



Dear Shareholder,

**NOTICE OF EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS OF FINDERS RESOURCES LIMITED ABN 82 108 547 413 ("COMPANY")**

Notice is hereby given that an Extraordinary General Meeting (EGM) of Shareholders is to be held as follows:

Venue: Finders Resources Limited, Suite 59B, Level 3, 330 Wattle Street, Ultimo NSW 2007.

Time: 10.00 am

Date: Monday 17th January 2011

The meeting will consider a number of resolutions related to securities proposed to be issued to Directors. These resolutions are explained in the Explanatory Statement in some detail. Please find enclosed the following documents in relation to the EGM:

**Page**

1. AGENDA .....	2
1.1. Special Business .....	2
1.2. Voting Exclusion Statements .....	2
1.3. Voting Rights and Proxies .....	3
1.4. Voting and required majority .....	4
1.5. Definitions .....	4
1.6. Interpretation .....	6
2. EXPLANATORY STATEMENT .....	7
2.1. General .....	7
2.2. Resolution 1 – Issuing Shares to Christopher Farmer .....	7
2.3. Resolution 2 – Issuing Shares to Robert Thomson .....	10
2.4. Resolution 3 – Issuing Shares to James Wentworth .....	13
2.5. Loan Facility .....	16
3. APPOINTMENT OF A PROXY FORM .....	18
4. APPOINTMENT OF CORPORATE REPRESENTATIVE .....	21

We look forward to seeing you at the meeting and receiving your vote in support of the resolutions. If you are not able to attend the EGM in person, you are urged to complete and lodge the enclosed Proxy or appointment of Corporate Representative form.

**Ian Morgan**  
Company Secretary  
16 December 2010

NOTICE IS GIVEN that an Extraordinary General Meeting of the Company will be held on Monday 17th January 2011 at 10.00 am at Finders Resources Limited, Suite 59B, Level 3, 330 Wattle Street, Ultimo NSW 2007, to consider, and if thought fit, pass the resolutions below.

The Explanatory Statement and the Proxy Form accompanying this Notice are incorporated in and comprise part of this Notice.

**1. AGENDA**

**1.1. Special Business**

**1.1.1. Resolution 1 – Issue of Shares to Christopher Farmer**

Resolution 1 is to consider and, if thought fit, with or without amendment, to pass the following resolution as an ordinary resolution:

“That, for the purposes of ASX Listing Rule 10.11, approval is given for the Board to issue and allot 1,500,000 Shares to Christopher Farmer, a Director (or his nominee), on the terms and conditions set out in the Explanatory Statement.”

The Chairman of the meeting intends to vote undirected proxies in favour of Resolution 1.

**1.1.2. Resolution 2 – Issue of Shares to Robert Thomson**

To consider and, if thought fit, with or without amendment, to pass the following ordinary Resolution:

“That, for the purposes of ASX Listing Rule 10.11, approval is given for the Board to issue and allot 750,000 Shares to Robert Thomson, a Director (or his nominee), on the terms and conditions set out in the Explanatory Statement.”

The Chairman of the meeting intends to vote undirected proxies in favour of Resolution 2.

**1.1.3. Resolution 3 – Issue of Shares to James Wentworth**

To consider and, if thought fit, with or without amendment, to pass the following ordinary Resolution:

“That, for the purposes of ASX Listing Rule 10.11, approval is given for the Board to issue and allot 1,100,000 Shares to James Wentworth, a Related Party (or his nominee), on the terms and conditions set out in the Explanatory Statement.”

The Chairman of the meeting intends to vote undirected proxies in favour of Resolution 3.

**1.2. Voting Exclusion Statements**

**1.2.1. Resolution 1**

For the purposes of ASX Listing Rule 10.13.6 and ASX Listing Rule 14.11.1, and all other purposes, the Company will disregard any votes cast on Resolution 1 by:

- (i) Christopher Farmer;
- (ii) any Associate of Christopher Farmer; and
- (iii) a person who might obtain a benefit, except a benefit solely in the capacity of a Shareholder, if the resolution is passed, and an Associate of any such person.

However, the Company will not disregard a vote if it is cast by:

- (i) a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (ii) a person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

### 1.2.2. Resolution 2

For the purposes of ASX Listing Rule 10.13.6 and ASX Listing Rule 14.11.1, and all other purposes, the Company will disregard any votes cast on Resolution 2 by:

- (i) Robert Thomson;
- (ii) any Associate of Robert Thomson; and
- (iii) a person who might obtain a benefit, except a benefit solely in the capacity of a Shareholder, if the resolution is passed, and an Associate of any such person.

However, the Company will not disregard a vote if it is cast by:

- (i) a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (ii) a person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

### 1.2.3. Resolution 3

For the purposes of ASX Listing Rule 10.13.6 and ASX Listing Rule 14.11.1, and all other purposes, the Company will disregard any votes cast on Resolution 3 by:

- (i) James Wentworth;
- (ii) any Associate of James Wentworth; and
- (iii) a person who might obtain a benefit, except a benefit solely in the capacity of a Shareholder, if the resolution is passed, and an Associate of any such person.

However, the Company will not disregard a vote if it is cast by:

- (i) a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (ii) a person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

### 1.3. Voting Rights and Proxies

- (i) A member entitled to attend and vote at the meeting has a right to appoint a proxy.
- (ii) This appointment may specify the proportion or number of votes that the proxy may exercise.
- (iii) The proxy need not be a member of the Company.
- (iv) A member who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes that each proxy is appointed to exercise. If the member appoints two proxies and the appointment does not specify the proportion or number of the member's votes that each proxy may exercise, each proxy may exercise half of the votes.

