

**15 April 2016**

ASX Market Announcements  
Australian Securities Exchange  
20 Bridge Street  
**SYDNEY NSW 2000**

**Takeover Bid for Flinders Mines Limited: Target's Statement**

In accordance with item 14 of subsection 633(1) of the *Corporations Act 2001* (Cth), attached is a copy of the target's statement of Flinders Mines Ltd (ABN 46 091 118 044) (**Flinders**) dated 15 April 2016 (**Target's Statement**) in response to the off-market takeover bid by TIO (NZ) Limited (New Zealand Company No 3744171) (**TIO**), a wholly owned subsidiary of Todd Corporation Limited (New Zealand Company No 3491) for all the ordinary shares in Flinders.

As detailed in the Target's Statement, the Directors of Flinders recommend that shareholders **REJECT** the takeover bid by simply taking no action.

The Target's Statement has today been lodged with the Australian Securities & Investments Commission and sent to TIO.

Dispatch of the Target's Statement to Flinders' shareholders will be completed today.

Justin Nelson  
Company Secretary  
Flinders Mines Limited

**For further information contact:**

Duncan Gordon  
Investor Relations  
Mob: 0404 006 444



## TARGET'S STATEMENT

In response to the Takeover Bid made by

TIO (NZ) Limited (New Zealand Company No. 3744171)

For all the ordinary shares in

**Flinders Mines Limited (ABN 46 091 118 044)**

The directors of Flinders unanimously recommend that you

**REJECT** the TIO (NZ) Limited Offer

To REJECT the TIO (NZ) Limited Offer **DO NOTHING**

Financial Adviser



Legal Adviser



This is an important document and requires your immediate attention.

If you are in any doubt as to its contents you should contact your broker, financial adviser or legal adviser immediately.

# IMPORTANT NOTICES

## Nature of this Target's Statement

This document is a Target's Statement issued by Flinders Mines Limited (ABN 46 091 118 044) (**Flinders**) under Part 6.5 Division 3 of the Corporations Act. The Target's Statement has been issued in response to the off-market takeover bid made on 17 March 2016 by TIO (NZ) Limited (**TIO**), a wholly owned subsidiary of Todd Corporation, whereby TIO offered to acquire all of the ordinary shares in Flinders which it does not already own in accordance with the terms set out in its Bidder's Statement dated 17 March 2016.

The Target's Statement contains Flinders Board's formal response to the Takeover Bid. In particular, it contains the recommendation of the Flinders Directors in respect of whether the Offer should be accepted or rejected, including the underlying reasons for that recommendation, as well as all other information in relation to the Offer as is required by the Corporations Act, the Corporations Regulations, the Takeovers Panel and ASIC Regulatory Guides. Ultimately, the purpose of this Target's Statement is to ensure that Flinders Shareholders have sufficient information for them to make an informed decision in response to the Takeover Bid.

## Responsibility for Contents

The information in this Target's Statement concerning Flinders has been prepared by Flinders and is the responsibility of Flinders. The advisers of Flinders do not assume any responsibility for the accuracy or completeness of information in respect of Flinders.

A copy of this Target's Statement was lodged with ASIC and provided to ASX on 15 April 2016. Neither ASIC, the ASX nor any of their respective officers take any responsibility for the contents of this Target's Statement.

## Further Information

For further information Flinders Shareholders should call the Share Registry on +61 3 9415 4000 (outside Australia) or 1300 556 161 (within Australia).

Any telephone calls to the above numbers may be taped, recorded, indexed and stored for quality assurance purposes.

If Flinders Shareholders have any other queries in relation to the Offer they should call:

Mr Ian Gordon, Managing Director on + 61 427 306 947

Mr Duncan Gordon, Investor Relations on +61 404 006 444

All calls should be made Monday to Friday between 9.00am and 5.00pm (Adelaide time).

Further information relating to the Offer can be obtained from Flinders' website: [www.flindersmines.com](http://www.flindersmines.com)

## Glossary

A number of terms and abbreviations used in this Target's Statement have defined meanings. These terms and abbreviations are capitalised and have the meanings given to them in the Glossary of this Target's Statement. Further, unless the contrary intention appears or the context otherwise requires, words and phrases used in this Target's Statement that are defined in the Corporations Act have the same meaning and interpretation as in the Corporations Act.

## Effect of Rounding

A number of figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Target's Statement are subject to the effect of rounding. Accordingly, their actual calculations may differ from the calculations set out in this Target's Statement.

