

FINDERS RESOURCES LIMITED
ABN 82 108 547 413

HALF YEAR FINANCIAL REPORT
SIX MONTHS ENDED 30 JUNE 2014

DIRECTORS' REVIEW

Wetar Copper Project

The Directors are pleased to report that development of the Wetar Copper Project ("Project") into a 28,000 tonnes per annum copper cathode operation is imminent with development funding expected to be secured this quarter from –

- a) US\$165 million project finance facilities from a syndicate of banks comprising BNP Paribas, Commonwealth Bank of Australia, Hong Kong and Shanghai Banking Corporation and Societe Generale; and
- b) US\$45 million in project level equity and loan from international trading house, Daewoo International Corporation of Korea.

The funding agreements with Daewoo were executed recently and are subject to, amongst other conditions, execution of the project finance facilities with the banks which is expected to be completed by the end of this calendar quarter.

The previous demonstration solvent extraction-electrowinning (SX-EW) plant has been upgraded to 3,000 tonnes per annum capacity. Production commenced from the upgraded plant in April 2014. The funding above will allow the expansion of the project to 28,000 tonnes per annum capacity by the refurbishment and re-assembly of the former Whim Creek plant and the building of associated leach pads and infrastructure. Under the revised development strategy previously announced, the Company has adopted a simpler development plan which will reduce the construction time to 15 months.

Ore feed will be mined from two high-grade deposits with a total of 8.9Mt @ 2.4% Cu (approximately 210,000 tonnes of contained copper), as detailed below.

Wetar Copper Project - Ore Reserve Estimate			
	Category	Tonnage (Mt)	Cu %
Kali Kuning	Proved	5.4	2.4
Cut-off Grade	Probable	0.9	2.1
0.4% Cu	Total Ore	6.3	2.4
	Waste	5.9	
	Ratio	0.9	
Lerokis	Proved	2.1	2.3
Cut-off Grade	Probable	0.4	2.0
0.5% Cu	Total Ore	2.5	2.3
	Waste	1.9	
	Ratio	0.8	
Total	Proved	7.5	2.4
Cut-off Grade as above	Probable	1.4	2.1
	Total Ore	8.9	2.4
	Waste	7.8	
	Ratio	0.9	

Important Note: The tonnes and grades are stated to a number of significant digits reflecting the confidence of the estimate. Since each number and total is rounded individually the columns and rows in the above table may not show exact sums or weighted averages of the reported tonnes and grades. "Ratio" refers to the ratio of the waste to the ore tonnage.

There are also a number of promising prospects within the Project's existing tenements including Meron, Karkopang and the South Coast of Wetar which have the potential to significantly expand the resource base of the Project and extend the current known mine life.

Under the funding agreements with Daewoo above, Daewoo will acquire a 24.1% shareholding in PT Batutua Tembaga Raya ("BTR"), the processing company for the Project, but may vary between 24.1% and 27% if certain defined Indonesian taxation, regulatory or royalty changes occur. BTR has a 95% economic interest in the Project.

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Half-Year Financial Result

The consolidated loss after income tax for the half-year was \$9.5 million (2013: \$10.3 million). Whilst copper production has started from the upgraded 3,000 tonnes per annum SX-EW plant, its impact on the result for the half year was limited. The result was arrived at after taking into account -

- a) Copper cathode sales of \$0.76 million. Production from the upgraded plant commenced in April 2014. To 30 June, the plant had produced 444 tonnes copper cathode, of which 100 tonnes were sold.
- b) An increase in copper inventory of \$1.9 million. The Company has mined and stacked about 140,000 tonnes of ore at 2.42% copper (approximately 3,385 tonnes of contained copper) on the heaps, of which only 444 tonnes have been produced.

Total operating expenses for the half year were significantly higher as the Company entered the production phase and progressed towards the imminent Project development. All Project operating expenses from April 2014 have been treated as production costs while operating expenses prior to that date have been classified as pre-production costs.

