate leach process suppliers. Core Resources completed initial cost estimates for an offshore Albion plant capable of producing 25,000t of LME grade copper cathode annually. Direct capital costs were estimated to be approximately US\$42m which is in line with the assumptions made in the Finders' 2006 scoping study. Operating costs are approximately 35c/lb Cu. Outokumpu estimated operating costs to be in the region of 30c/lb Cu. Capital cost estimates relevant to either Australian or Indonesian operating environment were not provided.

## Leach Test Work

In mid 2006 the Company began work to assess leaching as a process option for the Wetar copper deposits. The first stage of this exercise was to re-assay all pulps from the drilling campaigns for ferric and water soluble copper. Results indicated that ~70% of the copper was leachable at Kali Kuning but much less at Lerokis (45%).



# Wetar Copper Project

(Fnd 72.4% as at 30/12/2006, earning by expenditure)

In Q3 2006, leaching characteristics were further assessed by initiating two parallel test programs to assess conventional sulphide copper heap leach processes (Hydrometallurgy Research Laboratories, Brisbane, 'HRL') and the proprietary BioHeap™ sulphide copper leach process.

At HRL, testing has included bottle roll and column leach tests on Kali Kuning and Lerokis ore types under supervision of Alta Metallurgical Services. An initial program of 1 and 2m column tests at HRL laboratories in Brisbane, using a range of leaching media, including synthetic ferric sulphate and non proprietary bacteria, yielded copper recoveries up to 71% for Kali Kuning ore at room temperatures and demonstrated good mechanical stability and percolation for the columns. The Lerokis columns show lower levels of recovery (approx. 50%), reflecting the higher chalcopyrite mineralogical composition of the Lerokis sample.

Slow leach kinetics at room temperatures indicate that water soluble copper species and covellite-chalocite readily leach, however copper recovery from chalcopyrite is limited. For Wetar ore types, the combination of pyrite, covellite and chalcocite minerals species generate exothermic heat when they oxidize during the leach process. An additional program of 2m columns has recently commenced at higher temperatures to assess the potential for better recovery from chalcopyrite using both Kali Kuning and Lerokis composite samples and bacteria cultured from the Wetar site.

BioHeap™ test work commenced in November 2006 with a series of amenability tests carried out on minus 2mm crush samples of Kali Kuning and Lerokis ores after grinding to a P80 of 80 microns and adapting the milled ore to BioHeap™ chalcopyrite specific bacterial culture. After only 6 weeks of leaching a copper recovery of 81% was obtained from Kali Kuning. Corresponding copper recovery from Lerokis was 58%. Leaching was continuing.

Preliminary results received from a second stage of bench scale leaching tests using more BioHeap™ proprietary bacterial strains on pulverized representative samples from the Kali Kuning and Lerokis deposits have yielded higher copper recoveries into solution of 84.4% and 80.2% respectively. These encouraging results are being followed up with larger scale column tests.

## OTHER ASPECTS

### Pit Design

Revised pit optimisation studies by AMDAD of Brisbane were undertaken to assess constant metal and constant mining options for the development of the Wetar Copper project using the current Resource Estimate block model (Hellman & Schofield Pty Ltd (H&S), February 2007). Initial estimates indicate a lower strip ratio of 0.57, equivalent to approximately 1 million tonnes less waste over the life of the mine from both the Lerokis and Kali Kuning deposits.

Extraction of the copper deposits at Kali Kuning will require a deepening of the current pit floor by approximately 15m. Concurrently SRK Consulting (Perth) has completed the first stage of the geotechnical study of the Kali Kuning pit. From the initial study the following conclusion are made:

Berm widths of 2m will confine most modelled failures.

- A conservative bench face angle of 60° with a limiting bench stack height of 9m
- A Limiting Overall Slope Angle of 45.5°.

### Plant Site Geotechnical Study

SRK Consulting (Perth) has completed an initial study of the foundation conditions for the selected plant site location. The results confirm that founding conditions are generally very good for light and moderate structures from 0.5m below ground level using conventional footings or pad foundations. Depending upon settlement sensitivity, heavy structures could also be constructed using relatively shallow pad, pier or raft foundations in selected locations.

### Environmental

HLA-Envirosciences have completed water quality baseline studies and preliminary studies assessing water management and flood risk assessments. The former gold mining operations at Wetar have resulted in streams immediate to the old pits having lower pH and higher Cu concentrations than undisturbed drainages in the project area.





# Wetar Copper Project

(Fnd 72.4% as at 30/12/2006, earning by expenditure)

## CURRENT WORK PROGRAM

The Board of Finders Resources has selected heap leaching with on site solvent extraction and electrowinning (SX-EW) to produce cathode copper as the preferred process route for the project.

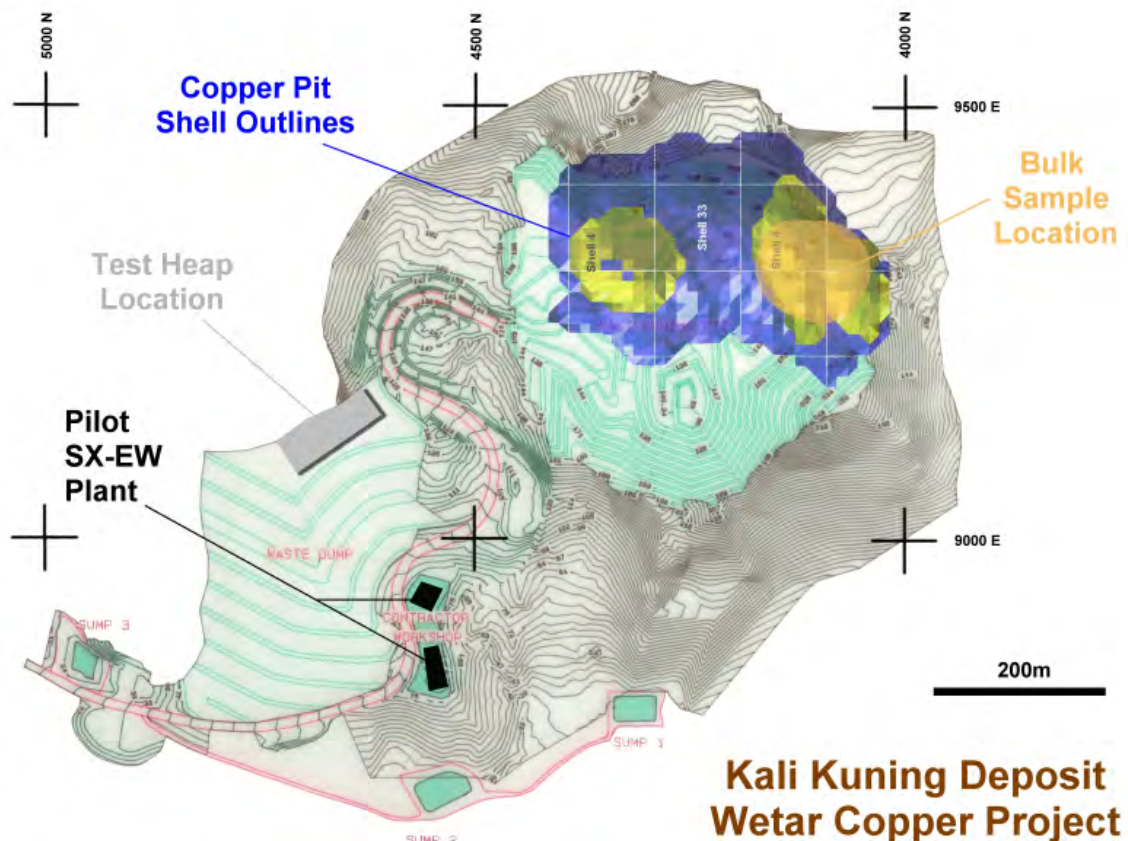
Final feasibility studies are targeted for completion in mid 2008, and will involve additional column testing and on site test heaps, in addition to current infrastructure, and environmental and social impact studies.

The Directors' preliminary estimates indicate a significant reduction in both capital (to around US\$65M) and operating (to around US\$0.50c/lb) costs for a heap leach with on site SX-EW plant, compared to the previously announced Scoping Study base case involving concentrate production and off-site hydrometallurgical production of copper cathode

### Test Heap & Pilot Plant

Design work has commenced for on site test heaps of sufficient scale to validate the commercial production process, with construction to commence as soon as the necessary permitting is complete.

Finders intend to replicate the full scale operations planned for the Kali Kuning deposit by means of several staged 20-25,000t test heaps (to a maximum of ~100,000t) and a 3-5 tonne per day pilot SX-EW plant to produce copper cathode. The test heaps will allow Finders to optimise several key parameters related to maximising copper recovery from the planned commercial operation.



*Planned configuration of the test heaps and pilot plant at Kali Kuning*



# Ojolali Silver-Gold Project

(Fnd 72% & option for 100%)

The Ojolali Project is located on the island of Sumatra, Indonesia and comprises a cluster of low sulphidation epithermal gold and silver vein systems within altered volcanics within a 54 sq km block of tenements located in the Sumatran gold belt which has over 5 million ounces of historic gold production.

Previous exploration in the area was carried out by Antares Mining and Exploration who completed 22,000 m of shallow diamond drilling, in 212 holes, between 1997 and 1999, targeting two main prospect areas, the Jambi oxide gold prospect and the Tambang silver-gold prospect.

Since acquiring the project, Finders has carried out an intensive exploration program, comprising diamond drilling to confirm the resource base at the Jambi and Tambang prospects, and a program of grid geological mapping and geochemical sampling, followed up by detailed gradient array IP surveys to define and rank additional prospect within the project area.

Jambi, with an Inferred Resource of near surface oxide gold mineralisation of at least 100,000 oz Au comprises a near-term open pit development prospect. Tambang, which is also unclosed at depth and along strike to the north, has a current Inferred Mineral Resource of around 40 million ounces of silver, 170,000 ounces of gold plus potential zinc and lead by-products.

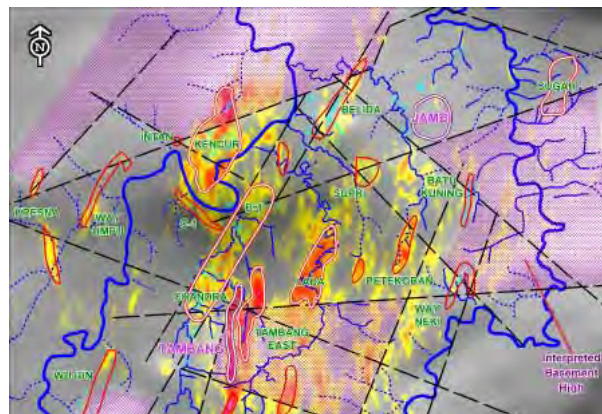
Finders' believes that the Ojolali project has strong potential to generate short-term cash flow through open pit CIL/CIP development of the gold resource at the Jambi Oxide gold deposit. Other prospects, including the known resource at the Tambang prospect, have outstanding potential to add to the resource base in a staged expansion throughout the mining district.

The project is located in rolling countryside within 5km of a major highway and grid power.

## AN EMERGING DISTRICT

The results of gradient array surveys within the tenement area have shown a clear association between resistivity and chargeability and known mineralisation within the project area. Work to date has shown that thicker quartz vein zones with associated sericitic alteration show a strong resistivity response at Ojolali associated with both known prospects and also in new areas with little outcrop. During the period over 400 line km of surveys have been completed.

In addition recently acquired airborne magnetics data for the project areas has allowed an integrated assessment of mineralisation controls in the prospect area for the first time.



Greyscale magnetics overlain by resistivity image with prospect locations

Known mineralisation is clearly within and at the margins of a pull-apart basin bounded by blocks of more magnetic basaltic basement rocks. Priority prospects such as Kencur, Lada and Tambang East are largely undrilled and show coherent zones of high resistivity of similar magnitude to the drilled Tambang prospect. Also highlighted is a one kilometer long zone of an echelon high resistivity bands between the Chandra and B-1 prospects. Oxide mineralisation at the Jambi deposit and the Cugah prospect (undrilled) has a typically subdued resistivity footprint.

## JAMBI OXIDE GOLD

### Resources

The Jambi prospect comprises a prominent cone shaped hill which rises about 125m above the surrounding land surface. The host rocks are strongly altered and weathered basaltic volcanic rocks.

In January 2007, H&S completed a resource estimate for the Jambi deposit on the basis of Finders 3,900m drilling program in 2006 which comprised 34 new diamond drill holes plus data from 160 surface channel samples and supplemented by the historic data from an exploration adit and 95 drill holes for which only grades of mineralised intervals are available. Gold and silver mineral resources were separately estimated by Multiple Indicator Kriging with block support correction to give estimates of recoverable



# Ojolali Silver-Gold Project

(Fnd 72% & option for 100%)

gold mineral resources under assumptions regarding the degree of selectivity likely to apply to an open pit mining operation. A number of significant issues were highlighted by H&S:

- Continuity of higher grade gold zones was less than the current average drill spacing of 50x50m, and closer drilling at 25x25m spacing would be required for accurate resource estimation.
- The mineralization has not been closed by drilling to the north-west, west and south.
- Because of uncertainties in sampling and sample compositing, available historical drilling data is not suitable for detailed resource estimation, which will necessitate re-drilling by Finders.

Due to the broad drill spacing relative to mineralisation continuity, the entire mineral resource estimate is classified as Inferred. Grades reported from this work do not require further adjustment to accommodate eventual mining dilution.

