

**FINDERS RESOURCES LIMITED ABN 82 108 547 413**  
**NOTICE OF GENERAL MEETING AND EXPLANATORY STATEMENT**

**Time:** 11.00am (Sydney time)

**Date:** Friday 17<sup>th</sup> August 2012

**Place:** Finders Resources Limited, Suite 901, Level 9, 60 Pitt Street Sydney NSW 2000

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***This Notice of General Meeting and Explanatory Statement should be read in its entirety. If shareholders are in doubt as to how they should vote, they should seek advice from their professional advisors prior to voting.***

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**NOTICE OF GENERAL MEETING AND EXPLANATORY STATEMENT**

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Notice is given that a General Meeting of shareholders of Finders Resources Limited (the **Company**) will be held at Finders Resources Limited, Suite 901, Level 9, 60 Pitt Street Sydney NSW 2000 at 11.00am (Sydney time) on Friday 17<sup>th</sup> August 2012.

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**BUSINESS**

**Ordinary Resolutions**

**1. Resolution 1 – Ratification of prior issue of Convertible Notes to Standard Bank**

To consider and, if thought fit, to pass the following resolution as an *ordinary resolution*:

*“That for the purposes of ASX Listing Rule 7.4 and for all other purposes, shareholders ratify the issue on 16<sup>th</sup> March 2012 of mandatory Convertible Notes issued to Standard Bank, with a total face value of US\$5,500,000 and otherwise on the terms and conditions set out in the Explanatory Statement.”*

**2. Resolution 2 - Ratification of prior issue of Shares and options to RCF, Taurus and AMI**

To consider and, if thought fit, to pass the following resolution as an *ordinary resolution*:

*“That for the purposes of ASX Listing Rule 7.4 and all other purposes, shareholders ratify the:*

- (a) Issue and allotment of 418,956 Shares to RCF, as follows:*
  - (i) 256,031 at an issue price of A\$0.2825 per Share, being Facility Interest Shares; and*
  - (ii) 162,925 at an issue price of A\$0.2762 per Share, being Facility Increase Fee Shares;*
- (b) Issue and allotment of 134,995 Shares to AMI as follows*
  - (i) 26,378 at an issue price of A\$0.2825 per Share, being Facility Interest Shares; and*
  - (ii) 108,617 at an issue price of A\$0.2762 per Share, being Facility Increase Fee Shares;*
- (c) granting of 22,857,144 Facility Increase Options, each to subscribe for one Share, as follows:*
  - (i) RCF 8,571,429;*
  - (ii) Taurus 8,571,429; and*
  - (iii) AMI 5,714,286.*

*and otherwise on the terms and conditions set out in the Explanatory Statement.”*

**3. Resolution 3 - Approve the issue of Facility Conversion Shares to RCF, Taurus and AMI**

To consider and, if thought fit to pass the following resolution as an *ordinary resolution*:

*“That for the purposes of ASX Listing Rule 7.1 and all other purposes, approval is given for the Board to issue and allot up to 48,000,000 Facility Conversion Shares at an issue price each not less than 80% of the average market price for Shares on the five trading days prior to the date of the issue of the Facility Conversion Shares on which sales were recorded (as required by ASX Listing Rules) and otherwise on the terms and conditions set out in the Explanatory Statement.”*

**4. Resolution 4 - Approve the issue of Facility Interest Shares to RCF, Taurus and AMI**

To consider and, if thought fit to pass the following resolution as an *ordinary resolution*:

*“That for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Board to issue and allot up to 1,200,000 Facility Interest Shares at an issue price each not less than 80% of the average market price for Shares on the five trading days prior to the date of the issue of the Facility Interest Shares on which sales were recorded (as required by ASX Listing Rules) and otherwise on the terms and conditions set out in the Explanatory Statement.”*

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**Voting Exclusion Statements**

Resolution 1

The Company will disregard any votes cast on Resolution 1 by:

- Standard Bank; and
- any associate of that person.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the 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.