Interest and other financing costs were significantly lower at \$0.4 million (2013: \$3.6 million), incurred in connection with arranging the project finance facilities. Other financing costs in the previous corresponding period included an expense of \$2.9 million from the amortisation of value of options granted to the lenders of the loan facility which was fully repaid on 1 July 2013. Similarly, option premium expense was \$nil (2013: \$0.8 million) as the underlying options were exercised in 2013.

Financial Position and Cash Flows

During the half-year, the Company raised \$20.3 million from share placements to existing shareholders and other investors and an underwritten Entitlement Offer to shareholders. At 30 June 2014, the Group had \$11.5 million in cash and no interest-bearing debt. With the re-commencement of production at Wetar, the Group is now generating cashflow to support its ongoing activities.

As stated in this report, the Group has progressed towards securing funding for the expansion of the Wetar Copper Project into a 28,000 tonnes per annum copper cathode operation. The funding is subject to various conditions precedent which are expected to be satisfied by the end of the quarter. Subject to the foregoing, the Group expects to commence development of the Project in the fourth quarter of the year. The Directors are confident that the Group will be able to satisfy the conditions precedent and finalise the funding requirements. However, until it is able to do so and as referred to in Note 1 of the financial statements, the Group's ability to continue as a going concern and meet its commitments as they fall due are dependent upon the Group being successful in securing project finance for the project development and, until project finance is secured, the Group being able to secure interim funding. The audit review statement for the half-year ended 30 June 2014 therefore includes an emphasis of matter paragraph in this regard.

Exploration – Ojolali Gold-Silver Project

The Group continues to conduct low cost exploration work on the Ojolali exploration project. The project offers exploration potential and it is the directors' intention to maintain it in good standing until it is able to conduct a more thorough assessment of the project when resources permit.

29 August 2014

Competent Person Statement

The information in this report that relates to mineral reserve estimation is based on work completed by Mr John Wyche who is a full time employee of Australian Mine Design and Development Pty Ltd and a member of the Australasian Institute of Mining and Metallurgy. The original report titled "Increase Ore Reserve for Wetar Copper Project" was dated 17 July 2013 and released to Australian Securities Exchange on that date.

The Company confirms that –

- a) it is not aware of any new information or data that materially affects the information included in the Australian Securities Exchange announcement;
- b) all material assumptions and technical parameters underpinning the estimates in the Australian Securities Exchange announcement continue to apply and have not materially changed;
- c) the form and context in which the Competent Persons' findings are presented have not been materially modified.

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DIRECTORS' REPORT

Your directors present their report on the consolidated entity consisting of Finders Resources Limited and the entities it controlled at the end of, or during, the half year ended 30 June 2014.

Directors

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

Gary E Comb	Chairman
Barry J Cahill	Managing Director
Christopher B Farmer	Executive Director - Indonesia
Gavin A Caudle	Non-Executive Director
Gordon T Galt	Non-Executive Director
Christopher H Brown	Alternate to Gordon T Galt (appointed 30 May 2014)
Douglas L Tay	Alternate to Gavin A Caudle (appointed 30 May 2014)

Review and Results of Operations

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


Auditor's Independence Declaration

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

Rounding of amounts to nearest thousand dollars

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

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



Gary E Comb
Chairman
Sydney, 29 August 2014



Auditor's Independence Declaration

As lead auditor for the review of Finders Resources Limited for the half-year ended 30 June 2014, I declare that to the best of my knowledge and belief, there have been:

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

This declaration is in respect of Finder Resource Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read "Craig Thomason", with a long, sweeping horizontal line extending to the right.

