

FINDERS RESOURCES LIMITED

ABN 82 108 547 413



HALF YEAR FINANCIAL REPORT
SIX MONTHS ENDED 30 JUNE 2016

Directors' Review

Managing Director Barry Cahill commented: *"Completion of construction of the 25,000 t.p.a expansion project during the half year has been a significant milestone event for Finders in light of the very tight schedule. The company can now look forward to the plant being ramped up to full production during Q3 2016."*

WETAR COPPER PROJECT (FINDERS 72%)

3,000 t.p.a. and 25,000 t.p.a. SX-EW plant Production Report

The 3,000 t.p.a. plant operated as expected during the 6 months, while the 25,000 t.p.a. plant commenced commissioning and copper cathode production.

		Half year 2015	Half year 2016
Ore stacked	t	44,540	525,435
Grade	%Cu	1.72	2.36
Metal stacked	t Cu	764	12,427
Copper stripped	t Cu	307	1,636
Copper sold	t Cu	203	1,427
Copper sale price	US\$/lb Cu	2.68	2.15

Ore stacking continued on the Gold Pit Leach Pad (GPLP) and the Kali Kuning Valley (KKV) Heap Leach Pads. Productivity improved following the commissioning of the new crush, agglomerate and stack circuit. The 3kt crushing circuit continues to perform above expectations.



Image 1 – Aerial view of the Kali Kuning Open Pit

Operations took control of the new 25,000 t.p.a. copper cathode SXEW plant during the June quarter and commenced the ramp up to nameplate capacity. Minor issues encountered during the ramp up were overcome in a timely manner by the staff with assistance from the commissioning contractor. The ramp-up is continuing with nameplate capacity expected to be achieved during the September 2016 quarter.



Image 2 – Aerial View of the Gold Pit Heap Leach Pad

Ore mining progressed in line with expectations and included the completion of the significant portion of the waste mining in the pit as earthworks were being completed. The completion of this work is intended to expose sufficient ore for mining to feed the planned increase in ore crushed, agglomerated and stacked in the September 2016 quarter.

Copper cathode produced has continued to be exported as LME Grade A copper cathode without any specification issues.

25,000 t.p.a. SX-EW plant Construction Progress

Construction work during the 6 months included the KKV leach pad construction with Cell 5 nearing completion.



Image 3 – Kali Kuning Valley Leach Pad

Construction of the 25kt neutralisation plant is well advanced with commissioning to be undertaken in the September 2016 quarter.

A majority of the neutralisation plant equipment has been installed and representatives of the vendors have commenced arriving on site for the dry commissioning.



Image 4 - Aerial view of the 25,000 t.p.a. copper cathode SX-EW plant

Coastal construction included final work on the new explosives magazine prior to inspection for permit issuance.

Construction of the warehouse/workshop area continued with completion expected in the September 2016 quarter.

Demobilisation of construction personnel commenced during the half commensurate with the winding down of major activities on the expansion project.



Image 5 – Aerial view of the Neutralisation plant

OH&S

Finders and its partners are committed to the highest standards of occupational health and safety (OHS) and believe that every employee, subcontractor and visitor who comes to site has the right to leave free of injury or work related injury.

There were no serious injuries recorded during the 6 months, with the Lost Time Injury Frequency Rate (LTIFR) remaining at zero. The 12 month rolling LTIFR is 0.00 and the Injury Severity Rate is 0.00.

The Total Recordable Injury Frequency rate for the project is 2.44. This is the total rate of first aid, medically treated and lost time injuries recorded.

The construction of the 25,000 t.p.a. SX-EW plant was completed without a Lost Time Injury.

WETAR COMMUNITY DEVELOPMENT

With respect to responsible social management, the Company believes that building relationships with local communities based on trust and mutual respect is paramount to business success and sustainability.

The Company acknowledges its social responsibility such that its projects should bring benefits to the surrounding communities, this commitment continued during the 6 months.