Gold Cut off g/t	Total Inferred Resource				Contained Gold Oz	Attributable Gold Oz Finders (72%)
	Million Tonnes	Gold g/t	Silver g/t	Gold g/t		
0.5	3.21	1.0	6.9	103,215	74,315	
0.7	2.01	1.3	7.0	84,019	60,494	
1.0	1.08	1.6	7.1	55,563	40,005	
1.3	0.62	2.0	7.2	39,871	28,707	

While this estimate represents a reduction in contained gold of around 30% compared to previous estimates based on historical data, Finders management remains confident that the additional drilling recommended by H&S will result in much better definition of the vein/fracture system controlling the gold mineralization, and result in a significant increase in the overall resource estimate.

The mineral resource model does not adequately model a high grade silver intercept of three metres of 3300 g/t from 77 metres in Finder's drill hole BKJ22 (1040, 8690 & 187 g/t) with no nearby Finders drilling or previous holes with silver assays. This intersection appears to represent a different mineralisation style from the bulk of the currently defined Jambi resource and would require additional tightly spaced drilling to provide an accurate estimate of the high grade potential beneath the oxide resource.

## Metallurgy

Composite drill core samples were selected across a range of grades, depths and oxidation states for test work at Independent Metallurgical Laboratory Pty (IML) in Perth, Australia. The composite samples represent 90% of the domains used in the current Inferred Resource model. Leach tests were conducted at a variety of grind sizes to assess the suitability of heap leach and CIL/CIP process routes for different ore types in the deposit.

Results from the test work are very encouraging. Milled composite samples representing CIP/CIL feed from representative of parts of the deposit with full oxidation showed gold recoveries of around 90%. Around 70% silver recovery was achieved from a silver-rich composite (~15g/t Ag). Samples of partially oxidised material averaged around 77% recovery for both gold and silver. All samples were insensitive to the range of grind sizes tested, suggesting that the Jambi deposit can be processed using relatively coarse grind sizes and a simple grind circuit.

The 12mm crush size tests of fully oxidised material indicated average gold recoveries of around 75%, although higher grade composites achieved better recoveries of up to 81.5%. A partially oxidised composite sample gave lower gold recovery of around 40%.

The test work indicates that acceptable gold recoveries are achievable at Jambi and that there is scope to consider heap leach treatment of marginal ore.

## TAMBANG

The major Tambang vein system has been traced over a strike length of about 2.5 km, within a corridor of altered rocks up to 800m wide. Antares drilled 61 diamond drill holes on ~100m sections to an average depth of 105m below surface, and previously Finders, in early 2006, drilled an additional 1600m in 8 diamond drill holes. A further 5 holes were drilled during the current period.

Silver and gold, with associated zinc and lead mineralization, occur within a vein swarm of up to 25m wide typically comprising epithermal quartz, carbonate veins which are hosted within a black shale unit which marks a major geological boundary between interpreted altered basaltic basement and younger andesitic volcanoclastic rocks. The resource is located below the base of oxidation, with principal ore minerals comprising electrum, argentite with associated sphalerite, galena and minor chalcopyrite.



# Ojolali Silver-Gold Project

(Fnd 72% & option for 100%)

Based on the Previous Antares drilling, in 2006 Hellman & Schofield Pty Ltd reviewed the drilling data over 500m of the strike length and estimated an Inferred Mineral Resource for Tambang in accordance with the JORC code of 7.9 Mt @ 167g/t Ag and 0.67g/t Au at a cut-off grade of ~1g/t Au equivalent. This equates to ~40 million Oz Ag and ~170,000 Oz Au.

Re-drilling by Finders within this resource showed similar widths and grade for the vein zone, and also identified significant levels of zinc (average 1.2%), and lead (average 0.6%) associated with the silver-gold mineralization. The presence of these base metals plus minor copper makes the Tambang vein material quite refractory for gold and silver extraction using CIP/CIL techniques.

Hole	From (m)	Width (m)	Au g/t	Ag g/t	Au Eq*	Pb %	Zn %
TBG09	80.0	26	0.18	77	1.46	0.3	0.8
TBG11	117.0	12	0.30	185	3.39	0.9	1.4
TBG11	138.0	3	0.49	170	3.32	0.2	0.3
TBG11	145.0	16	0.64	64	1.71	0.3	0.7
TBG12	57.0	16	0.24	139	2.55	0.2	0.3
TBG12	78.0	3	2.67	40	3.34	0.6	0.2
TBG12	85.0	4	0.25	49	1.07	0.1	0.2
TBG13	92.0	1	0.17	68	1.31	0.5	1.3
TBG13	96.3	2	2.09	94	3.66	2.1	2.4

\* Au equivalents are calculated using Ag g/t divided by 60 plus Au g/t

Table: Significant intercepts from Tambang

G&T Metallurgical Services Ltd of Kamloops, Canada have begun a phased program of mineralogy and flotation test work on approximately 300 kg of fresh half drill core from the Tambang resource. The first phase focuses on defining flow sheet and reagent conditions for a simple lead-zinc sequential flow sheet. Work scope includes grind size selection from a modal analysis at a P80 grind size of 100 microns, Bond ball mill determination, rougher tests and cleaner tests.

Two composite samples are being tested with differing silver/base metal ratios, namely a high silver (150 g/t Ag), low base metal (0.7% combined) sample and high base metal (2.2% combined), moderate silver (80 g/t Ag) sample. The first stage of test work has resulted in approximately 90% recovery of silver and gold into low grade lead and high grade zinc concentrates.

## BATU KUNING & OTHER PROSPECTS

Twenty holes totaling 3,025m have been completed by Finders in the northern part of the Batu Kuning prospect, with holes variously targeted to check reported grades from historical drilling, test the depth extent of existing outcrops and test geophysical targets. Detailed review of the drill core has shown that high grade gold and silver intersections appear to be restricted to holes drilled to the west, and reflect very high grade but narrow (ranging from a few millimetres to around 30cm in true thickness west dipping veins which intersect the core at low angles. Silver values are significantly lower in oxidized core, indicating probably leaching of silver, and gold is relatively coarse grained, evidenced by common occurrence of high gold values in the screen oversize of screen fire assays.

While vein widths encountered to date are too narrow to generate a viable resource, their high grades and persistence over significant distances is interpreted by Finders as evidence of a strong mineralizing system with high potential for local structural situations generating economic thickness and grades.

Hole	From (m)	Width (m)	Au g/t	Ag g/t	Au Eq*	
BTK01	17.7	12.8	3.9	6.0	4.0	
	24.5	4.0	8.6	9.0	8.8	
	30.5	35.9	2.1	51.0	3.0	
BTK04	48.4	6.8	6.1	145.0	8.5	
	5.5	5.0	1.1	13.0	1.3	
	21.5	7.0	1.1	19.0	1.4	
<i>incl</i>	25.5	1.0	5.0	8.0	5.2	
	41.0	5.0	2.4	51.0	3.2	
<i>incl</i>	42.0	1.0	8.2	52.0	9.0	
	10.7	1.0	7.6	25.0	8.0	
BTK05	33.0	6.0	3.1	138.0	5.4	
	<i>incl</i>	35.0	1.0	11.9	690.0	23.4
	114.5	1.0	4.1	311.0	9.3	
<i>incl</i>	126.5	1.0	2.6	202.0	6.0	
	148.0	1.5	3.9	197.0	1.5	
	154.0	1.0	2.0	361.0	8.0	
BTK06	72.5	2.0	3.7	6.0	3.8	
BTK07	83.6	1.0	6.5	330.0	12.0	
	138.7	7.5	8.4	10.0	8.6	
<i>incl</i>	140.7	5.5	11.2	14.0	11.5	
<i>incl</i>	144.2	1.0	34.2	34.0	34.8	
BTK12	149.5	6.0	3.3	2.5	3.4	
	<i>incl</i>	150.5	1.0	11.4	5.3	11.5
BTK13	67.0	1.0	3.1	5.7	3.2	
	94.0	8.5	1.2	4.1	1.3	
<i>incl</i>	100.5	2.0	2.7	3.0	2.8	



# Ojolali Silver-Gold Project

(Fnd 72% & option for 100%)

Hole	From (m)	Width (m)	Au g/t	Ag g/t	Au Eq*
	126.0	2.5	3.1	82.8	4.5
	178.0	12.0	2.1	40.5	2.8
<i>incl</i>	182.0	5.0	4.2	94.2	5.8
BTK16	96.5	1.2	3.2	159.0	5.8
	121.0	1.1	1.6	180.0	4.6
BTK19	67.9	0.9	4.3	49.3	5.1

\* Au equivalents are calculated using Ag g/t divided by 60 plus Au g/t

Table: Significant intercepts from Batu Kuning

## Scout Drilling

Towards the end of the period, a small 1,250m scout drill hole program comprising seven diamond drill holes was undertaken to test geophysical targets from the gradient geophysics survey and assess the prospect stratigraphy based on the sequence known at the Tambang prospect. Core recovery in the mineralised sections was highly variable due to broken ground. Finders has decided to postpone further drilling until a reverse circulation (RC) rig can be sourced (due late September 2008).

Prospect	Hole	From (m)	Width (m)	Au g/t	Ag g/t	Au Eq*
	BLD01	62.0	4.0	1.22	4	1.29
Belida	BLD01	84.0	1.0	1.40	6	1.49
	BLD01	93.5	1.0	0.70	50	1.54
Chandra	CDR02	12.0	1.0	0.55	185	3.63
	CDR02	101.0	2.0	0.33	54	1.95
Supri	SPR01	1.3	1.9	1.14	2	1.17
	SPR01	92.0	1.0	1.08	2	1.11

\* Au equivalents are calculated using Ag g/t divided by 60 plus Au g/t

Table: Significant intercepts from Scout Drilling

## Geochemical Sampling

An extensive program of soil and rock channel sampling has begun in the priority prospect areas. Initial results are encouraging with, at

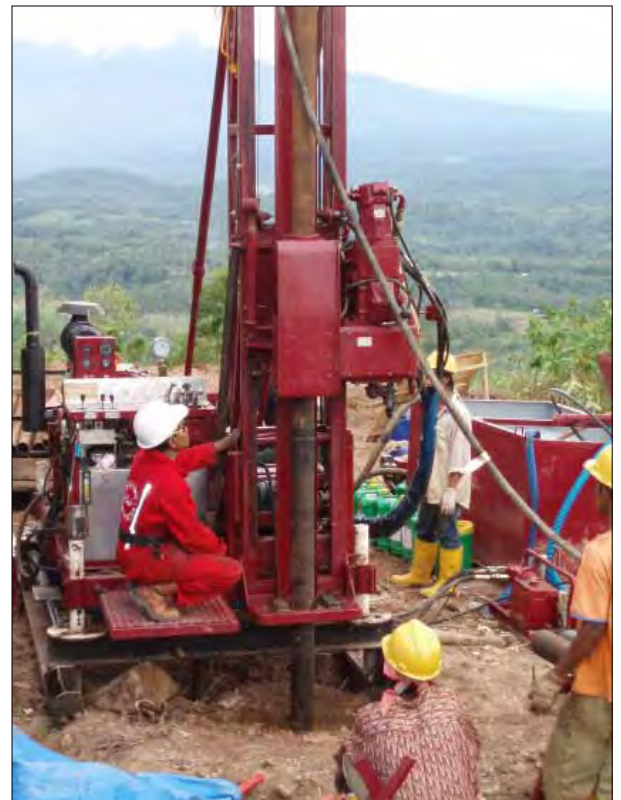
1. Kencur; best channel samples of 12m @ 2.98 g/t Au and 6m @ 3.99 g/t Au in oxide material similar in character to the Jambi oxide gold deposit,
2. Jambi; a 225m wide soil anomaly with an average gold grade of 0.6g/t Au located approximately 100m south of the current drilling area

## OUTLOOK

With gold mineralization demonstrated by local miner workings over an area exceeding 20 square kilometers, and defined resources at Jambi and Tambang, Finders considers that the Ojolali Project has excellent potential for discovery of additional resources as has occurred in other districts with similar geological style low sulphidation multiple vein epithermal systems, such as those known at Mt Muro (Aurora/Straits), Chatree (Kingsgate) and Vera-Nancy (Normandy/ Newmont).

The work program is designed to address the multi million-ounce potential it considers exists for the district by means of a progressive program focused on:

- establishing early cash flow from the leachable gold deposit at Jambi.
- establishment of a viable metallurgical process for Tambang mineralization to accommodate significant zinc and lead values which accompany the previously reported gold and silver values.
- progressive exploration for additional resources in the district with emphasis on follow up of IP results.



Ojolali Drilling



# Corporate

On 8 March 2007, the Company completed a placement of 1,478,000 new ordinary shares at 25.375 pence per share to institutional investors to raise gross proceeds of approximately £375,000 (approximately AUD \$950,000).

The funds were used to supplement the Company's working capital to accelerate project feasibility studies and exploration work and to assist in meeting the costs of a dual listing on the Australian Stock Exchange ("ASX").

The Company was admitted to the ASX on 4 June 2007 when 10,999,998 new ordinary shares were issued to institutional and retail investors to raise A\$6 million before expenses. The funds will be used to finance the Wetar and Ojolali Projects and business development activities.

181,818 new ordinary shares and 500,000 options expiring on 13 June 2010 were issued in relation to advisory services for the ASX listing.