Craig Thomason
Partner
PricewaterhouseCoopers

Sydney
29 August 2014

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 30 JUNE 2014

	Six months ended 30 June 2014 \$'000	Six months ended 30 June 2013 \$'000
Sales revenue	763	-
Cost of sales	(3,253)	-
Gross loss	(2,490)	-
Other income		
Interest income	19	27
Exchange gain	18	68
Operating expenses		
Personnel costs (corporate)	(1,486)	(1,073)
Pre-production costs	(3,974)	(3,519)
Development costs written off	(338)	(616)
Exploration expenditure written off	(129)	(103)
Financing costs	(424)	(3,620)
Option premium expense	-	(792)
Other expenses	(659)	(678)
Loss before income tax	(9,463)	(10,306)
Income tax expense	-	-
Loss for the period	(9,463)	(10,306)
Other comprehensive income		
Adjustments from translation of foreign controlled entities	(2,027)	4,138
Other comprehensive income, net of tax	(2,027)	4,138
Total comprehensive income for the period	(11,490)	(6,168)
Loss for the period attributable to:		
Members of the parent entity	(8,891)	(10,233)
Non controlling interest	(572)	(73)
	(9,463)	(10,306)
Total comprehensive income for the period attributable to:		
Members of the parent entity	(10,741)	(5,697)
Non controlling interest	(749)	(471)
	(11,490)	(6,168)
Loss per share	cents	cents
Basic loss per share	(1.6)	(3.2)
Diluted loss per share	(1.6)	(3.2)

The accompanying notes form part of these financial statements.

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CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2014

	Note	30 Jun 2014 \$'000	31 Dec 2013 \$'000
CURRENT ASSETS			
Cash and cash equivalents		11,503	7,872
Receivables		421	358
Inventories		2,740	808
Other assets		47	123
Total Current Assets		14,711	9,161
NON-CURRENT ASSETS			
Receivables		2,349	1,445
Financial assets		284	148
Plant and equipment		21,942	21,657
Development expenditure		23,627	21,185
Total Non-Current Assets		48,202	44,435
Total Assets		62,913	53,596
CURRENT LIABILITIES			
Trade and other payables		5,835	4,576
Current tax liabilities		-	156
Provisions		505	350
Total Current Liabilities		6,340	5,082
NON-CURRENT LIABILITIES			
Provision		2,303	2,319
Total Non-Current Liabilities		2,303	2,319
Total Liabilities		8,643	7,401
NET ASSETS		54,270	46,195
EQUITY			
Issued capital	3	156,855	137,358
Reserves		9,362	11,143
Accumulated losses		(107,886)	(98,994)
Capital and reserves attributable to owners of Finders Resources Limited		58,331	49,507
Non-controlling interest		(4,061)	(3,312)
TOTAL EQUITY		54,270	46,195

The accompanying notes form part of these financial statements.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 30 JUNE 2014

	Share capital	Accumulated losses	Equity reserve	Foreign currency translation reserve	Share-based payments reserve	Non-controlling interest	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
30 June 2014							
Balance at 1 Jan 2014	137,358	(98,994)	6,045	3,747	1,351	(3,312)	46,195
Loss for the period	-	(8,891)	-	-	-	(572)	(9,463)
Other comprehensive income	-	-	-	(1,850)	-	(177)	(2,027)
Transactions with owners recorded directly in equity:							
Shares issued during the period	20,292	-	-	-	-	-	20,292
Share issue expenses	(795)	-	-	-	-	-	(795)
Share-based payments	-	-	-	-	68	-	68
Balance at 30 Jun 2014	156,855	(107,885)	6,045	1,897	1,419	(4,061)	54,270
30 June 2013							
Balance at 1 Jan 2013	96,488	(79,126)	5,095	(2,050)	1,607	(2,208)	19,806
Loss for the period	-	(10,233)	-	-	-	(73)	(10,306)
Other comprehensive income	-	-	-	4,536	-	(398)	4,138
Transactions with owners recorded directly in equity:							
Shares issued during the period	11,889	-	-	-	-	-	11,889
Share issue expenses	(443)	-	-	-	-	-	(443)
Share-based payments	-	-	-	-	85	-	85
Option premium	-	-	950	-	-	-	950
Balance at 30 Jun 2013	107,934	(89,359)	6,045	2,486	1,692	(2,679)	26,119

The accompanying notes form part of these financial statements.

