



ASX ANNOUNCEMENT

20 December 2019

Variation to Loan Facility and Subscription Agreement

On 2 September 2019, Flinders Mines Limited (**ASX:FMS**) (**Flinders** or the **Company**) advised it had entered into:

- a \$5 million loan facility agreement (**Loan Facility**) with PIO Mines Pty Limited (**PIO**), a subsidiary of the Company's largest shareholder TIO (NZ) Limited (**TIO**); and
- a subscription agreement (**Subscription Agreement**) with TIO for a maximum of \$6 million in relation to a future rights issue.

The terms of the Loan Facility and Subscription Agreement have been varied such that PIO will make available an additional \$2 million under the Loan Facility, on the same terms and conditions, available for draw-down in January 2020, and TIO has agreed to subscribe for a further \$2 million (maximum of \$8 million) under the Subscription Agreement.

The additional \$2 million available pursuant to the Loan Facility will be used towards progressing the proposed transaction with BBIG Group Pty Ltd, as announced on 28 November 2019, and ongoing working capital requirements.

The Loan Facility is unsecured and carries an interest rate equivalent to the 6-month Bank Bill Swap Rate plus 2% per annum (with interest capitalised), with a maturity on the earlier of 30 April 2020 or the date that is 14 days after the closing of any capital raising by Flinders by way of a pro rata rights issue.

The Loan Facility is in addition to Flinders' existing \$3 million loan with PIO Mines Pty Ltd that is repayable on or before 30 June 2022.

As announced on 2 September 2019, Flinders intends to undertake a pro rata rights issue post the shareholder meeting to seek approval for the Proposed Transaction, to repay the Loan Facility with PIO and to fund working capital requirements. The issue price and entitlement ratio will be determined at the time.

Flinders and TIO entered into a Subscription Agreement under which TIO has agreed to subscribe for the number of Flinders' shares under the pro rata rights issue equal to the lesser of its pro rata entitlement and \$6 million divided by the issue price subject to (amongst other things):

- final TIO board approval once terms of the rights issue are determined; and
- launch of the rights issue no later than 30 April 2020.

The Subscription Agreement has been varied such that TIO has agreed to subscribe for the number of Flinders' shares under the pro rata rights issue equal to the lesser of its pro rata entitlement and \$8 million divided by the issue price. All other terms and conditions of the Subscription Agreement continue to apply.

Authorised by:
Board of Flinders Mines Limited

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