- Agricultural initiatives, including vegetable growing and chicken farming, continued to supplement the requirements of the Project.
- The local community employment initiative, inclusive of island villages further afield of the operation, accounted for 50% of company's employees at the Wetar Project at the end of the June 2016.
- Staffing levels at the local health centre and two medical posts continue to be supported to reduce the dependency on the Site Clinic. During the six-month period 1,285 visits were dealt with. Any serious conditions were elevated to the Site Clinic of which there were 110 visits.
- The maintenance of the emergency airstrip for medical evacuation of both employees and local residents.
- Allocation of 10% of the available passenger seats on marine vessels servicing the Wetar Project to the local community.

Stakeholder engagement continued and included information meetings and site visits with various Government officials, community leaders, elders and landowners.

WETAR ENVIRONMENTAL MANAGEMENT

Responsible environmental management and leading environmental performance is integral to an effective and successful company.

The Company adopts "best practice" environmental management techniques from the wider mining community, particularly Australian standards of operation, in managing environmental issues at all its project areas.

At each of its project areas, the Company has engaged reputable independent consultants to undertake extensive environmental studies, including base line studies, design of monitoring programs and rehabilitation. The Company is not aware of any endangered species of flora or fauna in these project areas.

The Company's projects are subject to relevant environmental regulations in Indonesia and will themselves have varying levels and types of potential impact on the natural environment. At Wetar, the project site has historical degradation from former gold mining operations and the baseline reflects water quality in an area of acid rock drainage and former gold mining activities. Monitoring activities are conducted under the auspices of an approved environmental permit and all environmental studies and on-going monitoring results are reported on a quarterly basis to the relevant Indonesian authorities.

The Company is also required to comply with Indonesian laws and regulations regarding environmental matters, including disturbance and rehabilitation issues and the discharge of hazardous waste and materials.

Water quality monitoring includes daily pH and weekly pH and dissolved metal monitoring. Water quality analysis at the wetland discharge compliance point was completed in accordance with requirements and no non-compliances occurred.

Environmental monitoring activities and reporting to the relevant Indonesian authorities in accordance with the Project's environmental permit was ongoing and no non-compliance occurrences were reported.

FINANCE REVIEW

The consolidated loss after income tax for the half year was \$22.3 million (2015: \$18.9 million).

The Group recorded \$8.5 million (2015: \$1.5 million) from copper sales during the 6 months.

Finders previously entered into a Senior Facilities Agreement with BNP Paribas, Commonwealth Bank of Australia, Hong Kong and Shanghai Banking Corporation (HSBC) and Societe Generale ("the Senior lenders") which provides for a US\$162 million commitment from the Senior Lenders consisting of:

Facility	Available US\$'000	Drawn down 30 June 2016	Drawn down 31 December 2015
		US\$'000	US\$'000
Term loan facility	127,000	127,000	84,492
Cost overrun facility	20,000	5,954	-
VAT working capital facility	15,000	12,046	6,508
	162,000	145,000	91,000

The facilities are sufficient to enable the completion of construction of the 25,000 t.p.a. SX-EW plant.

During the 6 months Finders Indonesian subsidiary, PT Batutua Tembaga Raya (BTR) received drawdowns under the Senior Facilities Agreement totalling US\$54 million. Total amount drawn under the Senior Facilities Agreement as at the end of the quarter was US\$145 million. BTR remained in compliance with all covenants.

At 30 June 2016, undrawn facilities were US\$17 million.

The book value of the hedges entered into by BTR as at 30 June 2016 is summarised in the following table (AU\$ million):

Copper hedging	57.2
Fuel hedging	(2.8)
Total	54.4

As at 30 June 2016, Finders and BTR had cash of AU\$27.6 million.