## Forward Looking Statements

Certain statements in this Target's Statement are about the future. You should be aware that there are a number of risks (both known and unknown), uncertainties, assumptions and other important factors that could cause the actual conduct, results, performance or achievements of Flinders to be materially different from the future conduct, results, performance or achievements expressed or implied by such statements, or that could cause the future conduct to be materially different from the historical conduct. Those risks, uncertainties and assumptions include, among other things, those risks specific to the iron ore industry, as well as general economic conditions, prevailing exchange rates and interest rates and conditions in the financial markets. Any such statements are also affected by a range of variables which include, but are not limited to, price fluctuations, currency fluctuations, actual demand, geotechnical factors, reserve estimates, operating results, governmental and regulatory factors, economic, financial and political conditions in various countries, approvals and cost estimates. Deviations as to future conduct, results, performance and achievements are therefore both normal and to be expected.

None of Flinders' Officers or employees, any persons named in this Target's Statement with their consent or any person involved in the preparation of this Target's Statement, gives any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward looking statements in this

Target's Statement will actually occur. You are cautioned from relying on these forward looking statements.

The forward looking statements in this Target's Statement reflect views held only as at the date of this Target's Statement. Subject to the Corporations Act and the ASX Listing Rules, as well as any other applicable laws, Flinders and its Directors, employees and agents disclaim liability for any loss or damage which may be suffered by any person (including by negligence or otherwise) through the use (directly or indirectly) or reliance on anything contained in or omitted from this Target's Statement.

#### **No Investment Advice**

This Target's Statement and the recommendation contained within it, do not constitute financial product advice and do not take into account the individual investment objectives, financial situation, taxation position or other particular needs of Flinders Shareholders. The information in this Target's Statement should not be relied upon as the sole basis for any investment decision in relation to your Flinders Shares. You should seek independent financial, taxation or legal advice before making any investment decision in relation to your Flinders Shares, including whether or not to accept the Offer.

#### **Information on TIO**

All of the information concerning TIO that is contained within this Target's Statement has been obtained from publicly available sources, including information in the Bidder's Statement, public documents filed by TIO and information published by TIO on its website. None of the information in this Target's Statement relating to TIO has been verified by TIO or independently verified by Flinders or its Directors for the purposes of this Target's Statement. Accordingly, to the extent permitted by law, Flinders makes no representation or warranty (either express or implied) as to the accuracy or completeness of such information. The information on TIO in this Target's Statement should not be considered comprehensive.

#### **Foreign Jurisdictions**

The release, publication or distribution of this Target's Statement in jurisdictions other than Australia may be

restricted by law or regulation in such other jurisdictions and persons who come into possession of it should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable laws or regulations. This Target's Statement has been prepared in accordance with Australian law and the information contained in this Target's Statement may not be the same as that which would have been disclosed if this Target's Statement had been prepared in accordance with the laws and regulations outside Australia.

#### **Privacy and Personal Information**

Flinders has collected your personal information for the purpose of providing you with this Target's Statement. The type of information that Flinders has collected about you includes your name, contact details and information in respect of your shareholding in Flinders. The primary purpose of the collection of personal information was to assist Flinders in preparing and issuing this Target's Statement. The collection of some of this information was required or authorised by the Corporations Act.

Flinders Shareholders who are individuals, and other individuals in respect of whom personal information is collected, have certain rights to access the personal information collected about them and may contact Flinders by email at [privacy@computershare.com.au](mailto:privacy@computershare.com.au) if they wish to exercise those rights.

Personal information of the type described above may be disclosed to print and mail service providers, and to the Flinders Share Registry to the extent necessary to effect the dispatch of the Target's Statement to you. Flinders may also be required to disclose your personal information to regulators such as ASIC and ASX.

#### **Entitlement to Inspect the Flinders Share Register**

If you would like details of information about you held by Flinders, please note that all persons are entitled, under section 173 of the Corporations Act, to inspect a copy of the Flinders Share Register. The Flinders Share Register contains personal information about Flinders Shareholders.

## Why your Directors recommend you should **REJECT** the TIO Offer

This summary of the key reasons why you should **REJECT** the Offer is a general overview only, and should be read together with the detailed information set out in the balance of this Target's Statement.

**1.**

### **The Offer does not reflect fair value of Flinders**

The Board recommends that you prevent TIO profiting to your detriment – the Offer fails to recognise a recent valuation of the PIOP completed in July 2015.

**2.**

### **The Offer is opportunistic in nature and materially undervalues your Flinders Shares**

This unsolicited and opportunistic Offer comes during a significant downturn in the commodities cycle and at a low-point in Flinders' share price – the Board recommends you not accept the Offer in the context of current market conditions.