- (v) Proxy Forms must be received at least 24 hours before the time specified for the commencement of the Extraordinary General Meeting.
- (vi) Proxies may be lodged by:
  - posting to Finders Resources Limited, Suite 51, Level 3, 330 Wattle St Ultimo NSW 2007; or
  - facsimile to Finders Resources Limited on facsimile number +61 2 9212 0200, so that it is received not later than 10.00 am Sunday 16<sup>th</sup> January 2011, Sydney time.
- (vii) All United Kingdom holders of the Company's depository interests will receive a Form of Instruction for use at the Extraordinary General Meeting instead of a Proxy Form.
- (viii) To be valid, the Form of Instruction, duly signed and executed, together with a power of attorney (if any) or other authority under which it is signed (if any) must be deposited at the offices of the Custodian, Computershare Investor Services PLC, PO Box 1075, The Pavilions, Bridgwater Road, Bristol BS99 7NH at least 96 hours before the time for holding the meeting.

#### 1.4. Voting and required majority

For the purposes of regulation 7.11.37 of the Corporations Act and ASX Settlement Operating Rule 5.6.1, the Directors have set 10.00 am Saturday 15<sup>th</sup> January 2011, Sydney time as the time and date to determine holders of the Company's ordinary fully paid shares for the purposes of the Extraordinary General Meeting.

Share transfers registered after that deadline will be disregarded in determining entitlements to attend and vote at the Extraordinary General Meeting.

In accordance with the Corporations Act, for the resolutions to be effective:

- (i) the resolutions must be passed at a General Meeting of which not less than 28 days written notice specifying the intention to propose the resolutions has been given (satisfied by this Notice); and
- (ii) in the case of ordinary resolutions must be passed by more than 50% of all the votes cast by Shareholders present and entitled to vote on the resolutions (whether in person or by proxy, attorney or representative).

On a show of hands every Shareholder has one vote, and on a poll, every Shareholder has one vote for each fully paid Share.

#### 1.5. Definitions

For the purposes of this Explanatory Statement and the Notice of Extraordinary General Meeting the following definitions apply unless the context requires otherwise.

**Advance** means any principal amount of money provided or to be provided by the Lender to the Borrower under the Facility for the sole purpose of the Borrower subscribing for the Present Interest.

**Amount Outstanding** means all moneys which the Borrower is liable to pay to the Lender on any account whatever under or in relation to the Facility.

**Approved Purpose** means to assist the Borrower to subscribe for the Present Interest at the Placement Price, and in accordance with the Company's employee share scheme.

**Associate** has the meaning given to that term in Part 1.2, Division 2 of the Corporations Act.

**ASTC Settlement Rules** means the settlement rules of the ASX Settlement and Transfer Corporation Pty Ltd ABN 49 008 504 532.

**ASX** means ASX Limited ABN 98 008 624 691.

**ASX Listing Rules** means the official listing rules issued and enforced by the ASX as amended from time to time.

**Board or Board of Directors** means the board of Directors of the Company.

**Borrower** means, as applicable, each Director or nominee named by the Resolutions included in this Notice.

**Business Day** means any business day in the capital city of NSW Australia, excluding Saturdays, Sundays and public holidays.

**Company** means Finders Resources Limited (ABN 82 108 547 413).

**Completion of EDP Stage 1 Funding** means, in respect of funding required for EDP Stage 1, for the:

- (i) Equity component, the date proceeds are first received by the Company or Related Body Corporate;
- (ii) Debt component, the date that binding facility documentation is executed by the Company or relevant Related Body Corporate(s); and
- (iii) Financing including both debt and equity, when respective criteria for both are satisfied.

**Completion of EDP Stage 2 Funding** means, in respect of funding required for EDP Stage 2, for the:

- (i) Equity component, the date proceeds are first received by the Company or Related Body Corporate;
- (ii) Debt component, the date that binding facility documentation is executed by the Company or relevant Related Body Corporate(s) and
- (iii) Financing including both debt and equity, when respective criteria for both are satisfied.

**Constitution** means the constitution of the Company, as amended from time to time.

**Corporations Act** means the Corporations Act 2001 (Cth).

**Directors** mean the directors of the Company from time to time.

**EDP Stage 1** means the Company's project for the production of approximately 7,000 tonnes per annum of copper cathode at Wetar Island, Indonesia including production from the demonstration plant in operation at the site as at the date of the Facility.

**EDP Stage 2** means the Company's project for the production of approximately 23,000 tonnes per annum of copper cathode at Wetar Island, Indonesia including production from EDP Stage 1.

**EGM or Extraordinary General Meeting** means the extraordinary general meeting to be held at 10.00 am on Monday 17<sup>th</sup> January 2011 and notified to the Company's Shareholders by this Notice.

**Explanatory Statement** means the explanatory statement incorporated into this Notice.

**Facility** means a limited recourse facility for the Approved Purpose provided by the Lender to the Borrower, and summarised in paragraph 2.5 of this Notice.

**Holding Lock** has the meaning given in Section 2 of the ASTC Settlement Rules.

**KPI** means key performance indicator, a measure of performance used from time to time by the Company.

**Lender** means the Company.

**LTI** means lost time injury, a work injury or disease where the injured party has at least one (1) complete day or shift off work.

**Market Value** means the volume weighted average sale price per Share on the ASX over the 5 ASX trading days immediately preceding the applicable date.

**New Interest** means any of the following in respect of the Borrower in connection with the Present Interest:

- (i) right, title and interest in all money, interest, allotments, offers, benefits, privileges, rights, bonuses, Shares (or other marketable securities issued by the Lender),

- dividends, distributions or rights to take up further Shares (or other marketable securities issued by the Lender);
- (ii) rights consequent on a conversion, redemption, cancellation, reclassification, forfeiture, consolidation or subdivision; or
- (iii) rights consequent on a reduction of capital, liquidation, scheme of arrangement.