Resolutions 2, 3 and 4

The Company will disregard any votes cast on Resolutions 2, 3 and 4 by:

- RCF, Taurus, AMI and Acorn Capital; and
- any associate of those persons.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the 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.

**Proxies**

Each ordinary shareholder entitled to attend and vote at the meeting has a right to appoint a proxy. This appointment may specify the proportion or number of votes that the proxy may exercise. The proxy need not be an ordinary shareholder of the Company. An ordinary shareholder 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 ordinary shareholder appoints two proxies and the appointment does not specify the proportion or number of the ordinary shareholder's votes that each proxy may exercise, each proxy may exercise half of the votes.

Proxies may be lodged by:

- posting to Finders Resources Limited, Suite 901, Level 9, 60 Pitt St Sydney NSW 2000; or
- facsimile to Finders Resources Limited on facsimile number +61 2 8068 2540,

so that it is received not later than 24 hours before the time of holding the meeting.

The proposed Chairman of the meeting intends to vote undirected proxies in favour of all resolutions.

**Power of Attorney**

If an ordinary shareholder has appointed an attorney to attend and vote at the meeting, or if a proxy form is signed by an attorney, the power of attorney must likewise be received by:

- Delivery to Finders Resources Limited, Suite 901, Level 9, 60 Pitt St Sydney NSW 2000; or

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- Facsimile to Finders Resources Limited on facsimile number +61 2 8068 2540  
not less than 24 hours before the time for holding the meeting.

**Corporate Representatives**

An ordinary shareholder who is a body corporate may appoint an individual as a representative to exercise the ordinary shareholder's voting rights at the General Meeting pursuant to section 250D of the Corporations Act. Representatives will be required to present documentary evidence of their appointment on the day of the meeting.

**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 Board has set the End of Day on Wednesday 15<sup>th</sup> August 2012 as the time and date to determine holders of the Company's ordinary fully paid shares for the purposes of the General Meeting. Share transfers registered after that deadline will be disregarded in determining entitlements to attend and vote at the General Meeting.

In accordance with the Corporations Act 2001 (Clth) for the resolutions to be effective:

- the resolutions must be passed at a General Meeting of which not less than 28 clear days written notice specifying the intention to propose the resolutions has been given (satisfied by this Notice);
- in the case of ordinary resolutions must be passed by more than 50% of all the votes cast by ordinary shareholders of the Company present and entitled to vote on the resolutions (whether in person or by proxy, attorney or representative); and
- in the case of special resolutions must be passed by not less than 75% of all the votes cast by ordinary shareholders of the Company present and entitled to vote on the resolutions (whether in person or by proxy, attorney or representative).

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

By Order of the Board:

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Ian Morgan

Company Secretary

Monday 16<sup>th</sup> July 2012

## **EXPLANATORY STATEMENT**

This Explanatory Statement has been prepared to assist shareholders with their consideration of the resolutions detailed in the Notice of General Meeting dated Monday 16<sup>th</sup> July 2012. This Explanatory Statement should be read with, and forms part of, the accompanying Notice of General Meeting.

Capitalised terms used in this Explanatory Statement are defined in the glossary section at the end.

### **1. Resolution 1 – Ratification of prior issue of Convertible Notes to Standard Bank Plc**

On 25<sup>th</sup> October 2011, the Company announced that it had signed an agreement whereby it will enter into an off-take agreement with Standard Bank Plc (“Standard Bank”) for up to 60 per cent of all copper cathode produced from the Wetar copper project. Standard Bank will pay prevailing market prices for the copper cathode produced at the Wetar copper project for the life of the mine.

Under the terms of the agreement, Standard Bank agreed to subscribe for US\$5.5 million of equity in the Company in exchange for the right to buy up to 40 per cent of the Wetar copper off-take. The funds are being used as part of the Wetar Copper Project financing in support of near term capital expenditure requirements. This equity investment is in the form of a mandatory convertible note which will convert into Shares in the Company at the end of six years commencing the issue date, if not converted earlier. Standard Bank may elect to convert the mandatory convertible note into Shares in the Company at any time from the issue date. The conversion price is A\$0.427 per Share. This investment has been structured as a mandatory convertible note, however commercially and for accounting purposes it is treated as ordinary equity. A total of 55 Convertible Notes, each with a face value of US\$100,000, was issued on 16<sup>th</sup> March 2012 to Standard Bank.

