

Cleansing Statement

16 March 2012

This Cleansing Statement has been prepared for the purposes of Section 708(12C)(e) of the *Corporations Act, 2001* (Cth) (as inserted by ASIC Class Order 10/322) to enable fully paid ordinary shares (**Shares**) in the capital of the Finders Resources Limited ACN 108 547 413 (**Finders** or the **Company**) issued on conversion of convertible notes issued by Finders to Standard Bank Plc (**SBP**) to be on-sold to retail investors.

This Cleansing Statement is important and should be read in its entirety.

1. CONTENTS OF THIS CLEANSING STATEMENT

This Cleansing Statement sets out the following:

- (a) in relation to the Notes:
 - (i) the effect of the issue on the Company;
 - (ii) a summary of the rights and liabilities attaching to the convertible; and
 - (iii) a summary of the rights and liabilities attaching to the ordinary shares that will be issued on conversion of the convertible notes;
- (b) any information that:
 - (i) has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules;
 - (ii) is information that investors and their professional advisors would reasonably require for the purpose of making an informed assessment of:
 - (A) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; and
 - (B) the rights and liabilities attaching to the Notes; and
- (c) any other additional information including content relating to the Company's status as a disclosing entity and where documents may be obtained.

2. BACKGROUND

On 16 March 2012, Finders and SBP entered into a convertible bond deed pursuant to which Finders agreed to issue, and SBP agreed to acquire convertible notes (**Notes**) with an aggregate face value of up to \$USD15,000,000. The Notes will be issued as follows:

- (a) Notes with an aggregate face value of \$USD5,500,000 on or about 16 March 2012 (**First Tranche Notes**); and
- (b) subject to satisfaction of the condition precedent described below, Notes with an aggregate face value of up to \$USD9,500,000 on or before 31 May 2012 (**Second Tranche Notes**).

Further background is included in the announcement made by Finders to the ASX on 16 March 2012.

This Cleansing Notice relates to the issue of the First Tranche Notes.

The Second Tranche Notes are issuable subject to a number of conditions precedent, including:

- (a) that Finders successfully closes one or more capital raisings resulting in the successful issue of Shares having a total cash issue price of not less than \$USD40,000,000 on or before 31 May 2012; and
- (b) issue of a further Cleansing Statement under Section 708(12C)(e) of the *Corporations Act, 2001* (Cth) (as inserted by ASIC Class Order 10/322).
- (c) Enters into a binding agreement in relation to an additional 20% of the Wetar copper project offtake.

On satisfaction of the condition precedents, SBP will subscribe for Second Tranche Notes with an aggregate face value between \$USD5,500,000 and \$USD9,500,000 and a conversion price equal to the volume weighted average issue price of Shares issued pursuant to the capital raisings.

3. EFFECT OF THE ISSUE ON FINDERS

Before costs, the First Tranche Notes will provide some \$USD5,500,000 (\$AUD5,230,000) to Finders. Finders intend to use these funds to develop its Wetar Island copper mining project in the Republic of Indonesia from pilot plant to full scale production.

To illustrate the effect of the Issue on Finders, a pro-forma Statement of Financial Position has been prepared based on the Company's Statement of Financial Position as at 30 June 2011. The pro-forma Statement of Financial Position as provided shows the effect of the issue of the First Tranche Notes as if they had been issued on 30 June 2011.

The accounting policies adopted in preparation of the pro-forma Statement of Financial Position are consistent with the policies adopted and as described in the Company's Financial Report for the half year ended 30 June 2011.

Pro-forma Statement of Financial Position as at 30 June 2011	Actual to 30 June 2011 \$AUD, 000s	Note issue Adjustment (First Tranche Notes) \$AUD, 000s	Pro-forma 30 June 2011 \$AUD, 000s
CURRENT ASSETS			
Cash and cash equivalents#	5,596	5,230	10,826
Receivables	253		253
Inventories	316		316
Other assets	122		122
Total current assets	6,287		11,517
NON-CURRENT ASSETS			
Receivables	3,125		3,125
Financial assets	112		112
Plant and equipment	15,343		15,343
Development expenditure	12,523		12,523
Total non-current assets	31,103		31,103
TOTAL ASSETS	37,390		42,620
CURRENT LIABILITIES			
Trade and other payables	1,495		1,495
Borrowings	1,375		1,375
Provisions	306		306
Total current liabilities	3,176		3,176
NON-CURRENT LIABILITIES			
Provision	926		926
Total non-current liabilities	926		926
TOTAL LIABILITIES	4,102		4,102
NET ASSETS	33,288		38,518
EQUITY			
Contributed equity#	86,538	5,230	91,768
Reserves	(3,823)		(3,823)
Accumulated losses	(48,141)		(48,141)
Capital and reserves attributable to owners of Finders Resources Limited	34,574		39,804
Non-controlling interest	(1,286)		(1,286)
TOTAL EQUITY	33,288		38,518

NOTES TO PRO-FORMA STATEMENT OF FINANCIAL POSITION

The cash position of the Company shown in the above pro forma Statement of Financial Position is \$5.6 million increasing to \$10.8 million after the effect of the issue of the First Tranche Notes. It is important to note that as at 31 December 2011 the actual cash position of the Company was \$3.6 million, as shown in the Company's Appendix 5B Report, (lodged with the ASX on 31 January 2012). This means that a 31 December 2011 pro forma cash position after the effect of the issue of the First Tranche Notes would have been \$8.8 million.