**3.**

### **By accepting the Offer, you will forgo your exposure to any potential upside in value that Flinders offers**

By accepting the Offer, you immediately forgo any potential upside that the assets of Flinders may deliver in the future. Your Board is actively progressing discussions that are intended to allow Flinders to independently develop the PIOP.

**4.**

### **Flinders carries significant strategic value for TIO which is not reflected in the Offer Price**

Your Directors hold the view that without access to PIOP ore, TIO is unlikely to progress its Balla Balla Infrastructure Project.

**To REJECT the TIO Offer, you should DO NOTHING and TAKE NO ACTION in relation to all documents sent to you by TIO.**

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**KEY DATES**

Date of TIO Offer	17 March 2016
Date of Bidder's Statement	17 March 2016
Commencement of Offer Period	31 March 2016
Date of this Target's Statement	15 April 2016
Close of Offer Period (unless withdrawn or accepted)	2 May 2016

15 April 2016

Dear Fellow Flinders Shareholder

## **Take NO ACTION and REJECT the TIO Offer for your Flinders Shares**

On 17 March 2016, TIO announced an unsolicited, off-market cash takeover Offer for Flinders.

Your Directors believe that the TIO Offer Price of \$0.013 cash per Flinders Share is inadequate and does not reflect fair value. Consequently, each of your Directors recommend that you **REJECT** the Offer given:

- The Offer does not reflect fair value of Flinders:
  - The Offer values Flinders at approximately \$38.15 million in its entirety which is below the valuation of the PIOP as determined by the Expert in July 2015.
- The Offer is opportunistic in nature and materially undervalues your Flinders Shares:
  - The Offer has been lodged during a significant downturn in the commodities cycle and at a low-point in Flinders' share price history.
- By accepting the Offer, you will forgo your exposure to any potential upside in value that Flinders offers:
  - Your Board is working on progressing discussions with third parties that are intended to allow Flinders to independently develop the PIOP.
  - If you sell your shares on-market you will be precluded from accepting a Superior Proposal from TIO or any independent third-party (should one emerge during the Offer Period).
- Flinders carries significant strategic value for TIO which is not reflected in the Offer Price:
  - Following TIO's takeover of Rutila Resources in 2015 and the signing of an offtake agreement with Shandong Iron and Steel Group Co Ltd, the PIOP is likely to be the only significant source of iron-ore for TIO to fulfill its proposed Balla Balla Infrastructure Project.
  - Despite no current agreement with Flinders, TIO continues to position the PIOP as a potential customer for the Balla Balla Infrastructure Project.
  - The Offer represents less than 1% of estimated Todd Group capital expenditure of \$3.5-3.6 billion in the Pilbara region.




- TIO is a Subsidiary of the Todd Group, a significant organisation and one of New Zealand's largest companies. In light of the PIOP's significance to TIO, the Directors believe that TIO has the capacity to pay more for your Flinders Shares than the current, inadequate Offer Price.
- Since the Offer opened, TIO has been unsuccessful in receiving material acceptances to date with the closing share price of Flinders also trading above the TIO Offer for the majority of this period.

Your Directors' reasons for recommending that you **REJECT** the Offer are set out in more detail in this Target's Statement.

**To REJECT the TIO Offer, simply DO NOTHING.**

We strongly recommend that you carefully read all the information contained in this Target's Statement and seek independent advice. The Flinders Board will continue to keep you updated on all material developments with respect to the Offer and any other competing offer that may eventuate. In the meantime if you have any questions please contact the Share Registry on 1300 556 161 (within Australia) or +61 3 9415 4000 (outside Australia). Alternatively, you may contact Mr Ian Gordon, Managing Director on +61 427 306 947 or Mr Duncan Gordon, Investor Relations on +61 404 006 444. All Company announcements are available on our website [www.flindersmines.com](http://www.flindersmines.com).

Yours sincerely,

A handwritten signature in blue ink, consisting of a stylized 'R' followed by a horizontal line and a loop.

**Robert Kennedy**  
**Chairman**

## 1. WHY YOU SHOULD REJECT THE TIO OFFER

Having considered the terms of the Offer, each Director believes they are justified in recommending that you **REJECT** the Offer for the reasons set out below.

### 1.1 The Offer does not reflect fair value of Flinders

Flinders announced to the market on 11 May 2015, with Todd Group, terms of the Option Grant Transaction which was subsequently rejected by an overwhelming majority of shareholders at the Flinders General Meeting on 24 September 2015.