Subject to certain conditions, Standard Bank has also committed to subscribe for a further tranche of US\$5.5 million of equity on the same terms as other investors in an equity raising to be launched to fund the construction of the Wetar copper project, at which time Standard Bank will secure rights to a further 20 per cent of the Wetar copper off-take.

A summary of the terms of the mandatory Convertible Notes is set out below:

<b>Issuer</b>	Finders Resources Limited ACN 108 547 413.
<b>Issue Date</b>	16 <sup>th</sup> March 2012
<b>Issue Price</b>	Each Convertible Note has a face value of US\$100,000. The aggregate issue price of the Convertible Notes is US\$5,500,000. Each Convertible Note will be paid for in full on issue.
<b>Conversion Price</b>	The Convertible Notes convert into Shares at a conversion price of A\$0.427 per Share.
<b>Currency rate for conversion of US\$ to A\$</b>	US\$1.0516:A\$1.00

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<b>Voluntary conversion</b>	Standard Bank may convert the Convertible Notes to Shares at any time between the issue date and the date six years after the Issue Date.
<b>Automatic conversion</b>	If not converted earlier, the Convertible Notes will automatically and mandatorily convert to Shares six years after the Issue Date unless Standard Bank elects to convert them to Shares prior to that date.
<b>Interest</b>	No interest is payable on the Convertible 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 Convertible Notes.
<b>Security</b>	The Convertible Notes are unsecured.
<b>Event of Default</b>	It is an event of default if the Company's subsidiary, PT Batutua Tembaga Raya, fails to enter into an Off-take Agreement with Standard Bank within 10 business days of the Issue Date of the Convertible Notes. The Off-take Agreement has been signed.
<b>Ranking on Conversion</b>	Each Share issued on conversion will rank equally with all existing Shares then on issue.
<b>Participation Rights</b>	Before conversion, Standard Bank is 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.  If the Company 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 Standard Bank the same securities on at least an equal basis so as to allow Standard Bank to maintain its percentage holding in the Company as calculated on a fully converted basis.

Resolution 1 seeks shareholders' ratification of the issue of the Convertible Notes to Standard Bank on 16<sup>th</sup> March 2012 and approval of the issue and allotment to Standard Bank of 12,248,538 Shares at an issue price of A\$0.427 per Share upon the mandatory conversion of the Convertible Notes at any time up to six years from the issue date.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of securities in the same class on issue at the commencement of that 12 month period.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX

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Listing Rule 7.1 (and provided that the previous issue does not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

The issue did not breach ASX Listing Rule 7.1.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior shareholder approval.

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the ratification of the matters specified above:

- (a) 12,248,538 Shares will be issued and allotted upon the mandatory conversion of the Convertible Notes;
- (b) The Shares will be issued at A\$0.427 per Share;
- (c) The Shares will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as existing Shares;
- (d) The Shares will be issued and allotted to Standard Bank;
- (e) The funds raised from the Convertible Notes are being used as part of the Wetar Copper Project financing in support of near term capital expenditure requirements.

Each of the Directors recommends that shareholders vote in favour of Resolution 1.

**2. Resolution 2 – Ratification of prior issue of Shares and options to RCF, Taurus and AMI**

On 7<sup>th</sup> June 2012, the Company announced that three of its major shareholders, RCF, Taurus and Acorn Capital ('Acorn') agreed to provide a loan facility of up to A\$8 million to the Company. The funds are being used for the continued development of the Wetar Copper Project including continuing funding of the refurbishment of the MFO generators, additional engineering and design work and progressing the project financing.

