FINDERS RESOURCES LIMITED

ABN 82 108 547 413

ANNUAL REPORT
31 DECEMBER 2018

Corporate Directory

Directors	Colin Moorhead	Non-Executive Chairman
	David Fowler	Chief Executive Officer
	Gavin Caudle	Non-Executive Director
	Gordon Galt	Non-Executive Director
	Roderick Webster	Non-Executive Director
	Mark Sherman	Non-Executive Director
	Michael Anderson	Alternate for Gordon Galt
	Douglas Tay	Alternate for Gavin Caudle
Secretary	Susan Hunter	
Registered Office	25 Colin Street West Perth WA 6005 Telephone: + (61 8) 6555 3996 Facsimile: + (61 8) 6555 3998 Email: info@findersresources.com	
Website	www.findersresources.com	
Stock Exchange Listing	ASX: FND	
Auditor	Ernst & Young 11 Mounts Bay Road Perth WA 6000	
Share Registry	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)	
Australian Business Number	82 108 547 413	

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Dear Shareholders,

I am pleased to present to you the 2018 Annual Report for Finders Resources Limited (the "Company").

In November 2017 Eastern Fields Development Limited (EFDL), on behalf of its parent company PT Merdeka Copper Gold Tbk (Merdeka), launched an offer to acquire the Company. By late March 2018 control of the Company passed to EFDL. The takeover closed on 5 April 2019 and subsequently EFDL confirmed it will proceed with the compulsory acquisition of 100% of the Company's issued and outstanding shares.

Operationally, it has been a very dynamic year for the Company's sole asset, the Wetar Copper Project (the Project) located in Maluku Province, Indonesia. Production of copper cathode collapsed at the Project late in 2017. Subsequent uncertainty and poor performance continued into 2018. This situation was not being adequately addressed and it was becoming clear that the Project's future was in doubt, as current liabilities grew. There was also little progress at the critically important Lerokis development and Partolang exploration projects.

Following the change in control, under Merdeka's leadership, the Company, undertook a comprehensive and systematic review of the Project to increase and stabilise copper production and to extend mine life. By the third quarter key improvements had been identified, additional financing arranged and a number of the improvements had been completed or substantially advanced by year-end. The most significant issues and the related improvements included:

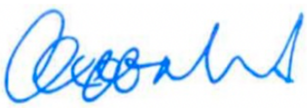
- a lack of crusher capacity resulted in approximately 830,000 tonnes of ore being historically stacked without prior crushing (dump leached). This material subsequently had to be re-handled and crushed and restacked during 2018, significantly reducing the volume of copper leached and reducing pad area under irrigation. New crushing equipment capable of processing 7,000 tonnes per day has been acquired and is expected to be commissioned in the second quarter of 2019;
- high acid levels in leach solution reduced the copper extraction efficiency in the SXEW plant from a target rate of 80% to under 50%. Improvements in operating practices were made to increase acid neutralisation plant productivity from 50 tonnes per day of free acid to 150 tonnes per day and an expansion should see acid neutralisation increase to more than 200 tonnes per day by the end of the second quarter 2019;
- poor heap construction resulted in short circuiting during irrigation and inadequate aeration capacity required the remining and re-fitting of aeration and irrigation pipework. This resulted in irrigation being turned off on significant areas of the heap leach pad which reduced the amount of copper going into solution; and
- long-standing access issues with the Wetar community were resolved allowing development at Lerokis and drilling at Partolang to commence in the fourth quarter of 2019. An aerial geophysics survey was also flown in recent months to target potential additional deposits that may be buried under the volcanic material that covers much of the lease. Results are expected in the second quarter of 2019.

There is now clear evidence of a turnaround in operating performance and growing confidence regarding mine life extension. It is anticipated that a production rate of 25,000 tonnes per annum should be realised during the second half of 2019 as a result of these improvements.

This closes another pivotal chapter in the Wetar Copper Project. It also opens a new chapter as the project will continue to grow under the majority ownership and operatorship of Merdeka, an emerging mid-tier, multi-asset copper and gold producer with strong growth prospects.

As such, it is a good time to reflect on the tremendous effort it takes to define and deliver any minerals resource project, something that can only be achieved with the support of our stakeholders, not least our Shareholders.

Sincerely yours,



Colin Moorhead
Chairman
18 April 2019

Your Directors present their report on Finders Resources Limited ("Company") and its controlled entities ("the Group") for the year ended 31 December 2018.

Directors

The names, qualifications, experience, responsibilities and interest of Directors during the financial year and up to the date of this report are:

Colin Moorhead - Non-Executive Chairman (appointed 3 April 2018)

Australian nationality, 54, appointed as Director of the Company in April 2018. An experienced mining professional, he is recognized for multi-achievements in the mining industry, including building safe, successful and highly regarded technical teams, ability to develop and deliver strategy, culture and governance; a thorough understanding of the technical, legal and commercial aspects of the mining business with an exposure to many different cultures and operating environments. Also recognized as a leader in the areas of health, safety, environment and community.

Mr. Moorhead is currently an Executive Director at Merdeka Copper Gold. Prior to Merdeka Copper Gold he served as EGM Minerals, Newcrest Mining Ltd, Australia (2008- 2015), GM Resources & Reserves of the same company (2006-2008), Geology Manager, PT Nusa Halmahera Minerals, Gosowong Gold Mine, Indonesia (2003-2006), Technical Services Manager, Cadia Holdings Ltd, NSW, Australia (1997-2003), and various other positions in the mining industry in a career spanning 32 years since 1987.

He graduated with a Bachelor of Science degree (Honours) in geology and geophysics from the University of Melbourne, Australia, in 1986, and participated in the Advanced Management Program of Harvard Business School, Boston, MA, USA.

Mr. Moorhead was elected as President of the Australasian Institute of Mining and Metallurgy (AusIMM) for 2017-2018.

Other listed company Directorships in last three years:
- PT. Merdeka Copper & Gold Tbk

David Fowler – Chief Executive Officer (appointed 3 April 2018)

Australian nationality, 51, appointed as the Director of the Company in April 2018 as CEO. Mr. Fowler has had more than 25 years of professional experience in the mineral resources industry with expertise in finance, operations and development. He started with the Public Accounting Firm of Arthur Andersen in Perth, Australia, and went on to pursue a career in the mining business, serving in various managerial capacities with Eltin Limited and Western Metals Limited, both in Australia, then with Orusur Mining Incorporated in Canada.

He earned Bachelor of Business degree from Curtin University, Australia, in 1986, and a Post Graduate Diploma in Finance and Investment from the Securities Institute of Australia in 2003.

Other listed company Directorships in last three years:
- PT. Merdeka Copper & Gold Tbk
- Sumatra Copper & Gold Plc

Gavin Caudle - Non-Executive Director (appointed 15 August 2013)

Mr Caudle (BCom) has over 25 years' experience in the finance and investment sectors in Australia, Singapore and Indonesia. He was previously a partner in the Arthur Andersen Jakarta office and Country Head of the Investment Bank, Salomon Smith Barney, for Indonesia. Since 2003, together with his partners, Mr Caudle has developed numerous successful businesses including Tower Bersama Group (a telecommunications infrastructure business), Provident Agro (a plantation business) and Merdeka Copper & Gold with assets valued at more than $3 billion. Mr Caudle is Chairman of the Audit Committee and a member of the Remuneration and Nomination Committee.

Other listed company Directorships in last three years:

- Sihayo Gold Limited
- Sumatra Copper & Gold Plc
- PT. Merdeka Copper & Gold Tbk.

Gordon Galt - Non-Executive Director (appointed 22 August 2013)

Mr Galt is a mining engineer (BE (Mining), B.Comm, Grad Dip Finance, MAusIMM, MAICD) and resources financier with over 40 years' experience. He is a Principal of Taurus Funds Management. Mr Galt is a member of the Audit Committee and a member of the Remuneration and Nomination Committee.

Other listed company Directorships in last three years:

- Delta SBD Ltd (resigned 1 July 2016)
- Realm Resources Limited
- Nucoal Resources Limited
- Lefroy Exploration Limited

Mark Sherman - Non-Executive Director (appointed 3 April 2018)

Mr Sherman is a technical director with 36 years' experience, predominantly in the operation, management and optimization of copper-gold operations. He is an internationally recognized specialist in grinding circuit design and operation, mill liner and grate design, and circuit optimisation. Mr Sherman is Fluor's comminution subject matter expert and a Fluor Fellow.

Mr Sherman has worked on some of the world's most significant copper producing projects in Chile, Mongolia, Indonesia, Papua New Guinea and Australia. He has been published extensively, particularly in relation to comminution technology. Mr Sherman has not held any other listed company directorships in the last three years.

Roderick Webster - Non-Executive Director (appointed 3 April 2018)

Mr Roderick Webster is a mining engineer (University of Sydney) with over 45 years of experience in the resources industry including more than 16 years as MD/CEO of publicly listed companies. He is currently the non-executive Chairman of Riversgold Ltd (ASX) a gold exploration company active in Australia and Alaska.

From 2005 to 2015 Mr Webster was a founding Director and CEO of Weatherly, a company engaged in copper mining and smelting in Namibia. Between 2001 and 2005 Mr Webster was a senior executive with First Quantum Minerals Ltd, a Canadian listed company developing copper mines in Zambia and Mauritania. Mr Webster was also the founding Director and CEO of Western Metals Ltd, a major Australian base metals producer during which time he served on the executive committee of the International Zinc Association. Earlier in his career Mr Webster held management positions with Homestake Gold of Australia Ltd and BHP Minerals Ltd. Mr Webster is a Fellow of both the Australian Institute of Mining and Metallurgy and the Australian Institute of Company Directors.

Other listed company Directorships in last three years:

- Pembridge Resources Plc (LSE)
- Coro Mining Corp (TSX)
- Weatherly International Plc (AIM)

Michael Anderson - Alternate Director for Gordon Galt (appointed 16 September 2016)

Mr Anderson is a geologist (PhD, Geology) with over 20 years' industry experience, largely in southern Africa and Australia. His career commenced as a geologist with Anglo American, followed by roles in the metallurgical and engineering industries with Mintek, Bateman and Kellogg Brown & Root. He subsequently held senior management positions including Corporate Development Manager at Gallery Gold Limited, and Managing Director at Exco Resources Limited, where he oversaw the successful development of the White Dam Gold Project, and the sale of the Company's Cloncurry Copper Project to Xstrata. He joined Taurus Funds Management as a Director in August 2011.

Other listed company Directorships in last three years:

- Base Resources Limited (resigned 31 August 2017)
- Hot Chili Limited

Douglas Tay - Alternate Director for Gavin Caudle (appointed 30 May 2014)

Mr Tay (BA) is currently a Director of Provident Capital Partners, an investment company with interests in gold and copper mining, telecom infrastructure, palm plantations, real estate and biomass trading. Prior to joining Provident, he spent 10 years in Citigroup's investment banking and proprietary trading divisions, focusing on Southeast Asia. Mr Tay has not held any other listed company directorships in the last three years.

Gary Comb - Non-Executive Chairman (appointed 3 June 2013, resigned 3 April 2018)

Mr Comb holds an BE(Mech), BSc and DipEd and has over 35 years' experience in the mining industry, most recently as Managing Director of Jabiru Metals Ltd where he oversaw the acquisition, feasibility study and construction of the Jaguar copper/zinc mine in Western Australia as well as the successful sale of the company to Independence Group NL. Mr Comb was Chairman of the Remuneration and Nomination Committee and was a member of the Audit Committee.

Other listed company Directorships in last three years:

- Aurelia Metals Limited (resigned 30 June 2017)
- Ironbark Zinc Limited

Barry Cahill - Managing Director (appointed 22 August 2013, resigned 3 April 2018)

Mr Cahill is a mining engineer (BE (Mining), MAusIMM, MAICD) with over 30 years' experience in exploration, operational mining and management throughout Australia. He has experience in the management of all facets of operating mines including regional exploration, resource drilling, underground and open pit mining, ore processing facilities, both as a mining contractor and an operator. Mr Cahill has been an executive director of a number of public companies including operations director of Perilya Limited, managing director of Australian Mines Limited and managing director of Norseman Gold Plc, a company listed on the London AIM market and the ASX. He is a member of the Australasian Institute of Mining & Metallurgy and a member of the Australian Institute of Company Directors.

Company Secretary

Susan Hunter – Company Secretary (appointed 15 September 2017)

Ms Hunter (BCom; ACA; F Fin; FGIA; FCIS; GAICD) has over 20 years' experience in the corporate finance industry. She is founder and managing director of consulting firm Hunter Corporate Pty Ltd, which specialises in provision of corporate governance and company secretarial advice to listed and unlisted companies and has previously held senior management roles at Ernst & Young, PricewaterhouseCoopers and Bankwest.

Principal Activities

The principal activities of the Group during the financial year were:

a) Operation of a 25,000 t.p.a SX-EW plant at the Wetar Copper Project
b) Further exploration around and development of the Wetar Copper Project

Employees

The Group had 703 employees at 31 December 2018 (2017: 597)

Review of operations

The Group generated a profit after tax of $11.411 million for the year ended 31 December 2018 (31 December 2017: profit after tax of $56.331 million) and has net current assets of $0.667 million (31 December 2017: net current liabilities of $39.550 million), including $41.112 million of shareholder subordinated loans which are due for repayment in January 2020. Mining and processing production data for the Wetar Copper Project is summarised in the following table:

	Unit	Full Year 2017	Mar-18 Quarter	Jun-18 Quarter	Sep-18 Quarter	Dec-18 Quarter	Full Year 2018
		Open Pit Mining					
Ore Mined	t	1,884,400	431,663	232,386	497,230	426,672	1,587,951
Waste Mined	t	650,279	65,699	73,422	559,381	710,170	1,408,672
Mined Copper Grade	% Cu	2.09	2.69	2.87	3.26	3.00	2.98
Contained Copper Metal	t Cu	39,384	11,591	6,659	16,201	12,821	47,272
		Heap Leach Production					
Fresh Ore Crushed	t	1,944,520	376,738	247,536	460,504	379,366	1,464,144
Dump Ore Crushed	t	303,556	25,921	198,773	26,769	-	251,463
Total Ore Crushed	t	2,248,076	402,659	446,310	487,273	379,366	1,715,607
Copper Grade Stacked	% Cu	2.00	2.77	2.07	3.09	3.08	2.58
Recovered Copper	t	22,969	4,339	4,273	4,459	4,000	17,071
Recovered Copper	lbs	50,637,977	9,566,503	9,419,492	9,830,601	8,819,446	37,636,042
		Cathode Sales					
Copper Sold	t	25,277	4,501	4,207	4,611	4,228	17,547
Copper sale price	**US$/lb**	2.76	**3.12**	**3.10**	**2.82**	**2.84**	**3.01**

Mining continued from the Kali Kuning open pit over 2018 with 1,587,951 tonnes of ore mined at a grade of 2.98% copper. The lower rate of mining through 2018 versus 2017 was due to prioritising the re-mining of existing heap pads to improve copper leaching rates. While the rate of re-mining reduced in the second half of the year a major slip occurred on the north wall of the Kali Kuning pit in mid-June with an additional fall in late September. Mining of ore decreased as equipment was directed to moving unplanned waste from the slips.

The Ore Reserve[1] to actual ore mined reconciliation remained positive through 2018. As at 31 December 2018, the project-to-date reconciled ore tonnes mined (grade control model) are 111% of ore reserve tonnes depleted (625,003 tonnes of ore). The project-to-date reconciled copper metal mined also continues to show a positive variance of 123% of the reserve model (28,603 tonnes of copper metal) driven by better than expected grades in the deeper part of the pit and additional ore tonnes identified at the margins. This trend is likely to continue until then end of mining at the Kali Kuning pit.

Leaching of a sulphide orebody is unique process. While considerable effort was made during feasibility studies to understand the best method to leach this type of orebody, the Company's understanding has evolved and a number of operating improvements have been implemented including the installation of additional aeration capacity and better controls over irrigation rates.

Recovered copper was 17.071 tonnes versus 22,969 tonnes in 2017. Early in 2018 the poor performance of the neutralisation plant (daily average of 50 tonnes per day neutralised) resulted in increasing free acid levels which in turn reduced the solvent extraction efficiency. While performance of the neutralisation plant improved throughout the year (daily average of 150 tonnes per day neutralised) free acid remains at elevated levels and additional neutralisation capacity will be installed in the first half of 2019.

Approval was received for a variation to the Lerokis haul road route following meetings with regulators in the Maluku provincial capital of Ambon on 11 May 2018. This was a significant step forward for the Company in preparing for the development of the Lerokis deposit.

Haul road construction and pre-mining cost were estimated to be around US$12 million and commenced late in the third quarter. The development was around 1/3 complete as at 31 December 2018. Mining at Lerokis is scheduled to commence the second quarter of 2019.

Significant changes in the state of affairs

On 3 April 2018 following the change in control of the Company as a result of the Eastern Field Developments Limited takeover offer, Mr Barry Cahill and Mr Gary Comb resigned as Directors. Mr Colin Moorhead, Mr David Fowler, Mr Roderick Webster and Mr Mark Sherman were appointed as Directors.