Consolidated Statement of Comprehensive Income

	Note	Six months ended 30 June 2016 \$'000	Six months ended 30 June 2015 \$'000
Sales		8,549	1,544
Interest income		23	4
Raw materials and consumables used		(23,601)	(8,896)
Changes in finished goods and WIP inventory		8,836	31
Personnel costs		(10,248)	(7,605)
Financing costs		(781)	(379)
Depreciation and amortisation		(1,764)	(401)
Exchange loss		(488)	(639)
Exploration expenditure		-	(99)
Royalty expense		(441)	(29)
Other income / (expense)		(1,099)	(2,444)
Loss before income tax		(21,014)	(18,913)
Income tax expense		(1,256)	-
Loss for the year		(22,270)	(18,913)
Other comprehensive income			
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>			
Adjustments from translation of foreign controlled entities		(494)	2,947
Gain / (loss) on cashflow hedges		(6,402)	18,958
Tax effect on cashflow hedges		1,231	(4,740)
Realised loss transferred to net profit		1,479	-
Other comprehensive (loss) / income net of tax		(4,186)	17,165
Total comprehensive income / (loss) for the year		(26,456)	(1,748)
Loss for the year attributable to:			
Owners of Finders Resources Ltd		(15,953)	(14,437)
Non-controlling interests		(6,317)	(4,476)
		(22,270)	(18,913)
Total comprehensive profit / (loss) attributable to:			
Owners of Finders Resources Ltd		(20,244)	(145)
Non-controlling interests		(6,212)	(1,603)
		(26,456)	(1,748)
Loss per share		cents	cents
Basic loss per share		(3.31)	(2.80)
Diluted loss per share		(3.31)	(2.80)

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

	Note	30 June 2016 \$'000	31 December 2015 \$'000
ASSETS			
Current assets			
Cash and cash equivalents		27,628	33,728
Receivables	2	20,096	780
Financial assets		176	2,380
Inventories	3	18,062	6,747
Other assets		1,651	2,088
Hedging derivative asset	4	24,096	-
Total current assets		91,709	45,723
Non-current assets			
Receivables	2	4,532	14,968
Financial assets		1,281	1,302
Hedging derivative asset	4	33,131	67,388
Plant and equipment	5	21,253	22,341
Development expenditure	6	189,033	144,259
Total non-current assets		249,230	250,258
TOTAL ASSETS		340,939	295,981
LIABILITIES			
Current liabilities			
Trade and other payables		31,345	23,481
Borrowings	7	72,735	19,431
Provisions		1,111	604
Hedge derivative liability	4	1,797	-
Total current liabilities		106,988	43,516
Non-current liabilities			
Borrowings	7	116,692	147,128
Provisions		10,238	11,194
Hedge derivative liability	4	998	6,546
Total non-current liabilities		127,928	164,868
TOTAL LIABILITIES		234,916	208,384
NET ASSETS		106,023	87,597
EQUITY			
Issued capital	8	156,884	156,884
Reserves		53,119	57,342
Accumulated losses		(151,652)	(135,699)
Equity attributable to owners of Finders Resources Limited		58,351	78,527
Non-controlling interest	9	47,672	9,070
TOTAL EQUITY		106,023	87,597

The accompanying notes for part of these financial statements.

Consolidated Statement of Changes in Equity

	Note	Share capital	Accumulated losses	Equity reserve	Hedging derivative reserve	Foreign currency translation reserve	Share based payments reserve	Other reserve	Non-controlling interest	Total
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance 1 January 2016		156,884	(135,699)	6,045	32,250	17,767	695	585	9,070	87,597
Loss for the period		-	(15,953)	-	-	-	-	-	(6,317)	(22,270)
Other comprehensive income		-	-	-	(4,722)	442	-	(11)	105	(4,186)
Total comprehensive income		-	(15,953)	-	(4,722)	442	-	(11)	(6,212)	(26,456)
<i>Transactions with owners recorded directly in equity:</i>										
Share based payments		-	-	-	-	-	68	-	-	68
Equity contribution	7b	-	-	-	-	-	-	-	44,814	44,814
Balance as at 30 June 2016		156,884	(151,652)	6,045	27,528	18,209	763	574	47,672	106,023
Balance 1 January 2015		156,884	(116,962)	6,045	-	8,709	1,480	-	9,791	65,947
Loss for the period		-	(14,437)	-	-	-	-	-	(4,476)	(18,913)
Other comprehensive income		-	-	-	10,252	4,040	-	-	2,873	17,165
Total comprehensive income		-	(14,437)	-	10,252	4,040	-	-	(1,603)	(1,748)
<i>Transactions with owners recorded directly in equity:</i>										
Share based payments		-	-	-	-	-	67	-	-	67
Balance as at 30 June 2015		156,884	(131,399)	6,045	10,252	12,749	1,547	-	8,188	64,266