The loan facility is by way of an amendment to the Convertible Equity Facility dated 25<sup>th</sup> October 2011, which was the subject of a shareholders' meeting held on 8<sup>th</sup> March 2012. Under the Convertible Equity Facility, RCF and Taurus agreed to lend the Company up to A\$8,000,000. Under the Amended Convertible Equity Facility, the facility was increased by A\$8,000,000 to A\$16,000,000, with AMI becoming a party to the facility agreement and RCF, Taurus and AMI agreeing to lend the Company the increased facility amount totalling up to A\$8,000,000.

Resolution 2 seeks shareholders ratification of the following made on 29<sup>th</sup> June 2012:

- (a) Issue and allotment of 418,956 Shares to RCF, as follows:
  - (i) 256,031 at an issue price of A\$0.2825 per Share, being Facility Interest Shares; and
  - (ii) 162,925 at an issue price of A\$0.2762 per Share, being Facility Increase Fee Shares;
- (b) Issue and allotment of 134,995 Shares to AMI as follows
  - (i) 26,378 at an issue price of A\$0.2825 per Share, being Facility Interest Shares; and
  - (ii) 108,617 at an issue price of A\$0.2762 per Share, being Facility Increase Fee Shares;
- (c) granting of 22,857,144 Facility Increase Options, each to subscribe for one Share, as follows:
  - (i) RCF 8,571,429;
  - (ii) Taurus 8,571,429; and
  - (iii) AMI 5,714,286.



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The key terms of the Amended Convertible Equity Facility were set out below.

***Terms of Amended Convertible Equity Facility***

The principal terms of the Amended Convertible Equity Facility are:

- facility amount totalling up to A\$16,000,000, an increase of A\$8,000,000 to be provided by RCF, Taurus and AMI;
- the facility is unsecured;
- interest rate of 8% p.a. payable quarterly in arrears and may, subject to agreement between the individual Lenders (RCF, Taurus and AMI) and the Company, be paid by way of issue of Shares at the weighted average market price for the Shares on the five trading days preceding the conversion notice;
- the facility is repayable on the earlier of the project equity raising for development of the Wetar project or 24<sup>th</sup> October 2012;
- if the Company is issuing Shares, the individual Lenders may elect to convert some or all of the Amended Convertible Equity Facility into Shares at the same issue price per Share as the equity raising;
- the Lenders are entitled to a facility increase fee totalling A\$120,000 being 1.5% of the increased facility amount under the Amended Convertible Equity Facility – payment of this facility fee to RCF and AMI was satisfied by the issue of Facility Increase Fee Shares;
- the Lenders were granted Facility Increase Options over a total of 22,857,144 Shares in consideration for the increased facility amount under the Amended Convertible Equity Facility, the terms of the Facility Increase Options are described below; and
- the Company is required to use funds raised on the exercise of the Facility Increase Options to repay any outstanding amounts under the Amended Convertible Equity Facility.

***Facility Increase Fee Shares***

Pursuant to the terms of the Amended Convertible Equity Facility, the Lenders were entitled to a facility increase fee of 1.5% of the increased facility amount of A\$8,000,000. Subject to agreement between the individual Lenders and the Company, this was permitted to be paid by way of issue of the Facility Increase Fee Shares at the weighted average market price for the Shares on the five trading days prior to entry into the Amended Convertible Equity Facility. RCF and AMI agreed to issue of the Facility Increase Fee Shares which were issued as follows:

<b>Lenders</b>	<b>No. of Facility Increase Fee Shares</b>
RCF	162,925
AMI	108,617
Total	271,542

***Facility Interest Shares***

Pursuant to the terms of the Amended Convertible Equity Facility, facility interest of 8% p.a. payable quarterly in arrears is permitted to be paid by way of issue of Facility Interest Shares at the weighted average market price for the Shares on the five trading days preceding the conversion notice. RCF and AMI agreed to the issue of Facility Interest Shares in satisfaction of interest payable for the quarter ended 30<sup>th</sup> June 2012, as follows:

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<b>Lenders</b>	<b>No. of Facility Interest Shares</b>
RCF	256,031
AMI	26,378
Total	282,409

***Facility Increase Options***

Pursuant to the terms of the Amended Convertible Equity Facility, the Lenders were granted Facility Increase Options over a total of 22,857,144 Shares in consideration for the increased facility amount. The principle terms of the Facility Increase Options are as follows:

- each Facility Increase Option is an option to acquire one Share at an exercise price of A\$0.35 per Share;
- the Facility Increase Options may be exercised at any time up to and including 5<sup>th</sup> June 2017; and
- the Company is required to use funds raised on the exercise of the Facility Increase Options to repay any outstanding amounts under the Amended Convertible Equity Facility.