As at 31 December 2018, Eastern Field Developments Limited had received acceptances under its takeover offer for 765,832,589 shares comprising 97.09% of the voting power in Finders. This includes acceptances for 87,339,525 shares managed by Taurus Funds Management Pty Ltd, being equal to 11.31% of the shares currently on issue.

Business strategies and prospects

Production guidance for 2019 is 21,000 to 24,000 tonnes of copper at an All-in Sustaining Cost of US$ 1.30/lb to US$ 1.50/lb. The second half is expected to have stronger production as mining of the Lerokis pit commences and improvement initiatives are implemented and sustaining capital reduces.

[1] Refer to the ASX release dated 22 October 2018 titled "Mineral Resource and Ore Reserve Update" and the Technical Report and Competent Person Statement attached to the release. This release is located on the Finders Resources Ltd website at: http://findersresources.com/wp-content/uploads/2018/10/Confirmation-of-Release-Mineral-Resource-Ore-Reserve-Update.pdf

The neutralisation plant is being expanded to reduce the levels of free acid. An upgrade to the neutralising plant is expected to be completed in the second quarter of 2019. Intensive housekeeping continues at the 25KT electrowinning plant improving the current efficiency in both cellhouses. An anode replacement program commenced in December.

Increased exploration activity will continue to play an important role at Wetar. To date the Partolang drill results have been encouraging outlining a single massive sulphide body, which is 250m wide and has been traced along strike in a northerly direction for 350-400m. The average drilled thickness is 25m, but this varies considerably, from 1m along the eastern margin to 12m along the western margin. Along the northern margin the sulphide is 32.5m thick, and in the central portion it reaches up to 60m. Geological results are still being compiled and interpreted. The initial results have confirmed the existence of a mineralised sulphide body associated with the electromagnetic conductor and also confirmed some of the assay results from historic exploratory work in the 1990's.

Final flight permits were received late in the fourth quarter of 2018 for a planned airborne electromagnetic and magnetic survey targeting the volcanogenic massive sulphide mineralisation. This survey commenced in January and will cover an area of 111km^2 with 1,470-line kilometres. This will be the first airborne geophysics program by the Company and will be used to identify additional exploration targets.

Several exploration targets have already been identified outside of known resources. A drilling program is scheduled to commence on these after the wet season. Access is difficult at several of the targets and a man-portable drill rig will be used for parts of the program.

Significant events after balance date

On 22 January 2019 the Company announced that its subsidiary PT Batutua Tembaga Raya and Posco Daewoo Corporation entered in to a US$18.0 million copper cathode advanced payment transaction. The key terms of the agreement included Posco Daewoo to advance an US$18.0 million advanced payment to BTR in exchange for 4,800 metric tonnes of copper cathode to be delivered in shipments of 400 metric tonnes per month over 12 months commencing in February 2019. 60% of the value of each shipment is to offset the Advanced Payment amount over the first 9 months and may be adjusted in the final three months to ensure the Advanced Payment amount has been fully offset.

On 1 March 2019 the Company advised that the Kali Kuning open pit at the Wetar Copper Project has recently experienced a series of pit wall failures. Waste from the recent failures has extended across the base of the pit, covering ore and impacting mining activities. The pit wall monitoring system also identified broader movements and, as a precaution, mining operations were been suspended at Kali Kuning to evaluate the situation.

On 11 March 2019 the Company provided an update on the takeover offer from Eastern Field Developments Limited ("EFDL") in light of a Federal Court judgment handed down in Perth on 8 March 2019. His Hon Justice McKerracher declined to review the earlier orders of the Takeovers Panel which remain in force. Unless an appeal is made against the Court's decision, EFDL's offer for Finders will end on 5 April 2019 after which time:

- EFDL will have an option under the Panel's orders to acquire shares held by Taurus Funds Management Pty Ltd ("Taurus") in Finders, equal to approximately 11.31% of Finders' share capital, at the 23¢ cash per share offer price;
- Taurus will have an option under the Panel's orders to put the shares it holds in Finders to EFDL at the offer price;
- EFDL will have the right to compulsory acquire outstanding Finders shares at the offer price;
- if EFDL does not exercise this right, it will need to make an offer to buy all outstanding Finders shares at the offer price.

On 19 March 2019 the Company's subsidiary PT Batutua Tembaga Raya received confirmation from its banking group (comprising BNP Paribas, Commonwealth Bank of Australia, Societe Generale Hong Kong Branch and The Hongkong and Shanghai Banking Corporation Limited Jakarta Branch) of the final US$21.0 million payment in relation to the senior secured project facility.

Dividends paid or recommended

There was no dividend paid, recommended or declared but not paid, during the financial year.

Environmental Issues

The Group 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.

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

Projects are subject to relevant environmental regulation in Indonesia and will themselves have varying levels and types of potential impact on the natural environment. Wetar 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 Group complies with the various environmental and social statutory requirements under the Indonesian legislation, approvals and permits. The Group is required to comply with Indonesian laws and regulations regarding environmental matters, including disturbance and rehabilitation issues and the discharge of hazardous waste and materials.

Meetings of Directors and Board Committees

Attendances by each director during the year were as follows:

	Directors Meetings		Audit and Risk Committee Meetings [3]		Remuneration and Nomination Committee Meeting [4]	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Colin Moorhead [1]	8	8	0	0	1	1
David Fowler [1]	8	8	1	1	0	0
Gavin Caudle	14	6	2	1	0	0
Gordon Galt	14	11	2	2	0	0
Michael Anderson [5]	14	13	2	2	0	0
Mark Sherman [1]	8	8	0	0	1	1
Roderick Webster [1]	8	7	0	0	1	1
Gary Comb [2]	6	6	1	1	0	0
Barry Cahill [2]	6	6	0	0	0	0

[1] Appointed 3 April 2018.
[2] Resigned 3 April 2018.
[3] From 1 January 2018 to 3 April 2018, the Chair of the Audit and Risk Committee was Gavin Caudle and the members were Gordon Galt and Gary Comb. From 4 April 2018 to 31 December 2018, the Chair of the Audit and Risk Committee was Gavin Caudle and the members were Gordon Galt and David Fowler.
[4] Only one Remuneration and Nomination Committee meeting was held during the year. The Chair of the Remuneration and Nomination Committee is Roderick Webster and the members of the Committee are Colin Moorhead and Mark Sherman.
[5] Michael Anderson is Alternate Director for Gordon Galt.

Indemnifying Directors and Other Officers

The Company's constitution provides that "to the extent permitted by the Corporations Act 2001, the Company may indemnify:

a) every person who is or has been an officer of the Company; and
b) where the Board of Directors considers it appropriate to do so, any person who is or has been an officer of a related body corporate of the Company;

against any liability incurred by that person in his or her capacity as an officer of the Company or of the related body corporate (as the case may be)."

During the financial year, the Company paid a premium and other charges for a Directors and Officers Liability Insurance Policy for the benefit of the directors, secretary, officers and employees of the Company. The policy prohibits disclosure of the terms of the policy, including the amount insured, the insuring clauses and exclusions and the amount of premium paid.

Indemnification of Auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young Australia, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

Non-audit Services

The Company may engage the services of its auditor on other assignments in addition to the statutory audit where the firm's expertise and experience with the Company are beneficial. Full details of the auditor's remuneration are set out in Note 27 to the financial statements.

Auditor's Independence Declaration

The auditor's independence declaration pursuant to section 307C of the *Corporations Act 2001* is set out on page 23.

Rounding of Amounts to Nearest Thousand Dollars

The Company is of a kind referred to in ASIC Corporations (Round 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.

This report details the nature and amount of remuneration for key management personnel (KMP).

The KMP of the Group during the year were:

Name	Position	Term as KMP
Directors		
Colin Moorhead	Non-Executive Chairman	Appointed 3 April 2018
David Fowler	Managing Director	Appointed 3 April 2018
Gordon Galt	Non-Executive Director	Full financial year
Gavin Caudle	Non-Executive Director	Full financial year
Mark Sherman	Non-Executive Director	Appointed 3 April 2018
Roderick Webster	Non-Executive Director	Appointed 3 April 2018
Douglas Tay	Alternate for Gavin Caudle	Full financial year
Michael Anderson	Alternate for Gordon Galt	Full financial year
Gary Comb	Non-Executive Chairman	Resigned 3 April 2018
Barry Cahill	Managing Director	Resigned 3 April 2018
Other key management personnel		
George Lloyd	Chief Financial Officer	Appointed 2 July 2018
Wayne Apted	Chief Financial Officer	Resigned 30 June 2018
Andrew Reid	Chief Operations Officer	Resigned 10 September 2018

Remuneration policy

The remuneration policy is designed to align key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific short-term and long-term incentives based on key performance indicators affecting the Group's operational and financial results. The policy ensures that the remuneration level is commensurate with the person's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating employees of the highest calibre, as well as creating goal congruence between directors, executives, shareholders and all other stakeholders.

The remuneration policy, which sets the terms and conditions for senior executives, was developed by the Remuneration Committee and approved by the Board. All key management personnel receive a base salary, superannuation and may benefit from the Company's performance bonus plan and long-term incentive schemes. The Board (including non-executive directors) are remunerated by means of a fixed annual salary and superannuation, having regard to comparable companies from time to time.

The employment conditions of the managing director and specified executives are formalised in contracts of employment.

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.

No independent external advice was sought during the year for the purposes of reviewing key management personnel or non-executive director remuneration. The Company's Constitution requires that the remuneration payable to non-executive directors shall be an amount not exceeding in aggregate a maximum sum that is approved by resolution of the Company, currently $350,000 per annum.

Where required, the Company also makes statutory superannuation contributions, currently 9.5% of directors' fees, for the benefit of the directors. There are no schemes for retirement benefits other than statutory superannuation for both executives and non-executive directors.

Performance-based remuneration

The group had three incentive schemes in place during the year: a short-term incentive, a long-term incentive and a discretionary incentive. The short- and long-term incentive schemes were in place at the commencement of the year and the discretionary incentive was introduced during the year.

Short-term incentives

A short-term incentive scheme was in place for key management personnel at the commencement of the year. The scheme was discontinued during the year.

The key performance indicators used to assess the amount of the short-term incentive were set at the start of each year by the Remuneration Committee and reflect the priorities of the Group for that year. The Board determined the incentive payable within three months of the end of the financial year.

Former Managing Director

The former managing director Mr Barry Cahill was previously eligible for a short-term incentive paid in shares to the value equal to a percentage of his annual base salary each financial year. The amount that the managing director was eligible for was based on the extent to which the Group achieves its expected outcomes for the year:

	Incentive as % of base salary
Performance at or below expected performance	0%
Performance generally above expected performance	30%
Performance consistently exceeded expected performance	70%
Considerable additional value added in addition to consistently exceeding expected performance	100%

The former managing director was not entitled to a short-term incentive in respect of a financial year if his employment ceased before the end of that year. No payment was made during the current year for either the 2017 or 2018 performance years.

Other key management personnel
Key management personnel and other employees and contractors were eligible for short-term incentives paid in cash. The maximum cash bonus an individual was eligible for was 20 percent of his or her base salary.

The cash bonus was calculated according to the percentage attainment of specific performance targets for the Wetar Copper Project determined by the Board as relevant to the role, calculated at six monthly intervals. The performance areas, key performance indicator and weighting used to calculate percentage of incentive payable were:

Performance area	Key performance indicator	Weighting
Safety	Total Reportable Injury Frequency Rate	20%
Production	Tonnes copper stripped	35%
Cost	C1 costs per pound of copper produced	35%
Quality	% of LME grade A copper produced	10%

An individual performance area may have a score of greater than 100 percent however the total cash bonus payable was capped at 20 percent of an individual's base salary.

The cash bonus is calculated half yearly for the financial year and payable at 12 months from the star date of the half-year period that is being paid. If an individual is employed partway through a 6-month period, he or she is eligible on a pro-rata basis for the duration of their employment in that six-month period. If employment ceases prior to the completion of a 6-month period, the individual will not be eligible for any bonus for that period. No payment was made during the current year for either the 2017 or 2018 performance years.

Long-term incentives

The Company had in place two long-term incentive schemes during 2018: a performance rights plan and an employee share ownership plan. The Board may, at its discretion, offer performance rights to directors, the managing director, key management personnel and other employees. The key performance indicators used to assess the amount of the long-term incentives are determined by the Remuneration Committee and reflect the priorities of the Group. If the vesting conditions and performance criteria are met the rights automatically exercise and one fully paid ordinary share will be issued for each right with no payment required by the participant.

Performance right plan
Mr Cahill's executive service agreement included an award of 4 million performance rights with a term of 8 years. The rights were to vest in three tranches on achievement of the performance criteria relevant to each tranche. Under the plan the vesting conditions and performance criteria are deemed to have been met and the rights immediately vest if a takeover offer for the Company becomes unconditional. Shareholder approval for the award was required at the 2018 annual general meeting and approval was not granted.

Performance rights granted to other key executives during 2017 contained performance criteria associated with the 2018 production target, cost performance, resource definition and project development. Under the plan the vesting conditions were deemed to have been met and the rights immediately vested when the takeover offer became unconditional.

Employee share ownership plan
The Board may invite directors, employees and contractors to participate in the Finders Employee Share Ownership Plan. Participants are offered the opportunity to acquire ordinary shares of the Company funded by an interest free limited recourse loan from the Company. The shares are not issued at a discount and are subject to vesting conditions and performance criteria. The participant may only deal with shares that have vested once the loan has been repaid. These shares are referred to as incentive shares in this report.

No incentive shares were issued during the year. Mr Comb and Mr Cahill each held a tranche of incentive shares that were granted on 8 November 2013. The vesting conditions and performance criteria were:

Participant	No. of shares	Fair value on grant date	Exercise price per share	Vesting conditions and performance criteria
Gary Comb	2,500,000	$0.052	$0.2008-$0.3008	Expand Wetar life of mine production to equivalent of at least 250,000 tonnes of copper cathode Remain a director for at least four years from issue date
Barry Cahill	1,000,000	$0.052	$0.2008-$0.3008	Expand Wetar life of mine production to equivalent of at least 250,000 tonnes of copper cathode Remain managing director for at least four years from issue date

These shares vested and the loan obligations met as a result of the takeover of the Company becoming unconditional during the year.

Discretionary incentives

Mr Fowler's and Mr Lloyd's executive service agreements each contain a provision for the payment of an annual performance bonus for good performance. Good performance is determined at the discretion of the Board. The bonus will be the equivalent of 25% to 75% of gross salary. Bonus payments will consist of 50% cash and 50% in equivalent value of performance rights. Performance rights will vest as follows: 33.3% immediately, 33.3% one year after end of bonus period and 33.3% two years after end of bonus period. The Board may also award additional discretionary bonus in cash or shares on the achievement of key transactions or milestones. No discretionary incentives were awarded during the year.

Company performance and directors and executive remuneration

The table below summarises the Company's performance over the last 5 years.

	2018	2017	2016	2015	2014
Net profit/(loss) after tax	$11.4m	$56.3m	($13.1m)	($29.5m)	($20.5m)
Profit/(loss) per share	$0.014	$0.073	($0.019)	($0.044)	($0.033)
Diluted profit/(loss) per share	$0.014	$0.073	($0.019)	($0.044)	($0.033)
Closing share price	$0.165	$0.24	$0.150	$0.135	$0.150
Market capitalisation	$130.1	$182.8m	$114.2m	$89.3m	$99.2m

Details of remuneration

The remuneration of Directors and Key Management Personnel is outlined overleaf. Cash bonuses, incentive shares and performance rights are linked to performance.