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

	Note	Six months ended 30 June 2016 \$'000	Six months ended 30 June 2015 \$'000
Cash flows from operating activities			
Receipts from customers		7,311	2,280
Payments to supplier and employees <i>(inclusive of goods and services tax)</i>		(32,082)	(12,460)
Interest received		23	11
Net cash used in operating activities		(24,748)	(10,169)
Cash flows from investing activities			
Payment for plant and equipment		(347)	(3,003)
Payments for development expenditure		(47,722)	(26,144)
Payments for security deposits		-	(32)
Net cash used in investing activities		(48,069)	(29,179)
Cash flows from financing activities			
Proceeds from borrowings		72,106	24,452
Payments for interest and other costs of financing		(4,700)	(6,422)
Net cash provided by in financing activities		67,406	18,030
Net decrease in cash held		(5,411)	(21,318)
Cash and cash equivalents at beginning of period		33,728	47,946
Exchange rate effect		(689)	1
Cash and cash equivalents at end of period		27,628	26,629

The accompanying notes for part of these financial statements.

Notes to the Financial Statements

1. Basis of preparation

Finders Resources is a public company incorporated and domiciled in Australia whose shares are traded on the Australian Stock Exchange (ASX:FND).

This condensed general purpose interim financial report for the half year reporting period ended 30 June 2016 has been prepared in accordance with Accounting Standard AASB134 *Interim Financial Reporting* and the *Corporations Act 2001* and was authorised for issue in accordance with a resolution of directors on 13 September 2016.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the financial report for the year ended 31 December 2015 and any public announcements 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, except as described below.

Change in accounting policies, accounting standards and interpretations

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 January 2016 affected any of the amounts or disclosures in the current period or any prior period presented.

Rounding of amounts to the thousand dollars

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191 and in accordance with that instrument, amounts in the Financial Report have been rounded to the nearest thousand dollars, unless otherwise stated.

Comparative numbers

Certain comparative numbers in the Consolidated Statement of Comprehensive Income have been reclassified to conform with the current year's presentation. An amount of \$4.3 million previously disclosed as Transport and travel and an amount \$1.08 million previously disclosed as Catering in the 30 June 2015 financial statements have been reclassified and disclosed in other expense categories for the comparative period in this Financial Report. This has no impact on the loss for the comparative period.

Going concern

The consolidated entity incurred a loss after income tax of \$22.270 million for the period ended 30 June 2016 (30 June 2015: \$18.913 million) and has net current liabilities of \$15.279 million as at 30 June 2016 (31 December 2015: net current assets of \$2.207 million), including \$72.735 million of debt which is due for repayment within the next 12 months.

The ability of the consolidated entity to continue as a going concern is dependent on the continued ramp up of production from the expanded Wetar copper project over the next few months. The directors expect to achieve nameplate capacity production within the September 2016 quarter and therefore believe it is appropriate to prepare the half-year financial report on a going concern basis.

However, should continued ramp up of production not be achieved over the next few months then the consolidated entity may be unable to continue as a going concern.

No adjustments have been made relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

2. Receivables

	30 June 2016 \$'000	31 December 2015 \$'000
<i>Current</i>		
VAT receivable	18,526	-
Other receivable	1,570	780
	20,096	780
<i>Non-current</i>		
VAT receivable	3,521	14,327
Other receivable	1,011	641
	4,532	14,968

3. Inventories

	30 June 2016 \$'000	31 December 2015 \$'000
<i>Inventories, at cost</i>		
Raw materials and consumables	5,987	3,243
Work in progress	7,694	2,472
Finished goods	4,381	1,032
	18,062	6,747

4. Hedging derivative assets and liabilities

The group has entered into forward contracts in respect of –

- 40,699 tonnes of copper to be produced from the Wetar Copper Project. The contracts are at an average price of US\$5,940 per tonne and cover the period from July 2016 to March 2019. At 30 June 2016, the contracts have a fair value of AU\$57.2 million.
- 255,000 barrels of Singapore Gas Oil (High Speed Diesel) to be used at the Wetar Copper Project. The contracts are at an average price of US\$69.52 per barrel and cover the period from January 2016 to December 2017. At 30 June 2016, the contracts have a fair value of AU\$2.8 million, reflected as a derivative liability.