The capital structure of the Company (AIM & ASX ticker FND) following the successful listing on the ASX and its associated capital raising is as follows:

Type of Security	Number in Issue
Fully Paid Ordinary Shares ("Shares")	
Previous Shares in issue	54,393,220
New Shares issued at A\$0.55 under Australian prospectus to raise A\$6m	10,999,998
New Shares issued to adviser in relation to the ASX listing	181,818
<b>Total Shares now in issue</b>	<b>65,575,036</b>

Unquoted Options	Exercise Price	Expiry Date	Number in Issue
Unlisted Options (previously in issue)	A\$0.50	20 March 2009	3,201,867
Unlisted Options (previously in issue)	24p	22 March 2009	1,322,881
New Options issued to adviser in relation to the ASX listing	A\$0.6875	13 June 2010	500,000
<b>Total Options now in issue</b>			<b>5,024,748</b>



Wetar Camp



# Executive Management

Finders is led by a Board and management team with strong technical and commercial skills and significant experience in the international resources industry. The team has a valuable mix of skills which include:

- exploration and development expertise across a wide range of metals, minerals and rock types;
- commercial, financial and legal expertise required for negotiating project agreements and expediting project development;
- senior operational and project development and commissioning management experience;
- Indonesian project experience and contacts;
- international resource industry and commercial contacts; and
- large, medium and small company experience.

Over the past 20 years, between them, the team have played an integral role in the discovery, evaluation, commissioning and operation of several new mining operations, notably: Granny Smith, Osborne, Girilambone, Waihi, Wetar, Lebong Tandai, Forrestania, Honeymoon Well, Silver Swan, Gosowong, Mt Muro and Monywa.



**Dr Russell Fountain (aged 62), BSc, PhD, FAIG — Executive Chairman**

Dr Fountain has over 40 years of international experience in all aspects of mineral exploration, project feasibility and project development. Previous senior positions include President, Phelps Dodge Exploration Corporation; Exploration Manager, Nord Pacific Ltd and Chief Geologist, CSR Minerals Ltd. Dr Fountain has had global responsibility for corporate exploration programs with portfolios targeting copper, gold, nickel and mineral sands and has been accessing and managing mining opportunities for a significant portion of his career.



**Dr Chris Farmer (aged 42), BSc(Hons), MBA, PhD — Managing Director**

Dr Farmer has over 15 years of international experience in all aspects of exploration, with an emphasis on international joint ventures and business development. Previous positions include Vice-President Australasia and Chief Geologist, Phelps Dodge Exploration Corporation; and Senior Geologist with both Highlands Gold (Indonesia) Pty Ltd and Billiton Indonesia BV. He has worked on gold, copper and base metal exploration projects in Indonesia, the Philippines, China, India and Australia and completed technical assessments, due diligence or financial evaluation of grassroots and advanced projects globally.



**Mr Stephen de Belle (aged 55), BA, MSc, MTCP, MAICD — Non-Executive Director**

Mr de Belle is a non-executive director of the ASX listed Midwest Corporation Ltd and Managing Director of Mantle Mining Ltd. Previous roles include: Managing Director, Midwest Corporation Ltd; Chairman, Australian Superannuation Nominees Ltd, Head of Resources Finance, ABN AMRO Australia; Director, Structured Finance, Barclays Bank and positions with BZW Australia, ANZ Capital Markets, Capel Court and CSR Minerals Ltd. Stephen 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.



**Mr Steve Lonergan (aged 60), LLB, LLM — Non-Executive Director**

Mr Lonergan specialises in corporate and commercial law as a private practitioner. He is currently General Counsel and Company Secretary of CBH Resources Ltd and Director and Company Secretary of Paradigm Gold Ltd and has held similar positions with Savage Resources Ltd and Pancontinental Mining Ltd. Stephen has also been a Partner for Baker & McKenzie and worked for the International Air Transport Association, the Department of Defence and Department of Foreign Affairs. He has been involved in acquisitions and exploration arrangements in Canada, USA, Peru, Australia, South Asia and Africa.



**Mr Ian Neuss (aged 61), BSc (Hons), Dip Ed, MSc, FAIG, FAICD — Alternate Director to Dr Fountain**

Mr Neuss has over 35 years international mining experience including positions as Managing Director of Outokumpu Mining Australia Pty Ltd and Manager Overseas Exploration for CSR Ltd. Ian was responsible for commercial operations and exploration, building both CSR's overseas mining interests, and Outokumpu's minerals portfolio in Australia that lead to successful joint ventures, financial investments and mines. Ian has held various positions in Indonesia, including Exploration Manager for Koba Tin during the 1970s and Project Manager at the Lebong Tandai gold mine in the 1980s. Whilst with Outokumpu, Ian was also an alternate Director on the board of Sipa Resources.



# Executive Management



**Mr Ian Morgan (aged 46) B Bus, CA, ACIS, MAICD, FFin — Company Secretary**  
Ian Morgan is a Chartered Accountant and Chartered Company Secretary with initial experience working for a major international accounting firm. Subsequent experience includes six years with the Republic Group merchant bank and its listed and unlisted public company affiliates as Financial Controller and Company Secretary; two years with Green's Foods Limited as Group Financial Controller; and five years as Financial Accountant for Akzo Australia, the Australian subsidiary of the Dutch chemical and pharmaceutical company.







# Geopacific Resources NL

(Fnd 14.6%)

The Company carried out an extensive review of Geopacific Resources N.L.'s (GPR or, Geopacific) prospects in Fiji and concluded that the portfolio of tenements represented an exciting exploration opportunity with good potential for early economic discoveries. The Company provided Geopacific with financial and technical assistance. On listing of GPR on the ASX on 9 May 2006, conversion of convertible notes resulted in Finders holding 5,900,000 fully paid ordinary shares in GPR.

The Company is encouraged by Geopacific's initial activities as a listed company which include:

- High grade gold intercepts at both the Raki-Raki and Vuda prospects
- Delineation of a large porphyry system at Nadi South
- High grade zinc assays from an emerging skarn district at Nuku
- Completion of a Heads of Agreement to acquire the Nabila Gold project from Millennium Mining Fiji Ltd.

Shareholders are encouraged to learn more about Geopacific on [www.geopacific.com.au](http://www.geopacific.com.au)

## Important Information & Disclaimer

Resource estimates are reported in accordance with the 2004 edition of the Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code", available at [www.jorc.org](http://www.jorc.org)). The estimates were performed by Dr Phillip Hellman who is a Director of Hellman & Schofield Pty Ltd ("H&S") and a Fellow of the Australian Institute of Geoscientists. He qualifies as a Competent Person under the meaning of the JORC Code and consents to the inclusion of these estimates in this report by Finders Resources Ltd in the form and context in which they appear.

Geological information in this report is based on information compiled by Dr R Fountain, who is a Fellow of the Australasian Institute of Geoscientists and a Director of Finders. 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 Competent Person as defined in the 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 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.

Statements in this document that are forward-looking and involve numerous risks and uncertainties that could cause actual results to differ materially from expected results are based on the Company's current beliefs and assumptions regarding a large number of factors affecting its business. Actual results may differ materially from expected results. There can be no assurance that (i) the Company has correctly measured or identified all of the factors affecting its business or the extent of their likely impact, (ii) the publicly available information with respect to these factors on which the Company's analysis is based is complete or accurate, (iii) the Company's analysis is correct or (iv) the Company's strategy, which is based in part on this analysis, will be successful.

# Corporate Governance

## CORPORATE GOVERNANCE STATEMENT

The Board of Directors strongly supports the concept and practice of good corporate governance. In this regard, the Board acknowledges the guidelines set out in ASX Corporate Governance Principles and Recommendations (2007). (ASX Principles) The Company has elected to report against all the recently amended ASX Principles even though such reporting is not mandatory before January 2008. Any departures from the ASX Principles derive from the particular circumstances of the Company and are disclosed in this Statement. This Statement is structured along the same lines as ASX Principles, with sections dealing in turn with each of the eight corporate governance principles.

The Board is continually reviewing its corporate governance framework in the light of the development of the Company. As circumstances require or permit, the Board will make appropriate amendments. The framework is published on the Company's web site.

By way of perspective, it should be noted that the Company only has 3 executives (excluding the 2 non-executive Directors) who are key management personnel and, in a Company of such small size, non compliance with some of the ASX Principles is unlikely to impact on shareholder value .

The Company has two operating projects in Indonesia, the Wetar Copper project and the Ojolali Gold-Silver Project. The Company's Sydney office maintains budget and operational oversight of the business and associated risks. The Jakarta office of the Company implements the execution of work programmes agreed by the Board.

Reporting, accountability, risk management and prioritisation issues are relatively simple, particularly as each of the Directors has continuous involvement with some facet of the Company's activities.

### Principle 1 – Lay Solid Foundations For Management and Oversight

The Board of Directors is responsible for the corporate governance of the Company including its strategic development. The Board is accountable to the Shareholders for the performance of the Company and has overall responsibility for its operations. Day to day management of the Company's affairs, and the implementation of the corporate strategy and policy initiatives, has been formally delegated by the Board to the Managing Director.

The key responsibilities of the Board include:

- approving the strategic direction and related objectives of the Company and monitoring management performance in the achievement of these objectives;
- adopting budgets and monitoring the financial performance of the Company;
- reviewing the performance of the Managing Director;
- overseeing the establishment and maintenance of adequate internal controls and effective monitoring systems;
- ensuring all major business risks are identified and effectively managed;
- ensuring that the Company meets its legal and statutory obligations and conforms with the highest standards of financial and ethical behaviour;
- selecting and, if necessary, replacing the Managing Director, establishing an appropriate remuneration package for the Managing Director, ensuring adequate succession planning, and providing guidance on the appointment and remuneration of its other senior executives and officers;
- ensuring that the Company has in place a policy that enables it to communicate effectively with its Shareholders, other stakeholders and the public generally;
- ensuring that the composition of the Board is appropriate, selecting new directors for appointment to the Board and reviewing the performance of the Board and the contributions of individual Directors; and
- ensuring that satisfactory arrangements are in place for auditing the Company's financial affairs, including selecting and recommending auditors for appointment by Shareholders;

The Directors have individual letters of appointment setting out their respective rights and obligations.

#### *Recommendations Not Followed*

*Performance evaluations of senior executives were not formally undertaken during the reporting period.*

*The Company does not have induction procedures for new executives as it believes they are not necessary given the limited operations of the Company and the quite small size of and immediate accessibility to the key management of the Company.*

# Corporate Governance

## CORPORATE GOVERNANCE STATEMENT

### Principle 2 – Structure The Board To Add Value

The Company believes that in spite of its relatively small size it possesses a Board of sufficient size, expertise composition and commitment to adequately discharge its responsibilities. Given that the Company is an exploration Company and undertaking feasibility studies, this requires that the Board be composed of individuals who have specific knowledge of mining, exploration and related downstream aspects in addition to the underlying requirements of expertise in corporate law, finance, accounting, commerce, product marketing, engineering and geological sciences.

A majority of the Board members have a significant personal stake in the success of the Company and the Board believes that, on balance, this will align the interests of shareholders and Directors to the benefit of all stakeholders.

The skills, experience and expertise relevant to the position of each director who is in office at the date of the annual report and their term of office are detailed in the Director's Report. The following table provides a summary

Name	Position	Background	Experience
Russell John Fountain	<i>Executive Chairman since 2004</i>	Exploration, Project Feasibility & Development	-40 years
Christopher Ben Farmer	<i>Managing Director since 2004</i>	Exploration & Business Development	-15 years
Ian David Neuss	<i>Alternate for Mr Fountain since 2006</i>	Operations & Project Development	-35 years
Stephen Ross de Belle	<i>Non-Executive Director since 2004</i>	Commercial	-35 years
Stephen John Lonergan	<i>Non-Executive Director since 2005</i>	Legal	-30 years

The composition of the Board is subject to review in a number of ways:-

- The Company's Constitution provides that at every annual general meeting, one third of the directors shall retire from office but may stand for re-election.
- Board composition is reviewed periodically by the Nominations Committee either when a vacancy arises or if it is considered the Board would benefit from the services of a new director, given the existing mix of skills and experience of the Board and the strategic demands of the Company.

The Nomination Committee consists of Messrs de Belle, Fountain and Lonergan and is chaired by Mr Stephen Lonergan and their attendance at meetings of the committee are detailed in the Directors' Report

The names of independent directors of the Company are:

- Stephen de Belle
- Stephen Lonergan

Independent directors have the right to seek independent professional advice in the furtherance of their duties as directors at the Company's expense. Written approval must be obtained from the Chairman prior to incurring any expense on behalf of the Company

All Directors have direct access to all executives and the Company Secretary

#### *Recommendations Not Followed*

*The Company's need for high level expertise and experience, have meant that the Company does not meet the ASX Principle of having the majority of the Board as independent Directors. The Board currently comprises three executive Directors and two independent non-executive Directors.*

*The Chairman of the Board is not an independent director.*

*Performance evaluations of the Board were not formally undertaken during the reporting period.*

# Corporate Governance

## CORPORATE GOVERNANCE STATEMENT

### Principle 3 – Promote Ethical and Responsible Decision-Making

The Directors, management and staff are expected to perform their duties for the Company in a professional manner and act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company.

The Company has a code of conduct which promotes the following tenants:

- We respect the law and act accordingly
- We conduct ourselves with integrity, are fair and honest in our dealings and treat others with dignity
- We do not place ourselves in situations which result in divided loyalties
- We use the Company's assets (including funds, equipment and information) responsibly and in the best interests of the Company.
- We are responsible for our actions and accountable for their consequences.