31 December 2018	Short Term Benefits				Post-Employment	Share Based Payments	Termination Benefits	Total	Performance Related
	Salary and fees	Cash bonus	Other[1]	Leave[2]	Super-annuation				%
Directors									
Colin Moorhead[3]	41,096	-	-	-	3,904	-	-	45,000	-
David Fowler[4]	165,000	-	-	6,514	15,675	-	-	187,189	-
Gordon Galt	30,000	-	-	-	2,850	-	-	32,850	-
Gavin Caudle	60,000	-	-	-	5,700	-	-	65,700	-
Mark Sherman[5]	41,096	-	-	-	3,904	-	-	45,000	-
Roderick Webster[6]	41,096	-	-	-	3,904	-	-	45,000	-
Gary Comb[7]	62,173	-	-	-	5,906	130,000[8]	-	198,079	66%
Barry Cahill[9, 10]	109,519	-	3,668	16,243	6,251	52,000[8]	-[11]	187,681	28%
Alternate Directors									
Michael Anderson	30,000	-	-	-	2,850	-	-	32,850	-
Douglas Tay	-	-	-	-	-	-	-	-	-
Other executives									
George Lloyd[12]	130,000	-	-	10,000	-[13]	-	-	140,000	-
Wayne Apted[14]	137,500	-	3,874	11,423	10,416	157,500[15]	-	320,713	49%
Andrew Reid[16]	264,600	-	-	24,710	17,591	154,000[15]	94,500	555,401	28%
	1,112,080	**-**	**7,542**	**68,890**	**78,951**	**493,500**	**94,500**	**1,855,463**	

1. Other employment benefits represent fringe benefits tax paid. The Company paid a premium and other charges for a Directors and Officers Liability Insurance Policy however the policy prohibits disclosure of the amount of premium paid.
2. Leave includes provisions for annual and long service leave.
3. Colin Moorhead appointed Non-Executive Chairman 3 April 2018.
4. David Fowler appointed Managing Director 3 April 2018.
5. Mark Sherman appointed Non-Executive Director 3 April 2018.
6. Roderick Webster appointed Non-Executive Director 3 April 2018.
7. Gary Comb resigned as Non-Executive Chairman 3 April 2018.
8. Total amount of share-based payment is in relation to incentive shares. Barry Cahill was issued 4 million performance rights during 2017. These rights were subject to shareholder approval at the annual general meeting and the approval was not granted. No expense was recognised in relation to this allocation.
9. Barry Cahill resigned as Managing Director 3 April 2018.
10. A cash bonus was paid to Barry Cahill during the year that was approved by the Remuneration Committee and disclosed in the prior year.
11. Barry Cahill's contract included provision for the payment of amounts on termination if certain conditions were met. The Group does not believe these conditions were met and therefore no termination benefit has been included in this table.
12. George Lloyd commenced as Chief Financial Officer 2 July 2018.
13. George Lloyd is not a tax residence of Australia and consequently does not receive post-employment benefits.
14. Wayne Apted resigned as Chief Financial Officer 30 June 2018.
15. Total amount of share-based payment is in relation to performance rights.
16. Andrew Reid resigned as Chief Operations Officer 10 September 2018.

31 December 2017	Short Term Benefits			Long Term Benefits	Post-Employment	Share Based Payments	Termination Benefits	Total	Performance Related
	Salary and fees	Cash bonus	Other[1]	Leave[2]	Superannuation				%
Directors									
Gary Comb	85,000	-	-	-	8,075	72,917[3]	-	165,992	44%
Barry Cahill	412,500	400,000[4]	2,680	59,234	22,154	29,167[3,5]	-	925,735	46%
Gordon Galt	24,000	-	-	-	2,280	-	-	26,280	-
Gavin Caudle	48,000	-	-	-	4,560	-	-	52,560	-
Alternate Directors									
Michael Anderson	24,000	-	-	-	2,280	-	-	26,280	-
Douglas Tay	-	-	-	-	-	-	-	-	-
Key Management Personnel									
Wayne Apted[6]	80,208	26,244	-	11,064	8,009	-	-	125,525	21%
James Wentworth[7]	313,914	120,000	-	47,716	8,320	3,194[3]	72,831	565,975	22%
Andrew Reid[8]	220,500	5,481[9]	-	16,915	-	-	-	242,896	2%
	1,208,122	**551,725**	**2,680**	**134,929**	**55,678**	**105,278**	**72,831**	**2,131,243**	

1. Other employment benefits represent fringe benefits tax paid. The Company paid a premium and other charges for a Directors and Officers Liability Insurance Policy however the policy prohibits disclosure of the amount of premium paid.
2. Leave includes provisions for annual and long service leave.
3. Total amount of share-based payment is in relation to incentive shares.
4. A cash bonus for Barry Cahill was approved by the Remuneration Committee. The cash bonus relates to the period 22 August 2013 to 30 June 2017.
5. Barry Cahill was granted 4,000,000 Performance Rights as a part of his Executive Service Agreement, conditional upon shareholder approval. The grant was not submitted for approval at the 2017 AGM and therefore not awarded.
6. Wayne Apted commenced as Chief Financial Officer on 15 September 2017.
7. James Wentworth resigned as Chief Financial Officer/Company Secretary on 15 September 2017.
8. Andrew Reid commenced as Chief Operating Officer on 1 June 2017.
9. Amount pro-rated for period of service during half-year performance assessment period.

Short-term incentives

No cash bonuses were earned or paid during the year due the resignation of other executives during the period.

Long-term incentives

At the commencement of the year 1.4 million performance rights issued under the Employee Performance Rights Plan in the prior year were outstanding to key management personnel. These rights vested during the year and ordinary shares were issued when a takeover offer for the Company became unconditional. As a result, there are no outstanding performance rights.

Year ended 31 December 2018	Balance 1 Jan 2018	Granted	Vested and exercised	Lapsed	Balance 31 Dec 2018
Directors					
Colin Moorhead	-	-	-	-	-
Gary Comb	-	-	-	-	-
David Fowler	-	-	-	-	-
Barry Cahill	-	-	-	-	-
Gavin Caudle	-	-	-	-	-
Gordon Galt	-	-	-	-	-
Mark Sherman	-	-	-	-	-
Roderick Webster	-	-	-	-	-
Michael Anderson	-	-	-	-	-
Douglas Tay	-	-	-	-	-
Other executives					
George Lloyd	-	-	-	-	-
Wayne Apted	700,000	-	(700,000)	-	-
Andrew Reid	700,000	-	(700,000)	-	-
	1,400,000	**-**	**(1,400,000)**	**-**	**-**

Total shares issued during the year on deemed vesting of performance rights are shown below:

	Number shares issued	Amount paid per share
Wayne Apted	700,000	-
Andrew Reid	700,000	-
	1,400,000	

These shares were issued on 23 February 2018 and had a value of $0.24 per share.

Details of Shareholdings

Number of shares (excluding incentive shares disclosed below) in respect of which Directors and other key management personnel have a relevant interest directly or through related entities.

Year ended 31 December 2018	Balance 1 Jan 2018	Acquisitions	Disposals	Balance 31 Dec 2018
Directors				
Colin Moorhead	-	-	-	-
David Fowler	-	-	-	-
Gavin Caudle[1]	153,248,198	610,156,077	-	766,017,963
Gordon Galt	-	-	-	-
Mark Sherman	-	-	-	-
Roderick Webster	-	-	-	-
Douglas Tay	413,333	-	(413,333)	-
Michael Anderson	-	-	-	-
Gary Comb[2]	2,066,667	7,500,000	(9,566,667)	-
Barry Cahill[3]	800,000	3,000,000	(3,800,000)	-
Other executives				
George Lloyd	-	-	-	-
Wayne Apted[4]	1,000,000	700,000	(1,700,000)	-
Andrew Reid[5]	-	700,000	(700,000)	-
	157,528,198	**622,056,077**	**(16,180,000)**	**763,404,275**

1. Gavin Caudle has a 30% interest in Procap Partners Limited (Procap) which is an associate of Eastern Field Development Limited (EFDL) which has a relevant interest in 678,493,064 ordinary shares in Finders registered in Eastern Field Development's Limited name and 87,524,899 shares in Finders acquired as a result of acceptances of offers made by Eastern Field Development's Limited under its takeover bid for Finders.
2. Gary Comb resigned as Non-Executive Chairman 3 April 2018.
3. Barry Cahill resigned as Managing Director 3 April 2018.
4. Wayne Apted resigned as Chief Financial Officer 30 June 2018.
5. Andrew Reid resigned as Chief Operations Officer 10 September 2018.

Incentive Shares

During the period the incentive shares held by the key management personnel were:

Year ended 31 December 2018	Balance 1 Jan 2018	Granted	Exercised	Lapsed	Balance 31 Dec 2018	Vested and exercisable
Directors						
Colin Moorhead	-	-	-	-	-	-
David Fowler	-	-	-	-	-	-
Gavin Caudle	-	-	-	-	-	-
Gordon Galt	-	-	-	-	-	-
Mark Sherman	-	-	-	-	-	-
Roderick Webster	-	-	-	-	-	-
Michael Anderson	-	-	-	-	-	-
Douglas Tay	-	-	-	-	-	-
Gary Comb[1]	7,500,000	-	(7,500,000)	-	-	-
Barry Cahill[2]	3,000,000	-	(3,000,000)	-	-	-
Other executives						
George Lloyd	-	-	-	-	-	-
Wayne Apted	-	-	-	-	-	-
Andrew Reid	-	-	-	-	-	-
	10,500,000	**-**	**(10,500,000)**	**-**	**-**	**-**

1. Gary Comb resigned as Non-Executive Chairman 3 April 2018.
2. Barry Cahill resigned as Managing Director 3 April 2018.

Shares issued during the year on exercise of incentive shares:

	Number shares issued	Amount paid per share
Gary Comb	2,500,000	$0.200800
Gary Comb	2,500,000	$0.222525
Gary Comb	2,500,000	$0.222525
Barry Cahill	1,000,000	$0.200800
Barry Cahill	1,000,000	$0.222525
Barry Cahill	1,000,000	$0.222525
	10,500,000	

These shares were issued on 23 February 2018 and had a value of $0.24 per share.

Service agreements

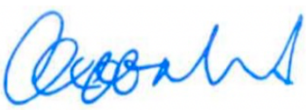
The remuneration and terms of engagement of Executive Directors and other key management personnel are formalised in employment and consulting agreements. Key provisions of each of the agreements are set out below. All contracts (other than those in respect of non-executive director services) may be terminated early by the Company giving between 3 and 12 months' notice, subject to termination payments as detailed below.

Name	Term of agreement	Base fee/salary	Termination payment
David Fowler[1] Managing Director	From 1 April 2018 until terminated	$220,000 per annum plus statutory superannuation	3 months' notice or payment in lieu
George Lloyd[2] Chief Financial Officer	From 15 May 2018 until terminated	$260,000 per annum inclusive of statutory superannuation	3 months' notice or payment in lieu
Barry Cahill[3] Managing Director	From 1 July 2017 until terminated	$450,000 per annum inclusive of statutory superannuation	12 months' notice or payment in lieu
Wayne Apted[4] Chief Financial Officer	From 1 July 2017 until terminated	$300,000 per annum inclusive of statutory superannuation	6 months' notice or payment in lieu
Andrew Reid[5] Chief Operations Officer	From 1 June 2017 for 2 years	$378,000 per annum inclusive of statutory superannuation	3 months' notice or payment in lieu

1. David Fowler appointed Managing Director 3 April 2018.
2. George Lloyd commenced as Chief Financial Officer 2 July 2018.
3. Barry Cahill resigned as Managing Director 3 April 2018.
4. Wayne Apted resigned as Chief Financial Officer 30 June 2018.
5. Andrew Reid resigned as Chief Operations Officer 10 September 2018.

No key management personnel were involved in the type of transaction described in Corporations Regulation Reg 2M.3.03(1) item 22 to 24.

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



Colin Moorhead
Chairman
Perth
29 March 2019

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Auditor's Independence Declaration to the Directors Finders Resources Limited

As lead auditor for the audit of the financial report of Finders Resources Limited for the financial year ended 31 December 2018, 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 audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

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

Ernst & Young

T S Hammond
Partner
Perth
29 March 2019

Consolidated Statement of Comprehensive Income

For the year ended 31 December	Note	2018 $'000	2017 $'000
Revenue	3	154,967	209,505
Interest income		378	92
Raw materials and consumables used		(83,704)	(81,738)
Changes in finished goods and WIP inventory		20,263	14,006
Personnel costs		(20,745)	(17,352)
Administrative costs	4	(2,297)	(2,116)
Financing costs	4	(11,441)	(11,362)
Depreciation and amortisation	11,12	(31,443)	(39,188)
Exchange gain/(loss)		1,231	(1,483)
Royalty expense		(1,948)	(1,575)
Other income / (expense)		(4,546)	(11,488)
Profit/(loss) before income tax		**20,715**	**57,301**
Income tax (expense)/benefit	5	(9,304)	(970)
Profit/(loss) for the year		**11,411**	**56,331**
Other comprehensive income			
Other comprehensive income to be reclassified to profit or loss in subsequent periods			
Adjustments from translation of foreign controlled entities		15,042	(8,198)
(Loss)/Gain on cash flow hedges		2,360	(31,007)
Tax effect on cash flow hedges		(590)	7,752
Loss/(Gain) on realised cash flow hedges reclassified to profit or loss		5,212	(8,020)
Tax effect on realised cash flow hedges		(1,303)	2,005
Other comprehensive income not to be reclassified to profit or loss in subsequent periods			
Re-measurement gain on defined benefit fund		(229)	(235)
Other comprehensive income/(loss) net of tax		**20,492**	**(37,703)**
Total comprehensive income/(loss) for the year		**31,903**	**18,628**
Profit/(loss) for the year attributable to:			
Owners of Finders Resources Ltd		5,430	43,328
Non-controlling interests		5,981	13,003
		11,411	**56,331**
Total comprehensive (loss)/ profit attributable to:			
Owners of Finders Resources Ltd		20,294	15,661
Non-controlling interests		11,609	2,967
		31,903	**18,628**
Earnings per share		**Cents**	**Cents**
Basic profit/(loss) per share	28	1.45	7.3
Diluted profit/(loss) per share	28	1.45	7.3

The above Consolidated Statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 31 December	Note	2018 $'000	2017 $'000
ASSETS			
Current assets			
Cash and cash equivalents	6	1,422	2,178
Receivables	7	10,483	2,482
Other financial assets	8	12,877	11,593
Inventories	9	67,065	55,666
Prepayments		446	585
Total current assets		**92,293**	**72,504**
Non-current assets			
Receivables	7	11,931	10,049
Other Financial assets	8	1,442	1,307
Inventories	9	16,397	-
Exploration and evaluation	13	1,960	-
Plant and equipment	11	111,745	119,599
Development expenditure	12	92,853	66,410
Deferred tax asset	5	12,445	19,713
Total non-current assets		**248,773**	**217,078**
TOTAL ASSETS		**341,066**	**289,582**
LIABILITIES			
Current liabilities			
Trade and other payables	14	57,389	32,229
Deferred income		2,031	5,545
Borrowings	16	29,487	49,023
Provisions	15	1,119	816
Hedge derivative liability	10	2,934	24,441
Total current liabilities		**92,960**	**112,054**
Non-current liabilities			
Borrowings	16	41,112	26,093
Provisions	15	38,805	13,028
Hedge derivative liability	10	-	5,497
Total non-current liabilities		**79,917**	**44,618**
TOTAL LIABILITIES		**172,877**	**156,672**
NET ASSETS		**168,189**	**132,910**
EQUITY			
Issued capital	17	170,562	168,302
Reserves	19	47,721	31,741
Accumulated losses		(96,078)	(101,508)
Equity attributable to owners of Finders Resources Limited		**122,205**	**98,535**
Non-controlling interest	24	45,984	34,375
TOTAL EQUITY		**168,189**	**132,910**

The above Consolidated statement of financial position should be read in conjunction with the accompanying notes

	Note	Issued 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 2018		**168,302**	**(101,508)**	**19,783**	**(3,230)**	**13,741**	**927**	**520**	**34,375**	**132,910**
Profit/(loss) for the year		-	5,430	-	-	-	-	-	5,981	11,411
Other comprehensive income		-	-	-	4,175	10,859	-	(170)	5,628	20,492
Total comprehensive income		**-**	**5,430**	**-**	**4,175**	**10,859**	**-**	**(170)**	**11,609**	**31,903**
Shares issued during year		2,260	-	-	-	-	-	-	-	2,260
Share based payments		-	-	-	-	-	1,116	-	-	1,116
Equity contribution		-	-	-	-	-	-	-	-	-
Balance as at 31 December 2018		**170,562**	**(96,078)**	**19,783**	**945**	**24,600**	**2,043**	**350**	**45,984**	**168,189**

The above Consolidated statement of changes in equity should be read in conjunction with the accompanying notes

	Note	Issued 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 2017		**168,182**	**(144,834)**	**21,225**	**18,006**	**19,997**	**822**	**695**	**29,966**	**114,057**
Profit/(loss) for the year		-	43,328	-	-	-	-	-	13,003	56,331
Other comprehensive income		-	-	-	(21,236)	(6,256)	-	(175)	(10,036)	(37,703)
Total comprehensive income		**-**	**43,328**	**-**	**(21,236)**	**(6,256)**	**-**	**(175)**	**2,967**	**18,628**
Shares issued during year		120	-	-	-	-	-	-	-	120
Share based payments		-	-	-	-	-	105	-	-	105
Equity contribution		-	-	(1,442)	-	-	-	-	1,442	-
Balance as at 31 December 2017		**168,302**	**(101,506)**	**19,783**	**(3,230)**	**13,741**	**927**	**520**	**34,375**	**132,910**

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December	Note	2018 $'000	2017 $'000
Cash flows from operating activities			
Receipts from customers		138,206	205,040
Payments to suppliers		(90,830)	(118,382)
Payments to employees		(18,477)	(16,730)
Interest received		372	92
Payments for interest and other costs of financing		(6,212)	(8,661)
Net cash inflow/(outflow) from operating activities	30	**23,059**	**61,359**
Cash flows from investing activities			
Payment for exploration and evaluation		(1,949)	-
Payment for plant and equipment		-	(8,254)
Payments for development expenditure		(10,118)	(3,454)
Payments for security deposits		(49)	(11,816)
Net cash inflow/(outflow) from investing activities		**(12,116)**	**(23,524)**
Cash flows from financing activities			
Proceeds from the issue of shares		2,260	120
Proceeds from borrowings		42,124	-
Repayment of borrowings		(56,256)	(40,344)
Net cash inflow/(outflow) from financing activities	31	**(11,872)**	**(40,224)**
Net change in cash and cash equivalents		**(929)**	**(2,389)**
Cash and cash equivalents at beginning of period		2,178	4,879
Exchange rate effect		173	(312)
Cash and cash equivalents at end of period	6	**1,422**	**2,178**

The accompanying notes for part of these financial statements.