The forward contracts are designated and qualify as cashflow hedges to hedge the Group's exposure to variability of cashflows arising from its future copper sales and diesel purchases.

The fair value of the forward contracts is determined by reference to current forward commodity prices, which is categorised as level 2 of the fair value hierarchy. The principal inputs to the valuation are commodity prices, volatilities and discount rates. Commodity prices are determined by reference to published prices.

Copper and fuel swaps – Maturity analysis

	0 – 6 months \$'000	6 – 12 months \$'000	12 – 24 months \$'000	24 + months \$'000	Total \$'000
<i>Copper swaps</i>					
Receive – forward	62,686	61,079	121,492	77,382	322,639
Pay – spot	50,180	49,489	100,305	65,437	265,411
<i>Fuel swaps</i>					
Receive – spot	5,010	4,991	5,255	-	15,256
Pay – forward	5,884	5,914	6,253	-	18,051
<i>Total</i>					
Receive	67,696	66,070	126,747	77,382	337,895
Pay	56,064	55,403	106,558	65,437	283,462
Net receive / (pay)	11,632	10,667	20,189	11,945	54,433

5. Plant and equipment

	30 June 2016 \$'000	31 December 2015 \$'000
Plant and equipment at cost	23,028	23,607
<i>Less:</i>		
Accumulated depreciation	(4,782)	(4,010)
Impairment	(5,080)	(5,207)
	13,166	14,390
Construction in progress	8,087	7,951
	21,253	22,341
<i>Movements:</i>		
Opening net book value	22,341	21,579
Additions	330	85
Disposals	-	-
Depreciation charge	(888)	(709)
Exchange rate effect	(530)	1,386
Closing net book value	21,253	22,341

6. Development expenditure

	30 June 2016 \$'000	31 December 2015 \$'000
Development expenditure	48,348	49,538
Less:		
Accumulated amortisation	(3,845)	(3,061)
	44,503	46,477
Capital works in progress	144,530	97,782
	189,033	144,259
<i>Movements:</i>		
Opening net book value	144,259	69,154
Additions	49,138	73,216
Amortisation charge	(876)	(763)
Exchange rate effect	(3,488)	2,652
Closing net book value	189,033	144,259

7. Borrowings

	30 June 2016 \$'000	31 December 2015 \$'000
Current		
Loan (secured) ^a	72,735	19,431
Non-current		
Loan (secured) ^a	116,692	100,938
Loan (unsecured) ^b	-	46,190
	116,692	147,128

a) Loan (secured)

The Group has signed a Senior Secured Project Finance Facility Agreement with a syndicate of banks. Under the agreement, the banking syndicate has agreed to provide loan facilities totalling US\$162 million consisting of:

Facility	Interest rate (LIBOR + %)	Available US\$'000	Drawn down 30 June 2016 US\$'000	Drawn down 31 December 2015 US\$'000
Term loan facility	5.00%	127,000	127,000	84,492
Cost overrun facility	5.75%	20,000	5,954	-
VAT working capital facility	5.00%	15,000	12,046	6,508
		162,000	145,000	91,000

The facilities have first ranking security over the Wetar Copper Project.

Principal repayment – Maturity analysis

	0 - 6 months US\$'000	6 - 12 months US\$'000	12 - 24 months US\$'000	24+ months US\$'000	Total US\$'000
Term loan facility	19,812	24,003	50,292	32,893	127,000
Cost overrun facility	-	-	-	5,954	5,954
VAT working capital facility	5,465	4,296	2,285	-	12,046
	25,277	28,299	52,577	38,847	145,000

Interest accrued in respect of this facility was recognised in Trade and other payables as at 31 December 2015. As at 30 June 2016 accrued interest in respect to this facility has been treated as a Current Borrowing liability.

b) Loan (unsecured)

The Group secured US\$45 million in funding from Daewoo International Corporation, who hold a 24.1% interest in BTR, for the expansion of the Wetar Copper Project, of which US\$31.4 million was provided as an unsecured loan. At the inception of the loan, interest at the rate of 10% per annum was payable on the loan from commencement of commercial production at the Wetar Copper Project.

In April 2016 an amendment to the loan agreement was executed converting the loan to non-interest bearing. Following the amendment, the loan is now non-interest bearing and has no specified repayment date and has therefore been treated as equity and included in Non-controlling interest. No shares have been issued in consideration of this amount and it carries no right to extra votes or a right to dividends.