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CONSOLIDATED CASH FLOW STATEMENT
FOR THE HALF YEAR ENDED 30 JUNE 2014

	Six months ended 30 Jun 2014 \$'000	Six months ended 30 Jun 2013 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	701	-
Payments to suppliers and employees	(10,727)	(4,281)
Interest received	16	24
Taxes and value added tax received/ (paid)	(1,140)	251
Net cash used in operating activities	(11,150)	(4,006)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for plant and equipment	(2,542)	(362)
Payments for development expenditure	(1,515)	(1,214)
Payments for exploration expenditure	(150)	(135)
Payments for security deposits	(137)	-
Net cash used in investing activities	(4,344)	(1,711)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	20,272	6,000
Payments for share issue expenses	(921)	(443)
Payments for interest and other finance costs	(225)	(187)
Net cash provided by financing activities	19,126	5,370
Net increase/(decrease) in cash held	3,632	(347)
Cash and cash equivalents at beginning of period	7,872	1,770
Exchange rate effect	(1)	(3)
Cash and cash equivalents at end of period	11,503	1,420

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2014

NOTE 1: BASIS OF PREPARATION

This general purpose interim financial report for the half year reporting period ended 30 June 2014 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the financial report for the year ended 31 December 2013 and any public announcements made by Finders Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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

Going concern

The Group made a loss of \$9,463,000 for the six months ended 30 June 2014, with total cash outflows from operating and investing activities of \$15,494,000.

As disclosed in the annual financial statements for the year ended 31 December 2013, the Group had –

- (a) updated and revised the Bankable Feasibility Study ("BFS") on the Wetar Copper Project ("Project"). The revised BFS adopted a new development strategy based on a simpler construction plan of expanding the ex-Whim Creek solvent extraction electrowinning ("SX-EW") plant to 25,000 tonnes per annum copper cathode capacity;
- (b) re-engaged with potential project financiers to secure debt funding for the Project development;
- (c) received indicative term sheets from a number of other potential lenders and investors; and
- (d) upgraded the former demonstration SX-EW plant on Wetar Island to 3,000 tonnes per annum production capacity, with copper cathode production commencing in the first quarter of 2014.

During the half-year, the Group made progress towards securing funding for the Project development. It received credit approval for US\$165 million of project finance facilities from a syndicate of banks comprising BNP Paribas, Commonwealth Bank of Australia, Hong Kong and Shanghai Banking Corporation and Societe Generale. In addition, international trading house, Daewoo International Corporation of Korea, has agreed to invest US\$45 million at the Project level via a mix of debt and equity (refer Note 5). Pursuant to the agreements executed subsequent to balance date (which remain subject to certain conditions precedent), Daewoo has agreed to subscribe for shares in and provide loans to Finders' wholly owned Indonesian subsidiary, PT Batutua Tembaga Raya ("BTR"). Daewoo will acquire an interest of 24.1% in BTR in exchange for US\$45 million of project funding. Closing of the share subscription and loans is subject to certain conditions being met, including approval by Badan Koordinasi Penanaman Modal ("BKPM"), the Indonesian Investment Authority, BTR entering into a satisfactory design and construct contract in relation to the Wetar expansion project and execution of the project finance facility agreement.

First sale of copper cathode from the 3,000 tonnes per annum plant commenced during the half year, which will provide valuable cashflow for the Group's ongoing activities.

Pending the finalisation of the project finance facilities and the Daewoo investment, the Company has also been able to secure interim funding to support its activities. During the half-year, the Company raised \$20,292,000 from share placements to existing shareholders and other investors and an underwritten Entitlement Offer to shareholders. At 30 June 2014, the Group had \$11,503,000 in cash and no interest-bearing debt.