1. BASIS OF PREPARATION

Finders Resources Limited is a public company, incorporated and domiciled in Australia whose shares are traded on the Australian Securities Exchange (ASX).

This financial report includes the consolidated financial statements and notes of Finders Resources Limited and controlled entities ("the Group").

The financial report was authorised for issue in accordance with a resolution of the Directors on 27 March 2019. The directors have the power to amend and reissue the financial statements.

a. Statement of compliance

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The Company is a for-profit entity for the purpose of preparing the financial statements.

Compliance with IFRS

The financial statements also comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

b. Historical cost convention

The financial statements have been prepared under the historical cost convention, except for derivatives and certain financial assets, which are carried at fair value.

c. Critical accounting estimates and judgements

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities at the date of the consolidated financial statements. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In particular, the Group has identified a number of areas where significant judgements, estimates and assumptions are required.

(i) *Significant judgements, accounting estimates and assumptions*

- Recoverable copper from ore

  The Group has made judgements about the proportion of contained copper that can be recovered from different ore types through the copper processing circuit during the life of mine. These judgements are based on test work and the experience of other operations. The terminal recoverable proportion will not be known until it is deemed uneconomical to continue the extraction process on a discrete heap leach pad.

The proportion of recoverable ore significantly impacts the economic returns of the operation, depreciation and amortisation of plant and equipment and mine properties and inventory valuation.

- Mineral resource and ore reserves

  The determination of reserves impacts the accounting for asset carrying values, depreciation and amortisation rates and provisions for mine rehabilitation. The Consolidated Entity estimates its mineral resource and reserves in accordance with the Australian code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2012 (the "JORC code"). The information on mineral resources and ore reserves were prepared by or under the supervision of Competent Persons as defined in the JORC code. The amounts presented are based on the mineral resources and ore reserves determined under the JORC code.

  There are numerous inherent uncertainties in estimating mineral resources and ore reserves. Assumptions that are valid at the time of estimation may change significantly as new information becomes available. Changes to forecast commodity prices, exchange rates, production costs or recovery rates may change the economic status of reserves and could result in the reserves being restated.

- Rehabilitation and restoration provisions

  The Group reviews its mine rehabilitation provision on an annual basis. In determining the provision consideration is given to estimated future costs to be incurred, the timing of those costs and estimated inflation. Final rehabilitation costs are uncertain, and estimates may vary in response to factors including: estimates of the extent and costs of rehabilitation activities, the timing of those activities, technological changes, regulatory changes, and changes to the discount rate. These uncertainties may cause future actual expenditure to differ from the current provision. Accordingly, significant estimates and assumptions are made in determining the provision for mine rehabilitation.

- Units of production method of amortisation and depreciation

  Items of plant and equipment and development expenditure are depreciated and amortised using the units of production method. The units of production method is based on the assumption that the relevant asset has an effective economic life equivalent to the life of mine or life of an area of the mine. The life of mine or area of the mine is also identified as a significant accounting estimate and was updated during the year for changes in the reserves identified.

- Identification of performance obligations

  For a portion of the Group's copper sales they are responsible for providing shipping services. The shipping services are a promise to transfer services in the future and are part of the negotiated exchange between the Group and the customer. The Group determined that both the copper cathode and the shipping services are capable of being distinct as the customer can benefit from both products on their own. The Group also determined that the promises to transfer the copper cathode and the shipping services are distinct within the context of the contract. The copper cathode and the shipping services are not inputs to a combined item in the contract. The Group is not providing a significant integration service, because the presence of the copper cathode and the shipping services together in this contract do not result in any additional or combined functionality and neither the copper cathode nor the shipping services modify or customise the other. In addition, the copper cathode and the shipping services are not highly interdependent or highly interrelated, because the Group would be able to transfer the copper cathode even if the customer did not want the shipping services. Consequently, the Group allocated a portion of the transaction price to the metal in concentrate and the freight/shipping services based on relative stand-alone selling prices.

- Impairment of VAT receivables

  The recoverability of tax refunds receivables are periodically assessed having regard to the proportion of claims lodged that have been refunded by the relevant tax authority. Details of the impairment of VAT receivable are disclosed in note 7.

- Impairment of non-financial assets

  In determining the recoverable amount of assets for assessing potential impairment, the Group prepares discounted cashflow calculations that are based on numerous critical estimates and assumptions including mine life (including quantities of mineral reserves and resources for which there is a high degree of confidence of economic extraction); production levels and costs; copper prices; inflation and discount rates.

  For the year ended 31 December 2018, the Group performed impairment testing utilising a life-of-mine discounted cash flow model. The key assumptions utilised in the impairment modelling included a copper price of US$6,500/tonne, a pre-tax real discount rate of 12.2% and production continuing until 2022. The directors have determined that plant and equipment and development expenditure are not impaired

- Provision for defined benefit obligations

  The obligation is determined using actuarial valuations, which involve making various assumptions that may differ from actual developments in the future. These assumptions are disclosed in note 15. Due to the complexities involved in the valuation and its long-term nature, the provision is highly sensitive to changes in these assumptions.

- Valuation of share-based payments

  The Group measures the cost of equity-settled transactions with employees by reference to their fair values. Details of share-based payments are disclosed in note 26.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. The accounting policies have been consistently applied, unless otherwise stated in Note 2(ii).

a. Principles of consolidation

The consolidated financial statements consist of the financial statements of the Group and its subsidiaries as at 31 December 2018. Control is achieved when the Group is exposed or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

(i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
(ii) Exposure, or rights, to variable returns from its involvement with the investee
(iii) The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(i) The contractual arrangement(s) with the other vote holders of the investee
(ii) Rights arising from other contractual arrangements
(iii) The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

b. Borrowings

Borrowings are initially recognised at fair value, net of directly attributable transaction costs. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the consolidated statement of comprehensive income over the period of the borrowing using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

c. 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 three months or less, net of bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the consolidated balance sheet, when available.

Cash and cash equivalents exclude amounts set aside to satisfy a repayment obligation as required by a loan agreement. This cash is classified as a financial asset.

d. Contributed equity

Ordinary shares and non-interest bearing shareholder loans are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

e. Earnings per share

Basic earnings per share is determined by dividing net profit attributable to members, adjusted to exclude costs of servicing equity (other than dividends), by the weighted average number of ordinary shares outstanding during the financial year, adjusted for any bonus element.

Diluted earnings per share is determined by dividing net profit attributable to members, adjusted for:
(i) costs of servicing equity (other than dividends);
(ii) the after-tax effect of dividends and interest associated with dilutive potential ordinary shares;
(iii) other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

f. Employee benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. All short-term employee benefit obligations are presented as payables.

Provision for Indonesian long-term benefit obligations

Under Indonesian labour laws, the Group is required to provide for a minimum amount of employee benefits including severance and termination pay to be paid by the Group at the closure of the mine or the termination of employee's services whichever is earlier. The Group recognises an obligation for these employee benefits until required. The defined benefit obligations are unfunded.

The costs of providing the benefits are determined using the projected unit credit method.

Re-measurements, consisting of actuarial gains and losses, excluding amounts included in interest on the net defined benefit liability, are recognised immediately in the statement of financial position with a corresponding debit or credit to reserves through other comprehensive income in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Interest is calculated by applying the discount rate to the recognised liability. The Group recognises the following changes in the net defined benefit obligation under 'personnel costs' in the profit and loss:

- Service costs consisting of current service costs, past service costs and non-routine settlements
- Interest expenses

Other long-term employee benefit obligations

The liabilities for long service leave and annual leave not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

g. Exploration and development expenditure

Exploration and evaluation expenditure

Exploration and evaluation expenditure is carried forward in the accounts in respect to areas of interest for which the rights of tenure are current and where:

(i) such costs are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; or

(ii) exploration and/or evaluation activities in the area have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the area is continuing.

When technical feasibility and commercial viability of an area of interest is demonstrable, the accumulated costs are transferred to mine properties and amortised over the life of the mine in proportion to the depletion of the economically recoverable mineral reserves.

Costs carried forward in respect of an area of interest which no longer satisfy the above policy are written off in the period in which that decision is made.

Development expenditure

Development expenditure carried forward represents the accumulation of exploration, evaluation and development expenditure.

Revenue and costs associated with production during the start-up period are capitalised until the asset is capable of operating in the manner intended by management.

Amortisation of development expenditure is calculated on a unit-of-production basis so as to write off the cost over the life of the project in proportion to the depletion of the anticipated recoverable mineral reserves.

h. Financial instruments

Recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Group commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial assets are classified, at initial recognition, at amortised cost, financial assets at fair value through profit or loss, fair value through other comprehensive income as appropriate. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

In order for a financial asset to qualify for measurement as either amortised cost or fair value through other comprehensive income, it has to pass both, the contractual cash flow characteristics test as well as the business model test. Under the contractual cash flow characteristics test, an entity has to assess, whether the cash flows resulting from the financial asset are solely payments for principal and interest. The Group has not recognised any financial assets at fair value through other comprehensive income. An election can be made to designate a financial asset as measured at fair value through profit or loss on initial recognition if this significantly reduces an accounting mismatch. The designation at fair value through profit or loss is irrevocable.

The classification and measurement of financial liabilities are at either fair value through profit or loss or amortised cost.

Amortised Cost
The determination of amortised cost is based on the effective interest method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the face value of the financial asset or financial liability.

Trade receivables
Trade receivables are initially recognised at their transaction price and are generally paid within 7 days of fulfilment of sales conditions. They are initially recognised at the value expected to be receivable. Trade receivables that are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest and are therefore classified and measured at amortised cost.

Trade receivables subject to quotation pricing do not meet the solely payments of principal and interest test and are treated at fair value through profit and loss. Adjustments to the sales price for trade receivables subject to quotation pricing are based on movements in metal prices up to the date of final pricing. Final settlement is based on the monthly average LME Copper price for the month following delivery (the quotation period). Movements in the fair value of the concentrate debtors are recognised in other income.

Impairment of financial assets
The Group applies the simplified approach and records lifetime expected losses on all financial assets carried at amortised cost. The measurement of expected credit losses is based on the probability of default, the amount of loss given default and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. The Group considers a financial asset to be in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows and usually occurs when past due for more than one year and not subject to enforcement activity.

i. Determination of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(i) In the principal market for the asset or liability; or
(ii) In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

(i) Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
(ii) Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
(iii) Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

j. Foreign currency transactions and balances

Functional and presentation currency

The functional currency of each of the subsidiaries is determined based on 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.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transactions. 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 initial transaction.

Exchange differences arising on the translation of monetary items are recognised in the consolidated profit and loss, 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 consolidated profit and loss.

Foreign operations
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 exchange rates prevailing at that reporting date; and
- income and expenses are translated at average exchange rates for the period.

Exchange differences arising on translation of foreign operations are transferred directly to the foreign currency translation reserve in the consolidated balance sheet. These differences are recognised in the consolidated profit and loss in the period in which the operation is disposed.

k. Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST or Value Added Tax (VAT), except where the amount of GST or VAT incurred is not recoverable from the relevant tax authorities. In these circumstances the GST or VAT 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 consolidated balance sheet are shown inclusive of GST or VAT.

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

l. Hedge accounting

The Group has entered into derivative financial instruments to manage its exposure to fluctuations in commodity prices. Hedge accounting is applied where the derivative financial instrument provides an effective hedge of the hedged item.

Where hedge accounting applies, at the inception of the instrument the Group designates hedges as either fair value or cash flow hedges in accordance with the nature of the underlying instrument and the Group's hedging policy. Hedging documentation is established that outlines the nature of the transaction, the relationship between the hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions.

To date all hedges entered into by the Group have been designated as cash flow hedges. Cash flow hedges are used to mitigate the risk of variability of future cash flows attributable to movements in the commodity prices in relation to highly probable purchase or settlement commitments in foreign currencies. For all hedge relationships the hedge effectiveness assessment has determined the cash flow hedges to be effective.

Where a cash flow hedge qualifies for hedge accounting, the effective portion of gains or losses on remeasuring the fair value of the hedging instrument at each reporting date is recognised directly in the hedging derivative reserve via other comprehensive income until such time as the hedged item is recognised in profit or loss, and then the gains or losses are transferred to the profit and loss, in the same line as the recognised hedged item.

If the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Gains or losses on any portion of the hedge determined to be ineffective are recognised immediately in the profit and loss. If a forecast hedged transaction is no longer expected to occur, the cumulative gains or losses on the hedging instrument that were accumulated in the hedging derivative reserve in equity are transferred immediately to the profit and loss.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again. No rebalancing of any hedge relationships has been performed to date.

If the hedging instrument expires or is sold or terminated, any cumulative gain or loss previously recognised in other comprehensive income remains in equity until the forecast transaction occurs.

Offsetting financial instruments

The Group presents its derivative assets and liabilities on a gross basis. Derivative financial instruments entered into by the Group are subject to enforceable master netting arrangements, such as an International Swaps and Derivatives Associations (ISDA) master netting agreement. Under these agreements the amount owed by each counterparty on a single day in respect of all transactions outstanding in the same currency are aggregated into a single net amount that is payable by one party to the other. In certain circumstances, such as an event of default occurring, all outstanding transactions under the agreement are terminated, the termination value assessed and only a single net amount payable for final settlement of the transactions. These transactions do not met the criteria for offsetting on the statement of financial position.

The amounts set out in Note 10 represent the derivative financial assets and liabilities of the Group that are subject to the above arrangements.

m. Impairment of non-financial 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 consolidated profit and loss.

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.

n. Income tax

The income tax expense for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated based on the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group's subsidiaries operate and generate taxable income.

Deferred income tax is provided for, using the full liability balance sheet method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in the consolidated profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

o. Inventories

Inventories of copper cathode and work in progress are carried at the lower of cost and net realisable value. Cost includes raw materials, labour and other direct expenditure together with a portion of fixed and variable overhead attributable to the inventory on hand, calculated on a weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and selling.

Inventories of consumables and spares are valued at cost less, where appropriate, a provision for obsolescence.

p. Leases

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the consolidated profit and loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated profit and loss on a straight-line basis over the period of the lease.

q. Operating segments

Operating segment information is based on the Group's reporting structure and internal reports that are regularly reviewed by the Directors for the purposes of decision making. The Group operates a copper mine and processing facility and conducts mineral exploration on the Indonesian island of Wetar. The internal reporting structure is focussed on copper mining which forms the basis for the operating segments.

r. Plant and equipment

Each class of plant and equipment is carried at cost less accumulated depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Plant and equipment is depreciated over its useful life commencing from the time the asset is held ready for use. Depreciation of copper processing plant and equipment is calculated on a unit-of-production basis to write off the cost of each asset in proportion to the depletion of the economically recoverable mineral reserves. Depreciation of other plant and equipment is calculated on a straight-line basis to write off the cost of each asset over its estimated useful life. The depreciation rates used for each class of depreciable asset are:

• Computer equipment	25.0 %
• Office equipment	25.0%
• Motor vehicles	12.5%
• Heavy equipment	12.5%
• Processing plant and equipment	unit-of-production

s. 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. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current assessment of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

t. Rehabilitation and restoration costs

The Group is required decommission and rehabilitate areas of disturbance at the cessation of activity in those areas to a standard previously agreed with the relevant stakeholders.

A provision for the estimated future cost of restoration activities is recognised at its present value at commencement of the activity causing the disturbance. Restoration activities include dismantling and removing structures and buildings, rehabilitating mines and leach pads and re-vegetation of disturbed areas.

When the liability is initially recognised, the present value of the estimated restoration cost is capitalised as a rehabilitation asset. The capitalised cost is amortised over the life of operations in the area disturbed. The present value of liability is increased each period and the cost is including in financing expenses.

Estimated rehabilitation and restoration costs are reviewed annually and adjusted as appropriate for changes in legal requirements, technology and other circumstances.

u. Revenue

Accounting policy from 1 January 2018

Revenue is recognised when performance obligations are satisfied and the Group transfers control of goods or services to a customer. Revenue is measured based on the consideration specified in the contract with the customer and reflects the amount to which the Group expects to be entitled. If the consideration promised includes a variable amount, the Group estimates the amount to which it expects to be entitled.