**Notice** means this notice incorporating the Explanatory Statement.

**Permits** means all permits, authorisations or approvals required from government authorities for construction and associated activities.

**Placement Amount** means the Present Interest multiplied by Placement Price.

**Placement Price** means the closing price for a Share as recorded by the ASX for the day on which the Present Interest is placed with the Borrower.

**Present Interest** means the numbers, as applicable, of Shares that would be issued and allotted to each Director or nominee named by the Resolutions included in this Notice.

**Related Body Corporate** means, as defined by section 50 of the Corporations Act, a related body corporate to the Company.

**Related Party** means, as defined by section 228 of the Corporations Act, a related party of the Company.

**Repayment Date** means the earlier of:

- (i) 30<sup>th</sup> November 2015; and
- (ii) the date on which the Facility is terminated or cancelled by the Lender.

**Share** means a fully paid ordinary share in the issued capital of the Company and Shares has a corresponding meaning.

**Shareholder** means shareholder of the Company and Shareholders has a corresponding meaning.

**Vesting Condition** means each condition specified in paragraphs 2.2.4, 2.3.4 and 2.4.4 of this Notice.

## 1.6. Interpretation

For the purposes of interpreting the Explanatory Statement and the Notice:

- (i) the singular includes the plural and vice versa;
- (ii) words importing any gender include both genders;
- (iii) reference to any statute, ordinance, regulation, rule or other law includes all regulations and other instruments and all consolidations, amendments, re-enactments or replacements for the time being in force;
- (iv) all headings, bold typing and italics (if any) have been inserted for convenience of reference only and do not define limit or affect the meaning or interpretation of the Explanatory Statement and the Notice;
- (v) reference to persons includes bodies corporate and government authorities and in each and every case, includes a reference to the person's executors, administrators, successors, substitutes (including without limitation persons taking by novation and assignment); and
- (vi) reference to cents, \$, A\$, Australian Dollars or dollars is a reference to the lawful tender for the time being and from time to time of the Commonwealth of Australia.

By order of the Board of Directors  
Ian Morgan  
Company Secretary  
16 December 2010

## **2. EXPLANATORY STATEMENT**

### **2.1. General**

This Explanatory Statement has been prepared to provide you with material information reasonably required to enable you to make an informed decision on how to vote upon the business to be conducted at the Extraordinary General Meeting (EGM).

The purpose of the EGM is to consider and if thought fit, pass the Resolutions.

The Directors recommend that Shareholders read this Explanatory Statement, which forms part of the accompanying Notice of Meeting of Shareholders, before determining whether to support the Resolutions or otherwise.

### **2.2. Resolution 1 – Issuing Shares to Christopher Farmer**

#### **2.2.1. General**

The Company proposes to issue and allot 1,500,000 Shares to Christopher Farmer or his nominee funded by the loan Facility to Christopher Farmer or his nominee, as part of his remuneration package as Managing Director of the Company and to secure Dr Farmer's ongoing commitment to the continued growth of the Company.

In determining the number of the Shares to be issued to Christopher Farmer or his nominee, consideration was given to his relevant experience and role as a Director, his overall remuneration terms including whether the Shares constitute reasonable remuneration in the circumstances, the current market price of Shares and the terms of security packages granted to directors of other companies within the sector in which the Company operates.

Dr Farmer's qualifications are BSc (Hons) (University of Southampton), MBA (Ashridge), PhD (Royal School of Mines, Imperial College)

He has over 19 years of international experience in all aspects of exploration, with a strong emphasis on business development.

Shareholder approval for the issue of the Shares to Christopher Farmer or his nominee is required pursuant to ASX Listing Rule 10.11.

#### **2.2.2. ASX Listing Rule 10.11**

ASX Listing Rule 10.11 requires a listed company to obtain shareholder approval by ordinary resolution prior to the issue of securities to a related party of the Company (which includes a director).

Separate approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Shares to Christopher Farmer or his nominee, as approval is being obtained under ASX Listing Rule 10.11. Shareholders should note that the issue of Shares to Christopher Farmer or his nominee will not be included in the 15% calculation for the purposes of ASX Listing Rule 7.1.

#### **2.2.3. Technical Information Required by ASX Listing Rule 10.13**

ASX Listing Rule 10.13 sets out a number of matters which must be included in a notice of meeting proposing an approval under ASX Listing Rule 10.11. For the purposes of ASX Listing Rule 10.13, the following information is provided in relation to Resolution 1:

**ASX Listing Rule 10.13.1:** *Name of person:* Christopher Farmer or his nominee.

**ASX Listing Rule 10.13.2:** *Maximum number of securities to be issued to the person:* 1,500,000 Shares.

**ASX Listing Rule 10.13.3:** *Date by which the securities are to be issued:* The Shares will be issued no later than one (1) month after the date of the Extraordinary General Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated that allotment will occur on the same date.

**ASX Listing Rule 10.13.4:** *Nature of relationship:* Christopher Famer is Managing Director of the Company.

**ASX Listing Rule 10.13.5:** *Issue price of the securities and a statement of terms of issue:* Each Share would be issued at the minimum fixed price of 43.0 cents. Shares are fully paid ordinary shares which rank equally with the Company's existing shares on issue.

The issue of Shares would be made under a loan Facility. The terms and conditions of the Facility are summarised in paragraph 2.5 of this Notice.

**ASX Listing Rule 10.13.6A:** *Intended use of the funds:* The Shares will be issued for no cash consideration and otherwise for the reasons set out in paragraph 2.5 of this Notice. No funds will be raised from the issue of the Shares to Christopher Farmer or his nominee.