The Facility Increase Options were granted as follows:

<b>Lenders</b>	<b>No. of Facility Increase Options</b>
RCF	8,571,429
Taurus	8,571,429
AMI	5,714,286
Total	22,857,144

Resolution 2 seeks shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of the Facility Increase Fee Shares, Facility Interest Shares, and Facility Increase Options.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of securities in the same class on issue at the commencement of that 12 month period.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue does not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

The issue did not breach ASX Listing Rule 7.1.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior shareholder approval.

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the ratification of the matters specified above:

***Entry into Amended Convertible Equity Facility***

- (a). only one Amended Convertible Equity Facility has been issued for consideration of the agreement of the Lenders to provide an increase in the facility amount of up to A\$8,000,000 and there is no maximum number of Shares that may be issued on the conversion of the whole or part of any amounts payable pursuant to the terms of the Amended Convertible Equity Facility, the number of Shares that may be issued is calculated as follows:
- (i) the number of Shares issued on conversion of interest pursuant to the Amended Convertible Equity Facility will be calculated by dividing the amount to be converted by a price per Share equal to the weighted average market price for the Shares on the five trading days prior to the issue of a conversion notice by the Company to convert the interest to Shares; and
  - (ii) Shares issued as a result of a Lender electing to convert some or all of the Amended Convertible Equity Facility into Shares upon an issue of Shares by the Company will be issued at the same price per Share as other Shares issued by the Company under the terms of the equity raising;
- (b). Examples of the total number of Shares that may be issued each quarter when converting Amended Convertible Equity Facility interest into Shares, with different weighted average market Share prices:

Total Drawings	A\$8.0 million	A\$16.0 million
Weighted average market Share price (cents per Share)		
30	533,333	1,066,667
35	457,143	914,286
40	400,000	800,000
45	355,556	711,111
50	320,000	640,000
55	290,909	581,818

- (c). the amount of the increase in the facility amount under the Amended Convertible Equity Facility is up to A\$8,000,000, the price at which Shares may be issued under the Convertible Equity Facility in the event of the exercise of conversion rights under the Convertible Equity Facility is:
- (i) Shares issued on conversion of interest pursuant to the Amended Convertible Equity Facility will be issued at a price per Share equal to the weighted average market price for the Shares on the five trading days prior to the issue of a conversion notice by the Company to convert interest to Shares; and
  - (ii) Shares issued as a result of a Lender electing to convert some or all of the Amended Convertible Equity Facility into Shares upon an issue of Shares by the Company will be issued at the same price per Share as other Shares issued by the Company under the terms of the equity raising;
- (d). the terms of the Amended Convertible Equity Facility are set out above and all Shares issued in the event of the exercise of conversion rights under the Amended Convertible Equity Facility will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;

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- (e). the names of the allottees and the respective amounts of funding provided by each allottee under the Amended Convertible Equity Facility are as follows:

<b>Lenders</b>	<b>Funding provided</b>
RCF	A\$3,000,000
Taurus	A\$3,000,000
AMI	A\$2,000,000
Total	A\$8,000,000

- (f). the funds raised are being used for the continued development of the Wetar Copper Project including continuing funding of the refurbishment of the MFO generators, additional engineering and design work and progressing the project financing.