The continuing viability of the Company and its ability to continue as a going concern and meet its commitments as they fall due are dependent upon the Company being successful in –

- a) securing project finance (in the first instance, finalising the project finance facilities offered by the banking syndicate referred to above); and
- b) raising additional equity (in the first instance, finalising the Daewoo investment) for the Project development;

and until the project finance referred to above is secured, the Company being able to secure interim funding. Until these matters are finalised, there is a material uncertainty that may cast significant doubt on whether the Company will continue as a going concern and, therefore, whether it will realise its assets and settle its liabilities and commitments in the normal course of business and at the amounts stated in the financial report.

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The Directors believe that the Company will be successful in the above matters and, accordingly, have prepared the financial report on a going concern basis. At this time, the Directors are of the opinion that no asset is likely to be realised for an amount less than the amount at which it is recorded in the half-year report at 30 June 2014. Accordingly, no adjustments have been made to the half-year report relating to the recoverability and classification of the asset carrying amounts or the amounts and classification of liabilities that might be necessary should the Company not continue as a going concern.

Impact of standards issued but not yet applied by the entity

(i) New and amended standards adopted

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 January 2014 affected any of the amounts in the current period or any period and are not likely to affect future periods.

(ii) Early adoption of standards

The Group has not elected to apply any pronouncements before their operative dates in the half year reporting period beginning 1 January 2014.

Rounding of amounts to nearest thousand dollars

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

	Note	30 Jun 2014 Number	31 Dec 2013 Number	30 Jun 2014 \$'000	31 Dec 2013 \$'000
NOTE 2: ISSUED SECURITIES					
Contributed equity					
Issued and paid up shares		661,267,245	496,481,628	151,670	127,173
Share capital received in advance	3(a)	-	-	-	5,000
Employee incentive shares	3(b)	14,957,000	14,957,000	-	-
Converting Notes	3(c)	-	-	5,185	5,185
		676,224,245	511,438,628	156,855	137,358

Movement:		Number '000	Number '000
At beginning of reporting period		511,439	366,221
Shares issued during the period:			
Placements		126,985	33,436
Entitlement offer		37,800	-
Exercise of options		-	50,000
Conversion of loan and interest		-	54,907
Directors incentive shares		-	6,875
At end of reporting period		676,224	511,439

a) Share capital received in advance

In December 2013, the Company raised \$10.0 million through a share placement of 55.5 million shares at \$0.18 per share, of which \$5.0 million of the share application money was received prior to 31 December 2013 and was recognised in the financial statements as "Share capital received in advance".

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b) Employee incentive shares

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

c) Converting Notes

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

d) Unlisted Options

Exercise Price	Expiry Date	30 Jun 2014	31 Dec 2013
		Number '000	Number '000
\$0.30	16 Apr 2014	-	500
\$0.50	23 Oct 2014	16,000	16,000
\$0.35	05 Jun 2017	22,857	22,857
\$0.2556	22 Oct 2017	31,299	31,299
		70,156	70,656

NOTE 3: OPERATING SEGMENTS

The consolidated entity operates in two geographical locations, being Australia and Indonesia. Its minerals business is based in Indonesia where it is currently producing copper cathode from a 3,000 tonnes per annum plant from the Wetar Copper Project, with development activities expected to commence shortly to expand the production capacity to 28,000 tonnes per annum by the addition of a 25,000 tonnes per annum plant. It is also conducting mineral exploration on Wetar Island and in Sumatra.

	Copper Mining		Exploration		Total	
	Six months ended 30 Jun 2014 \$'000	Six months ended 30 Jun 2013 \$'000	Six months ended 30 Jun 2014 \$'000	Six months ended 30 Jun 2013 \$'000	Six months ended 30 Jun 2014 \$'000	Six months ended 30 Jun 2013 \$'000
Revenue						
Sales revenue	763	-	-	-	763	-
Unallocated revenue					37	95
Total revenue					800	95
Profit or loss						
Segment loss	(6,689)	(4,972)	(193)	(226)	(6,882)	(5,198)
Unallocated income less unallocated expenses					(2,581)	(5,108)
Loss before income tax					(9,463)	(10,306)
Income tax expense					-	-
Loss after income tax					(9,463)	(10,306)