Amounts received from customers in advance of the performance obligations being satisfied are contract liabilities and recorded as deferred revenue in the statement of financial position. These amounts are recognised as revenue in the statement of comprehensive income when performance obligations are satisfied. The period of time between receipt of these upfront amounts and the satisfaction of the performance obligations is usually no more than 90 days. Given the quantum of these amounts and the short time frame between receipt of cash and satisfaction of the performance obligation, the Group has applied the practical expedient to not adjust the promised consideration for the effects of a significant financing component as the period between the transfer of the promised good or service to a customer and when the customer pays for that good or service is one year or less.

Revenue from the sale of copper cathode is recognised when the performance obligations under the customer contract have been met and control of the copper cathode has passed to the customer, usually once the copper cathode is loaded at the port of shipment as this is the point at which risk and reward and title passes.

Revenue from providing services, including shipping services, is recognised as the services are provided to the customer.

Accounting policy up to 1 January 2018

Revenue from copper production is recognised at the time of the change in control of the cathode. This usually occurs when copper cathode is loaded on to the ship destined for the customer.

The terms of copper cathode sales contracts may contain provisional pricing arrangements with the final price set at the end of a quotational period (QP). If the QP ends after control of the cathode has passed to the buyer, then the revenue adjustment mechanism embedded within the sales contract has the characteristics of a commodity derivative which may modify the cash flows under the contract. As the economic characteristics and risks of the embedded derivative are closely related to those of the host contract the Group has chosen not to separately account for the embedded derivative. The trade receivables arising on initial recognition of these sales transactions are recognised as a financial asset at fair value through profit and loss.

Other revenue

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument.

v. Borrowing costs

Transaction costs related to the establishment of a loan facility are capitalised and amortised over the life of the facility. Other borrowing costs are recognised as an expense in the financial period incurred.

Where borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised and amortised over the useful life of the asset.

w. Share-based payments

Share-based compensation benefits are provided to employees under the Group's incentive share and performance right plans. All share based payment transactions offered by the company are equity-settled. The fair value of securities granted is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employee becomes unconditionally entitled to the options.

Service and non-market conditions are not take into account when determining the grant date fair value of the awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Share–based compensation under which employees 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.

x. Rounding of amounts to nearest 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.

y. New accounting standards and interpretations

(i) Accounting Standards and Interpretations Issued but not yet effective

The following accounting standards and interpretations have been issued or amended but are not yet effective. These standards have not been adopted by the Group for the period ended 31 December 2018:

Standard	Summary	Application for the Group
AASB 16 *Leases* Applicable from 1 January 2019	The key features of AASB 16 are as follows: **Lessee accounting** • Lessees are required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.	The Group is in the process of reviewing its finance and operating leases and other service agreements to determine the impact of AASB 16 on its financial performance and financial position upon its adoption.

Standard	**Summary**	**Application for the Group**
	• Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments), and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. • AASB 16 contains disclosure requirements for lessees. AASB 16 supersedes: (a) AASB 117 *Leases* (b) Interpretation 4 *Determining whether an Arrangement contains a Lease* (c) SIC-15 *Operating Leases—Incentives* (d) SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease* The new standard will be effective for annual periods beginning on or after 1 January 2019. Early application is permitted, provided the new revenue standard, AASB 15 Revenue from Contracts with Customers, has been applied, or is applied at the same date as AASB 16.	The Group plans to adopt IFRS 16 using the modified retrospective approach and apply the practical expedience available where leases that end within 12 months as of the date of initial application will be excluded from assessment. The Group has a number of agreements that will qualify as leases and expect the impact on the Statement of Financial Position to be material.
AASB 2018-1 *Australian Amendments to Australian Accounting Standards – Annual Improvements 20152017 Cycle*	The amendments clarify certain requirements in: • AASB 3 Business Combinations and AASB 11 Joint Arrangements - previously held interest in a joint operation • AASB 112 Income Taxes - income tax consequences of payments on financial instruments classified as equity AASB 123 Borrowing Costs - borrowing costs eligible for capitalisation.	The Group does not expect a significant impact from the amended standard.
AASB 2018-2 *Amendments to Australian Accounting Standards –*	This Standards amends AASB 119 Employee Benefits to specify how an entity accounts for defined benefit plans when a plan amendment, curtailment or	The Group does not expect a significant impact from the amended standard.

Standard	Summary	Application for the Group
Plan Amendment, Curtailment or Settlement	settlement occurs during a reporting period. The amendments: • Require entities to use the updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after such an event occurs • Clarify that when such an event occurs, an entity recognises the past service cost or a gain or loss on settlement separately from its assessment of the asset ceiling.	
AASB Interpretation 23, and relevant amending standards *Uncertainty over Income Tax Treatments*	The Interpretation clarifies the application of the recognition and measurement criteria in AASB 112 Income Taxes when there is uncertainty over income tax treatments. The Interpretation specifically addresses the following: • Whether an entity considers uncertain tax treatments separately • The assumptions an entity makes about the examination of tax treatments by taxation authorities • How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates How an entity considers changes in facts and circumstances.	The Group does not expect a significant impact from the amended standard.
Conceptual Framework for Financial Reporting, and relevant amending standards	The revised Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. It is arranged in eight chapters, as follows: • Chapter 1 – The objective of financial reporting • Chapter 2 – Qualitative characteristics of useful financial information • Chapter 3 – Financial statements and the reporting entity • Chapter 4 – The elements of financial statements • Chapter 5 – Recognition and derecognition	The Group does not expect a significant impact from the amended conceptual framework.

Standard	Summary	Application for the Group
	• Chapter 6 – Measurement • Chapter 7 – Presentation and disclosure Chapter 8 – Concepts of capital and capital maintenance Amendments to References to the Conceptual Framework in IFRS Standards has also been issued, which sets out the amendments to affected standards in order to update references to the revised Conceptual Framework. The changes to the Conceptual Framework may affect the application of IFRS in situations where no standard applies to a particular transaction or event. In addition, relief has been provided in applying IFRS 3 and developing accounting policies for regulatory account balances using IAS 8, such that entities must continue to apply the definitions of an asset and a liability (and supporting concepts) in the 2010 Conceptual Framework, and not the definitions in the revised Conceptual Framework.	

(ii) New accounting standards and interpretations

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2017, except for changes in accounting policy as a result of the adoption new Accounting Standards effective as of 1 January 2018. The Group has adopted AASB 15 *Revenue from Contracts with Customers* (AASB 15) as of 1 January 2018. AASB 9 *Financial Instruments* was adopted in a prior year.

Several other amendments and interpretations apply for the first time in 2018, but do not have an impact on the interim condensed consolidated financial statements of the Group.

Adoption of IFRS 15

Some of the Group's copper sales contracts contain provisional pricing features which are considered to be embedded derivatives under AASB 9. In accordance with AASB 9, the related receivable is classified as a financial asset at fair value through profit and loss. Changes in copper pricing once control has passed to the customer are outside the scope of AASB 15 and consequently the impact of these changes on the receivable will be recorded as other income or expenditure rather than in revenue from contracts with customers.

The Group makes copper sales under both Free on Board (FOB) and Cost, Insurance and Freight (CIF) arrangements. Under CIF arrangements, the Group is responsible for shipping services after the date at which control of the copper passes to the customer at the port of loading. Under AASB 15, the provision of shipping services in these types of arrangements are considered a separate performance obligation to which a portion of the transaction price is allocated and recognised over time as the shipping services are provided.

The above changes have not resulted in any material transitional adjustments and therefore no change has been made to retained earnings as at 1 January 2018. The adoption of AASB 15 in the current period has resulted in the recognition of $619,000 of other income that would have been recognised as sales revenue under the previous accounting policy.

z) Comparative numbers
Where applicable, comparatives have been adjusted to disclose them on the same basis as the current year.

3. REVENUE

At 31 December 2018, following the adoption of AASB 15 as outlined in Note 2, revenue is disaggregated as follows:

	2018 $'000
Revenue from copper sales	144,323
Revenue from copper sales subject to provisional pricing adjustments	4,956
Revenue from shipping activities	447
	149,726

The Group's sales of copper are made to a number of customers located in the Asian region on a point of time basis. Where these sales are made on a CIF basis, the Group recognises revenue separately for the shipping performance obligation over time.

Any changes in the valuation of the receivable from provisional pricing adjustments are treated at fair value through profit and loss and recognised separately in other income.

a) Contract balances

	2018 $'000	**2017 $'000**
Trade receivables- refer to note 7	1,823	877
Deferred income[a]	(2,031)	(5,545)

[a]Deferred income are amounts received from customers in advance of the performance obligations being satisfied which are treated as contract liabilities. These amounts are recognised as revenue when the performance obligations, being the transfer of copper cathode, are met. No copper has been transferred under these sale agreements as at 31 December 2018 however amounts are expected to be settled within 90 days.

4. EXPENSES

	2018 $'000	2017 $'000
Cost of sales		
Raw materials and consumables used	83,704	81,738
Changes in finished goods and WIP inventory	20,263	(14,006)
Payroll	12,349	10,786
Post-employment benefits	5,920	4,644
Royalties	1,948	1,575
Depreciation and amortisation		
Depreciation property, plant and equipment	19,388	23,538
Amortisation development expenditure	12,054	15,652
	155,626	**123,927**
Administrative costs		
Consultants and legal	764	531
Take-over costs	686	764
Other administrative expenses	834	802
Depreciation and amortisation		
Depreciation property, plant and equipment	13	19
	2,297	**2,116**
Finance costs		
Interest charges	6,320	7,496
Provisions – unwinding of discount	1,975	544
Other borrowing costs	3,146	3,322
	11,441	**11,362**
Other income/(expenses)		
Other income	-	576
Other expenses	(1,694)	(1,269)
Impairment allowance expense	(2,852)	(10,795)
	(4,546)	**(11,488)**

5. INCOME TAX

	2018 $'000	2017 $'000
Income Statement		
Current income tax expense		
Current income tax (benefit)/expense	2,184	-
Deferred income tax		
Relating to origination and reversal of previously recognised temporary differences	7,120	17,593
Previously unrecognised deferred tax assets now brought to account	-	(16,623)
Income tax reported in the income statement	9,304	970
Reconciliation of income tax expense to prima facie tax payable		
Profit/(loss) before income tax	20,715	57,301
Income tax expense/(benefit) calculated at tax rate of 30% (2017: 30%)	6,215	17,190
Tax effect of amounts which are not deductible in calculating taxable income:		
Share based payments	334	32
Other non-deductible expenditure	4,837	1,287
Tax incentive depreciation and amortisation allowance	(1,338)	(1,225)
Non-refundable tax	394	3,314
Difference in overseas tax rate	(1,138)	(3,005)
Previously unrecognised deferred tax assets now brought to account	-	(16,623)
Income tax expense/(benefit)	9,304	970
Other comprehensive income		
Net (gain)/loss on revaluation of cash flow hedges	3,243	(7,969)
Net (gain)/loss on cash flow hedges realised during the year	(1,278)	(1,943)
Equity classified financial liabilities	-	142
Deferred tax charged to other comprehensive income	1,965	(9,770)

Deferred tax

Deferred tax relates to the following:

	Consolidated statement of financial position		Consolidated statement of profit or loss	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Tax losses	1,227	5,667	(6,517)	2,658
Mine closure and rehabilitation provision	2,299	990	(1,308)	544
Long term employee provisions	1,429	942	(486)	103
Impairment provision	1,378	1,219	(160)	(96)
Deferred income	1,144	6,300	5,156	(6,258)
Depreciation	4,163	2,291	(1,873)	1,359
Mineral resources	25	25	-	164
Trade and other receivables	1,313	1,233	(81)	568
Other comprehensive income:				
Unrealised gains/(losses) cash flow hedges	(395)	1,185	1,580	9,508
Other	(138)	(138)	-	(138)
Deferred tax expense / (benefit)			(3,689)	8,412
Deferred tax asset	12,445	19,714		

Deferred tax assets and liabilities are offset if the Group has a legally enforceable right to set off tax assets and liabilities related to income taxes levied by the same tax authority.

Reconciliation of deferred tax asset

	2018	**2017**
	$'000	**$'000**
As of 1 January	**19,714**	**11,628**
Tax (expense) during the period recognised in profit or loss	(5,689)	(11,401)
Previously unrecognised deferred tax assets brought to account	-	16,690
(Expense) / benefit to equity	(1,580)	3,511
Exchange differences	-	(714)
As at 31 December	**12,445**	**19,714**

Tax losses

Unused tax losses for which no deferred tax asset has been recognised	31,299	25,490
Potential tax benefit at 30% (Australia), 25% (Indonesia)	9,777	8,034

Franking credits as at 31 December 2018 are $nil (2017: $nil).

6. CASH AND CASH EQUIVALENTS

	2018 $'000	2017 $'000
Cash at bank and in hand	1,422	2,177
Restricted cash	-	1
	1,422	**2,178**

a) Risk exposure

The groups exposure to interest rate risk is discussed in note 32. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of cash at bank mentioned above.

7. RECEIVABLES

	2018 $'000	2017 $'000
Current		
Trade receivables (a)	1,823	877
Other receivable	8,660	1,605
	10,483	**2,482**
Non-current		
VAT receivable	22,965	21,464
Impairment allowance (b)	(11,459)	(12,882)
Other receivable	425	1,467
	11,931	**10,049**

The Group's exposure to credit risk is outlined in note 32.

a) Trade receivables

The trade receivable balance relates to copper sales where payment has not been made prior to 31 December 2018. These amounts have subsequently been settled in full.

b) Impairment allowance

In the current period an impairment allowance of $11.459 million (2017: $12.882m) has been recognised in relation to uncertainty associated with the recoverability of VAT and WHT. The impairment allowance is based on an assessment of historical recoverability.

8. FINANCIAL ASSETS

	2018 $'000	2017 $'000
Current		
Loan repayment reserve account [a]	12,877	11,532
Security deposit	-	61
	12,877	**11,593**
Non-current		
Security deposit [b]	1,322	1,195
Advances to suppliers	120	112
	1,442	**1,307**

a) Debt service reserve account

$12.877 million (US$9.0million) cash was quarantined during the year pursuant to the terms of the Senior Secured Project Finance Facility Agreement. Refer to note 16 for details of the facility.

b) Security deposits include

i) $219,000 (2017: $198,000) environmental bond placed by a subsidiary with the Indonesian government to secure the subsidiary's rehabilitation obligations at the Wetar Copper Project.

ii) $1.103 million (2017: $997,000) held by a controlled entity's banker to secure a bank guarantee issued by the bank on behalf of the controlled entity (Note 22).

Movements in i) and ii) are due to currency translation.

9. INVENTORIES

	2018 $'000	2017 $'000
Current, at cost		
Raw materials and consumables	16,894	14,515
Work in progress	48,102	38,141
Finished goods	2,069	3,010
	67,065	**55,666**
Non-current, at cost		
Work in progress	16,397	-
	16,397	**-**

10. HEDGING DERIVATIVE LIABILITIES

In accordance with the Group's commodity price risk strategy, as outlined in note 32, the group has entered into forward contracts in respect of forecast future copper sales. 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.

The details of the forward contracts are outlined below:

a) 1,746 tonnes of forecast future copper sales produced from the Wetar Copper Project. These contracts are at an average price of US$4,777 per tonne and cover the period from January 2019 to March 2019. At 31 December 2018, the contracts have a fair value of $2.934 million reflected as a derivative liability. The movement in the fair value is recognised in the hedge reserve during the period.

Forward contracts for 21,651 tonnes of copper with maturities from September 2016 to March 2019 were closed out in September 2016 resulting in a gain of $56.6 million being realised. In accordance with accounting policy, this gain is recognised in the hedge reserve until the date of the original forecast transactions. As at 31 December 2018 $3.202 million, relating to 3,493 tonnes, remains in the hedge reserve.

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.

The maturity of the forward contracts is shown below-

Copper– Maturity analysis

	0 – 6 months $'000	6 – 12 months $'000	12 – 24 months $'000	24 + months $'000	Total $'000
Copper forward					
Receive – forward	11,829	-	-	-	11,829
Pay – spot payable on inception	14,763	-	-	-	14,763
Net receive / (pay)	**(2,934)**	**-**	**-**	**-**	**(2,934)**

11. PLANT AND EQUIPMENT

2018	Computer equipment	Office equipment	Motor vehicles	Heavy equipment	Processing plant and equipment	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Plant and equipment at cost	1,503	603	506	482	173,460	176,554
Less:						
Accumulated depreciation and impairment	(824)	(576)	(307)	(293)	(62,809)	(64,809)
Net carrying amount	**679**	**27**	**199**	**189**	**110,651**	**111,745**
Movements:						
Opening net book value	840	39	221	197	118,303	119,600
Additions	-	-	-	-	-	-
Depreciation charge	(235)	(16)	(43)	(27)	(19,081)	(19,402)
Exchange rate effect	74	4	21	19	11,429	11,547
Closing net book value	**679**	**27**	**199**	**189**	**110,651**	**111,745**

2017	Computer equipment	Office equipment	Motor vehicles	Heavy equipment	Processing plant and equipment	Total (Restated)
	$'000	$'000	$'000	$'000	$'000	$'000
Plant and equipment at cost	1,363	546	457	436	156,771	159,573
Less:						
Accumulated depreciation and impairment	(523)	(507)	(236)	(239)	(38,468)	(39,973)
Net carrying amount	**840**	**39**	**221**	**197**	**118,303**	**119,600**
Movements:						
Opening net book value	559	49	288	253	144,187	145,336
Additions	591	15	-		7,621	8,227
Depreciation charge	(274)	(22)	(45)	(38)	(23,177)	(23,556)
Exchange rate effect	(36)	(3)	(22)	(18)	(10,328)	(10,407)
Closing net book value	**840**	**39**	**221**	**197**	**118,303**	**119,600**

Computer equipment, office equipment, motor vehicles and heavy equipment are depreciated over the effective useful life of each asset as estimated by management on a straight-line basis. Processing plant and equipment is depreciated on a unit of production (UOP) basis over the economically recoverable reserves of the relevant area. The unit of account is tonnes of copper cathode stripped and recoverable tonnes of copper of the relevant area. Economically recoverable reserves include proven and probable reserves.