***Facility Increase Fee Shares***

- (a). 271,542 Facility Increase Fee Shares were issued and allotted;
- (b). the issue price for the Facility Increase Fee Shares was A\$0.2762 per Share;
- (c). the Facility Increase Fee Shares are fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d). the Facility Increase Fee Shares were issued to RCF and AMI as set out above; and
- (e). the Facility Increase Fee Shares were issued in satisfaction of the obligation to pay the facility increase fee under the Amended Convertible Equity Facility as described above.

***Facility Interest Shares***

- (a). 282,409 Facility Interest Shares were issued and allotted;
- (b). the issue price for the Facility Interest Shares was A\$0.2825 per Share;
- (c). the Facility Interest Shares are fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d). the Facility Interest Shares were issued to RCF and AMI as set out above; and
- (e). the Facility Interest Shares were issued in satisfaction of the obligation to pay the facility interest under the Amended Convertible Equity Facility as described above.

***Facility Increase Options***

- (a). 22,857,144 Facility Increase Options were granted;
- (b). the issue price for the Facility Increase Options was nil and they have an exercise price of A\$0.35 per Share;
- (c). the terms of the Facility Increase Options are set out above, all Shares to be issued pursuant to an exercise of the Facility Increase Options will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d). the Facility Increase Options were granted to RCF, Taurus and AMI as set out above;

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(e). the Facility Increase Options were granted pursuant to the terms of the Amended Convertible Equity Facility and any funds raised on the exercise of the Facility Increase Options will be firstly used to repay any outstanding amounts under the Amended Convertible Equity Facility and then for general working capital purposes;

(f). Reconstruction of issued shares

If at any time the issued share capital of the Company is reconstructed (whether by consolidation of capital, sub-division of capital, return of capital, reduction of capital by a cancellation of paid-up capital that is lost or not represented by available assets where no securities are cancelled, a pro-rata cancellation of share capital or otherwise) all rights of the Facility Increase Option holder will be amended:

- (i) to the extent necessary to comply with the ASX Listing Rules applying to a reorganisation of capital at the time of the reorganisation; and
- (ii) as agreed by the parties in writing; and

(g). New issues of Shares

If the Company undertakes an issue of Shares during the Facility Increase Option exercise period, the Facility Increase Option holder may only participate in that issue by exercising the Option in part or in whole.

Each of the Directors recommends that shareholders vote in favour of Resolution 2.

**3. Resolution 3 – Approve the issue of Facility Conversion Shares to RCF, Taurus and AMI**

Resolution 3 seeks shareholders approval for the issue and allotment of up to 48,000,000 Facility Conversion Shares to RCF, Taurus and AMI.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of securities in the same class on issue at the commencement of that 12 month period.

The effect of passing the resolution will be to allow the Directors to issue the Facility Conversion Shares during the three month period after the General Meeting (or a longer period if allowed by the ASX), without using the Company's 15% placement capacity under ASX Listing Rule 7.1.

As set out in the explanatory information for Resolution 2, if the Company is issuing Shares for the project equity raising for development of the Wetar project, the individual Lenders may elect to convert some or all of the Convertible Equity Facility into Shares at the same issue price per Share as the equity raising.

The Company may only deliver Facility Conversion Shares to the Lenders, if the Company:

- (a) can do so without the approval of Company shareholders in accordance with ASX Listing Rule 7.1; or
- (b) the approval of Company shareholders in accordance with ASX Listing Rule 7.1 is required and the Company has obtained such approval.

The Company may not issue Shares and, if the Company does issue Shares, the individual Lenders may not elect to convert some or all of the Convertible Equity Facility into Shares, so there is no certainty that the Company will proceed with the issue of Facility Conversion Shares.

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the proposed issue of the Facility Conversion Shares:

- (a). the maximum number of Facility Conversion Shares to be issued is 48,000,000;

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- (b). the Facility Conversion Shares would be issued no later than three months after the date of the General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules);
- (c). the issue price of the Facility Conversion Shares would be at least 80% of the average market price for the Shares on the five trading days prior to the issue of the Facility Conversion Shares on which sales were recorded;
- (d). the Facility Conversion Shares will be issued and allotted to RCF, Taurus and AMI;
- (e). the Facility Conversion Shares will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (f). the Company intends to use the funds raised from the Facility Conversion Shares to convert into Shares the individual Lenders' rights for repayment of the loan under the Amended Convertible Equity Facility;
- (g). allotment of the Facility Conversion Shares may occur progressively; and
- (h). the Company will disregard any votes cast on Resolution 3 by:
  - RCF, Taurus, AMI and Acorn Capital;
  - A person who may participate in the proposed issue and a person who might obtain a benefit, expect a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed; and
  - any associate of those persons.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the 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.