**ASX Listing Rule 10.13.6:** *Voting exclusion statement:* A voting exclusion statement is included at paragraph 1.2.1 of this Notice.

#### 2.2.4. Vesting Conditions

- (i) All Permits have been received in respect of EDP Stage 1 (500,000 Shares);
- (ii) All funding required for EDP Stage1 is available for drawdown or utilisation (200,000 Shares);
- (iii) All funding required for EDP Stage 2 is available for drawdown or utilisation (200,000 Shares);
- (iv) Commencement of commercial production from EDP Stage 1 (200,000 Shares);
- (v) Commencement of commercial production from EDP Stage 2 (200,000 Shares); and
- (vi) All executives reporting to the Managing Director achieve their KPI's in respect of EDP Stage 1 and Stage 2 including all safety related KPI's (200,000 Shares).

#### 2.2.5. Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act regulates the provision of financial benefits to related parties by a public company. Section 208 of the Corporations Act prohibits a public company giving a financial benefit (which includes options) to a related party (which includes a Director) without prior shareholder approval unless one of a number of exceptions applies. It is the Directors' view that the exception set out in Section 211 (benefits that are reasonable remuneration) applies in this case. This view is based on advice provided by a professional independent remuneration consultant.

#### 2.2.6. Additional Information

The following additional information is provided to enable Shareholders to assess the proposed issue of the Shares to Christopher Farmer or his nominee:

*The related party to whom the financial benefit will be given:*



Christopher Farmer or his nominee.

*The nature of the financial benefits:*

1,500,000 Shares.

*Director's recommendations:*

Dr Farmer and Mr Thomson decline to make a recommendation to Shareholders in relation to Resolution 1 due to their material personal interests in the outcome of the Resolutions.

Stephen de Belle, Russell Fountain, Stephen Lonergan, T Quinn Roussel and Michael Storzaker each recommend that Shareholders vote in favour of Resolution 1 as they are of the view that the issue of the Shares to Christopher Farmer or his nominee is an appropriate form of reasonable remuneration to provide him with an incentive to maximise returns to Shareholders. The Directors are not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolution 1.

*Director's interest in resolution:*

None of Stephen de Belle, Russell Fountain, Stephen Lonergan, T Quinn Roussel, Michael Storzaker and Robert Thomson has an interest in Resolution 1.

If Resolution 1 is passed, Christopher Farmer or his nominee will receive Shares in the Company.

*All other relevant information:*

Remuneration generally: As at the date of this Notice, the annual remuneration payable to Christopher Farmer as Director's fees for his services is \$nil.

During the previous financial year Christopher Farmer received \$nil as Director's fees for his services to the Company.

Under an employment agreement entered into with Christopher Farmer, the Finders group currently pays \$25,000 per month plus 9% superannuation for his services as Managing Director. Pursuant to the agreement, the fees paid and payable by the Finders group for Dr Farmer's services for the period 1<sup>st</sup> January 2010 to 30<sup>th</sup> November 2010 totalled \$275,000 plus 9% superannuation (\$138,908 for the half year ended 31<sup>st</sup> December 2009 and \$268,507 for the year ended 30<sup>th</sup> June 2009).

*Director's current interests:*

As at the date of this Notice, Christopher Farmer has a direct interest in 5,965,695 Shares in the Company.

*Dilution effect:*

If Shareholders approve the issue of the Shares to Christopher Farmer or his nominee, the effect will be to dilute the shareholding of existing Shareholders by 0.56% on an undiluted basis (based on 269,146,997 Shares currently being on issue) or by 1.24% if all Resolutions in this Notice are approved by Shareholders.

*Share trading prices in the past 12 months:*

In the 12 months preceding the date of this Notice, the highest, lowest and last trading price of Shares on the ASX are as set out below:

	Cents
Highest	48.0
Lowest	25.0
Last	44.0

### 2.3. Resolution 2 – Issuing Shares to Robert Thomson

#### 2.3.1. General

The Company proposes to issue and allot 750,000 Shares to Robert Thomson or his nominee funded by the loan Facility to Robert Thomson or his nominee, as part of Mr Thomson's remuneration package as Executive Director, Development of the Company and to secure his ongoing commitment to the continued growth of the Company.

In determining the number of the Shares to be issued to Robert Thomson or his nominee, consideration was given to his relevant experience and role as Executive Director, Development, his overall remuneration terms including whether the Shares constitute reasonable remuneration in the circumstances, the current market price of Shares and the terms of security packages granted to directors of other companies within the sector in which the Company operates.

Mr Thomson's qualifications are BE (Mining) (University of Queensland), MBA (University of Wollongong), FAusIMM

He has over 30 years of Australian and international mining experience. He has worked on 5 Asian development projects in the last 13 years including GM Development, Chatree Gold Mine in Thailand and Project Director, Sepon Gold Mine in Laos. Mr Thomson was CEO of Climax Mining Limited from 2003 to 2006 and Asian Mineral Resources Limited from 2006 to 2008.

Shareholder approval for the issue of the Shares to Robert Thomson or his nominee is required pursuant to ASX Listing Rule 10.11.

#### 2.3.2. ASX Listing Rule 10.11

ASX Listing Rule 10.11 requires a listed company to obtain shareholder approval by ordinary resolution prior to the issue of securities to a related party of the Company (which includes a director).

Separate approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Shares to Robert Thomson or his nominee, as approval is being obtained under ASX Listing Rule 10.11. Shareholders should note that the issue of Shares to Robert Thomson or his nominee will not be included in the 15% calculation for the purposes of ASX Listing Rule 7.1.