The Company considers itself to be fully aware of its social and environmental responsibilities and anticipates implementing the highest standards of corporate operation in these regards.

The Company recognises that it has obligations to a wide range of stakeholders not only its employees, direct contractors and shareholders. The Company has potential to be a major employer and have significant economic and social impact in the Company's two project areas.

The Company's aim is that its operations (and those of its contractors) become and remain the employers of choice. The Company accepts that many of its decisions and policies can have significant effects in the local communities and has striven to earn and retain the respect of the broad community.

In each of the Company's project areas the Company has engaged reputed independent consultants to undertake extensive environmental baseline studies, the results of which are communicated to the appropriate local authorities. The Company is not aware of any endangered species of flora or fauna in the project areas. The projects are subject to relevant environmental regulation and will themselves have varying levels and types of potential impact on the natural environment. Exploration work is intended to be carried out in a way that causes minimum impact on the environment. Indonesia has laws and regulations regarding environmental matters, including disturbance and rehabilitation issues and the discharge of hazardous waste and materials. In addition, the Company will continue to adopt "best practice" environmental management techniques from the wider mining community particularly Australian standards of operation.

The Company's objective is partner local communities and by means of direct consultation has jointly implemented with each project community a range of staged projects designed to empower community members and assist in the growth of sustainable activities within each project area. Community development plans are structured to match the project life cycle with a strong focus on open discussion, common targets, multi-party planning and problem solving, building trust and sharing success.

The Company's Constitution permits the Directors to acquire securities in the Company. However, the Company dealing policy prohibits directors and senior management from trading the Company's securities at any time whilst in possession of price sensitive information, during any "close period" as defined in the AIM Rules (which covers the 2 month period before the release of the Company's half year and full year financial results), and for 24 hours after:

- any major announcements;
- the release of the Company's annual financial results to the ASX/AIM; and
- the annual general meeting.

Directors must advise the Chairman of the Board before buying or selling securities in the Company. All such transactions will be reported to the Board and immediately reported to the Company's Nomad, the ASX and the AIM market in accordance with the requirements of the ASX Listing Rules, the AIM Rules and the Australian Corporations Act.

# Corporate Governance

## CORPORATE GOVERNANCE STATEMENT

### Principle 4 – Safeguard Integrity In Financial Reporting

The Company requires the Managing Director to certify in writing to the Board that the Company's financial statements are in accordance with relevant accounting standards and are not misleading in any material respect.

The Audit Committee consists of Messrs de Belle, Lonergan and Neuss and chaired by Mr Stephen de Belle and their attendance at meetings of the Committee are detailed in the Directors' Report

In addition to attending to finance and accounting matters and reporting, in accordance with statutory, ASX and AIM requirements, the Company seeks and takes guidance from its auditors regarding risk issues (such as identifying matters and potential responses) and conflict issues (such as potential conflicts of interest, dealing with competing priorities, etc).

#### *Recommendations Not Followed*

*The Company has yet to establish a formal audit committee charter:*

*The Audit Committee does not consist entirely of non executive Directors because there is not the minimum of three independent Directors*

### Principle 5 – Make Timely and Balanced Disclosure

The Company has a policy that all the Company shareholders and investors have equal access to the Company's information. The Chairman of the Board ensures that all price sensitive information is disclosed to the ASX and AIM markets in accordance with the continuous disclosure requirements of the ASX Listing Rules, the AIM Rules and the Australian Corporations Act.

The Board of Directors' aim is to ensure that the Company's shareholders will be informed of all major developments affecting The Company's state of affairs. Information will be communicated to the Company's shareholders in the following forms:

- annual and half-yearly financial reports and quarterly reports;
- annual and other general meetings convened for Shareholder review and approval of Board proposals;
- continuous disclosure of material changes to ASX and AIM for open access to the public; and
- the Company maintains a website where all ASX and AIM announcements, notices and financial reports are published as soon as possible after release to the ASX and AIM.

#### *Recommendations Not Followed*

*There is no written continuous disclosure policy or procedure as the unusually small number of key management personnel are continuously in dialogue and are each well aware of their disclosure obligations*

### Principle 6 – Respect The Rights Of Shareholders

The Company respects the rights of its shareholders and to facilitate the effective exercise of those rights the Company is committed to:

- communicating effectively with shareholders through releases to the market via ASX, the Company's web site, information mailed to shareholders and the general meetings of the Company;
- giving shareholders ready access to balanced and understandable information about the Company and corporate proposals;
- making it easy for shareholders to participate in general meetings of the Company; and
- requesting the external auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

The Company also makes available a telephone number and email address for shareholders to make enquiries of the Company. The Company also maintains a website [www.findersresources.com](http://www.findersresources.com) which is kept current.

#### *Recommendations Not Followed*

*The Company does not have a written communication policy*

# Corporate Governance

## CORPORATE GOVERNANCE STATEMENT

### Principle 7 – Recognise and Manage Risk

The Board has identified the significant areas of potential business and legal risk of the Company.

The identification, monitoring and, where appropriate, the reduction of significant risk to the Company is the responsibility of the Managing Director and the Board. Management reports to the Board on key risk issues at regular Board meetings. The Board reviews and monitors the parameters under which such risks will be managed.

#### Financial Risk

Management accounts are prepared and reviewed with the Managing Director at subsequent Board meetings. The Company maintains a rolling cash flow forecast model, which is maintained by reference to actual and estimated expenditure amounts per existing agreements and actual cost updates. Budgets are prepared and compared against actual results. The Company uses a calendar year budgeting period which is updated on a rolling monthly basis. The Company's budgets are prepared in USD for Indonesian operations and the Company typically deposits a portion of its cash assets in USD. The Group does not currently hedge these currency risks.

In addition to attending to finance and accounting matters and reporting, in accordance with statutory, ASX and AIM requirements, the Company will be seeking and taking guidance from its auditors regarding risk issues (such as identifying matters and potential responses) and conflict issues (such as potential conflicts of interest, dealing with competing priorities, etc).

The Board is assured by the Managing Director that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

#### Other Material Risks

There are numerous widespread risks associated with investing in any form of business and with investing in the share market generally. Changes in the general economic climate in which Finders operates may adversely affect the financial performance (that is future costs and revenues) of the Company and the value of its mineral assets. In particular, changes in the current and expected future price of copper, silver, gold and other commodities can change rapidly and significantly and this can have a substantial effect on the value of the Company's assets and the potential future revenue and profits that might be earned from any successful development of those assets.

Changes in government, monetary policies, taxation and other laws and regulations can also have a significant influence on the outlook for projects and companies and the actual and potential returns to investors. Finders' current two main project interests are located in Indonesia. No assurance can be given regarding future stability in Indonesia. Whilst Finders is mindful of this risk issue and takes it into account in respect of assessing the relative merits of opportunities and in management of and exit planning for assets its investments may be materially adversely affected by political instability. These risk factors are largely beyond the control of the Company and its Directors.

There is also a range of specific risks associated with the Company's business and its involvement in the exploration industry. The key material risks pertinent to an exploration stage Company identified by the Board and management protocols follow:-

#### *Exploration and Feasibility Risks*

Exploration for minerals is speculative and involves significant degrees of risk. Feasibility studies on the potential development of operations to exploit any mineral resources that are delineated may not prove positive. The Board is regularly updated on project activities and results and relies on the experience of the Management Team.

#### *Resource and Reserve Estimates*

Finders adheres to the JORC Code for the reporting of its Mineral Resources.

#### *Grant of Licences*

All of the Projects in which the Company has an interest will be subject to application for tenement renewal from time to time. Renewal of the term of each Tenement is subject to applicable legislation. The Directors are not aware of any reason why renewal of the term of any Tenement will not be granted.

#### *Reliance on Key Personnel and Retention of Key Business Relationships*

Finders relies on the ability of Finders' executive personnel and Directors, its Management Team and on strategic relationships with other entities, such as its Indonesian partners, regulatory and governmental departments and contracted service providers. The Board strives to keep these relationships in good standing.

# Corporate Governance

## CORPORATE GOVERNANCE STATEMENT

### *Recommendations Not Followed*

#### *The Company has established formal policies for financial risks only*

The Company has not established or published specific policies for managing material business risks as those risks, associated with exploration and potential development are being assessed and managed on a daily basis.

The Company has no specific internal control system to manage risk other than through the initiative of its key management personnel.

### **Principle 8 – Remunerate Fairly And Responsibly**

The Remuneration Committee consists of Messrs de Belle and Lonergan and chaired by Mr Stephen Lonergan and their attendance at meetings of the Committee are detailed in the Directors' Report

Remuneration has been and will continue to be set on the basis which reflects both the state of the market and appropriate incentives based upon the overall performance of the Company. The remuneration policy, which sets the terms and conditions for senior executives, was developed by the Remuneration Committee. All executives receive a base salary, superannuation and may benefit from the Company's Performance Bonus Plan. The Board (including non-executives) are remunerated by means of a fixed annual salary and superannuation, having regard to the norms in comparable companies from time to time.

There are no schemes for retirement benefits other than statutory superannuation for both executives and non-executive directors.

The board expects that the remuneration structure implemented will result in the Company being able to attract and retain the best executives. It will also provide executives with the necessary incentives to work to grow long-term shareholder value. The policy complies with the four key principles of IFSA Guidance Note 02–16.

The Performance Bonus Plan is 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, with priority given to distributions to shareholders as the key indicator of performance. The payment of bonuses, options 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. All bonuses, options and incentives must be linked to predetermined performance criteria. The Board can exercise its discretion in relation to approving incentives, bonuses and options and can recommend changes to the Committee's recommendations. Any changes must be justified by reference to measurable performance criteria.

The Company has scope, pursuant to its Share Incentive Plan to issue fully paid shares (to a maximum of 5% of total shares) to individuals where the Board considers this is warranted – such as in order to attract and incentivise highly competent and experienced personnel to join the team. Messrs Fountain, Farmer and Neuss are, subject to Shareholders approval in accordance with the requirements of the Australian Corporations Act 2001 and the Australian Securities Exchange Listing Rules, eligible to participate in the Company's Share Incentive Plan.

The amount of remuneration for all directors and the five highest paid executives, including all monetary and non-monetary components, are detailed on page 27. All remuneration paid to executives is valued at the cost to the Company and expensed. Shares issued to executives are valued as the difference between the market price of those shares and the amount paid by the executive. Any Options issued as remuneration would be valued using, an appropriate methodology including the Black-Scholes methodology.

# Corporate Governance

## CORPORATE GOVERNANCE STATEMENT

### Remuneration Summary

Person & Role	Agreed Remuneration Package
<i>Russell Fountain – Executive Chairman</i>	
Minimum 2.5 days per week commitment to Company business. 4 year contract period which commenced when the Company listed on the AIM on 22 March 2006.	A\$140,000 pa plus a performance bonus of up to 100%.
<i>Chris Farmer – Managing Director</i>	
Full time basis with 4 year contract period which commenced when the Company listed on the AIM on 22 March 2006.	A\$200,000 pa plus a performance bonus of up to 100%. Any earnings from commitments to other Finders Group companies shall be offset against the above.
<i>Ian Neuss – Alternate Director &amp; Development and Acquisitions Manager</i>	
2.5 days per week commitment to Company business 4 year contract period which commenced when the Company listed on the AIM on 22 March 2006.	A\$100,000 pa plus a performance bonus of up to 100%.

The non-executive Directors, Stephen de Belle and Stephen Lonergan, receive Directors fees of A\$36,000 pa.

The Company provides Director's insurance cover for each of its Directors. There are no retirement or analogous benefits for Directors.

Directors may provide to any other person, firm or Company, services the same as or similar to the services undertaken on behalf of the Company if:

- the provision of such services does not in any way impair or hinder the performance by the Director in his duties for the Company
- in the case of a Company listed on any stock exchange, the Director first obtains the consent of the Company's directors before providing such services to that Company;
- such services are not provided to an individual or Company involved in the minerals and/or mining industry, except Geopacific Resources N.L. and its subsidiaries, without written consent of the Company's Board.

### *Recommendations Not Followed*

The Company has not established or published specific policies for managing material business risks as those risks, associated with exploration and potential development are being assessed and managed on a daily basis.

The Company has no specific internal control system to manage risk other than through the initiative of its key management personnel



# Directors' Report

## DIRECTORS' REPORT

Your directors present their report on the company and its controlled entities for the financial year ended 30 June 2007.

