



ASX ANNOUNCEMENT

20 February 2019

Conclusion of Panel Proceedings

Flinders Mines Limited ("**Flinders**" or "**Company**") notes the Takeovers Panel ("**Panel**") Media Release today advising of the consent of the Panel to Flinders' request to withdraw its application for review of the declaration of unacceptable circumstances made by the Panel on 8 February 2019. The Company withdrew its review application in the interests of progressing the proposed de-listing and advancing its Pilbara Iron Ore Project.

As previously announced, Panel proceedings were commenced by certain shareholders in relation to aspects of Flinders' proposed de-listing and related transactions, which were announced to the market on the 13 and 14 December 2018 ("**Proposed Transactions**").

The Panel issued a Media Release on 14 February 2019 noting that, in lieu of making orders, the Panel had accepted undertakings from the Company and TIO (NZ) Limited ("**TIO NZ**"). The Panel was satisfied that performance of the undertakings addressed its concerns.

In summary, the broad effect of the undertakings on the Proposed Transactions are as follows:

1. the previously proposed on-market buy-back of up to approximately 10% of Flinders' shares will now be conducted as an equal access scheme off-market buy-back of up to approximately 10% of Flinders shares at a fixed price of \$0.075 per share with a pro-rata scale back ("**Buy-Back**"). The Buy-Back will be open for one month;
2. the loan facility from a subsidiary of TIO NZ ("**Loan**") will be amended as follows:
 - a. the period will be extended by three years to 30 June 2022, on terms which are no more favourable to TIO NZ than arm's length terms (which will include capitalised interest at a rate to be agreed);
 - b. the amount of the Loan will be increased so that it equals up to A\$32.9m, with the use of proceeds being to fund the Buy-Back (up to A\$25.3m), plus working capital (A\$3m) and potential Company tax associated with the Buy-Back (up to A\$4.6m);
3. the previously proposed rights issue will not proceed;
4. the previously announced Commitment Agreement between the Company and TIO NZ regarding the previously proposed rights issue (which is not now proceeding), will be limited to TIO NZ committing to acquire any Flinders shares Flinders has not sold to third parties at \$0.075 per share under the Company's unmarketable parcels sales facility ("**Unmarketable Parcels Sale Facility**") which was announced on 17 December 2018;

5. if TIO NZ's voting power increases as a result of the Buy-Back, for 18 months after completion of the Buy-Back:
 - a. TIO NZ will not exercise voting power on shares in excess of its current voting power (being 55.56%); and
 - b. TIO NZ will seek to sell shares in excess of its current voting power of 55.56% either on-market (prior to the de-listing) or otherwise, with assistance of the Company (as required);
6. Flinders will seek formal approval for the Revised De-listing Process from the ASX Limited (**ASX**) including by providing the Panel's reasons for decision to the ASX;
7. the extraordinary general meeting (**EGM**) scheduled for 26 February 2019 and associated proxy forms is now cancelled. The Company will call a new EGM for the de-listing, further details of which will be included in a new notice of meeting with a new proxy form;
8. Flinders will allow a period of four weeks trading on ASX after announcement to the ASX of the results of the Buy-Back (including any scale back); and
9. Flinders will use its reasonable endeavours to seek alternative means by which retail Flinders shareholders may trade their shares after the de-listing, provided that the costs and compliance burden of such trading platforms does not exceed the benefits

("Revised De-Listing Process").

The date for return of share retention forms under the Unmarketable Parcels Sale Facility has been extended to 5pm (Perth time) on the business day after the new EGM (details to be provided) and completion of that sale process will follow shortly after that date.

More information regarding the Buy-Back, including tax implications for shareholders will be set out in the Buy-Back booklet and the Company will also be seeking a tax ruling from the Commissioner of Taxation on the tax implications of the Buy-Back. The Buy-Back booklet is proposed be released shortly following the new EGM.

The Company welcomes the resolution of the Panel proceedings and has sought to address the perspectives of the Panel with the undertakings provided. Flinders looks forward to proceeding with the Revised De-listing Process and to continuing to progress the Pilbara Iron Ore Project for the benefit of all shareholders.

Further details, including a new timetable for the Revised De-Listing Process, will be provided to shareholders in due course.

David McAdam
Executive Director