12. DEVELOPMENT EXPENDITURE

	2018 $'000	2017 $'000
Development expenditure	131,269	89,651
Less:		
Accumulated amortisation	(38,416)	(23,242)
	92,853	**66,409**
Movements:		
Opening net book value	66,409	83,791
Additions	32,182	3,556
Asset reclassification to plant and equipment	-	-
Amortisation charge	(12,054)	(15,755)
Exchange rate effect	6,316	(5,183)
Closing net book value	**92,853**	**66,409**

Development expenditure is amortised on a unit of production (UOP) basis over the economically recoverable reserves of the relevant area. The unit of account is tonnes of copper cathode stripped and recoverable tonnes of copper of the relevant area. Economically recoverable reserves include proven and probable reserves.

13. EXPLORATION AND EVALUATION

	2018 $'000	2017 $'000
Exploration and Evaluation		
Balance at beginning of financial period	-	-
Additions	1,949	-
Disposal	-	-
Exploration write off	-	-
Reclassification to mine properties	-	-
Net foreign exchange movement	11	-
Total mineral exploration and evaluation expenditure	**1,960**	**-**

The recoverability of the carrying amount exploration and evaluation is dependent on the successful development and commercial exploitation, or alternatively through the sale of the respective area of interest.

14. TRADE AND OTHER PAYABLES

	2018 $'000	2017 $'000
Current		
Trade creditors and accruals	56,284	32,083
Accrued interest	1,105	146
	57,389	**32,229**

Foreign currency risk		
Trade creditors and accruals are denominated in the following currencies		
Australian Dollar	1,593	1,094
United States Dollar	23,528	15,330
Indonesian Rupiah	32,252	15,777
Singaporean Dollar	10	28
British Pound	6	-
	57,389	**32,229**

15. PROVISIONS

	2018 $'000	2017 $'000
Current		
Provision for annual leave	374	304
Provision for long service leave	39	78
Accrued employee bonus	288	208
Employee benefits other [c]	418	227
	1,119	**817**
Non-current		
Provision for long service leave	491	374
Employee benefits [c]	4,305	3,036
Rehabilitation and restoration [b]	34,009	9,619
	38,805	**13,029**

a) The provision for rehabilitation and restoration has been recognised in connection with the Group's closure obligations when the Wetar Copper Project ceases operations in the future. While rehabilitation is performed progressively where possible, final rehabilitation of the disturbed mining area is not expected until the cessation of production. The provision is therefore expected to be settled progressively as mining ceases at each deposit and the waste dump and as the electrowinning plant production diminishes over 2024 to 2029.

During the current year the Group underwent an updated assessment of the Wetar rehabilitation obligations. The assessment resulted in a significant increase to the underlying provision due to the expansion of the Wetar operations with the approval of the Lerokis mining development and corresponding haul road and commencement of exploration activity at Baramnu and Partolang.

The rehabilitation provision is discounted based on rates that reflect current market assessments of the time value of money and the risks specific to that liability. The discount rate utilised for Indonesia was 7.85 % (2017: 3.28%) and the inflation rate was 3.18% (2017: 2.20%)

	2018 $'000	2017 $'000
Provision for rehabilitation and restoration		
Opening balance	9,619	9,308
Provision for the year	20,129	73
Unwinding of discount	1,975	544
Exchange rate effect	2,286	(306)
Closing balance	**34,009**	**9,619**

b) The provision for employee benefits consists of Indonesia labour law requirements. The balance includes $4.723 million (2017: $3.263 million) in relation to the provision for the Indonesian defined benefit obligations.

	2018 $'000	2017 $'000
Movements		
Provision for Indonesian long-term benefits obligation		
Opening balance	3,263	3,781
Charges through the profit and loss		
Service costs	1,707	1,056
Net interest expense	218	241
	1,925	**1,297**
Re-measurement through Other comprehensive income		
Actuarial adjustments arising from changes in assumptions and experience adjustments	(55)	(140)
	(55)	**(140)**
Benefits paid during the year	(410)	(1,674)
Closing balance	**4,723**	**3,263**

The principle assumptions used in determining the provision under the projected unit credit method are shown below:

Discount rate per annum	7.5%
Future salary increase	7.0%
Retirement	55 years
Life of mine	5 years
Mortality rate	100% TMI 3
Disability	10% TMI 3

16. BORROWINGS

	2018 $'000	2017 $'000
Current		
Loan (secured)[a]	29,487	49,023
	29,487	**49,023**
Non-current		
Loan (secured)[a]	-	26,093
Loan (unsecured)[b]	41,112	-
	41,112	**26,093**

a) Loan (secured)

The Group has a Senior Secured Project Finance Facility Agreement with BNP Paribas, Commonwealth Bank of Australia, Hong Kong and Shanghai Banking Corporation and Societe Generale (the Senior Lenders) which provides for a US$162 million commitment. The facilities have first ranking security over the Wetar Copper Project. The current outstanding portion of the Senior Secured Project Finance Facility, excluding capitalised borrowing costs of $283,000, consists of:

Facility	Maturity Date	Interest rate (LIBOR + %)	Face value of loan 31 Dec 2018 $'000	Face value of loan 31 Dec 2017 $'000
Term loan facility	31 Mar 2019	5.50%	29,770	69,827
Cost overrun facility	30 Sep 2018	6.25%	-	7,629
VAT working capital facility	N/A	5.50%	-	-
			29,770	**77,456**

Under the original terms of the Senior Secured Project Finance Facility, the Debt Service Reserve Account (DSRA) amount was to increase from US$13.5 million to US$18.0 million on 30 June 2018. The Company announced an agreement with the Senior Lenders on 29 June 2018 to reduce the DSRA to US$9.0 million subject to the Company arranging additional subordinated funding. The amount held in respect of the DSRA is included in current financial assets.

Principal repayment schedule

	0 - 6 months $'000	6 - 12 months $'000	12 - 24 months $'000	24+ months $'000	Total $'000
Term loan facility	29,770	-	-	-	29,770
Cost overrun facility	-	-	-	-	-
VAT working capital facility	-	-	-	-	-
	29,770	**-**	**-**	**-**	**29,770**

b) Loan (unsecured)

Between 20 July and 21 December 2018 PT Merdeka Copper Gold Tbk (Merdeka) and Daewoo International Corporation (Daewoo) provided US$29.0 million of subordinated funding to BTR in a total of four tranches. The first two tranches of funding from both Merdeka and Daewoo accrue interest payable on maturity of the loans at the rate of 10% per annum. The third and fourth tranche of funding from Merdeka accrues interest payable on maturity of the loans at the rate of LIBOR plus a margin of 5.5% per annum.

While the facility is due for repayment on January 2020 (unless agreed in writing otherwise), Merdeka has agreed to provide additional funding to the Group in order to repay the facility or otherwise to meet its debts as and when they fall due for a period of not less than one year from the date of signing of their financial statements.

Principal repayment schedule

	0 - 6 months $'000	6 - 12 months $'000	12 - 24 months $'000	24+ months $'000	Total $'000
Tranches 1-4	-	-	41,112	-	41,112
	-	**-**	**41,112**	**-**	**41,112**

17. ISSUED CAPITAL

	2018 '000	2017 '000	2018 $'000	2017 $'000
Issued and paid up shares [a]	788,766	761,867	170,562	163,117
Employee incentive reserved shares [b]	-	10,500	-	-
Converting notes [c]	-	-	-	5,185
	788,766	**772,367**	**170,562**	**168,302**

a) Issued capital

		Number of shares '000	Issue price $	Issued capital $'000
2018				
01 Jan 2018	At beginning of reporting period	761,867		163,117
16 Mar 2018	Converting notes	12,249		5,185
15 Feb 2018	Employee performance rights	4,150	-	-
	Issue of paid up shares on exercise of right under employee share plan	10,500	-	2,260
31 Dec 2018	At end of reporting period	**788,766**		**170,562**
2017				
01 Jan 2017	At beginning of reporting period	772,667		162,997
28 Apr 2017	Cancellation of reserved shares	(300)	-	-
19 Oct 2017	Employee reserved shares moved to issued	(600)		
19 Oct 2017	Issue of paid up shares on exercise of right under employee share plan	600	0.20	120
31 Dec 2017	At end of reporting period	**772,367**		**163,117**

b) Employee incentive shares

The Company previously issued 10,500,000 unquoted ordinary shares (Incentive Shares) under the Finders Employee Share Plan as well as 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 payment reserve.

These incentive shares were issued subject to performance and time-based vesting conditions, which were deemed to have been satisfied upon the takeover offer for the Company becoming unconditional, and vested during the current year.

c) Performance rights

The company had previously issued 4,150,000 performance rights under the Employee Performance Rights Plan. If the vesting conditions and performance criteria were met the options would automatically exercise and the participants would be issued one fully paid ordinary share for each performance right with no payment required by the participants. The options were deemed to have vested upon the takeover offer for the Company becoming unconditional.

d) Converting notes

The Company raised US$5,500,000 from Standard Bank Plc in 2012 pursuant to mandatory Converting Notes, which converted into 12,248,538 shares in the Company on 16 March 2018 at a conversion price of A$0.427 per share. The Notes were converted into shares and have been treated as equity for accounting purposes.

e) Ordinary shares

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

At a general meeting on a show of hands, each shareholder present has one vote and on a poll each shareholder present has:

i. one vote for each fully paid share held; and

ii. for each share which is not fully paid a fraction of a vote equivalent to the proportion which the amount paid up, but not credited as paid up, on that share bears to the total of the amounts paid and payable (excluding amounts credited) on that share.

f) Capital management

The Group's funding requirements were largely sourced from equity funds and a project finance facility provided by its banks. During the year, the Group secured a subordinated loan facility and continued to repay the project finance facility. Its objectives in capital management are to ensure that the Group can meet its debts as and when they become due and payable and to maintain an optimal capital structure to reduce the cost of capital.

Under the project finance facility, the Group is subject to financial covenants typical of facilities of this nature, such as loan life cover ratios, project life cover ratios and reserve tail ratios. The Group was in compliance with all financial covenants under the project finance facility.

18. OPTIONS

Number of options on issue	2018 $'000	2017 $'000
Balance at beginning of financial year	-	54,156
Less: Options expired	-	(54,156)
Balance at the end of the financial year	**-**	**-**

No new issues were issued during the current year.

19. RESERVES

	2018 $'000	2017 $'000
Equity reserve	19,783	19,783
Hedge derivative reserve	945	(3,230)
Foreign currency translation reserve	24,600	13,741
Share base payment reserve	2,043	927
Other reserve	350	520
	47,721	**31,741**

Equity reserve

The equity reserve arises from the acquisition of shares in a controlled entity from a minority shareholder.

Hedge derivative reserve
The hedge derivative reserve is used to record gains or losses on derivatives that are designated and qualify as cash flow hedges and that are recognised in other comprehensive income.

Foreign currency translation reserve
The foreign currency translation reserve records exchange differences arising on translation of foreign controlled subsidiaries.

Share-based payments reserve
The share-based payments reserve is used to recognise the fair value of equity instruments issued to employees.

Other reserve
The other reserve is used to recognise the actuarial re-measurement gains and losses in relation to the defined benefit obligations.

20. OPERATING SEGMENTS

The Group'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 its 28,000 tonnes per annum Wetar Copper Project. It is also conducting mineral exploration on Wetar Island. Corporate activities are based in Australia and are not considered an operating segment.

Operating segment

	Copper mining		Total	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Revenue				
Sales revenue	154,967	209,505	154,967	209,505
Interest income			378	92
Total revenue			**155,345**	**209,597**
Result				
Segment result	22,109	60,700		
Income tax expense	(11,327)	(970)		
Post-tax segment result	**10,782**	**59,730**	**10,782**	**59,730**
Unallocated expenses			629	(3,399)
Loss after income tax			**11,411**	**56,331**
Assets				
Segment assets	340,940	289,180	340,940	289,180
Unallocated assets[1]			126	402
Total assets			**341,066**	**289,582**
Liabilities				
Segment liabilities	172,164	154,972	172,164	154,972
Unallocated liabilities[2]			713	1,700
Total liabilities			**172,877**	**156,672**

1. 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[1]	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Revenue	154,967	209,505		
Inventory			16,397	-
Plant and equipment			111,173	119,572
Development expenditure			93,893	66,410
Indonesia	**154,967**	**209,505**	**221,463**	**185,982**

1. Non-current assets for this purpose consist of inventory, plant and equipment and development expenditure.

21. COMMITMENTS

Supply agreements

The group has entered into contracts for supply of consumable items and provision of services to the Wetar Copper Project. The contractual commitments at balance date are set out below.

	2018 $'000	2017 $'000
Expenditure contracted for at the reporting date, but not recognised as liabilities as follows:		
Contract services		
- Payable within 1 year	20,276	10,057
- Payable later than 1 year but not later than 5 years	3,074	9,608
	23,350	**19,665**

Operating leases

The group has entered into operating leases on certain light vehicles, storage containers and corporate offices, with lease terms between two and five years. The operating lease commitments at balance date are set out below.

	2018 $'000	2017 $'000
Commitments for minimum lease payments in relation to non-cancellable operating leases as follows:		
- Payable within 1 year	9,319	4,204
- Payable later than 1 year but not later than 5 years	5,128	6,057
	14,447	**10,261**

22. CONTINGENT LIABILITIES

Bank guarantee

	2018 $'000	2017 $'000
Bank guarantee	**1,032**	**1,033**

The bank guarantees issued by the Group's bankers in favour of third parties to secure obligations of the Group is secured by cash on deposit with the banks (Note 8).

Claim by contractor

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.

An arbitration process between BTR and the contractor was commenced in 2015.

The matter was heard before the arbitrator in April 2016 in Hong Kong. Judgement has provided for payment to Royce of US$ 1.6 million plus interest and costs, which have been estimated to be US$0.8 million. A provision for US$2.543 million has been recognised at 31 December 2018. To date no amounts have been settled in relation to this arbitration.

23. CONTROLLED ENTITIES

	Country of incorporation	Percentage of ownership 2018 %	2017 %
Banda Minerals Pty Ltd ("BND") and its subsidiary	Australia	100.0	100.0
- PT Batutua Tembaga Raya ("BTR") and its subsidiary	Indonesia	78.0	78.0
- PT Batutua Kharisma Permai ("BKP")	Indonesia	70.0	70.0
Way Kanan Resources Pty Ltd ("WKR") and its subsidiary	Australia	100.0	100.0
- PT Batutua Lampung Elok ("BLE")	Indonesia	100.0	100.0

Percentage of voting power is in proportion to ownership

The Company's interest in the Wetar Copper Project is held through PT Batutua Tembaga Raya ("BTR") and PT Batutua Kharisma Permai ("BKP"). Through BTR and BKP, the Finders group holds a 74.1% (2017: 74.1%) economic interest in the Wetar Copper Project.

24. NON-CONTROLLING INTEREST

Financial information of subsidiaries that have material non-controlling interests is provide below:

Proportion of equity interest held by non-controlling interests

Name	Country of incorporation	Equity interest 2018 %	Equity interest 2017 %	Economic interest 2018 %	Economic interest 2017 %
PT Batutua Tembaga Raya	Indonesia	22.0	22.0	25.9	25.9
PT Batutua Kharisma Permai	Indonesia	30.0	30.0	25.9	25.9

	2018 $'000	2017 $'000
Accumulated balances of material non-controlling interest:		
PT Batutua Tembaga Raya	48,147	37,198
PT Batutua Kharisma Permai	(2,163)	(2,826)
Profit/(loss) allocated to material non-controlling interest:		
PT Batutua Tembaga Raya	5,088	13,169
PT Batutua Kharisma Permai	893	(166)

The summarised financial information of these subsidiaries is provided below. This information is based on amounts before inter-company eliminations.