The above pro forma Statement of Financial Position does not take into account the \$8,000,000 loan facility announced by the Company on 25 October 2011.

The Notes have been classified as part of contributed equity.

4. EFFECT OF THE ISSUE ON THE CAPITAL STRUCTURE OF THE COMPANY

The current issued capital of Finders (before the issue of the First Tranche Notes) is set out below:

Type of security	Securities prior to issue of the First Tranche Notes	Securities following issue of the First Tranche Notes
Shares	284,355,183	284,355,183
Options	19,250,000	19,250,000
Shares to be issued on conversion of First Tranche Notes*	-	12,248,538

*based on aggregate face value of the First Tranche Notes

On conversion of the First Tranche Notes (and assuming no other present dilutive securities are converted or exercised, such as options) 12,248,538 new Shares will be issued to SBP, which will give SBP a relevant interest in approximately 4% of the total number of Shares.

5. TERMS OF THE FIRST TRANCHE NOTES

A summary of the terms of the First Tranche Notes is set out below:

Issuer	Finders Resources Limited ACN 108 547 413.
Issue Date	Expected to be, 16 March 2012
Issue Price	Each First Tranche Note has a face value of \$USD100,000. The aggregate issue price of the First Tranche Notes is \$USD5,500,000. Each First Tranche Note will be paid for in full on issue.
Conversion Price	The First Tranche Notes convert into Shares at a conversion price of \$AUD0.427 per Share.
Voluntary conversion	SBP may convert the First Tranche Notes to Shares at any time between the issue date and the date six years after the Issue Date.
Automatic conversion	If not converted earlier, the First Tranche Notes will automatically and mandatorily convert to Shares six years after the Issue Date unless SBP elects to convert them to Shares prior to that date.
Interest	No interest is payable on the First Tranche Notes unless there is an Event of Default. If there is an Event of Default, interest is payable at 10% per annum. All interest will be converted to Shares at the Conversion Price above at the same time as conversion of the First Tranche Notes.

Security	The First Tranche Notes are unsecured.
Event of Default	<p>It is an event of default if Finder's subsidiary, PT Batutua Tembaga Raya fails to enter into an Offtake Agreement with SBP within 10 business days of the Issue Date of the First Tranche Notes.</p> <p>If an Event of Default occurs interest will be payable on the First Tranche Notes at 10% per annum. SBP may also cancel any further obligations (if any) that it has under the convertible bond deed, including the obligation to subscribe for the Second Tranche Notes and may demand repayment of some or all of the First Tranche Notes.</p>
Ranking on Conversion	Each Share issued on conversion will rank equally with all existing Shares then on issue.
Participation Rights	<p>Before conversion, Noteholders are not entitled to participate in rights issues, any return of capital, bonus issue or capital reconstruction. However, the Conversion Price will be adjusted in the case of a return of excess capital or bonus issue or other capital reconstruction of the Company.</p> <p>If Finders proposes to make a new issue of Shares (or securities convertible into Shares) to be offered to the holders of Shares (or securities convertible into Shares), it must offer SBP the same securities on at least an equal basis so as to allow SBP to maintain its percentage holding in the Company as calculated on a fully converted basis.</p>

6. RIGHTS AND LIABILITIES ATTACHING TO NEW SHARES

The New Shares will rank equally in all respects with existing fully paid ordinary Shares in the Company at the conversion date.

The following is a summary of the principal rights attaching to Shares in the Company:

Voting	<p>Subject to the Constitution and to any rights and restrictions attaching to any class of shares, at meetings of Shareholders or other classes of shareholder, each shareholder entitled to attend and vote may attend and vote in person or by proxy or by attorney and, where the shareholder is a body corporate, by representative.</p> <p>On a show of hands every Shareholder present having the right to vote at the meeting has one vote. On a poll every Shareholder present has one vote for each fully paid Share and, in the case of partly paid Shares or Share held by the Shareholder, a fraction of a vote equivalent to the proportion which the amount paid (but not credited) is of the total amounts paid and payable (excluding amounts credited) on the Share or Shares held.</p>
General Meetings	Each Shareholder is entitled to receive notice of and to attend all meetings of members of the Company. Shareholders are also entitled to all notices, accounts and other documents required to be sent to Shareholders under the Constitution, the <i>Corporations Act</i> and the ASX Listing Rules.
Dividends	Subject to the <i>Corporations Act</i> and to any special rights or restrictions attached to any Shares, Directors may from time to time authorise the Company to pay interim and final dividends which appear to the Directors to be justified by the profits of the Company.