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	30 Jun 2014 \$'000	31 Dec 2013 \$'000	30 Jun 2014 \$'000	31 Dec 2013 \$'000	30 Jun 2014 \$'000	31 Dec 2013 \$'000
Assets						
Segment assets	53,092	45,770	329	327	53,421	46,097
Unallocated assets					9,492	7,499
Total assets					62,913	53,596

NOTE 4: CAPITAL COMMITMENTS

The Group has entered into a contract to purchase and refurbish six marine fuel oil generators for the power plant at the Wetar Copper Project. The total value of the contract is US\$8.6 million. Payment is made to the supplier when the requisite milestones under the contract are achieved.

	30 Jun 2014 \$'000	31 Dec 2013 \$'000
Capital expenditure contracted for at the reporting date but not recognised as liabilities is as follows:		
Plant and equipment		
- Payable within 1 year	1,540	1,622
- Payable later than 1 year but not later than 5 years	4,016	4,228
	5,556	5,850

NOTE 5: EVENTS AFTER BALANCE DATE

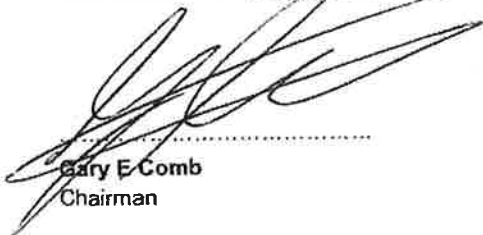
Subsequent to balance date, the Company executed investment and funding agreements with Daewoo International Corporation. Pursuant to the agreements (which remain subject to certain conditions precedent), Daewoo has agreed to subscribe for shares in and provide loans to Finders' wholly owned Indonesian subsidiary, PT Batutua Tembaga Raya ("BTR"). Daewoo will acquire an interest of 24.1% in BTR in exchange for US\$45 million of project funding. Closing of the share subscription and loans is subject to certain conditions being met, including approval by BKPM, the Indonesian Investment Authority, BTR entering into a satisfactory design and construct contract in relation to the Wetar expansion project and execution of the project finance facility agreement.

DIRECTORS' DECLARATION

In the opinion of the directors:

1. the financial statements and notes set out on pages 5 to 12 are in accordance with the *Corporations Act 2001*, including:
 - a. complying with Accounting Standards and the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
 - b. giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the half-year ended on that date, and
2. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



.....
Gary E Comb
Chairman

Sydney, 29 August 2014



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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Finders Resources Limited (the Company), which comprises the consolidated balance sheet as at 30 June 2014, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the half-year ended on that date, selected explanatory notes and the directors' declaration for Finders Resources Limited (the consolidated entity). The consolidated entity comprises the company and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Finders Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

PricewaterhouseCoopers, ABN 52 780 433 757

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Liability limited by a scheme approved under Professional Standards Legislation.

Conclusion

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

- a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the half-year ended on that date;
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Material Uncertainty Regarding Continuation as a Going Concern

Without qualifying our review conclusion, we draw attention to Note 1 in the financial report, which comments on the additional debt and equity funding developments during 2014. These conditions, along with other matters as set forth in Note 1 indicate the existence of a material uncertainty that may cast significant doubt about the entity's ability to continue as a going concern and therefore the entity may be unable to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report.

PricewaterhouseCoopers

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Craig Thomason
Partner

Sydney
29 August 2014

CORPORATE DIRECTORY

Directors	Gary E Comb Barry J Cahill Christopher B Farmer Gavin A Caudle Gordon T Galt Christopher H Brown Douglas L Tay	Chairman Managing Director Executive Director - Indonesia Non-Executive Director Non-Executive Director Alternate to Gordon T Galt Alternate to Gavin A Caudle
Secretary	James Wentworth	
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