Summarised statement of profit or loss for 2018	**PT Batutua Tembaga Raya $'000**	**PT Batutua Kharisma Permai $'000**
Revenue	175,966	29,831
Cost of sales	(126,442)	(25,183)
Finance costs	(11,440)	(1)
Profit/(loss) before tax	**17,462**	**4,647**
Income tax (expense)/benefit	(10,129)	(1,198)
Profit/(loss) for the year	**7,333**	**3,449**
Other comprehensive income/(loss) net of tax	33,243	798
Total comprehensive income/(loss)	**40,576**	**4,247**
Attributable to non-controlling interests	10,509	1,100

Summarised statement of profit or loss for 2017	**PT Batutua Tembaga Raya $'000**	**PT Batutua Kharisma Permai $'000**
Revenue	209,596	26,929
Cost of sales	(134,108)	(30,261)
Finance costs	(11,293)	(163)
Profit/(loss) before tax	**64,195**	**(3,495)**
Income tax (expense)/benefit	(3,823)	2,853
Profit/(loss) for the year	**60,372**	**(642)**
Other comprehensive income/(loss) net of tax	(38,133)	605
Total comprehensive income/(loss)	**22,239**	**(37)**
Attributable to non-controlling interests	2,922	45

Summarised statement of financial position as at 31 December 2018	**PT Batutua Tembaga Raya $'000**	**PT Batutua Kharisma Permai $'000**
Current assets	116,133	22,629
Non-current assets	240,544	15,182
Current liabilities	(91,922)	(20,569)
Non-current liabilities	(78,859)	(25,594)
Total equity	**185,896**	**(8,352)**
Attributable to:		
Equity holders of parent	137,749	(6,189)
Non-controlling interest	48,147	(2,163)

Summarised statement of financial position as at 31 December 2017	**PT Batutua Tembaga Raya $'000**	**PT Batutua Kharisma Permai $'000**
Current assets	71,116	2,412
Non-current assets	217,441	7,419
Current liabilities	(102,277)	(11,882)
Non-current liabilities	(42,629)	(8,860)
Total equity	**143,651**	**(10,911)**
Attributable to:		
Equity holders of parent	106,453	(8,085)
Non-controlling interest	37,198	(2,826)

Summarised cash flow information for year ended 31 December 2018	**PT Batutua Tembaga Raya $'000**	**PT Batutua Kharisma Permai $'000**
Operating	17,256	8,152
Investing	(4,002)	(8,143)
Finance	(14,132)	-
Net increase/(decrease) in cash and cash equivalents	**(878)**	**9**

Summarised cash flow information for year ended 31 December 2017	PT Batutua Tembaga Raya $'000	PT Batutua Kharisma Permai $'000
Operating	60,189	3,775
Investing	(19,653)	(3,801)
Finance	(40,344)	-
Net increase/(decrease) in cash and cash equivalents	**192**	**(26)**

25. KEY MANAGEMENT PERSONNEL DISCLOSURES

Detailed remuneration disclosures are set out in the Remuneration Report section of the Directors' Report on pages 21 to 31.

	2018 $	2017 $
Short-term employee benefits	1,119,622	1,762,527
Long-term employee benefits	68,890	55,678
Post-employment benefits	78,951	134,929
Share-based payments	493,500	105,278
Termination benefits	94,500	72,831
	1,855,463	**2,131,243**

26. SHARE BASED PAYMENTS

a) Expenses arising from share-based payments

	2018 $'000	2017 $'000
Shares issued under employee share scheme	(1,112)	(105)
	(1,112)	**(105)**

The Company had an Employee Share Ownership Plan designed to provide long-term incentives to employees of the Group. The scheme was administered by the Directors who have power to determine the terms and conditions of the shares issued to eligible employees. Participation is at the discretion of the Board.

The incentive share issued during the year are subject to performance hurdles linked to the expansion of the Wetar Copper Project, such as securing project finance, completion of the project construction on time and attaining a consistent level of copper cathode program. All shares issued under this scheme vested during the current year when the takeover became unconditional.

b) Shares granted under employee share schemes

Grant date	Expiry date	Exercise price	Number		Vested and exercisable	
			2018	**2017**	**2018**	**2017**
			'000	**'000**	**'000**	**'000**
31 Aug 2017	31 Dec 2018	-	4,150	-	4,150	-
08 Nov 2013	07 Nov 2021	0.2008	-	3,500	-	3,500
08 Nov 2013	07 Nov 2021	0.2508	-	3,500	-	3,500
08 Nov 2013	07 Nov 2021	0.3008	-	3,500	-	-
			4,150	**10,500**	**4,150**	**7,000**

No options were granted during the current year. All options and performance rights on issue during the year vested and were subsequently exercised.

27. AUDITORS REMUNERATION

	2018	2017
	$	**$**
Ernst & Young Australia		
Audit and review of financial report	168,797	138,350
Ernst & Young Indonesia		
Audit and review of financial report	222,943	148,250
	391,740	**286,600**

There were no non-audit services provided during the year.

28. EARNINGS PER SHARE

	2018	2017
Basic earnings/(loss) per share	1.45 cents	7.3 cents
Diluted earnings/(loss) per share	1.45 cents	7.3 cents
	$'000	**$'000**
Profit/(loss) used to calculate basic and diluted loss per share	11,411	56,331
	No.	**No.**
Weighted average number of ordinary shares used in calculating basic and diluted loss per share	785,646,357	773,635,783

The company has nil (2017: 10,500,000) potential ordinary shares relating to incentive shares issued under the employee share scheme that may be dilutive in future periods.

29. RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

a) Parent entity

PT Merdeka Copper Gold Tbk ("Merdeka") is the ultimate parent entity of the group. Merdeka owns a 99.9% interest in Eastern Field Developments Limited which in turn, as at 31 December 2018, had received acceptances under its takeover offer for shares comprising 97.09% of the voting power in Finders (including acceptances for shares managed by Taurus Funds Management Pty Ltd, being equal to 11.31% of the shares on issue). Interests in subsidiaries are set out in note 23.

b) Directors and director-related entities

During the year PT Merdeka Copper Gold Tbk provided interest bearing subordinated loans to BTR totalling US$27.320 million. US$2.500 million was repaid prior 31 December 2018. Refer to note 16(b).

c) Key management personnel

Disclosures relating to key management personnel are set out in note 25 and the Remuneration Report.

30. RECONCILIATION OF LOSS BEFORE INCOME TAX TO NET CASH USED IN OPERATING ACTIVITIES

	2018 **$'000**	**2017** **$'000**
Profit/(loss) for the year before tax	**20,715**	**57,301**
Depreciation and amortisation	31,443	39,188
Financing costs	2,056	1,424
Non-cash employee benefits expense	905	189
Realised hedges	(20,622)	(25,033)
Unrealised foreign exchange loss / (gain)	577	1,628
Unwinding discount	1,975	544
Other	944	7,119
(Increase) / decrease in receivables	(11,635)	(701)
(Increase) / decrease in inventories	(27,796)	(16,337)
(Increase) / decrease in other assets	139	(100)
Increase / (decrease) in trade and other payables	19,617	(3,929)
Increase / (decrease) in provisions	4,741	66
Net cash (outflow)/inflow from operating activities	**23,059**	**61,359**

31. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	2018 $'000	2017 $'000
Opening balance- 1 January	**75,116**	**121,557**
Cash flows:		
Repayment of borrowings	(56,256)	(40,344)
Proceeds from borrowings	42,124	
Non-cash changes:		
Effective interest rate adjustment for transaction costs	(2,056)	(2,301)
Foreign exchange movement	11,670	(3,796)
Closing balance liabilities from financing activities- 31 December	**70,598**	**75,116**

32. FINANCIAL RISK MANAGEMENT

The Group is headquartered in Australia and operates in Indonesia. It is exposed to a variety of financial risks: market risk (including foreign exchange risk, commodity price risk and fair value interest rate risk), credit risk and liquidity risk.

The Board has overall responsibility for the determination of the Group's risk management objectives and policies. The Group's risk management program focuses on the unpredictability and volatility of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group without unduly affecting its ability to operate and function.

The Board engages external consultants to advise on such risks from time to time.

a) Market risk

i) Foreign currency risk

The Group operates in Indonesia and is exposed to foreign exchange risk arising from currency exposures, primarily the United States Dollar and the Indonesian Rupiah. The United States Dollar is the primary currency for sales receipts, operating expenses, capital items and borrowings. Salaries are paid in Indonesian Rupiah with total exposure of approximately US$10.0 million per annum equivalent at an exchange rate of IDR 14,500.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities that are denominated in a currency that is not the Group's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

ii) Commodity price risk

The Group is exposed to adverse movements in the price of copper it sells as well as the price of diesel it purchases for use at the Wetar Copper Project. The risks could be managed through the use of derivative financial instruments such as forward sale and option contracts. There were no material receivables subject to quotational pricing as at 31 December 2018.

The Group currently has forward sale contracts over 1,746 tonnes of copper to be produced from the Wetar Copper Project. The contracts are at an average price of US$4,777 per tonne and cover the period from January 2019 to March 2019.

The Group previously entered into forward sale contracts for Singapore Gas Oil (High Speed Diesel) to be used at the Wetar Copper Project. The last contract expired in December 2017 and no further contracts have been entered.

These forward contracts qualify for cash flow hedge accounting.

iii) Interest rate risk

The Group is exposed to interest rate risk through its cash deposits held with banks and the interest rate payable on its secured loan facilities.

b) Credit risk

Credit risk is the risk that counterparties may default on their contractual obligation, resulting in a financial loss to the Group.

The risk arises from cash and deposits with financial institutions and credit exposures to trade customers, security deposits and the restricted funds held under the DSRA.

The Group minimises this risk by maintaining its banking relationships with credit-worthy financial institutions. The Group deals largely with Commonwealth Bank of Australia (AA-credit rating) and BNP Paribas (A credit rating).

Copper sales are either secured by letters of credit issued by the customers' banks or are to credit-worthy counterparties.

At 31 December 2018 the Group's total trade receivables had been outstanding for less than 30 days.

The maximum exposure is the carrying amount in the statement of financial position. The significant concentration of credit risk is in relation to the cash and cash equivalents.

c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities. The Group manages its liquidity risk by closely monitoring its forecast and actual cash flows. The Group generated cash flow from the Wetar Copper Project. Its additional funding requirements were sourced from debt finance and equity raisings.

The appropriate level of liquidity is determined by cash flow forecasting. Surplus funds are invested on short-term deposits.

d) Financial instrument composition, interest rate exposure and maturity analysis:

(i) Interest rate exposure for financial assets and liabilities exposed to variable interest rates

	Note	Weighted average effective interest rate %	Floating interest rate maturing Within 1 year $'000	1 – 2 years $'000	2 – 5 years $'000	Over 5 years $'000	Total $'000
2018							
Financial assets							
Cash and cash equivalents	-	0.06	1,422	-	-	-	1,422
Debt service reserve account		0.15	12,877	-	-	-	12,877
			14,299	**-**	**-**	**-**	**14,299**
Financial liabilities							
Loans[1,2]	-	7.89	29,771	21,917	-	-	51,688
			29,771	**21,917**	**-**	**-**	**51,688**
2017							
Financial assets							
Cash and cash equivalents	5	0.73	2,178	-	-	-	2,178
Debt service reserve account		1.41	11,532	-	-	-	11,532
			13,710	**-**	**-**	**-**	**13,710**
Financial liabilities							
Loans[1,2]	16	6.85	49,023	26,092	-	-	75,116
			49,023	**26,092**	**-**	**-**	**75,116**

1. Interest calculated as LIBOR + margin
2. Balances net of amortised borrowing costs

	Note	Weighted average effective interest rate %	Fixed interest rate maturing Within 1 year $'000	1 – 2 years $'000	2 – 5 years $'000	Over 5 years $'000	Total $'000
2018							
Financial liabilities							
Loans	-	10.0	-	19,195	-	-	19,195
			-	**19,195**	**-**	**-**	**19,195**
2017							
Financial liabilities							
Loans	16	-	-	-	-	-	-
			-	**-**	**-**	**-**	**-**

(i) Liquidity risk

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

	Note	Within 1 year $'000	1 – 2 years $'000	2 – 5 years $'000	Over 5 years $'000	Total $'000
2018						
Trade and other payables	14	55,206	-	-	-	55,206
Loans	16	29,970	41,112	-	-	71,082
		85,176	**41,112**	**-**	**-**	**126,288**
2017						
Trade and other payables	14	32,229	-	-	-	32,229
Loans	16	53,377	26,577	-	-	79,954
		85,606	**26,577**	**-**	**-**	**112,183**

Refer to Note 10 for the maturity profile of Hedging derivative liabilities.

e) Fair values

Derivative liabilities are recorded at fair value – refer to note 10 for details. The carrying amounts of all other financial assets and liabilities included in the balance sheet considered to approximate fair value.

f) Sensitivity analysis

Commodity Price Risk, Foreign Currency Risk and Interest Rate Risk

The Group has performed sensitivity analysis relating to its exposure to commodity price risk, foreign currency risk and interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

i) Commodity price sensitivity analysis

The effect on loss as a result of changes in the price of copper, with all other variables remaining constant would be as follows:

	2018 $'000	2017 $'000
Change in profit/equity		
Increase in copper price by 10%	1,183	10,949
Decrease in copper price by 10%	(1,183)	(10,949)

ii) Foreign currency risk sensitivity analysis

The effect on loss as a result of changes in the value of the Australian Dollar to the United States Dollar, with all other variables remaining constant is as follows:

	2018 $'000	2017 $'000
Change in profit/equity		
Improvement in AUD to USD by 5%	8,043	8,690
Decline in AUD to USD by 5%	(8,890)	(7,862)

The effect on loss as a result of changes in the value of the Australian Dollar to the Indonesian Rupiah, with all other variables remaining constant is as follows:

	2018 $'000	2017 $'000
Change in profit/equity		
Improvement in AUD to IDR by 5%	5,072	5,444
Decline in AUD to IDR by 5%	(5,607)	(6,017)

iii) Interest rate risk sensitivity analysis

The effect on loss as a result of changes in interest rates, with all other variables remaining constant is as follows:

	2018 $'000	2017 $'000
Change in profit/equity		
Interest rates decrease 1%	484	786
Interest rates increase 1%	(484)	(784)

33. PARENT ENTITY FINANCIAL INORMATION

	2018 $'000	2017 $'000
Balance sheet		
Current assets	168,119	168,136
Non-current assets	33,774	33,922
Total assets	201,893	202,058
Current liabilities	34,546	32,277
Non-current liabilities	-	-
Total liabilities	34,546	32,277
Net assets/(liabilities)	167,347	169,781
Shareholders' equity		
Contributed equity	170,562	168,301
Reserves		
Equity reserve	8,273	7,160
Accumulated losses	(11,488)	(5,680)
	167,347	**169,781**
Profit/(loss) for the year	(5,738)	356
Total comprehensive income	**(5,738)**	**356**

Guarantees entered into by the parent entity
No guarantees were entered into by the parent entity.

Contingent liabilities of the parent entity
There are no contingent liabilities.

Contractual commitments for the acquisition of property, plant and equipment
No contractual commitments were entered into by the parent entity.

34. EVENTS AFTER BALANCE DATE

On 22 January 2019 the Company announced that its subsidiary PT Batutua Tembaga Raya and Posco Daewoo Corporation entered in to a US$18.0 million copper cathode advanced payment transaction. The key terms of the agreement included Posco Daewoo to advance an US$18.0 million advanced payment to BTR in exchange for 4,800 metric tonnes of copper cathode to be delivered in shipments of 400 metric tonnes per month over 12 months commencing in February 2019. 60% of the value of each shipment is to offset the Advanced Payment amount over the first 9 months and may be adjusted in the final three months to ensure the Advanced Payment amount has been fully offset.

On 1 March 2019 the Company advised that the Kali Kuning open pit at the Wetar Copper Project has recently experienced a series of pit wall failures. Waste from the recent failures has extended across the base of the pit, covering ore and impacting mining activities. The pit wall monitoring system also identified broader movements and, as a precaution, mining operations were been suspended at Kali Kuning to evaluate the situation.

On 11 March 2019 the Company provided an update on the takeover offer from Eastern Field Developments Limited (“EFDL”) in light of a Federal Court judgment handed down in Perth on 8 March 2019. His Hon Justice McKerracher declined to review the earlier orders of the Takeovers Panel which remain in force. Unless an appeal is made against the Court’s decision, EFDL’s offer for Finders will end on 5 April 2019 after which time:

- EFDL will have an option under the Panel’s orders to acquire shares held by Taurus Funds Management Pty Ltd (“Taurus”) in Finders, equal to approximately 11.31% of Finders’ share capital, at the 23¢ cash per share offer price;
- Taurus will have an option under the Panel’s orders to put the shares it holds in Finders to EFDL at the offer price;
- EFDL will have the right to compulsory acquire outstanding Finders shares at the offer price;
- if EFDL does not exercise this right, it will need to make an offer to buy all outstanding Finders shares at the offer price.

On 19 March 2019 the Company’s subsidiary PT Batutua Tembaga Raya received confirmation from its banking group (comprising BNP Paribas, Commonwealth Bank of Australia, Societe Generale Hong Kong Branch and The Hongkong and Shanghai Banking Corporation Limited Jakarta Branch) of the final US$21.0 million payment in relation to the senior secured project facility.