### Directors

The names of directors in office at any time during or since the end of the year are:

Dr Russell Fountain  
Dr Chris Farmer  
Mr Stephen de Belle (re-elected 16 November 2006)  
Mr Steve Lonergan  
Mr Ian Neuss

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

### Information on Directors

<i>Dr Russell Fountain</i>	—	<i>Executive Chairman</i>
Qualifications	—	BSc (Sydney University), PhD (University of Sydney), FAIG
Experience	—	Dr Fountain has 40 years of successful international experience in all aspects of mineral exploration, project feasibility and development of mining projects. Board member and Chairman since company's incorporation 30 March 2004.
Interest in Shares and Options	—	5,747,869 Ordinary Shares in Finders Resources Ltd 133,333 Options in Finders Resources Ltd
Special Responsibilities	—	Member of the Nomination Committee
Directorships held in listed entities	—	Current director of Geopacific Resources NL (since August 2004)
<i>Dr Chris Farmer</i>	—	<i>Managing Director</i>
Qualifications	—	BSc (Hons) (University of Southampton), MBA (Ashridge), PHD (Royal School of Mines, Imperial College)
Experience	—	Dr Farmer has 15 years of international experience in all aspects of exploration, with a strong emphasis on business development. Board member since company's incorporation 30 March 2004.
Interest in Shares and Options	—	5,381,202 Ordinary Shares in Finders Resources Ltd
Special Responsibilities	—	Nil
Directorships held in listed entities	—	Nil
<i>Mr Stephen de Belle</i>	—	<i>Non-Executive Director</i>
Qualifications	—	BA (Macquarie University), MSc (London University), MTCP (Sydney University)
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. Board member since 27 November 2004.
Interest in Shares and Options	—	1,812,999 Ordinary Shares in Finders Resources Ltd 134,000 Options in Finders Resources Ltd
Special Responsibilities	—	Chairman of the Audit, Remuneration and Nomination Committees Current director of Midwest Corporation Ltd (>3 years).
Directorships held in listed entities	—	Current director of Mantle Mining Corporation Limited (>3 years).

# Directors' Report

## DIRECTORS' REPORT

<i>Mr Steve Lonergan</i>	—	<i>Non-Executive Director</i>
Qualifications	—	LLB (Hons) (Australian National University), LLM (Magill University)
Experience	—	Mr Lonergan specialises in corporate and commercial law as a private practitioner. He has been involved in acquisitions and exploration arrangements both in Australia and overseas. Board member since 22 March 2005.
Interest in Shares and Options	—	41,600 Ordinary Shares in Finders Resources Ltd. 20,800 Options in Finders Resources Ltd
Special Responsibilities	—	Member of the Audit, Remuneration and Nomination Committees
Directorships held in listed entities	—	Paradigm Metals Ltd since November 2002 and continuing
<hr/>		
<i>Mr Ian Neuss</i>	—	<i>Alternate Executive Director</i>
Qualifications	—	BSc (Hons) (University of New England), Dip. Ed (University of New England), MSc (University of Birmingham), FAIG, FAICD
Experience	—	Mr Neuss has over 36 years mining experience and has held various positions where he was responsible for commercial operations and exploration, building overseas mining interests and minerals portfolios leading to successful joint ventures, financial investments and mines. Board member/alternate since company's incorporation 30 March 2004.
Interest in Shares and Options	—	5,736,543 Ordinary Shares in Finders Resources Ltd. 102,400 Options in Finders Resources Ltd
Special Responsibilities	—	Member of the Audit Committee
Directorships held in listed entities	—	Nil

### Company Secretary

The following person held the position of company secretary at the end of the financial year:

Mr Ian Morgan — Bachelor of Business, Chartered Accountant and Chartered Company Secretary. Mr Morgan has 6 years experience with the Republic Group merchant bank and its listed and unlisted public company affiliates as Financial Controller and Company Secretary. Prior to that Mr Morgan spent 2 years with Green's Foods Limited as Group Financial Controller and 5 years as Financial Accountant for Akzo Australia, the Australian subsidiary of the Dutch chemical and pharmaceutical company. His initial experience was with Price Waterhouse. Mr Morgan was appointed company secretary on 27 November 2004.

### Principal Activities

The principal activities of the consolidated group during the financial year were:

- to build a profitable mid-tier metal mining and exploration company with a focus on advancing projects with near term development potential.

There were no significant changes in the nature of the consolidated group's principal activities during the financial year.

### Operating Results

The loss attributable to members of the parent entity consolidated loss of the consolidated group after providing for income tax and eliminating minority equity interests amounted to \$6,152,805. (2006:\$1,378,912).

### Dividends Paid or Recommended

During the year ended 30 June 2007 no dividends were paid. At June 30 2007, no dividend is proposed for the current year.

# Directors' Report

## DIRECTORS' REPORT

### Review of Operations

#### Wetar Copper Project – Indonesia

The Wetar Copper Project is located in eastern Indonesia. The project is at the site of a former gold mine operation by Billiton between 1991 and 1997 and comprises two main deposits, Kali Kuning and Lerokis, both within 5km of the coast. Finders' activities during the period focussed on the first stage of the Feasibility Study which comprised diamond drilling to upgrade the Kali Kuning resource estimate, substantial laboratory test work to evaluate four process options, process selection, extensive environmental and geotechnical studies. Exploration activities focussed on generating new prospects to expand the existing resource base

#### Ojolali Gold-Silver Project – Indonesia

The Ojolali gold silver project is located in rolling countryside within 2km of a major highway and 5km of grid power on the island of Sumatra, Indonesia. The district contains widespread gold and silver mineralization which has been investigated during the period by means of extensive geophysical and geochemical surveys, diamond drilling at the Jambi prospect to provide the basis for a new resource estimate and metallurgical sampling, drilling at the Tambang and Batu Kuning prospects to confirm previous drill results of extend the resource envelope. Metallurgical test work was also undertaken for the Jambi and Tambang prospects. Approximately 6500m of drilling was completed during the period to the date of this report.

### Financial Position

The net assets of the consolidated group have increased by \$382,340 from \$7,106,879 at 30 June 2006 to \$7,489,219 at 30 June 2007 in 2007. This increase has largely resulted from maintaining the company's cash position by share issues during the year and an increase in the value of the consolidated group's shareholding in Geopacific Resources NL.

The directors believe the group is sufficiently funded to achieve its current project milestones.

### Significant Changes in State of Affairs

The following significant changes in the state of affairs of the parent entity occurred during the financial year:

On 8 March 2007 the company issued 1,478,000 new ordinary shares contributing £375,000 (\$933,898) on the AIM market of the London Stock Exchange.

On 4 June 2007 the company listed on the ASX and issued 10,999,998 ordinary shares contributing \$6,050,000 on the Australian Securities Exchange (ASX).

On 13 June 2007, the company issued 181,818 ordinary shares and 500,000 options to RFC Corporate Finance Ltd as per an engagement agreement in relation to the company's listing on the ASX.

### Changes in controlled entities:

On 12 March 2007 Finders Resources Limited purchased 115 additional shares in controlled entity Banda Minerals Pty Limited from other shareholders for \$44,789. 40,810 ordinary shares in Banda Minerals Pty Limited were issued on 30 April 2007, to Finders Resources Limited, under the dilution clause of the Shareholders Agreement. As a result, Finders' interest in Banda is currently 72.385%.

### After Balance Date Events

The interest free loan amounting to Rp 270,000,00 (\$35,606) from the company provided to PT Batutua Kharisma Permai during the year has been repaid in full to the Company, after the balance sheet date 30 June 2007.

### Future Developments, Prospects and Business Strategies

The Company's vision is to move as rapidly as is prudently possible to producing mine status through development of its Wetar Copper and Ojolali gold-silver projects. Further growth will be generated through brownfields exploration around the initial projects. Specific objectives include:

- Development of the Wetar copper project as a low cost copper producer targeting 25,000 tpa copper production from 2009.
- Progressive development at Ojolali with low cost start-up oxide gold mining operation to provide cash flow while unlocking the outstanding potential for additional discovery in the surrounding mineral district.
- Close monitoring of GPR investment with a view to maximizing the return to Finders from exploration success by GPR
- Identifying new undervalued assets and/or those with unrecognized potential for low cost acquisition.

# Directors' Report

## DIRECTORS' REPORT

### Environmental Issues

In each of the Company's project areas the Company has engaged reputable independent consultants to undertake extensive environmental baseline studies, the results of which are communicated to the appropriate local authorities. The company is not aware of any endangered species of flora or fauna in the project areas. The projects are subject to relevant environmental regulation and will themselves have varying levels and types of potential impact on the natural environment. Exploration work is intended to be carried out in a way that causes minimum impact on the environment. Indonesia has laws and regulations regarding environmental matters, including disturbance and rehabilitation issues and the discharge of hazardous waste and materials. In addition, the Company will continue to adopt "best practice" environmental management techniques from the wider mining community particularly Australian standards of operation.

### REMUNERATION REPORT

This report details the nature and amount of remuneration for each director of Finders Resources Limited.

#### Remuneration Policy

The board's policy for determining the nature and amount of compensation of key management for the group is as follows:

The remuneration policy of Finders Resources Limited has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the consolidated group's financial results. The board of Finders Resources Limited believes the remuneration policy will result in the company being able to attract and retain the best executives. It will also provide executives with the necessary incentives to work to grow long-term shareholder value.

Remuneration has been and will continue to be set on the basis which reflects both the state of the market and appropriate incentives based upon the overall performance of the Company. 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 executives receive a base salary, superannuation and may benefit from the Company's Performance Bonus Plan. The Board (including non-executives) are remunerated by means of a fixed annual salary and superannuation, having regard to the norms in comparable companies from time to time.

The employment conditions of the managing director, the executive chairman and specified executives are formalised in contracts of employment. The managing director is a permanent employee of Finders Resources Limited, whilst other executives are employed on a permanent part-time basis. They are all employed under fixed 4-year contracts, which commenced on 1 February 2006 and expire on 1 February 2010.

The employment contracts stipulate a range of one- to four-month resignation periods. The company may terminate an employment contract without cause by providing 1 months written notice and making a lump sum termination payment equal to the amount which would have been received under the agreement for one half of the portion of the contract which remained had there been no early termination or twelve months, whichever is the greater. Termination payments are generally not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct the company can terminate employment at any time. Any options not exercised before or on the date of termination will lapse. The 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 maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting. Fees for non-executive directors are not linked to the performance of the consolidated group. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the company and will be able to participate in the employee incentive share plan. There are no schemes for retirement benefits other than statutory superannuation for both executives and non-executive directors.

The Performance Bonus Plan is 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, with priority given to distributions to shareholders as the key indicator of performance. The payment of bonuses, options 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. All bonuses, options and incentives must be linked to predetermined performance criteria. The board can exercise its discretion in relation to approving incentives, bonuses and options and can recommend changes to the committee's recommendations. Any changes must be justified by reference to measurable performance criteria. No bonuses, shares or options have been issued for remuneration during the financial year ended 30 June 2007.

The Company has scope, pursuant to its Share Incentive Plan to issue fully paid shares (to a maximum of 5% of total shares) to individuals where the Board considers this is warranted - such as in order to reward highly competent and experienced personnel to join the team. Messrs Fountain, Farmer and Neuss are not eligible to participate in the Company's Share Incentive Plan.

# Directors' Report

## DIRECTORS' REPORT

### Details Of Remuneration For Year Ended 30 June 2007

The remuneration for each director and each of the executive officers of the consolidated entity receiving the highest remuneration during the year was as follows:

#### Key Management Personnel Remuneration 2007

	Fees	Superannuation	Related Party Payments	Total
	\$	\$	\$	\$
<b>Key Management</b>				
Dr Russell Fountain	-	52,320	92,014	144,334
Dr Chris Farmer	223,893	-	-	223,893
Mr Stephen de Belle	18,000	1,620	18,000	37,620
Mr Steve Lonergan	-	37,620	-	37,620
Mr Ian Neuss	-	-	106,000	106,000
	241,893	91,560	216,014	549,467

#### Key Management Personnel Remuneration 2006

	Fees	Superannuation	Related Party Payments	Total
	\$	\$	\$	\$
<b>Key Management</b>				
Dr Russell Fountain	-	12,000	42,809	54,809
Dr Chris Farmer	74,500	-	-	74,500
Mr Stephen de Belle	-	-	28,000	28,000
Mr Steve Lonergan	-	26,000	-	26,000
Mr Ian Neuss	-	-	44,000	44,000
	74,500	38,000	114,809	227,309

#### Options Issued As Part Of Remuneration For The Year Ended 30 June 2007

No options were issued to directors and executives as part of their remuneration during the year.

### End Of Remuneration Report

#### Meetings of Directors

During the financial year, 11 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

#### Committee Meetings

	Directors' Meetings		Audit Committee		Remuneration Committee		Nomination Committee	
	Number Eligible To Attend	Number Attended	Number Eligible To Attend	Number Attended	Number Eligible To Attend	Number Attended	Number Eligible To Attend	Number Attended
Dr Russell Fountain	8	8	-	-	-	-	-	-
Dr Chris Farmer	8	8	-	-	-	-	-	-
Mr Stephen de Belle	8	8	2	2	1	1	-	-
Mr Steve Lonergan	8	6	2	2	1	1	-	-
Mr Ian Neuss	8	8	2	2	-	-	-	-

# Directors' Report

## DIRECTORS' REPORT

### Indemnifying Officers

During or since the end of the financial year the company has given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

The company has paid premiums to insure all directors against liabilities for the ASX prospectus, costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the company, other than conduct involving a wilful breach of duty in relation to the company. The amount of the premiums totalled \$92,274 in 2007 (2006:\$43,960).

### Options

At the date of this report, the unissued ordinary shares of Finders Resources Limited under option are as follows:

Grant Date	Date of Expiry	Exercise Price	Number under Option
27 April 2005	20 March 2009	\$0.50	2,357,500
21 November 2005	20 March 2009	\$0.50	844,367
22 March 2006	22 March 2009	24 UK pence	1,322,881
13 June 2007	13 June 2010	\$0.6875	500,000
			<u>5,024,748</u>

### Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

### Non-audit Services

The board of directors, in accordance with advice from the audit committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence as set out in the Institute of Chartered Accountants in Australia and CPA Australia's Professional Statement F1: Professional Independence.

