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FINDERS RESOURCES LIMITED

Possible Claim by Tennant Metals Pty Ltd and MIT Nominees Pty Ltd

Finders Resources (the Company) has been advised that possible legal claims may be instigated by two minority shareholders in the Company. The Company believes the claims are without foundation and, if legal proceedings commence, they have little chance of success.

The claims have been made by Tennant Metals Pty Ltd (Tennant) and MIT Nominees Pty Ltd (Meridian) in relation to certain historic reports, announcements and presentations made by the Company.

Background

In early 2008, the Company placed an aggregate of 5,165,289 shares at \$1.10 per share to Tennant and Meridian as part of a financing to fund construction of the Wetar Copper Project's Demonstration Plant (the Project). Tennant and Meridian conducted their own due diligence as sophisticated equity investors. This financing also included a secured loan agreement of US\$5 million from Tennant and Meridian (which was repaid in September 2009).

Possible claim

Tennant and Meridian have now indicated that they intend to commence legal proceedings against the Company and /or its Directors based on the claim that certain historic reports, announcements and presentations made by the Company in relation to the timing and costs of the Project and its commercial development were misleading or deceptive. Tennant and Meridian are seeking to recoup their alleged loss on their initial capital investment, despite remaining the registered holders of substantially all of the shares they subscribed for in 2008.

In essence, the basis of these claims is that, given the final cost and timing of delivery of the now successful Project and its expected commercial development, the Company could not at the time have had a reasonable basis for its various announcements. The Company notes that Tennant and Meridian received detailed and on-going information flow in respect of the Project during the course of the loan financing arrangements. After an external legal review of material underpinning its past announcements and after receiving legal advice from the Company's legal advisers, the Company has rejected the allegations and is confident that if any proceedings are commenced by Meridian and Tennant they would have little chance of success.

The Company has rejected Tennant and Meridian's allegations.

Should any legal proceedings commence, the Company believes that the legal costs and any potential liability can be managed by the Company in the ordinary course of business and, to the extent relevant, within its directors and officers' liability insurance arrangements.

The Company is continuing with its expansion program for the Project, which is estimated will increase copper cathode production to 23,000 tonnes per annum. The financing discussions for the expansion are now at an advanced stage. The Company believes any legal proceedings would be unlikely to materially impact the operational and financial management of the Company.

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