In accordance with a resolution of the directors of Finders Resources Limited, I state that:

In the opinion of the directors:

(a) the financial statements and notes set out on pages 24 to 76 for the financial year ended 31 December 2018 are in accordance with the *Corporations Act 2001*, including:

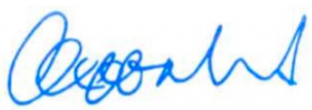
(i) giving a true and fair view of the Group's financial position as at 31 December 2018 and of its performance for the year ended on that date; and
(ii) complying with Accounting Standards and the Corporations Regulations 2001;

(b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1(a); and

(c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. This declaration has been made after receiving the declarations required to be made to the directors by the chief executive officer and chief financial officer in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 31 December 2018.

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



Colin Moorhead
Chairman

Perth
29 March 2018

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Independent auditor's report to the shareholders of Finders Resources Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Finders Resources Limited ("the Company"), including its subsidiaries ("the Group"), which comprises the consolidated statement of financial position as at 31 December 2018, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2018 and of its consolidated financial performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES110 *Code of Ethics for Professional* Accountants ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

Recognition and measurement of rehabilitation provisions

Why significant	How our audit addressed the key audit matter
The Group recognised a rehabilitation provision of $34.0 million as at 31 December 2018, as disclosed in Note 15 to the financial statements. The rehabilitation provision is in connection with the Group's closure obligations when the Wetar Copper Project ceases operations in the future. The calculation of this provision requires judgment in estimating the future costs, the timing as to when the future costs will be incurred and the determination of an appropriate rate to discount the future costs to their present value. The Group reviews rehabilitation obligations that have arisen annually, or as new information becomes available, including an assessment of the underlying assumptions used, effects of any changes in local regulations, and the expected approach to rehabilitation.	We assessed the Group's rehabilitation provision, and enquired about material movements in the provision during the year. We evaluated the legal and/or constructive obligations with respect to the rehabilitation for Wetar Copper Project sites and processing facilities, the intended method of rehabilitation and the associated cost estimates. We assessed the competency, capability and objectivity of the Groups' internal expert compiling the data that supported the provisions, in particular the cost estimates. We also assessed the accuracy of the calculations used to determine the rehabilitation provision and considered the appropriateness of the discount rate applied.

Impairment of plant and equipment and capitalised development expenditure

Why significant	How our audit addressed the key audit matter
The Group recognised plant and equipment and capitalised development expenditure, of $204.6 million as at 31 December 2018, as disclosed in Notes 11 and 12 to the financial statements. Australian Accounting Standards, require the Group to assess at each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Group shall estimate the recoverable amount of the asset. No impairment was recognised during the year. The impairment testing process is complex and judgmental and is based on assumptions and estimates that are affected by expected future performance and market conditions. Key assumptions, judgements and estimates used in the formulation of the Group's impairment of non-current assets include copper reserves, timing of production, discount rate and copper price.	We evaluated the Group's assessment of whether any indicators of impairment were present. We involved our valuations specialists to assess potential indicators of impairment such as forward copper prices and discount rates. We also considered other potential indicators of impairment including production, reserves and cost forecasts. We assessed the competency, capability and objectivity of the Group's internal experts compiling the reserves and resources data. We obtained and read the minutes from Director's meetings and various operational reports and plans in order to understand the future plans of the Group and whether there were any potential impairment indicators

Information other than the financial statements and auditor's report

The directors are responsible for the other information. The other information comprises the information included in the Company's 2018 Annual Report other than the financial report and our auditor's report thereon. We obtained the Directors' Report that is to be included in the Annual Report, prior to the date of this auditor's report, and we expect to obtain the remaining sections of the Annual Report after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not and will not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting in the preparation of the financial report. We also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events and conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the disclosures in the financial report about the material uncertainty or, if such disclosures are inadequate, to modify our opinion on the financial report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the Directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in the Directors' Report for the year ended 31 December 2018.

In our opinion, the Remuneration Report of Finders Resources Limited for the year ended 31 December 2018, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst + Young

Ernst & Young

T S Hammond
Partner
Perth
29 March 2019

The following additional information is required by the Australian Securities Exchange. The information is current as at 26 March 2019.

(a) Distribution schedule and number of holders of fully paid ordinary shares as at 26 March 2019

Holdings Ranges	Holders	Total Units
1-1,000	91	5,187
1,001-5,000	80	255,152
5,001-10,000	41	333,760
10,001-100,000	88	2,548,060
100,001 and over	26	785,623,624
	326	**788,765,783**

The number of holders holding less than a marketable parcel of fully paid ordinary shares as at 26 March 2019 is 112.

(b) 20 Largest registered holders of quoted equity securities as at 26 March 2019

The names of the twenty largest holders of fully paid ordinary shares (ASX: FND) as at 26 March 2019 are:

Shareholders	No. of Shares	%
1. Eastern Field Developments Limited	678,493,064	86.020%
2. Bond Street Custodians Limited <Taurus Res Ltd Partner A/C>	68,009,731	8.622%
3. Bond Street Custodians Limited <Taurus Resources TST A/C>	19,329,794	2.451%
4. Citicorp Nominees Pty Limited	12,551,345	1.591%
5. BNP Paribas Nominees Pty Ltd <LB Au Noms Retailclient DRP>	1,166,631	0.148%
6. Andrew Reid	700,000	0.089%
7. Wayne Apted	700,000	0.089%
8. Terry Burns	700,000	0.089%
9. Bevan Jones	450,000	0.057%
10. Ashley Mcaleese	350,000	0.044%
11. Bond Street Custodians Limited <Gdcast - D04780 A/C>	300,000	0.038%
12. Steve Williams	250,000	0.032%
13. Mr Damon Pears	250,000	0.032%
14. Gavin Hammer	250,000	0.032%
15. Nick Holthouse	250,000	0.032%
16. Edi Widodo	250,000	0.032%
17. Mr Donald Julian Channer	200,000	0.025%
18. Mega Holdings Pty Ltd	200,000	0.025%

19. Bond Street Custodians Limited <Gdcast - D04781 A/C>	200,000	0.025%
20. Mr Hari Gurung	200,000	0.025%
Total Top Twenty	**784,800,565**	**99.497%**
Others	3,965,218	0.503%
Total Shares on Issue as at 31 December 2018	**788,765,783**	**100.000**

Stock Exchange Listing – Listing has been granted for 788,765,783 fully paid ordinary shares of the Company on issue on the Australian Securities Exchange. There were no unquoted securities on issue as at 26 March 2019.

(c) Substantial shareholders

Substantial shareholders in the Company and the number of equity securities over which the substantial shareholder has a relevant interest as disclosed in substantial holding notices provided to the Company are listed below:

Name	Shares	% of Total Shares	Date of Last Notice
Eastern Field Developments Limited	764,872,493	96.97%	7 June 2018
Procap Partners Limited	764,872,493	96.97%	7 June 2018
PT Merdeka Copper Gold TBK	764,872,493	96.97%	7 June 2018
PT Saratoga Investama Sedaya TBK	733,235,385	92.96%	3 April 2018
Provident Minerals Pte Ltd	153,248,198	19.84%	11 October 2017
Taurus SM Holdings Pty Limited	87,339,525	11.47%	21 November 2016

(d) Restricted Securities as at 26 March 2019

The Company had the following restricted securities as at 26 March 2019 –

Security	Holding Lock
16,398,538 fully paid ordinary shares	These shares are subject to a holding lock until the close of Eastern Field Developments Limited's off-market takeover offer for Finders Resources Limited ("Offer"), ("Holding Lock"), to ensure that the shares, which the Offer does not extend to, are not accepted into the Offer. The Holding Lock will be released earlier if the Offer is extended to these shares.

(e) Voting Rights

All fully paid ordinary shares carry one vote per ordinary share without restriction.

(f) On-Market Buy-Back

The Company is not currently undertaking an on-market buy-back.

(g) Corporate Governance

The Company's Board is committed to achieving and demonstrating the highest standards of Corporate Governance. The Board is responsible to its Shareholders for the performance of the Company and seeks to communicate extensively with Shareholders. The Board believes that sound Corporate Governance practices will assist in the creation of Shareholder wealth and provide accountability. In accordance with ASX Listing Rule 4.10.3, the Company has elected to disclose its Corporate Governance policies and its compliance with them on its website, rather than in the Annual Report. Accordingly, information about the Company's Corporate Governance practices is set out on the Company's website at http://findersresources.com/finders/corporate-governance/.

(h) Annual Mineral Resource and Ore Reserve Statement

The Company reports Mineral Resources and Ore Reserves as of 31 December each year. As of 31 December 2018, the Wetar Mineral Resources are 10 Mt at 1.99 % copper containing 196 thousand tonnes of copper as shown in Table 1. Mineral Resources are inclusive of the Ore Reserves which are 3 Mt at 2.81 % copper containing 93 thousand tonnes of copper metal as shown in Table 2.

The copper Ore Reserves do not include the Wetar heap leach pad working inventory of 6 Mt at 1.34 percent copper containing 74 kt of copper. Grades are estimated from total metal stacked less metal extracted divided by total tonnes stacked on the heap leach pad.

A comparison of the 31 December 2018 Wetar Copper Project Mineral Resources to 30 June 2018 are shown in

Table 3. A comparison of the 31 December 2018 Wetar Copper Project Ore Reserves to 30 June 2018 are shown in Table 4.

Table 1 Wetar Copper Project – Mineral Resources as of 31 December 2018

	Unit	Measured	Indicated	Inferred	Total
Kali Kuning[1] (COG 0.4% Cu)					
Tonnes	Mt	1.0	0.3	0.0	1.4
Copper Grade	Cu %	3.05	2.62	0.00	2.95
Contained Copper Metal	Cu kt	32	8	0	40
Lerokis[1] (COG 0.5% Cu)					
Tonnes	Mt	2.80	0.10	0.02	2.92
Copper Grade	Cu %	2.88	0.89	0.95	2.80
Contained Copper Metal	Cu kt	81	1	0	82
Heap Leach Pads[1,2]					
Tonnes	Mt	5.5			5.54
Copper Grade	Cu %	1.34			1.34
Contained Copper Metal	Cu kt	74			74
Total Mineral Resource [1,2]					
Tonnes (In-situ and Pads)	Mt	9.4	0.4	0.0	9.81
Copper Grade (In-situ and Pads)	Cu %	1.99	2.19	0.95	1.99
Copper Metal (In-situ and Pads)	Cu kt	187	9	0	196

1) Competent Person Karl Smith of PT. Merdeka Mining Servis
2) Competent Person Adam Moroney employed by PT Batutua Tembaga Raya, a subsidiary of Finders Resources Limited

Table 2 Wetar Copper Project – Ore Reserves as of 31 December 2018

		As of 31 December 2018		
	Units	Proved	Probable	Total
Kali Kuning (COG 0.4% Cu)				
Tonnes	kt	496	113	610
Copper Grade	%	2.93	2.40	2.83
Copper	kt	15	3	17
Lerokis (COG 0.5% Cu)				
Tonnes	kt	2,672	41	2,712
Copper Grade	%	2.84	0.86	2.81
Copper	kt	76	0	76
Total[1]				
Tonnes	kt	3,168	154	3,322
Copper Grade	%	2.85	2.00	2.81
Copper	kt	90	3	93

1) Competent Person is Karl Smith of PT. Merdeka Mining Servis for mining depletion of 30 June 2018 ore reserves

Table 3 Wetar Copper Project – Comparison to Mineral Resources from 30 June 2018

	As of 31 December 2018[1]			As of 30 June 2018[2]		
	Tonnes Mt	Copper Grade %	Contained Copper Metal kt	Tonnes Mt	Copper Grade %	Contained Copper Metal kt
Kali Kuning (COG 0.4% Cu)						
Measured	1.0	3.05	32	1.3	2.78	37
Indicated	0.3	2.62	8	0.3	2.93	9
Inferred	0.0	0.00	0	0.0	2.33	1
Lerokis (COG 0.5% Cu)						
Measured	2.8	2.88	81	2.8	2.88	81
Indicated	0.1	0.89	1	0.1	0.89	1
Inferred	0.0	0.95	0	0.0	0.95	0
Heap Leach Pads[3]						
Measured	5.5	1.34	74	4.8	1.46	70
Total Mineral Resource						
Measured	9.4	1.99	187	8.9	2.10	188
Indicated	0.4	2.19	9	0.4	2.41	9
Inferred	0.0	0.95	0	0.1	1.87	1
Total Mineral Resource	9.8	1.99	196	9.4	2.11	198

1) Competent Person Karl Smith of PT. Merdeka Mining Servis for mining depletion of 30 June 2018 mineral resource

2) Finders Resources Ltd ASX Market Release 22 October 2018
3) Competent Person Adam Moroney employed by PT Batutua Tembaga Raya, a subsidiary of Finders Resources Limited. Grade estimated from metal stacked less metal extracted.

Table 4 Wetar Copper Project – Comparison to Ore Reserves from 30 June 2018

		As of 31 December 2018[1]			As of 30 June 2018[2]		
	Units	Proved	Probable	Total	Proved	Probable	Total
Kali Kuning (COG 0.4% Cu)							
Tonnes	kt	496	113	610	1,264	262	1,526
Copper Grade	%	2.93	2.40	2.83	2.67	2.90	2.71
Copper	kt	15	3	17	34	8	41
Lerokis (COG 0.5% Cu)							
Tonnes	kt	2,672	41	2,712	2,672	41	2,712
Copper Grade	%	2.84	0.86	2.81	2.84	0.86	2.81
Copper	kt	76	0	76	76	0	76
Heap Leach Pads[3,4]							
Tonnes	Mt				4,818		4,818
Copper Grade	Cu %				1.46		0
Contained Copper Metal	Cu kt				70		70
Total[1]							
Tonnes	kt	3,168	154	3,322	8,754	303	9,057
Copper Grade	%	2.85	2.00	2.81	2.06	2.63	2.08
Copper	kt	90	3	93	180	8	188

1) Competent Person Karl Smith of PT. Merdeka Mining Servis for mining depletion of 30 June 2018 ore reserves
2) Finders Resources Ltd ASX Market Release 22 October 2018
3) Competent Person Adam Moroney employed by PT Batutua Tembaga Raya, a subsidiary of Finders Resources Limited
4) Merdeka's reference point for ore reserves is prior to crushing and/or placement on heap leach pads

Mineral Resource Estimate

The information in this report that relates to mineral resource estimation for the Kali Kuning and Lerokis deposits is based on prior work completed by external consultants that has been reviewed by Mr Karl Jay Smith who is a Fellow of the Australasian Institute of Mining and Metallurgy.

Mr Smith has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Smith is a full time employee of PT Merdeka Mining Servis, a 100% owned subsidiary of the Company's parent, PT Merdeka Copper Gold Tbk, and consents to the inclusion in the reports of the matters based on his information in the form and context in which it appears.

The information in this report that relates to the mineral resource estimation for the heap leach pads is based on ongoing and prior work completed by external consultants and PT Batutua Tembaga Raya employees that has been reviewed by Mr Adam Moroney who is a full time employee of PT Batutua Tembaga Raya (a subsidiary of the Company) and who is a Member of the Australasian Institute of Mining and Metallurgy.

Ore Reserve Estimate

The information in this report that relates to the in-situ ore reserve estimation at the Kali Kuning and Lerokis deposits is based on ongoing and prior work completed by external consultants and PT Batutua Tembaga Raya employees that has been reviewed by Mr Karl Jay Smith who is a full time employee of PT Merdeka Mining Servis, a 100% owned subsidiary of the Company's parent, PT Merdeka Copper Gold Tbk, and consents to the inclusion in the reports of the matters based on his information in the form and context in which it appears.

Both Mr Smith and Mr Moroney have sufficient experience which is relevant to the style of mineralisation, the type of deposit and the beneficiation method under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Both Mr Smith and Mr Moroney consent to the inclusion in the report of the matters based on their reviewed information in the form and context in which it appears.

(i) Mineral Tenements & Permits

Set out in the following table is a summary of the Group's mineral tenements and permit schedule.

IUP Decision No.	Type	Mineral	Expiry Date	Area (ha)	Term	Holder[1]
Wetar Copper Project[1]						
543 - 124 Tahun 2011	IUP Exploitation	Copper	09 Jun 2031	2,733	20 years	BKP
7/1/IUP/PMA/2018	PMA adjustment to 543-124 TAHUN 2011	Copper	09 Jun 2031	2,733	20 years	BKP
311 TAHUN 2017	IUP Exploitation	Sand Gravel & Stone	29-Dec-22	108	5 Years	BKP
276 TAHUN 2017	IUP Exploitation	Limestone	20-Nov-22	1425	5 Years	BKP

1. Finders' interest in the Wetar Copper Project (74.1%) is held through Indonesian subsidiaries PT Batutua Tembaga Raya ("BTR") and PT Batutua Kharisma Permai ("BKP").
2. IUP 543-124 TAHUN 2011 has been amended to reflect the change to foreign investment company (PMA).
3. IUP 540-28.8 TAHUN 2010 has expired.