

30 May 2014

Dear Shareholder

Finders Resources Limited – Non-renounceable entitlement offer

On 27 May 2014, Finders Resources Limited (ACN 108 547 413) (**Company**) announced an equity raising of up to \$15.3 million (**Equity Raising**) via a placement to institutional and sophisticated investors to raise \$10 million (**Placement**) and a non-renounceable entitlement issue of one (1) new fully paid ordinary share in the Company (**New Share**) for every fifteen (15) existing fully paid ordinary shares in the Company to raise approximately \$5.3 million (**Entitlement Offer** or **Offer**).

The Placement comprises an offer of up to 71,430,000 fully paid ordinary shares (**Shares**) made at an issue price of \$0.14 per Share under the Company's placement capacity pursuant to ASX Listing Rule 7.1. Shareholder approval is consequently not required in order to make the Placement offer. The Company has received Placement applications for 71,430,000 Shares. The Placement Shares will not be eligible to participate in the Entitlement Offer.

Shares under the Offer will be offered at \$0.14 per Share. Based on the capital structure excluding the Shares to be issued under the Placement (and assuming no convertible securities are converted into Shares prior to the Record Date defined below) a total of up to approximately 37,799,612 New Shares (subject to rounding fractional entitlements up) will be issued pursuant to the Offer and the maximum amount raised will be approximately \$5,291,950. The Entitlement Offer is being made in accordance with section 708AA of the Australian Corporations Act 2001 (Cth) (as modified by Australian Securities and Investments Commission Class Order 08/35), meaning that no prospectus needs to be prepared. The Company lodged an Offer Document for the Offer (**Offer Document**) with the ASX Market Announcements Platform on 29 May 2014.

This letter is not an offer document but rather an advance notice of some key terms and conditions of the Offer which are contained in the Offer Document.

The Offer is severally underwritten by Morgans Corporate Limited and Blackswan Corporate Limited (**Underwriters**) with each Underwriter agreeing to underwrite fifty percent (50%) of the New Shares offered pursuant to the Offer, to the extent of any shortfall. The Company must pay the Underwriters an underwriting fee of 5% of the value of all the New Shares offered pursuant to the Offer and pursuant to a separate mandate the Company has agreed to pay the Underwriters management and selling fees of, in aggregate, 5% of the gross proceeds of Shares actually issued pursuant to the Placement, which fees are all exclusive of GST and shall be split equally between the Underwriters.

Under the terms of the Offer, eligible shareholders will also be given the opportunity to apply for New Shares in excess of their entitlement through a top-up facility (**Top-Up Facility**). New Shares will only be available under the Top-Up Facility in the event that other shareholders do not take up their entitlements. Allocations under the Top-Up Facility will be determined by the Company and the Underwriters.

The Company intends to apply the gross proceeds of the Equity Raising towards:

Item	Proceeds of the Offer and Placement	\$ million
1	Additional equity requirement for the Wetar Copper Project	5.7
2	Exploration	3.2
3	Costs of the Entitlement Offer and Placement	0.9
4	Working Capital	5.5
	Total	15.3

The above table contains the Directors' statements of current intentions as at the date of this notice. Intervening events may alter the way Equity Raising funds are ultimately applied by the Company and may alter the costs estimated above.

The Offer is being made to all holders of Shares in the Company (**Shareholders**) named on the Company's register of members at 7:00pm Australian Eastern Standard Time (**AEST**) on 4 June 2014 (**Record Date**), whose registered address is in Australia or New Zealand or such other jurisdictions as the Company determines (**Eligible Shareholders**).

New Shares will rank equally with all fully paid ordinary shares in the capital of the Company already on issue.

Upon completion of the Entitlement Offer, assuming all Entitlements are accepted and no convertible securities are converted into Shares prior to the Record Date, the number of Shares in the Company will increase from 566,994,184 currently on issue to approximately 676,223,796 (inclusive of Shares anticipated to be issued under the Placement).

A copy of the Offer Document is available on ASX's website. Eligible Shareholders will be mailed an Offer Document together with an Entitlement and Acceptance Form no later than 5 June 2014. Your entitlement will be set out on the personalised Entitlement and Acceptance Form accompanying the Offer Document.

For the purposes of calculating each Eligible Shareholders' entitlement under the Offer, fractions of entitlements have been rounded up to the nearest whole number of New Shares.

Actions required of Eligible Shareholders

There are a number of actions Eligible Shareholders may take, after reading the entire Offer Document:

- You may wish to accept all of your rights to subscribe for New Shares pursuant to the Offer Document (**Entitlement**). To take up all or part of your Entitlement you will need to ensure your application money for the Entitlements you wish to take up is received by Boardroom Pty Limited (**Share Registry**) by no later than 5:00pm (AEST) on 17 June 2014, by completing and returning your Entitlement and Acceptance Form together with your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the amount indicated on the Entitlement and Acceptance Form OR making a payment by BPAY in accordance with the instructions on your Entitlement and Acceptance Form (at \$0.14 per New Share).
- If you wish to apply for all of your Entitlement and wish to also apply for further New Shares out of any Entitlement Offer shortfall pursuant to the Top-Up Facility, you will need to ensure your application money for the Entitlements you wish to take up and for

your desired participation in the Top-Up Facility is received by Boardroom Pty Limited (**Share Registry**) by no later than 5:00pm (AEST) on 17 June 2014, by completing and returning your Entitlement and Acceptance Form together with your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the amount indicated on the Entitlement and Acceptance Form OR making a payment by BPAY in accordance with the instructions on your Entitlement and Acceptance Form (at \$0.14 per New Share).