By way of background, terms of the Option Grant Transaction included the following:

- An upfront payment of \$10 million from TIO to Flinders upon execution of the Option and Sale Agreement;
- An Option exercise period up to and including 31 December 2016, during which time Todd Group would have exclusive access to the PIOP, the right to undertake exploration and feasibility works on the PIOP, and a right to acquire the PIOP. Todd Group could have extended the terms of the Option for a further two periods, of two years each (to 31 December 2018 and 31 December 2020 respectively), with payment of an additional \$10 million to Flinders for each two year period;
- If Todd Group elected to exercise the Option and acquire the PIOP, an exercise price of \$55 million would have been payable to Flinders. Todd Group would have paid a production royalty to Flinders if it developed the PIOP. Payment of the royalty would have been subject to a royalty deed. The production royalty ranged from \$0.60 to \$1.40 per tonne on a straight line basis between iron ore prices of US\$60 and US\$80 per tonne (62% CFR price), with a minimum royalty of \$0.60 per tonne below this range and a maximum royalty of \$1.40 per tonne above this range;
- If Todd Group had not commenced construction of the PIOP within two years of acquiring the PIOP (following exercise of the Option), it would have been liable to pay Flinders a further \$20 million. The future royalties would not have been affected by this further payment; and
- In the event that the Option and Sale Agreement lapsed or Todd Group abandoned the Option, Flinders would have retained ownership of the PIOP.

As indicated in Table 1 on Page 4 of the report titled “Independent expert’s report and Financial Services Guide” prepared by Deloitte (**Expert’s Report**) for the purposes of enabling Flinders Shareholders to receive and consider an independent view of the Option Grant Transaction<sup>1</sup>, the Expert estimated that

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<sup>1</sup> Further information concerning the Expert’s Report is contained at section 9.2 of this Target’s Statement.

the fair market value of the PIOP was between \$40.0 million and \$50.0 million whilst the fair market value of consideration under the Option Grant Transaction was between \$65.0 million and \$95.0 million. **(Refer to important information regarding the Expert's Report in section 9.2 on page 42)**

The current TIO cash offer of \$0.013 per Flinders Share values Flinders in its entirety at approximately \$38.15 million which is below the "low" valuations for the PIOP and the Option Grant Transaction as indicated in the Expert's Report. The Expert's Report was commissioned to provide Flinders Shareholders with an independent opinion, assisting shareholders to make a fully-informed decision at the Flinders General Meeting. Ultimately, the Option Grant Transaction was rejected by an overwhelming majority of Flinders Shareholders.

Whilst the current macroeconomic environment may be different to market conditions that existed at the time of the recent Option Grant Transaction, given the long-term nature surrounding iron-ore developments, your Directors are of the view that the valuation range determined by the Expert's Report provides a highly relevant reference point for assessing the merits of the Offer.

Your Directors would also like to advise shareholders that since 2007, Flinders has expended in excess of \$60.0 million on the PIOP tenements to discover significant iron-ore deposits, in comparison to the Offer which values Flinders at \$38.15 million.

## **1.2 The Offer is opportunistic in nature and materially undervalues your Flinders Shares**

The Offer comes at a time during a well-documented downturn in the commodities cycle (especially in the iron-ore sector) and at a low point in Flinders' share price history.

In the context of market conditions, the past 12 months have been a difficult period for junior iron-ore companies such as Flinders. Your Directors note that the Offer Price is still below the VWAP of Flinders Shares in the 12 months prior to the Offer, being \$0.138 per share. The Offer also comes 15 days subsequent to a share placement announced to the market on 2 March 2016. On that day, Flinders' closing share price was \$0.006 which is the equal lowest closing share price for Flinders since its listing. These factors lead your Directors to form a view that the Offer is opportunistic in timing and does not take into account any valuation upside that Flinders offers.

Additionally, as at the close of trading on the ASX on 8 April 2016, out of the 15 trading days since the Offer was lodged, Flinders Shares have traded above the Offer Price on 11 days. Given that Flinders Shares have traded at a premium to the Offer Price since its announcement and that TIO has been unsuccessful in acquiring a material number of shares (the Substantial Holding notice lodged by the Todd Group with ASX Market Announcements on 11 April 2016 discloses the Todd Group had a Relevant Interest in 19.43% of Flinders Shares as at 8 April 2016) at the current Offer Price of \$0.013, the Directors are lead to believe that there may be a view amongst Flinders Shareholders that the Offer Price is inadequate.

**1.3 By accepting the Offer, you will forego your exposure to any potential upside in value that Flinders offers.**

By accepting the TIO Offer, you immediately forgo any potential valuation upside that the assets of Flinders may deliver in the future. Your Directors note that Flinders continues to prioritise the development of the PIOP by having on-going discussions with independent third parties who own and operate significant infrastructure within reasonable proximity to the PIOP.

It must be noted that if the Offer is successful, TIO may elect to pursue the development of the PIOP via third party infrastructure and thereby capture any future value that may be available to Flinders Shareholders.