8. Issued capital

	30 June 2016 '000	31 December 2015 '000	30 June 2016 \$'000	31 December 2015 \$'000
Contributed equity				
Issued and paid up shares	673,667	673,667	151,699	151,699
Employee incentive reserved shares ^{a)}	(12,400)	(12,400)	-	-
Converting notes ^{b)}	-	-	5,185	5,185
	661,267	661,267	156,884	156,884
<i>Movement:</i>				
At beginning of reporting period	673,667	677,857		
Share buy back	-	(4,190)		
At end of reporting period	673,667	673,667		

a) Employee incentive shares

The Company has issued incentive shares to employees and executive directors under the Finders Employee Share Plan as well as incentive shares to the Non-Executive Chairman on similar terms to the plan. This

share-based compensation under which the employees and directors purchase shares funded by limited recourse loans from the Company is accounted for as a share based payment and expensed over the expected life of the options inherent in the arrangement with a corresponding credit to the share-based payments reserve.

b) Converting notes

The Company raised US\$5,500,000 from Standard Bank Plc in 2012 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.

c) Unlisted options

Exercise price	Expiry date	30 June 2016 '000	31 December 2015 '000
\$0.35	5 June 2017	22,857	22,857
\$0.2556	22 October 2017	31,299	31,299
		54,156	54,156

9. Non-controlling interest

	30 June 2016 \$'000	31 December 2015 \$'000
Non-controlling interest		
Issued and paid up shares	15,643	15,643
Contributed equity (<i>refer note 6b</i>)	44,814	-
Reserves	9,291	9,176
Accumulated losses	(22,076)	(15,749)
	47,672	9,070

10. Operating segments

The consolidated entity's operations are situated 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, in parallel with the development of the project 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. Corporate activities are based in Australia and are not considered an operating segment.

Operating segment

	Copper mining		Total	
	Six months ended	Six months ended	Six months ended	Six months ended
	30 June 2016	30 June 2015	30 June 2016	30 June 2015
	\$'000	\$'000	\$'000	\$'000
Revenue				
Sales revenue	8,549	1,544	8,549	1,544
Interest income			23	4
Total revenue			8,572	1,548
Result				
Segment result	(20,925)	(16,715)	(20,925)	(16,715)
Income tax expense	(1,256)	-	(1,256)	-
Post-tax segment result	(22,181)	(16,715)	(22,181)	(16,715)
Administration expenses			(89)	(2,198)
Loss after income tax			(22,270)	(18,913)
Assets				
Segment assets	335,237	288,653	335,237	288,653
Unallocated assets ^{a)}			5,702	7,328
Total assets			340,939	295,981
Liabilities				
Segment liabilities	234,343	207,696	234,343	207,696
Unallocated liabilities ^{a)}			573	688
Total liabilities			234,916	208,384

- a) Unallocated assets represent largely cash held by the parent company. Unallocated liabilities represent trade creditors and provisions.

Geographical information - Indonesia

	Revenue from sales to external customers		Non-current assets	
	Six months ended	Six months ended	30 June 2016	31 December 2015
	30 June 2016	30 June 2015	30 June 2016	31 December 2015
	\$'000	\$'000	\$'000	\$'000
Revenue	8,549	1,544		
Plant and equipment			21,212	22,300
Development expenditure			187,572	144,259
Indonesia	8,549	1,544	208,784	166,559

* Non-current assets for this purpose consist of plant and equipment and development expenditure.

11. Commitments

Capital commitments

The group has entered into contracts for the construction and development of the Wetar Copper Project. The capital commitments at balance date are set out below.

	30 June 2016 \$'000	31 December 2015 \$'000
<i>Capital expenditure contracted for at the reporting date, but not recognised as liabilities as follows:</i>		
Plant and equipment		
- Payable within 1 year	4,095	52,486
- Payable later than 1 year but not later than 5 years	-	25,683
	4,095	78,169

Operating leases

The group leases offices and equipment under an operating lease. The operating lease commitments at balance date are set out below.