#### 2.3.3. Technical Information Required by ASX Listing Rule 10.13

ASX Listing Rule 10.13 sets out a number of matters which must be included in a notice of meeting proposing an approval under ASX Listing Rule 10.11. For the purposes of ASX Listing Rule 10.13, the following information is provided in relation to Resolution 2:

**ASX Listing Rule 10.13.1:** *Name of person:* Robert Thomson or his nominee.

**ASX Listing Rule 10.13.2:** *Maximum number of securities to be issued to the person:* 750,000 Shares.

**ASX Listing Rule 10.13.3:** *Date by which the securities are to be issued:* The Shares will be issued no later than one (1) month after the date of the Extraordinary General Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated that allotment will occur on the same date.

**ASX Listing Rule 10.13.4:** *Nature of relationship:* Robert Thomson is Executive Director, Development of the Company.

**ASX Listing Rule 10.13.5:** *Issue price of the securities and a statement of terms of issue:* Each Share would be issued at the minimum fixed price of 43.0 cents. Shares are fully paid ordinary shares which rank equally with the Company's existing shares on issue.

The issue of Shares would be made under a loan Facility. The terms and conditions of the Facility are summarised in paragraph 2.5 of this Notice.

**ASX Listing Rule 10.13.6A:** *Intended use of the funds:* The Shares will be issued for no cash consideration and otherwise for the reasons set out in paragraph 2.5 of this Notice. No funds will be raised from the issue of the Shares to Robert Thomson or his nominee.

**ASX Listing Rule 10.13.6:** *Voting exclusion statement:* A voting exclusion statement is included at paragraph 1.2.2 of this Notice.

#### 2.3.4. Vesting Conditions

- (i) Commencement of commercial production from EDP Stage 1 within 10 months after the later of Completion of EDP Stage 1 Funding and the approval of the Company's Board to the commencement of construction of EDP Stage 1 (250,000 Shares);
- (ii) Completion of detailed design and costing of EDP Stage 2 no later than 31<sup>st</sup> May 2011 (400,000 Shares); and
- (iii) In respect of EDP Stage 1 and Stage 2, there are no fatalities and the Wetar LTI rate over EDP Stage 1 and 2 is less than average LTI rate for analogous Indonesian projects (100,000 Shares).

#### 2.3.5. Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act regulates the provision of financial benefits to related parties by a public company. Section 208 of the Corporations Act prohibits a public company giving a financial benefit (which includes options) to a related party (which includes a Director) without prior shareholder approval unless one of a number of exceptions applies. It is the Directors' view that the exception set out in Section 211 (benefits that are reasonable remuneration) applies in this case. This view is based on advice provided by a professional independent remuneration consultant.

#### 2.3.6. Additional Information

The following additional information is provided to enable Shareholders to assess the proposed issue of the Shares to Robert Thomson or his nominee:

*The related party to whom the financial benefit will be given:*

Robert Thomson or his nominee.

*The nature of the financial benefits:*

750,000 Shares.

*Director's recommendations:*

Dr Farmer and Mr Thomson decline to make a recommendation to Shareholders in relation to Resolution 2 due to their material personal interests in the outcome of the Resolutions.

Stephen de Belle, Russell Fountain, Stephen Lonergan, T Quinn Roussel and Michael Storzaker each recommend that Shareholders vote in favour of Resolution 2 as they are of the view that the issue of the Shares to Robert Thomson or his nominee is an appropriate form of reasonable remuneration to provide him with an incentive to maximise returns to Shareholders. The Directors are not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolution 2.

*Director's interest in resolution:*

None of Stephen de Belle, Christopher Farmer, Russell Fountain, Stephen Lonergan, T Quinn Roussel and Michael Storzaker has an interest in Resolution 2.

If Resolution 2 is passed, Robert Thomson or his nominee will receive Shares in the Company.

*All other relevant information:*

Remuneration generally: As at the date of this Notice, the annual remuneration payable to Robert Thomson as Director's fees for his services is \$nil.

During the previous financial year Robert Thomson received \$nil as Director's fees for his services to the Company.

Under a consulting agreement entered into with Robert Thomson's related entity, the Finders group currently pays \$25,000 per month for his services. Pursuant to the agreement, the fees paid and payable by the Finders group for Mr. Thomson's services for the period 1<sup>st</sup> January 2010 to 30<sup>th</sup> November 2010 totalled \$259,000 (\$188,600 for the half year ended 31<sup>st</sup> December 2009 and \$186,287 for the year ended 30<sup>th</sup> June 2009).

*Director's current interests:*

As at the date of this Notice, Robert Thomson has an indirect interest in:

- (i) 569,405 Shares in the Company; and
- (ii) 2,000,000 unlisted Company options, with each option providing the right and not the obligation to acquire (by 8<sup>th</sup> May 2014) one Share for an exercise price of 30.0 cents each.

*Dilution effect:*

If Shareholders approve the issue of the Shares to Robert Thomson or his nominee, the effect will be to dilute the shareholding of existing Shareholders by 0.28% on an undiluted basis (based on 269,146,997 Shares currently being on issue) or by 1.24% if all Resolutions in this Notice are approved by Shareholders.

*Share trading prices in the past 12 months:*

In the 12 months preceding the date of this Notice, the highest, lowest and last trading price of Shares on the ASX are as set out below:

	Cents
Highest	48.0
Lowest	25.0
Last	44.0

## 2.4. Resolution 3 – Issuing Shares to James Wentworth

### 2.4.1. General

Mr Wentworth is an employee of the Company.

The Board of Directors intends, in the near future, to appoint Mr Wentworth as a Director.

In accordance with section 228 (6) of the Corporations Act, the Board of Directors believes that Mr Wentworth is, in the future, likely to become a Related Party.