In the event you sell your shares on-market, you will be precluded from accepting a Superior Proposal from TIO or any third party (should one emerge during the Offer Period).

As at the date of this Target's Statement, TIO has given no indication that it intends to increase its Offer Price. Under the Corporations Act, TIO may increase the Offer Price at any time until the last 5 trading days before the end of the Offer Period.

**1.4 Flinders carries strategic value for TIO which is not reflected in the Offer Price**

In light of TIO's takeover of Rutila Resources in 2015 and the signing of an offtake agreement with Shandong Iron and Steel Group Co Ltd, the PIOP is the only iron-ore asset identified by TIO in its Bidder's Statement that may be suitable for the proposed Balla Balla Infrastructure Project. Consequently, your Directors consider the PIOP to be strategically imperative to TIO and their associated development strategy in the Pilbara region.

In its Bidder's Statement, TIO also notes that negotiations with the State Government of Western Australia for a rail agreement are well advanced. It is Flinders' understanding that the State Government of Western Australia will require the Balla Balla Infrastructure Project to secure the rights to the PIOP ore or other significant source of iron ore before a rail agreement is finalised, highlighting the importance of the PIOP to TIO.

Your Directors would also like to draw attention to the fact that TIO is a Subsidiary of the Todd Group, a significant organisation and one of New Zealand's largest companies. The total consideration payable by TIO in the event it purchases the remainder of Flinders Shares it does not already own at the current Offer Price of \$0.013, equals approximately \$31.13 million. This represents less than 1% of estimated Todd Group capital expenditure of \$3.5-3.6 billion for construction of a 25 mtpa stand-alone mine, rail and port project in Western Australia<sup>2</sup>. In light of the significance of the PIOP to TIO and that TIO is a Subsidiary of a large private company, your Directors believe that TIO has the capacity to offer more than the current and inadequate Offer Price.

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<sup>2</sup> Source: TIO Bidder's Statement dated 17 March 2016 & Flinders' ASX release dated 18 September 2014

## 2. FREQUENTLY ASKED QUESTIONS

Question	Answer
<b>What is this Target's Statement?</b>	This Target's Statement has been prepared by Flinders and provides Flinders' response to the Offer, including the recommendation of your Flinders Directors to <b>REJECT</b> the Offer.
<b>What is the Bidder's Statement?</b>	The Bidder's Statement is the document setting out the terms and conditions of the Offer, a copy of which was originally lodged with ASIC and released on the ASX on 17 March 2016.
<b>What is TIO's Offer for my Flinders Shares?</b>	<p>TIO is offering \$0.013 (one and three tenths of a cent) in cash for each Flinders Share that you hold.</p> <p>The Offer is also made with respect to Flinders Shares that are issued during the Offer Period as a result of the vesting of Flinders Rights in accordance with the terms set out in the Bidder's Statement.</p>
<b>Are there any conditions attached to the Offer?</b>	No. The Offer is an unconditional cash offer for your Flinders Shares.
<b>When does the Offer Open?</b>	The Offer opens on 31 March 2016.
<b>When do I have to make a decision?</b>	<p>If you wish to accept the Offer, you must do so before the end of the Offer Period.</p> <p>Unless the Offer is extended or withdrawn in accordance with the Corporations Act, the Offer Period is presently scheduled to close at 7.00pm (Sydney time) on 2 May 2016.</p> <p>You should not assume that the Offer Period will be extended.</p> <p>See sections 6.4 and 6.5 of this Target's Statement for details of the circumstances in which the Offer Period can be extended or withdrawn.</p> <p>If you wish to <b>REJECT</b> the Offer, you do not need to do anything.</p>
<b>Is there any possibility that the Offer Period may be extended?</b>	<p>TIO has discretion to extend the Offer Period at any time before the expiry of the Offer Period in accordance with the Corporations Act. Accordingly, there is no obligation upon TIO to actually do so.</p> <p>Any extension to the Offer Period will be announced to ASX and you will be sent</p>