	30 June 2016 \$'000	31 December 2015 \$'000
<i>Commitments for minimum lease payments in relation to non-cancellable operating leases as follows:</i>		
- Payable within 1 year	1,330	3,930
- Payable later than 1 year but not later than 5 years	-	8
	1,330	3,938

12. Contingent liabilities

In 2011, PT Batutua Tembaga Raya ("BTR"), a subsidiary of the Company, entered into a contract for the purchase and refurbishment of six marine fuel oil generators for use at the Wetar Copper Project. The contract amounted to approximately US\$8.6 million, of which the subsidiary has paid US\$3.8 million (including storage charges).

In September 2014, BTR terminated the contract following breaches of the contract identified by BTR. Subsequent to balance date, an arbitration process between BTR and the contractor was commenced. Due to the uncertainty relating to the arbitration, at the time the Group fully impaired the carrying value of the generators in the 31 December 2014 financial statements.

The matter was heard before the arbitrator in April 2016 in Hong Kong. Judgement has provided for payment to Royce of US\$ 1.56 million plus interest and costs, which have been estimated to be US\$0.4 million. After taking into account the estimated recovery value of the generators a provision for US\$0.52million has been recognised at 30 June 2016.

13. Events after balance date

On 25 August 2016, Finders Resources Limited (Finders) terminated the co-operation agreement and withdrew from its Ojolali gold and silver project in Sumatra. Following an extensive review of the data in relation to the project, the Finders board determined that its exploration resources and management time would be better spent on high potential targets on Wetar Island.

Finders has handed control of the exploration tenements to its local partner in Indonesia. The decision is not expected to have a material impact on Finders' financial statements and will allow Finders to focus entirely on the Wetar copper project.

Directors' Declaration

In the opinion of the Directors:

1. the financial statements and notes set out on pages 7 to 19 are in accordance with the Corporations Act 2001 and:
 - a. comply with Accounting Standards AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
 - b. give a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the half-year ended on that date;
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.

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



Gary Comb
Chairman

Perth
13 September 2016



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Independent review report to the members of Finders Resources Limited

Report on the 30 June 2016 half-year financial report

We have reviewed the accompanying half-year financial report of Finders Resources Limited, which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the 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 and the Corporations Act 2001 and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* ("ASRE 2410"), 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 2016 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 and the entities it controlled during the half-year, 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. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.



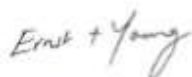
Conclusion

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 2016 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.

Emphasis of matter

Without qualifying our conclusion, we draw attention to Note 1 in the financial report that describes the principal conditions that raise doubt about the consolidated entity's ability to continue as a going concern. The matters set forth in Note 1 indicate the existence of a material uncertainty that may cast significant doubt on the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.



Ernst & Young



T S Hammond
Partner
Perth
13 September 2016



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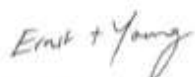
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Auditor's Independence Declaration to the Directors of Finders Resources Limited

As lead auditor for the review of Finders Resources Limited for the six months ended 30 June 2016, I declare 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
- b) no contraventions of any applicable code of professional code of professional conduct in relation to the review.

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



Ernst & Young



T S Hammond
Partner
13 September 2016

Corporate Directory

Directors	<p>Gary Ernest Comb Barry John Cahill Gavin Arnold Caudle Gordon Thomas Galt Christopher Howard Brown Douglas Len Po Tay</p>	<p>Non-Executive Chairman Managing Director Non-Executive Director Non-Executive Director Alternate for Gordon Galt Alternate for Gavin Caudle</p>
Secretary	James Hamilton Wentworth	
Registered Office	<p>Level 1 5 Ord Street West Perth WA 6005 Telephone: + (61 8) 6555 3996 Facsimile: + (61 8) 6555 3998 Email: info@findersresources.com</p>	
Website	www.findersresources.com	
Stock Exchange Listing	ASX: FND	
Auditor	<p>Ernst & Young 11 Mounts Bay Road Perth WA 6000</p>	
Share Registry	<p>Boardroom Pty Limited Grosvenor Place Level 12, 225 George Street Sydney NSW 2000 Australia Telephone – 1300 737 760 (within Australia) +61 2 9290 9600 (outside Australia)</p>	
Australian Business Number	82 108 547 413	