



29 May 2014

Dear Optionholder

**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.

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:

<b>Item</b>	<b>Proceeds of the Offer and Placement</b>	<b>\$ million</b>
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
	<b>Total</b>	<b>15.3</b>

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.

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.

### **Optionholders**

The terms and conditions of the options you currently hold in the Company's issued capital do not entitle you to participate in the Entitlement Offer unless you exercise your options in time for new Shares to be allotted and to be entered on the Company's register of members on or before 7:00pm (AEST) on 4 June 2014 (the Record Date).

Please note it is not compulsory to exercise your options.

If you do wish to exercise your options and thereby obtain entitlement to participate in the Entitlement Offer, you will need to deliver the following to the Company at Suite 901, Level 9, 60 Pitt Street, Sydney NSW 2000 Australia:

- (a) A notice of exercise of options;
- (b) An option certificate (where the options are certificated) or a copy of a holding statement (where the options are uncertificated) in respect of those options to be exercised; and
- (c) Payment for the exercise price in respect of those options to be exercised by way of a cheque made payable to "Finders Resources Limited".

The above must be received in sufficient time for the Company to allot and issue your shares such that you are on the Company's register of shareholders by 7pm (AEST) on 4 June 2014 and are able to participate in the rights issue.

Before deciding whether to exercise any or all of your options, you should read the Offer Document in its entirety and the Company's recent announcements released to the ASX Market Announcements Platform.

This notice is important and requires immediate attention. If you have any queries concerning the Entitlement Offer, 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.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Barry Cahill', written in a cursive style.

**Barry Cahill**  
**MANAGING DIRECTOR**