The following fees for non-audit services were paid/payable to the external auditors during the year ended 30 June 2007 prior to ASX Listing:

	\$
Accounting Services 2007	30,144
Accounting Services 2006	49,902
System Implementation	15,775
Taxation Consulting	10,569
Independent Accounting Report	15,800
	<u>122,190</u>

# Directors' Report

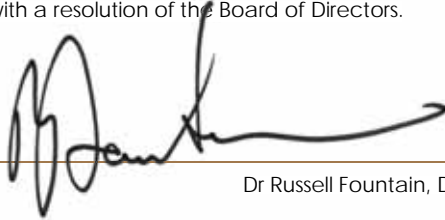
## DIRECTORS' REPORT

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### Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2007 has been received and can be found on page 30, as part of the Financial Report.

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



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Dr Russell Fountain, Director



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Mr Stephen de Belle, Director

Dated this 29 day of August 2007

# Financial Report

Finders Resources Limited

ABN 82 108 547 413 & Controlled Entities



**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 LTD AND CONTROLLED ENTITIES**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2007 there have been:

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

**ALCOCK DAVIS DANIELI**  
Chartered Accountants

**Sam Danieli**  
Partner

Sydney, 29 August 2007

Liability limited by a scheme approved under Professional Standard Legislation





# Financial Report

Finders Resources Limited

ABN 82 108 547 413 & Controlled Entities



**Alcock Davis Danieli**  
Chartered Accountants

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## **INDEPENDENT AUDITOR'S REPORT**

**TO THE MEMBERS OF**

**FINDERS RESOURCES LTD**

**A.B.N. 82 108 547 413**

### ***Report on the Financial Report***

We have audited the accompanying financial report of Finders Resources Ltd (the company) and Finders Resources Ltd and Controlled Entities (the consolidated entity), which comprises the balance sheet as at 30 June 2007 and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

As permitted by the Corporations Regulations 2001, the company has disclosed information about the remuneration of directors and executives (remuneration disclosures), required by Accounting Standard AASB 124: Related Party Disclosures, under the heading 'Remuneration Report' on pages 26 to 27 of the directors' report and not in the financial report.

### ***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 control 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 compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

The directors also are responsible for preparation and presentation of the remuneration disclosures contained in the directors' report in accordance with the Corporations Regulations 2001.

### ***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 and that the remuneration disclosures in the directors' report comply with Accounting Standard AASB 124.

# Financial Report

## Finders Resources Limited

ABN 82 108 547 413 & Controlled Entities

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 judgment, 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 and the remuneration disclosures in the directors' report.

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

### **Independence**

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Finders Resources Ltd on 29 August 2007, would be in the same terms if provided to the directors as at the date of this auditor's report.

### **Auditor's Opinion**

In our opinion:

- a. the financial report of Finders Resources Ltd and Finders Resources Ltd and 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 30 June 2007 and of their performance for the year ended on that date; and
  - ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;
- b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1; and
- c. the remuneration disclosures that are contained on pages 26 to 27 of the directors' report comply with Accounting Standard AASB 124.

**ALCOCK DAVIS DANIELI**

**Chartered Accountants**



**Sam Danieli**

**Partner**

Sydney, 29 August 2007

Liability limited by a scheme approved under Professional Standard Legislation



# Financial Report

## Finders Resources Limited

ABN 82 108 547 413 & Controlled Entities

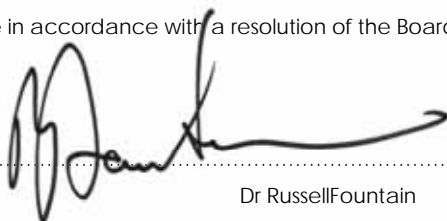
### DIRECTORS' DECLARATION

The directors of the company declare that:

1. the financial statements and notes, as set out on pages 34 to 54, 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 financial position as at 30 June 2007 and of the performance for the year ended on that date of the company and consolidated group;
2. the Chief Executive Officer has declared that:
  - a. the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
  - b. the financial statements and notes for the financial year comply with the Accounting Standards; and
  - c. the financial statements and notes for the financial year give a true and fair view;
3. in the director's 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.

Director .....



Dr Russell Fountain

Director .....



Mr Stephen de Belle

Dated this 29 day of August 2007

# Financial Report

## Finders Resources Limited

ABN 82 108 547 413 & Controlled Entities

### INCOME STATEMENT FOR YEAR ENDED 30 JUNE 2007

	Note	Consolidated Group		Parent Entity	
		2007 \$	2006 \$	2007 \$	2006 \$
Revenue	2	206,583	80,284	290,048	78,122
Employee benefits expense		(1,012,061)	(391,086)	(612,270)	(201,499)
Depreciation expense		(16,800)	(685)	(1,375)	-
Exploration expenditure written off		(5,286,703)	(984,152)	-	(24,904)
Operating expenses		(1,935,278)	(609,502)	(946,208)	(406,228)
Loss before income tax		(8,044,259)	(1,905,141)	(1,269,805)	(554,509)
Income tax expense	4	-	-	-	-
Loss for the year		(8,044,259)	(1,905,141)	(1,269,805)	(554,509)
Less loss attributable to minority equity interest		(1,891,454)	(526,229)	-	-
Loss attributable to members of the parent entity		(6,152,805)	(1,378,912)	(1,269,805)	(554,509)
<b>Overall Operations</b>					
Basic earnings per share (cents per share)	7	(11.37)	(3.77)		
Diluted earnings per share (cents per share)	7	(10.49)	(3.50)		

The accompanying notes form part of these financial statements.

# Financial Report

## Finders Resources Limited

ABN 82 108 547 413 & Controlled Entities

### BALANCE SHEET AS AT 30 JUNE 2007

	Note	Consolidated Group		Parent Entity	
		2007	2006	2007	2006
		\$	\$	\$	\$
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	8	5,157,533	5,809,230	4,810,249	5,678,568
Trade and other receivables	9	412,310	397,714	241,379	79,293
<b>TOTAL CURRENT ASSETS</b>		<b>5,569,843</b>	<b>6,206,944</b>	<b>5,051,628</b>	<b>5,757,861</b>
<b>NON-CURRENT ASSETS</b>					
Trade and other receivables	9	-	-	5,731,684	2,206,846
Financial assets	10	2,301,000	796,500	7,379,886	3,365,337
Plant and equipment	12	111,761	4,021	7,843	-
Exploration Expenditure		-	175,746	-	-
<b>TOTAL NON-CURRENT ASSETS</b>		<b>2,412,761</b>	<b>976,267</b>	<b>13,119,413</b>	<b>5,572,183</b>
<b>TOTAL ASSETS</b>		<b>7,982,604</b>	<b>7,183,211</b>	<b>18,171,041</b>	<b>11,330,044</b>
<b>CURRENT LIABILITIES</b>					
Trade and other payables	13	493,385	76,332	160,472	63,698
<b>TOTAL CURRENT LIABILITIES</b>		<b>493,385</b>	<b>76,332</b>	<b>160,472</b>	<b>63,698</b>
<b>TOTAL LIABILITIES</b>		<b>493,385</b>	<b>76,332</b>	<b>160,472</b>	<b>63,698</b>
<b>NET ASSETS</b>		<b>7,489,219</b>	<b>7,106,879</b>	<b>18,010,569</b>	<b>11,266,346</b>
<b>EQUITY</b>					
Issued capital	14	18,061,344	11,551,816	18,061,344	11,551,816
Reserves		2,670,980	576,914	1,971,000	466,500
Accumulated losses		(13,243,105)	(5,021,851)	(2,021,775)	(751,970)
Parent interest		7,489,212	7,106,876	18,010,569	11,266,346
Minority equity interest		7	3	-	-
<b>TOTAL EQUITY</b>		<b>7,489,219</b>	<b>7,106,879</b>	<b>18,010,569</b>	<b>11,266,346</b>

The accompanying notes form part of these financial statements.

# Financial Report

## Finders Resources Limited

ABN 82 108 547 413 & Controlled Entities

### STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 30 JUNE 2007

Consolidated Group						
	Share Capital Ordinary	Accumulated losses	Financial Asset Reserve	Foreign Currency Translation Reserve	Minority Equity Interests	Total
	\$	\$	\$	\$	\$	\$
Balance at 30 June 2005	1,603,757	(411,367)			(136,539)	1,055,851
Adjustment on application of AASB 139 for fair value on shares in listed entities			466,500			466,500
Shares issued during the year	10,487,069					10,487,069
Transaction costs	(539,010)					(539,010)
Loss attributable to members of parent entity		(1,378,912)				(1,378,912)
Loss attributable to minority shareholders					(526,229)	(526,229)
Adjustments from translation of foreign controlled entities				110,414		110,414
Adjustments for additional investments in controlled entities		(2,568,804)				(2,568,804)
<b>Balance at 30 June 2006</b>	<b>11,551,816</b>	<b>(4,359,083)</b>	<b>466,500</b>	<b>110,414</b>	<b>(662,768)</b>	<b>7,106,879</b>
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			1,504,500			1,504,500
Shares issued during the year	6,983,898					6,983,898
Transaction costs	(474,370)					(474,370)
Loss attributable to members of parent entity		(6,152,805)				(6,152,805)
Loss attributable to minority shareholders					(1,891,454)	(1,891,454)
Adjustments from translation of foreign controlled entities				589,566		589,566
Adjustments for additional investments in controlled entities		(44,789)				(44,789)
Outside Equity Interests					7	7
<b>Balance at 30 June 2007</b>	<b>18,061,344</b>	<b>(10,637,383)</b>	<b>1,971,000</b>	<b>699,980</b>	<b>(2,605,722)</b>	<b>7,489,219</b>

The accompanying notes form part of these financial statements.

# Financial Report

## Finders Resources Limited

ABN 82 108 547 413 & Controlled Entities

### STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 30 JUNE 2007

#### Parent Entity

	Share Capital Ordinary	Retained Earnings	Financial Assets Reserve	Total
Balance at 30 June 2005	1,603,757	(197,461)	-	1,406,296
Adjustment on application of AASB 139 for fair value on shares in listed entities			466,500	466,500
Shares issued during the year	10,487,069			10,487,069
Transaction costs	(539,010)			(539,010)
Loss attributable to members of parent entity		(554,509)		(554,509)
<b>Balance at 30 June 2006</b>	<b>11,551,816</b>	<b>(751,970)</b>	<b>466,500</b>	<b>11,266,346</b>
Adjustment on application of AASB 139 for fair value on shares in listed entities			1,504,500	1,504,500
Shares issued during the year	6,983,898			6,983,898
Transaction costs	(474,370)			(474,370)
Loss attributable to members of parent entity		(1,269,805)		(1,269,805)
<b>Balance at 30 June 2007</b>	<b>18,061,344</b>	<b>(2,021,775)</b>	<b>1,971,000</b>	<b>18,010,569</b>

The accompanying notes form part of these financial statements.

# Financial Report

## Finders Resources Limited

ABN 82 108 547 413 & Controlled Entities

### CASH FLOW STATEMENT FOR YEAR ENDED 30 JUNE 2007

	Note	Consolidated Group		Parent Entity	
		2007 \$	2006 \$	2007 \$	2006 \$
CASH FLOWS FROM OPERATING ACTIVITIES					
Payments to suppliers and employees		(7,212,509)	(2,162,960)	(1,457,283)	(650,074)
Interest received		123,541	78,122	123,541	78,122
Net cash provided by (used in) operating activities	18	(7,088,968)	(2,084,838)	(1,333,742)	(571,952)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(124,540)	(4,705)	(9,218)	-
Purchase of investments		-	(506,181)	(44,789)	(506,181)
Exploration expenditure capitalised		-	(175,746)	-	-
Net cash provided by (used in) investing activities		(124,540)	(686,632)	(54,007)	(506,181)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of shares		6,983,898	7,969,996	6,983,898	7,969,996
Share issuance cost		(474,370)		(474,370)	
Loans to controlled entities		-	-	(5,988,763)	(1,893,438)
Loan – convertible notes		-	(70,000)	-	(70,000)
Net cash provided by (used in) financing activities		6,509,528	7,899,996	520,765	6,006,558
Net (decrease) / increase in cash held		(703,980)	5,128,526	(866,984)	4,928,425
Cash and cash equivalents at beginning of financial year		5,809,230	617,494	5,678,568	575,189
Effect of exchange rates on cash holdings in foreign currencies		52,283	63,210	(1,335)	174,954
Cash and cash equivalents at end of financial year	8	5,157,533	5,809,230	4,810,249	5,678,568

The accompanying notes form part of these financial statements.



# Financial Report

## Finders Resources Limited

ABN 82 108 547 413 & Controlled Entities

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

#### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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*.

The financial report covers the consolidated group of Finders Resources Limited and controlled entities, and Finders Resources Limited as an individual parent entity. Finders Resources Limited is a public company, incorporated and domiciled in Australia whose shares are traded on the AIM market of the London Stock Exchange and Australian Security Exchange (ASX).

The financial report of Finders Resources Limited and controlled entities, and Finders Resources Limited as an individual parent entity comply with all Australian equivalents to International Financial Reporting Standards (AIFRS) in their entirety.

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

#### Basis of Preparation

The accounting policies set out below have been consistently applied to all years presented.

#### *Reporting Basis and Conventions*

The financial report has been prepared on an accruals 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.