Question	Answer
	<p>written notice of the extension.</p> <p>The Offer Period will automatically be extended under the Corporations Act if, within the last 7 days of the Offer Period:</p> <ul style="list-style-type: none"> <li>- TIO increases the consideration offered under the Offer; or</li> <li>- TIO's voting power in Flinders increases to more than 50%.</li> </ul> <p>If either of these two events occurs, the Offer Period will be extended so that it ends 14 days after the relevant event occurs.</p> <p>See section 6.4 of this Target's Statement for further details.</p>
<p><b>Can TIO withdraw the Offer and on what grounds?</b></p>	<p>TIO may only withdraw the Offer with the written consent of ASIC and subject to the conditions (if any) specified in such consent.</p> <p>See section 6.5 of this Target's Statement for further details.</p>
<p><b>Is TIO offering to acquire Flinders Options and Flinders Rights?</b></p>	<p>There are no Flinders Options on issue as at the date of the Bidder's Statement.</p> <p>TIO is not offering to acquire any Flinders Rights (being Flinders Incentive Rights or Flinders Performance Rights) under the Offer and will not make any separate offers to acquire any Flinders Rights.</p> <p>However, the Offer extends to all Flinders Shares that are issued between the Register Date and the end of the Offer Period as a result of the vesting of Flinders Rights. As a result, the holders of Flinders Rights whose Flinders Rights vest prior to the end of the Offer Period will be able to accept the Offer in respect of the Flinders Shares issued during the Offer Period as a result of such vesting.</p>
<p><b>What do the Flinders Directors recommend I do?</b></p>	<p>The Flinders Directors recommend that you <b>REJECT</b> the Offer.</p> <p>The reasons behind the recommendation of the Flinders Directors are set out in section 1 of this Target's Statement.</p> <p>Flinders encourages you to read this Target's Statement in its entirety, including section 7 which sets out numerous risk factors that Flinders Shareholders should take into account.</p> <p>In the event that there is a change in the</p>

Question	Answer
	<p>Flinders Directors' recommendation, or any material developments occur with respect to the Offer, Flinders will lodge a supplementary Target's Statement and mail it to Flinders Shareholders.</p>
<p><b>What do the Flinders Directors intend to do with their own Flinders Shares?</b></p>	<p>Each Flinders Director intends to <b>REJECT</b> the Offer in respect of the Flinders Shares that they own or control.</p> <p>See section 8 of this Target's Statement for details with respect to the Flinders Directors' Relevant Interests in Flinders' securities.</p>
<p><b>What choices do I have as a Flinders Shareholder?</b></p>	<p>As a Flinders Shareholder, you have the following choices in respect of your Flinders Shares:</p> <ul style="list-style-type: none"> <li>- Accept the Offer for some or all of your Flinders Shares, in which case you should follow the instructions in the Acceptance Form that accompanied the Bidder's Statement;</li> <li>- <b>REJECT</b> the Offer, in which case you do not need to do anything; or</li> <li>- Sell some or all of your Flinders Shares on market (unless you have previously accepted the Offer)</li> </ul> <p>A detailed explanation as to the choices available to Flinders Shareholders in respect of the Offer is set out in section 3.</p>
<p><b>How do I accept the Offer?</b></p>	<p>The details in respect of the process you must undertake in order to accept the Offer are set out in section 10.3 of the Bidder's Statement.</p>
<p><b>What will happen if I accept the Offer now?</b></p>	<p>If you accept the Offer, you will have entered into an undertaking to transfer to TIO all of your Flinders Shares, including all rights attached to them.</p> <p>If you accept the Offer, you will forfeit the right to sell your Flinders Shares on market or otherwise deal with your Flinders Shares in any other manner while the Offer remains open.</p> <p>Further, if you accept the Offer, you will also be unable to accept a Superior Proposal from any other bidder if one emerges. The Flinders Directors are not presently aware of any other Superior Proposal.</p> <p>See immediately below, section 6.6 of this Target's Statement and section 10.5 of the</p>

Question	Answer
	Bidder's Statement for further information.
<b>If I accept the Offer, can I withdraw my acceptance?</b>	No. Once you have accepted the Offer, you will be unable to revoke your acceptance.
<b>Can I accept the Offer in respect of some, but not all, of my Flinders Shares?</b>	<p>Yes. You can accept the Offer in respect of all, or any part, of your Flinders Shares holding.</p> <p>If you accept the Offer for only a part of your Flinders Shares, you may still accept the Offer in respect of your remaining Flinders Shares at any time during the Offer Period.</p>
<b>Can TIO increase the Offer Price?</b>	Yes. TIO can increase the Offer Price.
<b>What if I accept the Offer and TIO then increases the Offer Price?</b>	<p>You will be entitled to receive the benefit of that increased Offer Price. However, if you sold your Flinders Shares on-market before any increase in the Offer Price, you will not receive any additional consideration arising from such an increase in the Offer Price.</p> <p>See section 1.3 of the Bidder's Statement.</p>
<b>What are the tax implications if I accept the Offer?</b>	<p>A general outline of the taxation implications of accepting the Offer under Australian law is contained in section 8 of the Bidder's Statement.</p> <p>As the outline in the Bidder's Statement is a general outline only, Flinders Shareholders are encouraged to seek their own specific professional advice as to the taxation implications applicable to their circumstances.</p>
<b>Do I have to pay stamp duty if I accept the Offer?</b>	<p>No. You will not have to pay stamp duty if you accept the Offer.</p> <p>TIO will pay any stamp duty on the transfer of your Flinders Shares to it.</p> <p>See section 10.9 of the Bidder's Statement.</p>
<b>Will I incur a brokerage fee if I accept the Offer?</b>	<p>You will not incur any brokerage fees in connection with your acceptance of the Offer if your Flinders Shares are registered in an Issuer Sponsored Holding in your name and you complete and return an Acceptance Form to the Share Registry.</p> <p>If your Flinders Shares are registered in a CHESS holding, you should ask your Controlling Participant (usually your broker) whether it will charge any transactional fees or service charges in connection with</p>