The Company proposes to issue and allot 1,100,000 Shares to James Wentworth or his nominee funded by the loan Facility to James Wentworth or his nominee, as part of Mr Wentworth's remuneration package as an employee of the Company and to secure his ongoing commitment to the continued growth of the Company.

In determining the number of the Shares to be issued to James Wentworth or his nominee, consideration was given to his relevant experience, his overall remuneration terms including whether the Shares constitute reasonable remuneration in the circumstances, the current market price of Shares and the terms of security packages granted by other companies within the sector in which the Company operates.

Mr Wentworth has more than 17 years of finance and investment experience with a focus on mining and mining services in Australia and internationally. Areas covered included principal investment, debt and equity raising, mergers and acquisitions and project and structured finance at CHAMP Ventures, Macquarie Bank, Goldman Sachs and Lehman Brothers.

Shareholder approval for the issue of the Shares to James Wentworth or his nominee is required pursuant to ASX Listing Rule 10.11.

### 2.4.2. ASX Listing Rule 10.11

ASX Listing Rule 10.11 requires a listed company to obtain shareholder approval by ordinary resolution prior to the issue of securities to a related party of the Company.

Separate approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Shares to James Wentworth or his nominee, as approval is being obtained under ASX Listing Rule 10.11. Shareholders should note that the issue of Shares to James Wentworth or his nominee will not be included in the 15% calculation for the purposes of ASX Listing Rule 7.1.

### 2.4.3. Technical Information Required by ASX Listing Rule 10.13

ASX Listing Rule 10.13 sets out a number of matters which must be included in a notice of meeting proposing an approval under ASX Listing Rule 10.11. For the purposes of ASX Listing Rule 10.13, the following information is provided in relation to Resolution 3:

**ASX Listing Rule 10.13.1:** *Name of person:* James Wentworth or his nominee.

**ASX Listing Rule 10.13.2:** *Maximum number of securities to be issued to the person:*  
1,100,000 Shares.

**ASX Listing Rule 10.13.3:** *Date by which the securities are to be issued:* The Shares will be issued no later than one (1) month after the date of the Extraordinary General Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated that allotment will occur on the same date.

**ASX Listing Rule 10.13.4:** *Nature of relationship:* James Wentworth is an employee of the Company.

**ASX Listing Rule 10.13.5:** *Issue price of the securities and a statement of terms of issue:* Each Share would be issued at the minimum fixed price of 43.0 cents. Shares are fully paid ordinary shares which rank equally with the Company's existing shares on issue.

The issue of Shares would be made under a loan Facility. The terms and conditions of the Facility are summarised in paragraph 2.5 of this Notice.

**ASX Listing Rule 10.13.6A:** *Intended use of the funds:* The Shares will be issued for no cash consideration and otherwise for the reasons set out in paragraph 2.5 of this Notice. No funds will be raised from the issue of the Shares to James Wentworth or his nominee.

**ASX Listing Rule 10.13.6:** *Voting exclusion statement:* A voting exclusion statement is included at paragraph 1.2.3 of this Notice.

#### 2.4.4. Vesting Conditions

- (i) For Completion of EDP Stage 1 Funding (450,000 Shares); and
- (ii) For Completion of EDP Stage 2 Funding (650,000 Shares).

#### 2.4.5. Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act regulates the provision of financial benefits to related parties by a public company. Section 208 of the Corporations Act prohibits a public company giving a financial benefit (which includes options) to a related party without prior shareholder approval unless one of a number of exceptions applies. It is the Directors' view that the exception set out in Section 211 (benefits that are reasonable remuneration) applies in this case. This view is based on advice provided by a professional independent remuneration consultant.

#### 2.4.6. Additional Information

The following additional information is provided to enable Shareholders to assess the proposed issue of the Shares to James Wentworth or his nominee:

*The related party to whom the financial benefit will be given:*

James Wentworth or his nominee.

*The nature of the financial benefits:*

1,100,000 Shares.

*Director's recommendations:*

Dr Farmer and Mr Thomson decline to make a recommendation to Shareholders in relation to Resolution 3 due to their material personal interests in the outcome of the Resolutions.

Stephen de Belle, Russell Fountain, Stephen Lonergan, T Quinn Roussel and Michael Stirzaker each recommend that Shareholders vote in favour of Resolution 3 as they are of the view that the issue of the Shares to James Wentworth or his nominee is an appropriate form of reasonable remuneration to provide him with an incentive to maximise returns to Shareholders. The Directors are not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolution 3.

*Director's interest in resolution:*

None of Stephen de Belle, Christopher Farmer, Russell Fountain, Stephen Lonergan, T Quinn Roussel, Michael Stirzaker and Robert Thomson has an interest in Resolution 3.

If Resolution 3 is passed, James Wentworth or his nominee will receive Shares in the Company.

*All other relevant information:*

Under an employment agreement entered into with James Wentworth, the Finders group currently pays \$Nil per month for his services.

The Company has entered into a verbal agreement to pay \$25,000 per month for Mr Wentworth's services.

Pursuant to the agreement, the fees paid and payable by the Finders group for Mr. Wentworth's services for the period 1<sup>st</sup> January 2010 to 30<sup>th</sup> November 2010 totalled \$Nil (\$Nil for the year ended 31<sup>st</sup> December 2009).

*Related Party's current interests:*

As at the date of this Notice, James Wentworth has no interest in Shares in the Company.

*Dilution effect:*

If Shareholders approve the issue of the Shares to James Wentworth or his nominee, the effect will be to dilute the shareholding of existing Shareholders by 0.40% on an undiluted basis (based on 269,146,997 Shares currently being on issue) or by 1.24% if all Resolutions in this Notice are approved by Shareholders.