#### 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.

A list of controlled entities is contained in Note 11 to the financial statements. 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 consolidated group, 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 consolidated group 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 / loss 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.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

#### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

##### 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.

##### Depreciation

The depreciable amount of all fixed assets, is depreciated on a straight-line basis over their useful lives to the consolidated group 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%

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

#### d. Exploration Expenditure

Exploration expenditure incurred is recorded in respect of each project area. At this stage, these expenditures have been fully written off.

#### 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.

# Financial Report

## Finders Resources Limited

ABN 82 108 547 413 & Controlled Entities

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

#### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

##### 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.

###### Transaction 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 30 June 2007 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 2007.

##### 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).

# Financial Report

## Finders Resources Limited

ABN 82 108 547 413 & Controlled Entities

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

#### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

##### 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.

##### 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.

#### NOTE 2: REVENUE

	Consolidated Group		Parent Entity	
	2007 \$	2006 \$	2007 \$	2006 \$
Operating activities				
— Interest received	123,541	78,122	123,541	78,122
— Overhead recoveries	-	-	166,507	-
— Other Income	15,359	-	-	-
— Foreign Exchange Gain	67,683	2,162	-	-
Total Revenue	206,583	80,284	290,048	78,122

Other income resulted from Indonesian article 26 income tax payable in 2006, which is being written off as there is an Australian Certificate of Residency for Finders Resources Limited.

#### NOTE 3: EXPENSES

	Consolidated Group		Parent Entity	
	2007 \$	2006 \$	2007 \$	2006 \$
Foreign currency losses	148,619	232,825	127,409	164,754
Unrealised loss on foreign currency exchange	536,033	-	-	-
Rental expense on operating leases				
— minimum lease payments	49,028	17,320	10,183	-

The foreign currency loss resulted from an unrealised loss on foreign exchange in controlled entities (\$536,033).

# Financial Report

## Finders Resources Limited

ABN 82 108 547 413 & Controlled Entities

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

#### NOTE 4: INCOME TAX

Potential future income tax benefits are estimated at \$2,923,150 (2006: \$227,239) attributable to tax losses carried forward by the company and future benefits to exploration expenditure and other timing differences allowable for deduction have not been brought to account in the consolidated accounts at 30 June 2007 because the Directors do not believe it is appropriate to regard full realisation of the future income tax benefits as probable. These benefits will only be obtained if:

- a. The company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions to be realised; and
- b. The company continues to comply with the conditions for deductibility imposed by tax legislation; and
- c. No changes in tax legislation adversely affect the company in realising the benefit from the deduction of the losses.

#### NOTE 5: KEY MANAGEMENT PERSONNEL COMPENSATION

- a. Names and positions held of economic and parent entity key management personnel in office at any time during the financial year are:

Key Management Person	Position
Dr Russell Fountain	Executive Chairman
Dr Chris Farmer	Managing Director
Mr Stephen de Belle	Non-Executive Director
Mr Steve Lonergan	Non-Executive Director
Mr Ian Neuss	Alternate Executive Director/ Business Development Manager

- b. Options and Rights Holdings

Number of Options in respect of which Key Management Personnel have a relevant interest

	Balance 1.7.2006	Net Change* Other	Balance 30.6.2007
Dr Russell Fountain	133,333	-	133,333
Dr Chris Farmer	-	-	-
Mr Stephen de Belle	134,000	-	134,000
Mr Steve Lonergan	20,800	-	20,800
Mr Ian Neuss	102,400	-	102,400
Total	390,533		390,533

# Financial Report

## Finders Resources Limited

ABN 82 108 547 413 & Controlled Entities

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

#### c. Shareholdings

Number of Shares in respect of which Key Management Personnel have a relevant interest directly or through related entities.

	Balance 1.7.2006	Net Change Other*	Balance 30.6.2007
Dr Russell Fountain	5,647,869	100,000	5,747,869
Dr Chris Farmer	5,381,202	-	5,381,202
Mr Stephen de Belle	1,767,999	45,000	1,812,999
Mr Steve Lonergan	41,600	-	41,600
Mr Ian Neuss	5,586,202	150,341	5,736,543
Total	18,424,872	295,341	18,720,213

\* Net Change Other refers to shares purchased or sold during the financial year.

#### NOTE 6: AUDITORS' REMUNERATION

	Consolidated Group		Parent Entity	
	2007	2006	2007	2006
	\$	\$	\$	\$
Remuneration of the auditor of the parent entity for:				
— auditing the financial report	50,752	15,000	50,752	15,000
— taxation consulting	10,569	5,053	10,569	5,053
— accounting services	30,144	33,206	30,144	33,206
— Independent Accounting Report for AIM Listing	-	23,181	-	23,181
— Independent Accounting Report for ASX Listing	15,800	-	15,800	-
Remuneration of other auditors of subsidiaries for:				
— auditing or reviewing the financial report of subsidiaries	20,804	13,457	-	-

# Financial Report

## Finders Resources Limited

ABN 82 108 547 413 & Controlled Entities

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

#### NOTE 7: EARNINGS PER SHARE

	Consolidated Group	
	2007 \$	2006 \$
a. Reconciliation of earnings to profit or loss		
Loss	(8,044,259)	(1,905,141)
Add back loss attributable to minority equity interest	(1,891,454)	(526,229)
Loss used to calculate basic EPS and dilutive EPS	(6,152,805)	(1,378,912)
	No.	No.
b. Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	54,093,597	36,538,853
Weighted average number of options outstanding	4,556,255	2,868,747
Weighted average number of converting preference shares on issue	-	-
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	58,649,852	39,407,600

#### NOTE 8: CASH AND CASH EQUIVALENTS

	Consolidated Group		Parent Entity	
	2007 \$	2006 \$	2007 \$	2006 \$
Cash at bank and in hand	5,157,533	5,809,230	4,810,249	5,678,568

#### Reconciliation of cash

Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as above.

#### NOTE 9: TRADE AND OTHER RECEIVABLES

	Consolidated Group		Parent Entity	
	2007 \$	2006 \$	2007 \$	2006 \$
CURRENT				
Other receivables	412,310	397,714	241,379	79,293
NON-CURRENT				
Other receivables – loans to controlled entities	-	-	5,731,684	2,206,846

The Company's activities at its two Indonesian projects are largely funded by loans to controlled entities which are interest free until the commencement of commercial production.

# Financial Report

## Finders Resources Limited

ABN 82 108 547 413 & Controlled Entities

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

#### NOTE 10: OTHER FINANCIAL ASSETS

	Note	Consolidated Group		Parent Entity	
		2007 \$	2006 \$	2007 \$	2006 \$
Available-for-sale financial assets	10a	2,301,000	796,500	7,379,886	3,365,337
Held-to-maturity financial assets	10b	-	-	-	-
		2,301,000	796,500	7,379,886	3,365,337
Less non-current portion		2,301,000	796,500	7,379,886	3,365,337
Current portion		-	-	-	-
<b>a. Available-for-sale Financial Assets Comprise</b>					
Listed investments, at fair value					
—	shares in listed corporations	2,301,000	796,500	2,301,000	796,500
Unlisted investments, at cost					
—	shares in controlled entities		-	5,078,886	2,568,837
Total available-for-sale financial assets		2,301,000	796,500	7,379,886	3,365,337

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.

The fair value of unlisted available-for-sale financial assets cannot be reliably measured. As a result, all unlisted investments are reflected at cost.

#### NOTE 11: CONTROLLED ENTITIES

##### a. Controlled Entities Consolidated

	Country of Incorporation	Percentage Owned (%)*	
		2007	2006
Parent Entity:			
Finders Resources Limited	Australia		
Subsidiaries of Finders Resources Limited:			
Banda Minerals Pty Limited	Australia	72.385	61.00
PT Batutua Tembaga Raya #	Indonesia	72.388	61.04
Way Kanan Resources Pty Limited	Australia	71.71	71.71
PT Batutua Lampung Elok #	Indonesia	71.82	-

\* Percentage of voting power is in proportion to ownership

#This company is audited by a firm other than the auditor of the parent entity



# Financial Report

## Finders Resources Limited

ABN 82 108 547 413 & Controlled Entities

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

#### NOTE 11: CONTROLLED ENTITIES

##### b. Acquisition of Controlled Entities

On 12 March 2007 Finders Resources Limited purchased 115 additional shares in controlled entity Banda Minerals Pty Limited from another shareholder for \$44,789. On 30 April 2007, 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 72.385%.

##### c. 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.

#### NOTE 12: PLANT AND EQUIPMENT

	Consolidated Group		Parent Entity	
	2007	2006	2007	2006
	\$	\$	\$	\$
PLANT AND EQUIPMENT				
Plant and equipment : At Cost	129,161	4,705	9,218	-
Accumulated depreciation	(17,400)	(684)	(1,375)	-
	111,761	4,021	7,843	-

##### a. Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year

	Plant & Equipment
	\$
Consolidated Group:	
Balance at the beginning of year	4,021
Additions	124,540
Disposals	-
Depreciation expense	(16,800)
Carrying amount at the end of year	111,761

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## Finders Resources Limited

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

#### NOTE 13: TRADE AND OTHER PAYABLES

	Consolidated Group		Parent Entity	
	2007	2006	2007	2006
	\$	\$	\$	\$
CURRENT				
Unsecured liabilities				
Sundry payables and accrued expenses	493,385	76,332	160,472	63,698

#### NOTE 14: ISSUED CAPITAL

	Consolidated Group		Parent Entity	
	2007	2006	2007	2006
	\$	\$	\$	\$
65,575,036 (2006: 52,915,220) fully paid ordinary shares	18,061,344	11,551,816	18,061,344	11,551,816

The company has authorised share capital amounting to 65,575,036 ordinary shares of no par value.

a. Ordinary shares	Consolidated Group		Parent Entity	
	2007	2006	2007	2006
	No.	No.	No.	No.
At the beginning of reporting period	52,915,220	29,483,605	52,915,220	29,483,605
Shares issued during the year		23,431,615		23,431,615
— 08 March 2007	1,478,000		1,478,000	
— 4 June 2007	10,999,998		10,999,998	
— 13 June 2007	181,818		181,818	
At reporting date	65,575,036	52,915,220	65,575,036	52,915,220

On 8 March 2007 1,478,000 shares were issued on the AIM Market at 63.06 cents (25.375 pence) per share. The total fair value of this transaction totalled \$933,898

On 4 June 2007 10,999,998 shares were issued on the Australian Stock Exchange at 55 cents per share. The total fair value of this transaction totalled \$6,050,000

On 13 June 2007 181,818 shares were issued as part of the Engagement Agreement with RFC. The total fair value of this transaction totalled \$100,000.

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At the shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

# Financial Report

## Finders Resources Limited

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

#### NOTE 14: ISSUED CAPITAL

b. Options	Consolidated Group		Parent Entity	
	2007 No.	2006 No.	2007 No.	2006 No.
At the beginning of reporting period	4,524,748	2,357,500	4,524,748	2,357,500
Options issued during the year		2,167,248		2,167,248
— 13 June 2007	500,000	-	500,000	-
At reporting date	5,024,748	4,524,748	5,024,748	4,524,748

On 13 June 2007 500,000 options were issued to RFC Corporation Pty Ltd (RFC) as part of the Engagement Agreement in relation to the ASX listing.

#### NOTE 15: RESERVES

##### Financial Asset Reserve

The financial asset reserve records revaluation of financial assets.

##### Foreign Currency Translation Reserve

The foreign currency translation reserve records exchange differences arising on translation of a foreign controlled subsidiary.

#### NOTE 16: CAPITAL AND LEASING COMMITMENTS

##### Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements

	Consolidated Group		Parent Entity	
	2007 \$	2006 \$	2007 \$	2006 \$
Payable — minimum lease payments				
— not later than 12 months	48,245	38,845	-	-
— between 12 months and 5 years	26,317	-	26,317	

Operating leases contracted for include a rental lease for office premises in Indonesia which expires 30 September 2008 and office premises in Sydney plus strata levy which expires 20 February 2009.

# Financial Report

## Finders Resources Limited

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

#### NOTE 17: 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.

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	
	2007	2006	2007	2006	2007	2006
	\$	\$	\$	\$	\$	\$
Geographical location:						
<i>Australia</i>	67,683	78,122	(791,727)	(563,328)	7,193,974	6,730,117
<i>Indonesia</i>		2,162	(6,191,688)	(1,292,585)	788,629	453,094
	67,683	80,284	(6,983,415)	(1,855,913)	7,982,603	7,183,211

	Segment Liabilities		Cost to acquire Plant and Equipment		Depreciation of Segment Assets	
	2007	2006	2007	2006	2007	2006
	\$	\$	\$	\$	\$	\$
Geographical location:						
<i>Australia</i>	160,472	63,698	9,218	-	(1,375)	-
<i>Indonesia</i>	310,454	12,634	115,322	4,705	(15,425)	(684)
	470,926	76,332	124,540	4,705	(16,800)	(684)

#### Secondary Reporting — Business Segments

	Segment Revenues from External Customers		Carrying Amount of Segment Assets		Acquisitions of Non-current Segment Assets	
	2007	2006	2007	2006	2007	2006
	\$	\$	\$	\$	\$	\$
Business Segments:						
Investments	-	-	7,193,974	6,554,361	9,218	70,000
Projects	-	-	788,629	628,850	115,322	180,451
	-	-	7,982,603	7,183,211	124,540	250,451

# Financial Report

## Finders Resources Limited

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

#### NOTE 18: CASH FLOW INFORMATION

	Consolidated Group		Parent Entity	
	2007 \$	2006 \$	2007 \$	2006 \$
<b>a. Reconciliation of Cash Flow from Operations with Loss</b>				
Loss	(8,044,259)	(1,905,141)	(1,269,805)	(554,509)
Non-cash flows in loss				
Unrealised foreign exchange (gain) / loss	536,033	-	-	-
Depreciation	16,800	685	1,375	-
Share based payment	-	13,125	-	-
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries				
(Increase)/decrease in trade and other receivables	(14,595)	(131,383)	(162,086)	(72,962)
Increase/(decrease) in trade payables and other payables	417,053	(62,124)	96,774	55,519
Cashflow from operations	(7,088,968)	(2,084,838)	(1,333,742)	(571,952)
<b>b. Non-cash Financing and Investing Activities</b>				
i. Share issue				
There is no non-cash financing and investing activities	-	1,964,942	-	1,964,942

#### NOTE 19: SHARE-BASED PAYMENTS

The following share-based payment arrangements existed at 30 June 2007:

On 13 June 2007 181,818 shares were issued as part of the Engagement Agreement with RFC. The total fair value of this transaction totalled \$100,000.