Transfer of Shares	<p>Subject to the Company's constitution, the <i>Corporations Act</i> and the ASX Listing Rules, the Shares are freely transferrable.</p> <p>Transfer of Shares may be effected by an instrument of transfer in accordance with any computerised or electronic system recognised by the ASX Listing Rules or the <i>Corporations Act</i> including transfers effected in accordance with the ASX Settlement Operating Rules or by an instrument of transfer in any usual or common form approved by the Directors or recognised by the <i>Corporations Act</i> or the ASX Listing Rules.</p>
Variation of rights	<p>The rights attached to any class of share of the Company may, unless their terms of issue state otherwise, be varied or cancelled with the written consent of the holders of three quarters of the issued shares of the class or by a special resolution passed at a separate meeting of the shareholders of the class.</p>
Winding up	<p>If the Company is wound up the liquidator may, subject to a special resolution of the Company, divide the assets of the Company amongst the holders of Shares and may determine how the division will be carried out as between different classes of shares.</p>

7. COMPLIANCE WITH CONTINUOUS DISCLOSURE OBLIGATIONS

The Company is a disclosing entity for the purposes of the *Corporations Act* and, as such, subject to regular reporting and disclosure obligations. These obligations include compliance with the requirements of the ASX Listing Rules and the *Corporations Act* concerning notification of information to the ASX. Copies of documents lodged with the Australian Securities and Investments Commission (ASIC) in relation to the Company may be obtained from or inspected at an office of ASIC. Copies of announcements made to the ASX by the Company may be viewed on the ASX website.

The Company will also provide a copy of any of the following documents free of charge, to any person on request:

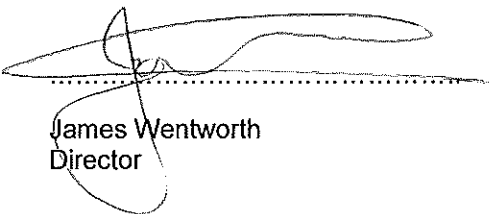
Date	ASX Announcement	Pgs
16/03/12	Finders secures offtake partner for Wetar Copper Project	2
08/03/2012	Update on Indonesian mining regulations	2
08/03/2012	Results of Meeting	1
05/03/2012	Wetar Copper Project - Rezoning Milestone Achieved	1
02/03/2012	SandP Indices Announces March Quarterly Rebalance	5
01/03/2012	Change in substantial holding	3
24/02/2012	Wetar Copper Project Permitting Update	2
06/02/2012	Notice of General Meeting/Proxy Form	19
31/01/2012	Quarterly Activities and Cashflow Reports Dec 2011	15
24/01/2012	Cleansing Notice	1
24/01/2012	Appendix 3B	8
24/01/2012	Conversion of RCF Convertible Note Facility into Shares	1
10/01/2012	Appendix 3B	8
22/12/2011	Banks approve US\$138 million financing	2
08/12/2011	Whim Creek SX EW Plant Arrives in Indonesia	2
09/11/2011	Appendix 3B	8
31/10/2011	Activities and Cashflow Reports September 2011	16
25/10/2011	Interim Funding for Capital Equipment Wetar Copper Project	2
11/10/2011	Appendix 3B	8

Date	ASX Announcement	Pgs
06/10/2011	Sydney Mining Club Presentation	22
13/09/2011	Half Yearly Accounts June 2011	17
29/08/2011	Appendix 3B	8
24/08/2011	Finders Appoints General Manager Wetar Copper Project	2
29/07/2011	Quarterly Activities and Cashflow Reports June 2011	18
28/07/2011	Finders to raise US\$138 million project finance	2
18/07/2011	Change of Securities Registries Provider	1
12/07/2011	Appendix 3B	8
27/06/2011	Wetar Copper Bankable Feasibility Study	23
15/06/2011	Key Mining Permits for Wetar Copper Project Granted	4
31/05/2011	Final Director's Interest Notice Stirzaker	2
26/05/2011	Director Retirement Stirzaker	1
26/05/2011	Results of Meeting	1
26/05/2011	Presentation to Shareholders	18
26/05/2011	Chairman's Address to Shareholders	2
06/05/2011	Change of Director's Interest Notice Thomson	3
29/04/2011	Quarterly Cashflow Report March 2011	5
29/04/2011	Quarterly Activities Report March 2011	12
21/04/2011	Remuneration Report Correction	1
21/04/2011	Notice of Annual General Meeting/Proxy Form	19
21/04/2011	Annual Report 2010	82

8. INFORMATION EXCLUDED FROM CONTINUOUS DISCLOSURE NOTICES

The Company is not aware of any other information that:

- has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules; and
- is information that investors and their professional advisers would reasonably require for the purposes of making an informed assessment of:
 - the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; and
 - the rights and liabilities attaching to the First Tranche Notes.



James Wentworth
Director