*Share trading prices in the past 12 months:*

In the 12 months preceding the date of this Notice, the highest, lowest and last trading price of Shares on the ASX are as set out below:

	Cents
Highest	48.0
Lowest	25.0
Last	44.0

## 2.5. Loan Facility

The Company offers a loan Facility to fund the issue and allotment of Shares to the Company's employees, including executive Directors. Following is a summary of the terms and conditions of the Facility:

2.5.1. Subject to the terms of the Facility, the Lender agrees to provide the Facility to the Borrower up to the Placement Amount for the Approved Purpose.

2.5.2. The Borrower acknowledges that:

- (i) the Lender will have provided an Advance of the Placement Amount to the Borrower; and
- (ii) the Borrower will have received from the Lender the Placement Amount

upon the date of the Lender having notified to the ASX by an Appendix 3B the allotment of the Present Interest to the Borrower at the Placement Price.

2.5.3. The Lender acknowledges that:

- (i) the value of the Present Interest will fluctuate and may at any time be below the Placement Amount and any Amount Outstanding; and
- (ii) the Present Interest constitutes the sole means of repaying the Placement Amount and any Amount Outstanding, and the Lender shall have no other claim against the Borrower for any Amount Outstanding under the Facility.

2.5.4. The Facility does not bear interest.

2.5.5. The Vesting Condition will be satisfied or failed, as the case may be, by the Lender providing written notice to that effect to the Borrower within 10 Business Days after the earliest opportunity to make the necessary assessment. The Lender, whilst acting reasonably and in the absence of manifest error, has absolute discretion in determining whether and when the Vesting Condition will have been satisfied or failed.

2.5.6. The Borrower must on the Repayment Date repay to the Lender the Amount Outstanding in full, subject to the following terms and conditions:

- (i) The Amount Outstanding is due and payable on the Repayment Date without the necessity for presentment, demand, protest or further notice of any kind, all of which the Borrower unconditionally waives.
- (ii) Notwithstanding any other provision of this agreement, the Borrower's obligation to repay the Amount Outstanding on the Repayment Date is limited to payment of an amount equal to the lesser of:
  - (a) the Placement Amount; and
  - (b) in the event that the Market Value per Share on the Repayment Date is less than the Placement Price, the Present Interest multiplied by the Market Value

in each case calculated after reducing the Present Interest by the number of Shares included in any voluntary prepayment already made.



- (iii) The Borrower's obligation to repay the Amount Outstanding will be considered to be discharged in full if the Borrower signs and delivers to the Lender a transfer in blank in respect of the Present Interest (excluding any part of the Present Interest included in any voluntary prepayment already made and any New Interests), and the Lender may then either:
    - (a) subject to any requirements of the Corporations Act, cancel those Shares; or
    - (b) sell those Shares,
    - (c) and apply the proceeds (if any) to repay the Amount Outstanding.
- 2.5.7. In the event that the Vesting Condition has not been satisfied on or before the Repayment Date, then paragraph 2.5.6 (i) will apply.
- 2.5.8. In the event that the Vesting Condition has been satisfied on or before the Repayment Date and the Market Value on the Repayment Date is equal to or less than the Placement Price, then paragraphs 2.5.6 (ii) and (iii) will apply.
- 2.5.9. The Borrower may at any time after the satisfaction of the Vesting Condition, prepay all or any part of the Advance.
- 2.5.10. The Borrower shall not sell any of the Present Interest prior to the satisfaction of the Vesting Condition. In the event that the Borrower otherwise purports to sell any of the Present Interest prior to the Repayment Date, the Borrower must return all of the proceeds of such sale to the Lender, and for the purposes of this paragraph the Borrower agrees that the Lender is entitled to all such proceeds of sale.
- 2.5.11. Following receipt by the Borrower of a notice from the Lender declaring the Vesting Condition not to have been satisfied, then the Advance will become immediately due and payable, following which the Borrower must immediately repay to the Lender the Advance. The Lender will sell or procure the sale of the Present Interest and will apply the proceeds of sale in reduction of the Advance. In the event that the proceeds of sale are insufficient to discharge the Advance, the limitation set out in paragraphs 2.5.6 (ii) and (iii) apply. In the event that the proceeds of sale exceed the Advance, then after repayment of the Advance in full, the excess is to the account of the Lender.
- 2.5.12. Subject to any prepayment of the Advance, at all times prior to the Repayment Date, the Borrower must not without the prior written consent of the Lender:
  - (i) sell any of the Present Interest for consideration of less than the Placement Price;
  - (ii) assign, pledge or otherwise encumber any of the Present Interest.
- 2.5.13. For the purposes of ensuring compliance with the loan Facility, the Borrower would agree to the application by the Lender of a Holding Lock to the Present Interest until repayment/prepayment. Unless otherwise contemplated by the loan Facility, this Holding Lock may only be wholly or partially removed with the prior written consent of the Lender.

### 3. APPOINTMENT OF A PROXY FORM

If appointing a Proxy to attend the Extraordinary General Meeting on your behalf, please complete and lodge this Proxy form in accordance with the instructions following.

I/We

\_\_\_\_\_ being a shareholder/shareholders of Finders Resources Limited pursuant to my/our right to appoint not more than two proxies, appoint

The Chairman of the Meeting (mark with an "X")

OR

Write here the name of the person you are appointing if this person is **someone other than** the Chairman of the Meeting.

or failing him/her

Write here the name of the other person you are appointing.

or failing him/her, (or if no proxy is specified above) the Chairman of the meeting, as my/our proxy to vote for me/us and on my/our behalf at the Extraordinary General Meeting to be held at 10.00 am (Sydney time) on Monday 17th January 2011 at Finders Resources Limited, Suite 59B, Level 3, 330 Wattle Street, Ultimo NSW 2007 and any adjournment of that meeting.