On 13 June 2007 500,000 options were issued to RFC Corporation Pty Ltd (RFC) as part of the Engagement Agreement in relation to the ASX listing. The options are exercisable on the 13 June 2010 at an exercise price 68.75 cents. At balance date, no share option had been exercised. At time of issue the directors were of the view that no specific value could be ascribed to these options as there was no liquid market at that time.

#### NOTE 20: EVENTS AFTER THE BALANCE SHEET DATE

- The interest free loan amounting Rp 270,000,000 (\$35,606) from the company to PT Batutua Kharisma Permai during the year has been repaid in full to the Company after the balance sheet date.
- The financial report was authorised for issue on 29 August 2007 by the board of directors.

# Financial Report

## Finders Resources Limited

ABN 82 108 547 413 & Controlled Entities

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

#### NOTE 21: RELATED PARTY TRANSACTIONS

Transactions with related parties:

##### Related Companies

During the year interest free loans have been provided by Finders Resources Ltd to its controlled entities. These transactions are eliminated on consolidation.

During the year payments were made to Oakhill Hamilton Pty Ltd which is a company that Ian Morgan contracts to.

##### Other Related Parties

The Company provided Mr. G. Mbatemooy who controls PT Batutua Kharisma Permai and is a director of Banda Minerals Pty Ltd an interest free loan of \$46,973.

A controlled entity in Indonesia provided PT Batutua Kharisma Permai a company owned by a director of Banda Minerals Pty Ltd an interest free loan of Rp 270,000,000 (\$35,606) during the year. The loan provided to PT Batutua Kharisma Permai has been repaid in full to the Company after the balance sheet date.

Elliott Geophysics Indonesia, which is a company controlled by Mr Peter Elliot who is a director of Way Kanan Resources Pty Ltd, received \$178,625 in fees for geophysical services during the year.

Share based payment made to RFC Corporation Pty Ltd (RFC) as part of the Engagement Agreement in relation to the ASX listing (see note 19).

##### Key Management Personnel

Payments have been made to director related entities for services provided to the consolidated entity. The following payments have been made:

Company Name	2007 \$	2006 \$
Exsolutions Pty Ltd <sup>*</sup>	92,014	42,809
Redgate Resources Pty Ltd <sup>**</sup>	106,000	44,000
Exflex Holdings Pty Ltd <sup>***</sup>	18,000	28,000
	216,014	114,809

<sup>\*</sup> Russell Fountain is a director of Exsolutions Pty Ltd

<sup>\*\*</sup> Ian Neuss is a director of Redgate Resources Pty Ltd

<sup>\*\*\*</sup> Stephen de Belle is a director of Exflex Holdings Pty Ltd

# Financial Report

## Finders Resources Limited

ABN 82 108 547 413 & Controlled Entities

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

#### NOTE 22: FINANCIAL INSTRUMENTS

##### a. Financial Risk Management

The group's financial instruments consist mainly of deposits with banks, accounts receivable and payable and loans to and from subsidiaries.

##### i. Treasury Risk Management

The Board meet on a regular basis to analyse currency and interest rate exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

##### ii. Financial Risks

The main risks the group is exposed to through its financial instruments are interest rate risk, foreign currency risk, and liquidity risk.

Foreign currency risk

The group is exposed to fluctuations in foreign currencies arising from the sale and purchase of goods and services in currencies other than the group's measurement currency. Foreign currency bank accounts are held by the company to effect transactions in both the UK and Indonesia.

##### iii. Liquidity risk

The group manages liquidity risk by monitoring forecast cash flows.

##### b. Financial Instruments

The consolidated group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and liabilities is as follows:

	Weighted Average Interest Rate	Floating Interest Rate	Fixed Interest		Total
			Maturing in		
			1 Year or Less	Non-Interest Bearing	
2007	%	\$	\$	\$	\$
<b>Financial Assets</b>					
Cash & cash equivalents	4.31	5,157,533	-	-	5,157,533
Trade & other receivables		-	-	412,310	412,310
<b>Financial Liabilities</b>					
Trade & other payables		-	-	493,385	493,385
2006		\$	\$	\$	\$
<b>Financial Assets</b>					
Cash & cash equivalents	4.48	5,809,230	-	-	5,809,230
Trade receivables		-	-	397,714	397,714
<b>Financial Liabilities</b>					
Trade & other payables		-	-	19,104	19,104

##### ii. Net Fair Values

The net fair values of listed investments have been valued at the quoted market bid price at balance date.

All other financial assets and liabilities included in the balance sheet are carried at amounts approximate to fair value.

# Financial Report

## Finders Resources Limited

ABN 82 108 547 413 & Controlled Entities

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

#### NOTE 23: COMPANY DETAILS

The registered office of the company is:

Finders Resources Limited  
Suite 51, Level 3  
330 Wattle St  
SYDNEY NSW 2007  
AUSTRALIA

The principal places of business are:

Suite 51, Level 3  
330 Wattle St  
SYDNEY NSW 2007  
AUSTRALIA

Room 912, Level IX  
Patra Office Tower  
Jl. Jend. Gatot Subroto Kav 32-34  
Jakarta Selatan 12950  
INDONESIA

## Additional Information for Listed Public Companies

The following additional information is required by the Australian Stock Exchange Ltd. In respect of listed public company only. As at 24 August 2007 issued capital was 65,575,036 ordinary fully paid shares held by 482 holders. Included in these issued shares are 17,955,761 ordinary full paid shares escrowed until 22 March 2008 and 181,818 ordinary fully paid shares escrowed until 13 June 2009.

#### 1. Shareholding at 24 August 2007

##### a. Distribution of Shareholders

Category (size of holding)	Number of Holders	Shares Held
1 – 1,000	9	5,466
1,001 – 5,000	68	265,148
5,001 – 10,000	111	995,291
10,001 – 100,000	216	7,851,204
100,001 – and over	78	56,457,927
	482	65,575,036

##### b. The number of shareholdings held in less than marketable parcels is 2.



# Additional Information for Listed Public Companies

- c. Substantial shareholders at 24 August 2007 as disclosed in Substantial Shareholder Notices given to the Company.

Shareholder	Ordinary
1. Dr Russell Fountain & Related Parties	5,747,869
2. Mr Ian David Neuss & Related Parties	5,736,543
3. Dr Christopher Ben Farmer & Related Parties	5,381,202

- d. Voting Rights

The voting rights attached to each class of equity security are as follows:

Ordinary shares

- Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

- e. Top 20 Shareholders – Ordinary Shares

Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1. Russell Fountain & Related Parties	5,747,869	8.77%
2. Mr Ian David Neuss & Related Parties	5,736,543	8.75%
3. Dr Christopher Ben Farmer & Related Parties	5,381,202	8.21%
4. HSBC Global Custody Nominee (UK) Limited	4,455,000	6.79%
5. ANZ Nominees Limited	3,004,069	4.58%
6. Mr Stephen de Belle & Related Parties	1,812,999	2.76%
7. Lomacott Pty Ltd	1,500,000	2.29%
8. Merrill Lynch (Australia) Nominees Pty Ltd	1,450,220	2.21%
9. Great Northern Resources Pty Ltd	1,250,000	1.91%
10. Darley Pty Limited	1,250,000	1.91%
11. RFC Growth Fund Limited	1,000,000	1.52%
12. Market Securities Pty Ltd	1,000,000	1.52%
13. Twynam Agricultural Group Pty Ltd	998,821	1.52%
14. Mr Stephen Jack Fountain	900,000	1.37%
15. Clodene Pty Ltd	850,000	1.30%
16. Tpic Pty Limited	750,000	1.14%
17. Barclayshare Nominees Limited	721,920	1.10%
18. Lujeta Pty Ltd	700,000	1.07%
19. RFC Growth Fund Limited	650,000	0.99%
20. Mr Henry Wiechecki	600,000	0.91%
	39,758,643	60.63%

# Additional Information for Listed Public Companies

- The name of the company secretary is Mr Ian Morgan
- The address of the principal registered office in Australia is Suite 51, Level 3, 330 Wattle St, Ultimo NSW 2007, Australia. Telephone (02) 9211 8299
- Registers of securities are held at the following address:

*In Australia*

Computershare Limited  
60 Carrington Street  
Sydney NSW 2000  
Australia

*In the UK*

Computershare Investor Services Plc  
The Pavilions  
Bridgwater Road  
Bristol BS99 7NH  
United Kingdom

## 5. Stock Exchange Listing

Quotation has been granted for all the ordinary shares of the company on all Member Exchange of the Australian Securities Exchange Limited.

Quotation has been granted for Depository Interests of the company on AIM market of the London Stock Exchange plc.

## 6. Unquoted Securities

### Options over Unissued Shares

A total of 5,024,748 options are on issue, each to acquire one fully paid ordinary share at the exercise price:

Number of Options	End of Restriction Period	Option Price	Expiry Date	Number of Shareholders
2,811,334	Unrestricted	50 cents	20 March 2009	51 <sup>+</sup>
390,533	20 March 2008	50 cents	20 March 2009	7 <sup>†</sup>
1,322,881	20 March 2008	24 UK pence	22 March 2009	1 (Alchemy Securities Pty Ltd)
500,000	13 June 2009	68.75 cents	13 June 2010	1 (Alchemy Securities Pty Ltd)

\* No Shareholder holds 20% or more of the securities in this unquoted class.

† Alchemy Securities Pty Ltd holds 133,333 options, or 4.7% of this class.

Alchemy Securities Pty Ltd holds 38.9% of all options.

## 7. Finders Tenement Schedule & Beneficial Interests

Project	Tenement KP decision No.	Tenement Type	Date Issued	Validity	Area (Ha)	Owner	Finders Interest
Wetar	540/252 of 2004	Exploration	Dec 20, 2004	3 years	2,744	BKP	72.4%
	543/954 of 2006	Survey	Oct 16, 2006	1 year	9,358	BKP	72.4%
	543/955 of 2006	Exploration	Oct 16, 2006	3 years	2,636	BKP	72.4%
	543/956 of 2006	Survey	Oct 16, 2006	1 year	9,441	BKP	72.4%
Ojolali	B.8/III-08-WK/HK/2007	Exploration	Feb 08, 2007	April 28, 2008	3,430	BWKM	71.8%
	B.9/III-08-WK/HK/2007	Exploration	Feb 12, 2007	3 years	2,481	BWKM	71.8%

Banda Minerals and Way Kanan Resources are subsidiaries of Finders Resources Limited, and are parties to certain cooperation agreements ("Cooperation Agreements") with Indonesian companies, PT Batutua Kharisma Permai ("BKP"), and PT Batutua Way Kanan Minerals ("BWKM"), that hold exclusive mining authorizations (kuasa pertambangan or "KP" or "KPs").

# Corporate Directory

Directors	Russell John Fountain Christopher Ben Farmer Ian David Neuss Stephen Ross de Belle Stephen John Lonergan	<i>Executive Chairman</i> <i>Managing Director</i> <i>Alternate for Mr Fountain</i> <i>Non-Executive Director</i> <i>Non-Executive Director</i>
Secretary	Ian Morgan	
Offices	<i>Registered Office in Australia and Principal Place of Business</i>	<i>Office in Indonesia (Project Office Wetar &amp; Ojolali)</i>
	Suite 51, Level 3 330 Wattle Street Ultimo NSW 2007 Ph (612) 9211 8299	Level 9, Room 912 Patra Office Tower Jl Jend. Gatot Subroto 32-34 Jakarta, Indonesia
Telephone	+ (612) 9211 8299	
Fax	+ (612)9212 0200	
Email	info@findersresources.com	
Website	www.findersresources.com	
Nominated Adviser	RFC Corporate Finance Limited Level 14 19-31 Pitt Street Sydney NSW 2000 Australia	<i>and</i> Level 8, QV1 Building 250 St Georges Terrace Perth WA 6000 Australia
Broker	HansonWesthouse LLP One Angel Court, London EC2R 7HJ United Kingdom	
Auditor and Reporting Accountant	Alcock Davis Danieli Level 5, 285 George Street Sydney NSW 2000 Australia	
Solicitors to the Company	<i>In Australia</i> O'Loughlins Lawyers Level 2, Frome Street Adelaide SA 5000 Australia	
Share Register	In Australia Computershare Limited 60 Carrington Street Sydney NSW 2000 Australia	In the UK Computershare Investor Services Plc The Pavilions Bridgwater Road, Bristol BS99 7NH United Kingdom

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