Each of the independent Directors recommends that shareholders vote in favour of Resolution 3.

**4. Resolution 4 – Approve the issue of Facility Interest Shares to RCF, Taurus and AMI**

Resolution 4 seeks Company shareholder approval for the issue and allotment of up to 1,200,000 Facility Interest Shares to RCF, Taurus and AMI.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of securities in the same class on issue at the commencement of that 12 month period.

The effect of passing the resolution will be to allow the Directors to issue the Facility Interest Shares during the three month period after the General Meeting (or a longer period if allowed by the ASX), without using the Company's 15% placement capacity under ASX Listing Rule 7.1.

As set out in the explanatory information for Resolution 2, the Amended Convertible Equity Facility's interest rate of 8% p.a. is payable quarterly in arrears and may, subject to agreement between the individual and the Company, be paid by way of issue of Shares at the weighted average market price for the Shares on the five trading days preceding the conversion notice.

The Company may only deliver Facility Interest Shares to the Lenders, if the Company:

- (a) can do so without the approval of Company shareholders in accordance with ASX Listing Rule 7.1; or

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- (b) the approval of Company shareholders in accordance with ASX Listing Rule 7.1 is required and the Company has obtained such approval.

The Company and individual Lenders may not agree to pay the Amended Convertible Equity Facility's interest by way of issue of Shares, so there is no certainty that the Company will proceed with the issue of Facility Interest Shares.

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the proposed issue of the Facility Interest Shares:

- (a). the maximum number of Facility Interest Shares to be issued is 1,200,000;
- (b). the Facility Interest Shares would be issued no later than three months after the date of the General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules);
- (c). the issue price of the Facility Interest Shares would be at least 80% of the average market price for the Shares on the five trading days prior to the issue of the Facility Interest Shares on which sales were recorded;
- (d). the Facility Interest Shares will be issued and allotted to RCF, Taurus and AMI;
- (e). the Facility Interest Shares will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (f). the Company intends to use the funds raised from the Facility Interest Shares to convert the individual Lenders' rights, in respect of the Company's obligation to pay interest, into Shares;
- (g). issue and allotment of the Facility Interest Shares may occur progressively; and
- (h). the Company will disregard any votes cast on Resolution 4 by:
- RCF, Taurus, AMI and Acorn Capital;
  - A person who may participate in the proposed issue and a person who might obtain a benefit, expect a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed; and
  - any associate of those persons.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the 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.

Each of the independent Directors recommends that shareholders vote in favour of Resolution 4.

**GLOSSARY**

**Acorn Capital** means Acorn Capital Limited ABN 51 082 694 531, a company associated with AMI.

**Amended Convertible Equity Facility** means the amended convertible loan facility dated 6<sup>th</sup> June 2012 under which the Convertible Equity Facility was increased by A\$8,000,000 to A\$16,000,000. AMI became a party to the facility agreement and RCF, Taurus and AMI agreed to lend the Company the increased facility amount of up to A\$8,000,000 as described in the explanatory information for Resolution 2.

**AMI** means Australian Microcap Investments Pty Ltd ABN 17 127 745 395, a company associated with Acorn Capital.

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**ASX** means ASX Limited ABN 98 008 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX Limited.

**ASX Listing Rules** means the Australian Securities Exchange Listing Rules.

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

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

**Convertible Equity Facility** means the convertible loan facility provided by RCF and Taurus to the Company on or about 24<sup>th</sup> October 2011 as described in the explanatory information for Resolution 2, pursuant to which RCF and Taurus agreed to lend the Company up to A\$8,000,000.