Question	Answer
	<p>acceptance of the Offer.</p> <p>If your Flinders Shares are held through a bank, custodian or other nominee, you should ask your Controlling Participant (usually your broker), or the bank, custodian or other nominee whether it will charge any transaction fees or service charges in connection with your acceptance of the Offer.</p> <p>See sections 1.3 and 1.7 of the Bidder's Statement for further information.</p>
<p><b>Can I sell my Flinders Shares on market?</b></p>	<p>Yes. TIO has instructed its broker, Patersons Securities Limited, to purchase all Flinders Shares offered for sale to it on market during the period from the Announcement Date until the end of the Offer Period.</p> <p>However, note that once you accept the Offer you will not be permitted to sell any of the Relevant Shares on market.</p> <p>See section 1.3 of the Bidder's Statement for further information.</p>
<p><b>When and how will I receive my payment if I accept the Offer?</b></p>	<p>Your payment will be despatched within seven business days after the date your valid acceptance of the Offer is received by TIO.</p> <p>If you sell your Flinders Shares on-market to TIO you should be paid two trading days (T+2) after the date on which the relevant trade takes place.</p> <p>The consideration payable by TIO to you under the Offer will be paid to you by cheque in Australian Dollars, which will be posted to you by ordinary mail (or airmail in the case of overseas shareholders) at the address on either your Acceptance Form or the register copy supplied by Flinders from time to time.</p> <p>See section 1.3 of the Bidder's Statement.</p>
<p><b>How do I REJECT the Offer?</b></p>	<p>To <b>REJECT</b> the Offer, you should do nothing.</p> <p>You should refrain from taking any action in relation to any correspondence that you receive from TIO regarding the Offer.</p> <p>However, if you decide to do nothing, you should be aware of TIO's right to compulsorily acquire your Flinders Shares in certain circumstances. See section 7.15 of this Target's Statement for more information with respect to compulsory acquisition.</p>

Question	Answer
<b>What will happen if I REJECT the Offer?</b>	You will remain a Flinders Shareholder and will not receive the cash consideration offered by TIO under the Offer. However, TIO may be entitled to compulsorily acquire your Flinders Shares if particular conditions are satisfied (see immediately below).
<b>Can I be forced to sell my Flinders Shares?</b>	<p>You cannot be forced to sell your Flinders Shares unless TIO acquires a Relevant Interest in at least 90% of all Flinders Shares during, or at the end of, the Offer Period. In this case, TIO will become entitled to compulsorily acquire your Flinders Shares under the Corporations Act.</p> <p>TIO has expressly indicated that if it does become entitled to compulsorily acquire your Flinders Shares, it will do so.</p> <p>If your Flinders Shares are compulsorily acquired by TIO, it will be on the same terms, and for the same consideration, as the Offer. However, you will receive payment later than those Flinders Shareholders who chose to accept the Offer.</p> <p>See section 7.2 of the Bidder's Statement.</p>
<b>Who is TIO?</b>	<p>TIO is an investment holding company with a focus on metals and the mining sector, which is incorporated in New Zealand and is an indirectly wholly owned Subsidiary of the Todd Corporation.</p> <p>See section 5 of this Target's Statement for further information with respect to TIO.</p>
<b>What are the intentions of TIO if it gains control of Flinders?</b>	<p>A detailed explanation of TIO's intentions if it gains Control of Flinders is set out in section 7 of the Bidder's Statement. Such intentions are only relevant in the event that you decide to <b>REJECT</b> the Offer, but TIO nevertheless gains Control of Flinders as a result of other Flinders Shareholders accepting the Offer.</p> <p>See also sections 7.15 and 7.16 of this Target's Statement for further details.</p>
<b>Does TIO currently have a Relevant Interest in Flinders?</b>	<p>As at 8 April 2016, TIO had a Relevant Interest in 570,312,370 Flinders Shares (amounting to 19.43% of the voting power in Flinders), but did not have a Relevant Interest in any Flinders Rights.</p> <p>See also section 9 of the Bidder's Statement.</p>