- You may wish to accept part of your Entitlement. To take up part of your Entitlement you will need to ensure your application money for the part of your Entitlement which you wish to take up is received by the Share Registry by no later than 5:00pm (AEST) on 17 June 2014, by completing and returning your Entitlement and Acceptance Form by filling in the number of New Shares you wish to accept in the space provided on the Entitlement and Acceptance Form together with your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the appropriate application monies OR making a payment by BPAY in accordance with the instructions on your Entitlement and Acceptance Form (at \$0.14 per New Share).
- You may do nothing. If you choose to do nothing with your Entitlement, while you will continue to hold the same number of Shares, your interest in the Company will be diluted and you will receive no value for your Entitlement.

Key dates for the Offer

Event	Date
Announcement of Placement and Entitlement Offer and shares recommence trading	Thursday, 29 May 2014
Lodgement of Entitlement Offer Document and Appendix 3B with ASX	Thursday, 29 May 2014
Notice of Entitlement Offer sent to holders of options in the Company	Thursday, 29 May 2014
Notice of Entitlement Offer sent to shareholders	Friday, 30 May 2014
Shares commence trading on an 'Ex' Entitlement basis	Monday, 2 June 2014
Record Date	7:00pm (AEST) on Wednesday, 4 June 2014
Placement Shares issued and holding statements despatched for the Placement	Thursday, 5 June 2014
Offer document sent to Eligible Shareholders and Entitlement Offer opens	Thursday, 5 June 2014
Entitlement Offer closes (Closing Date)	5:00pm (AEST) on Tuesday, 17 June 2014
Deferred settlement trading commences	Wednesday, 18 June 2014
Notification of under subscriptions to ASX (if any)	Friday, 20 June 2014
Issue Date Deferred settlement trading ends Entitlement Offer shares entered into shareholders' security holdings and despatch date	Tuesday, 24 June 2014
Normal trading of New Shares issued pursuant to the Entitlement Offer anticipated to commence	Wednesday, 25 June 2014

* Subject to the ASX Listing Rules, the Directors reserve the right to extend the Closing Date for the Offer at their discretion. Should this occur, the extension will have a consequential effect on the anticipated date of issue for the New Shares.

** The dates in this timetable are indicative only and are subject to change.

If you have any queries concerning the Entitlement Offer, or the actions you are required to take to subscribe for New Shares, please contact your financial adviser or the Share Registry on 1300 737 760 (within Australia) or +61 2 9290 9600 (outside Australia) or the Company on +61 2 8084 1812 at any time from 9:00 AM (AEST) to 5:00 PM (AEST) Monday to Friday until the Closing Date.

Yours sincerely



Barry Cahill
MANAGING DIRECTOR

Foreign Shareholders

This document does not constitute an offer of New Shares of the Company in any jurisdiction in which it would be unlawful. New Shares may not be offered or sold in any country outside Australia pursuant to the Offer Document except to the extent permitted below.

British Virgin Islands

The New Shares may not be offered from inside the British Virgin Islands unless the Company or the person offering the New Shares on its behalf is licensed to carry on business in the British Virgin Islands. The New Shares may be offered to existing shareholders of the Company from outside the British Virgin Islands.

Indonesia

A registration statement with respect to the New Shares has not been, and will not be, filed with the Capital Market and Financial Institutions Supervisory Agency (Bapepam-LK) of the Republic of Indonesia. Therefore, the New Shares may not be offered or sold or be the subject of an invitation for subscription or purchase. Neither this document nor any other document relating to the offer or sale, or invitation for subscription or purchase, of the New Shares may be circulated or distributed, whether directly or indirectly, in the Republic of Indonesia or to Indonesian citizens, corporations or residents, except in a manner that will not be considered as a "public offer" under the law and regulations in the Republic of Indonesia.

Malaysia

No approval from the Securities Commission of Malaysia has been or will be obtained in relation to any offer of New Shares. The New Shares may not be offered or sold in Malaysia except pursuant to, and to persons prescribed under, Schedule 6 of the Malaysian Capital Markets and Services Act.

Singapore

This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the

subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the **SFA**), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of the Company's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) a "relevant person" (as defined in section 275(2) of the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

United Kingdom

Neither the information in this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (**FSMA**)) has been published or is intended to be published in respect of the New Shares. This document is issued on a confidential basis to fewer than 150 persons (other than "qualified investors" (within the meaning of section 86(7) of FSMA)) in the United Kingdom, and the New Shares may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who fall within Article 43 (members of certain bodies corporate) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005, or (ii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investments to which this document relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

New Zealand

The Offer is being made pursuant to the Offer Document in New Zealand pursuant to the Securities Act (Overseas Companies) Exemption Notice 2013.

Shareholders resident in Australia or New Zealand holding Shares on behalf of persons who are resident overseas are responsible for ensuring that taking up an Entitlement under the Offer does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.