This proxy is to be used in respect of \_\_\_\_\_ % of the Ordinary Shares I/we hold.

If you wish to indicate how your proxy is to vote, please place an "X" in the appropriate box, beside each resolution, below. If no indication is given on a resolution, the proxy may abstain or vote at his/her discretion. Proxies lodged in favour of the Chairman which do not include a vote will be used to vote in favour of the resolutions.

If the Chair of the meeting is appointed as your proxy, or may be appointed by default and you do not wish to direct your proxy how to vote please place a mark in the box. By marking this box, you acknowledge that the Chair of the meeting may exercise your proxy even if he has an interest in the outcome the resolutions. Votes cast by the Chair of the meeting for the resolutions other than as proxy holder will be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chair will not cast your votes on the resolutions and your votes will not be counted in calculating the required majority if a poll is called on the resolutions. The Chair intends to vote 100% of all open proxies in favour of all resolutions.

Voting directions to your proxy – please mark  to indicate your directions

To consider and, if thought fit, to pass, with or without amendment, the following resolutions as ordinary resolutions:

	For	Against	Abstain *
<b>Resolution 1:</b> To approve the issue and allotment of 1,500,000 Shares to Christopher Farmer or his nominee.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 2:</b> To approve the issue and allotment of 750,000 Shares to Robert Thomson or his nominee.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 3:</b> To approve the issue and allotment of 1,100,000 Shares to James Wentworth or his nominee.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

\* *If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.*

**PLEASE SIGN HERE**

This section *must* be signed in accordance with the instructions overleaf to enable your directions to be implemented. *Executed in accordance with section 127 of the Corporations Act 2001 (Cth):*

Individual or Shareholder 1

Sole Director & Company Secretary

Joint Shareholder 2

Director / Company Secretary

Joint Shareholder 3

Director

Dated this \_\_\_\_\_ Day of \_\_\_\_\_ 2010

## Instructions for Completing Proxy Form

1. A member entitled to attend and vote at a Meeting is entitled to appoint a proxy to attend and vote on behalf of that member.
2. A duly appointed proxy need not be a member of the Company. This form should be signed by the member. If a joint holding, either member may sign. If signed by the member's attorney, the power of attorney must have been previously noted by the Company or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the member's constitution and the Corporations Act 2001.
3. Corporate shareholders should comply with the execution requirements set out on the proxy form or otherwise with the provisions of Section 127 of the Corporations Act 2001. Section 127 of the Corporations Act 2001 provides that a company may execute a document without using its common seal if the document is signed by:
  - directors of the company;
  - a director and a company secretary of the company; or
  - for a proprietary company that has a sole director who is also the sole company secretary – that director.
4. For the Company to rely on the assumptions set out in Section 129(5) and (6) of the Corporations Act 2001, a document must appear to have been executed in accordance with Section 127(1) or (2). This effectively means that the status of the persons signing the document or witnessing the affixing of the seal must be set out and conform to the requirements of Section 127(1) or (2) as applicable. In particular, a person who witnesses the affixing of a common seal and who is the sole director and sole company secretary of the company must state that next to his or her signature.
5. Completion of a proxy form will not prevent individual shareholders from attending the meeting in person if they wish. Where a shareholder completes and lodges a valid proxy form and attends the meeting in person, then the proxy's authority to speak and vote for that shareholder is suspended while the shareholder is present at the meeting
6. Where a proxy form or form of appointment of corporate representative is lodged and is executed under power of attorney, the power of attorney must be lodged in like manner as this proxy.
7. To vote by proxy, please complete and sign the proxy form enclosed and send the proxy form by:
  - post to Finders Resources Limited, Suite 51, Level 3 330 Wattle St Ultimo NSW 2007; or
  - facsimile to Finders Resources Limited on facsimile number +61 2 9212 0200, so that it is received not later than 10.00 am, Sunday 16th January 2011, Sydney time.

### **Proxy forms received later than this time will be invalid.**

8. Chapter 2C of the Corporations Act requires information about you as a member (including your name, address and details of the shares you hold) to be included in the public register of the entity in which you hold securities. Information is collected to administer your shareholding and if some or all of the information is not collected then it might not be possible to administer your shareholding. You can access your personal information by contacting the Company at the address or telephone number shown on this form.



4. APPOINTMENT OF CORPORATE REPRESENTATIVE

Pursuant to Section 250D of the Corporations Act 2001

\_\_\_\_\_ (ABN/ACN/ARBN \_\_\_\_\_ )  
*(Insert name of Shareholder/Body Corporate & ACN/ARBN)*

hereby authorises

\_\_\_\_\_  
*(Insert name of appointee)*

- (\*). 1. To act as the Company's representative at all General Meetings of Finders Resources Limited ABN 82 108 547 413.
- (\*). 2. To act as the Company's Representative at the Extraordinary General Meeting to commence at **10.00 am on Monday 17th January 2011** and any adjournment thereof.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2010

Executed by the corporation in accordance with its Constitution/Section 127 of the Corporations Act 2001 in the presence of:

\_\_\_\_\_  
(\*). Director

\_\_\_\_\_  
(\*). Sole Director & Sole Secretary

\_\_\_\_\_  
(\*). Director/Secretary

Affix Common Seal here (optional)

*(\*). Delete if not applicable*

This authority may be sent to the registered office or share registry office of the Company in advance of the meeting as set out in the Notice of Extraordinary General Meeting which this appointment accompanies or handed in at the Extraordinary General Meeting when registering as a company representative. In either case, the authority will be retained by the Company.