**Convertible Notes** means the 55 convertible notes issued to Standard Bank, each with a face value of US\$100,000 as described in the explanatory information for Resolution 1.

**Directors** means directors of the Company, as appointed from time to time.

**End of Day** means on any trading day, 7.00pm Sydney time or such other time as ASX Settlement may from time to time determine.

**Facility Conversion Shares** means Shares to be issued to RCF, Taurus and AMI upon conversion of the loan under the Amended Convertible Equity Facility, and described in the explanatory information for Resolution 3.

**Facility Increase Fee Shares** means a total of 271,542 Shares allotted and issued on 29<sup>th</sup> June 2012 for A\$0.2762 per Share to RCF and AMI pursuant to the Amended Convertible Equity Facility, and described in the explanatory information for Resolution 2.

**Facility Increase Options** means a total of 22,857,144 options over Shares issued and allotted to RCF, Taurus and AMI on 29<sup>th</sup> June 2012 pursuant to the Amended Convertible Equity Facility, on the terms described in the explanatory information for Resolution 2.

**Facility Interest Shares** means:

- (a) A total of 282,409 Shares issued and allotted on 29<sup>th</sup> June 2012 for A\$0.2825 per Share to RCF and AMI pursuant to the Amended Convertible Equity Facility; and
  - (b) Up to 1,200,000 Shares to be issued and allotted, upon conversion of interest under the Amended Convertible Equity Facility, to RCF, Taurus and AMI, and
- described respectively in the explanatory information for Resolution 2 and Resolution 4.

**Lenders** mean RCF, Taurus and AMI.

**RCF** means Resource Capital Fund IV, L.P.

**Share** means a fully paid ordinary share in the capital of the Company.

**Standard Bank** means Standard Bank Plc (company number 2130447), a company registered in England and Wales.

**Taurus** means Taurus Funds Management Pty Limited ABN 52 121 452 560.



**PROXY FORM**

If appointing a Proxy to attend the 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 General Meeting to be held at 11.00am (Sydney time) on Friday 17<sup>th</sup> August 2012 at Finders Resources Limited, Suite 901, Level 9, 60 Pitt Street Sydney NSW 2000 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.

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

	For	Against	Abstain*
To consider and, if thought fit, to pass, with or without amendment, the following resolutions as ordinary resolutions:			
<b>Resolution 1:</b> Ratification of prior issue of Convertible Notes to Standard Bank	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 2:</b> Ratification of prior issue of Shares and options to RCF, Taurus and AMI	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 3:</b> Approve the issue of Facility Conversion Shares to RCF, Taurus and AMI	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 4:</b> Approve the issue of Facility Interest Shares to RCF, Taurus and AMI	<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 (Clth) in the presence of:

**Individual or Shareholder 1**

**Sole Director & Company Secretary**

**Joint Shareholder 2**

**Director / Company Secretary**

**Joint Shareholder 3**

**Director**

**Dated this** \_\_\_\_\_

**Day of** \_\_\_\_\_

**2012**

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**Instructions for Completing Proxy Form**

1. Each ordinary shareholder entitled to attend and vote at the meeting has a right 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 (Clth).
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 (Clth). Section 127 of the Corporations Act 2001 (Clth) 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:
  - posting to Finders Resources Limited, Suite 901, Level 9, 60 Pitt St Sydney NSW 2000; or
  - facsimile to Finders Resources Limited on facsimile number +61 2 8068 2540, so that it is received not later than 24 hours before the time of holding the meeting.

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

8. Chapter 2C of the Corporations Act (Clth) 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.

**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 General Meeting to commence at 11.00am (Sydney time) on Friday 17<sup>th</sup> August 2012 and any adjournment thereof.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2012

**Executed** by the corporation in accordance with its Constitution/Section 127 of the Corporations Act 2001 (Clth) 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 General Meeting which this appointment accompanies or handed in at the General Meeting when registering as a company representative. In either case, the authority will be retained by the Company.