Question	Answer
<b>How is TIO funding the Offer?</b>	<p>Todd Corporation has undertaken to provide TIO with funds equal to the Offer amount that TIO is required to pay for any Flinders Shares acquired by it in respect of the Offer. These funds will be sourced from its existing cash reserves and contributed to TIO (directly or indirectly) through other Todd Group Members by equity subscription and/or debt.</p> <p>See section 6 of the Bidder's Statement for further information.</p>
<b>Does the issue price of \$0.005 per share pursuant to the placement to a sophisticated investor announced on 2 March 2016 reflect the Flinders Board's assessment of the value of a Flinders Share at that date?</b>	<p>No.</p> <p>The placement price of \$0.005 was the price Flinders was able to obtain at the relevant time.</p> <p>Price and value are two different things.</p>
<b>What if I am a foreign Flinders Shareholder?</b>	<p>Foreign Flinders Shareholders who accept the Offer will be paid the same cash consideration under the Offer as an Australian resident Flinders Shareholder. You will be paid in Australian dollars by cheque drawn on an Australian bank branch. However, the tax implications under the Offer for foreign Flinders Shareholders may be different from those relating to Australian resident shareholders and so you should seek your own professional advice in these circumstances.</p>
<b>Following the Offer, will Flinders remain a company listed on the ASX?</b>	<p>This depends on the outcome of the Offer.</p> <p>TIO's stated intention is that if, at the end of the Offer Period, it has a Relevant Interest in at least 90% of all Flinders Shares it will proceed to compulsorily acquire the outstanding Flinders Shares that it does not own and arrange for Flinders to be removed from the official list of ASX.</p> <p>TIO has also indicated that in the event that it acquires Control of Flinders, but does not become entitled to compulsorily acquire the outstanding Flinders Shares, it may seek to apply to ASX to have Flinders removed from the official list of the ASX (subject to the ASX Listing Rules). For example, this may occur if, as a result of the Takeover Bid, Flinders only has a small number of remaining security holders and so its continued listing could no longer be justified.</p>

Question	Answer
	See sections 7.2 and 7.3 of the Bidder's Statement for further information.
<b>Where do I go for further information about the Offer?</b>	For further information, please call the Share Registry on +61 3 9415 4000 (outside Australia) or 1300 556 161 (within Australia) or if you have any other questions about the offer please telephone Mr Ian Gordon, Managing Director on +61 427 306 947 or Mr Duncan Gordon, Investor Relations on +61 404 006 444 between 9:00am and 5:00pm Monday to Friday (Adelaide time). Alternatively, you should contact your financial or other professional adviser for specific information on the implications of accepting the Offer in light of your personal circumstances.

### 3. YOUR CHOICES AS A FLINDERS SHAREHOLDER

Your Directors recommend that you **REJECT** the Offer, and each Flinders Director intends to **REJECT** the Offer in respect of the Flinders Shares that they own or Control.

As a Flinders Shareholder you have the following choices available to you:

#### 3.1 Do Nothing

If you do not wish to accept the Offer or sell your Flinders Shares on market you should **DO NOTHING**.

You should note that in certain circumstances TIO may be entitled to acquire your Flinders Shares compulsorily even though you have not accepted the Offer. If TIO and its Associates have a Relevant Interest in at least 90% of the Flinders Shares during or at the end of the Offer Period, TIO will be entitled to compulsorily acquire the Flinders Shares that TIO and its Associates do not already own. See section 7.15 of this Target's Statement for further details in relation to the compulsory acquisition process.

#### 3.2 Sell your Flinders Shares on Market

You may choose to sell some or all of your Flinders Shares on market for cash if you have not already accepted the Offer in respect of those Flinders Shares.

The price you will receive for your Flinders Shares will depend on the prevailing market price of the Flinders Shares at the time of sale. You should be aware that the market price of Flinders Shares may rise or fall during the Offer Period and after the close of the Offer Period. You should also note that:

- you will need to pay any brokerage fees which may be payable on such a sale; and
- you will not benefit from any increase in the price payable under the Offer or from any alternative offer made by another bidder for your Flinders Shares, if such an offer is made.

At close of trading on Friday 8 April 2016, the Flinders Share price was \$0.014 (one and four tenths of a cent), a 7.69% premium to TIO's Offer Price of \$0.013 (one and three tenths of a cent) cash per Flinders Share. The latest price for Flinders Shares may be obtained from the ASX website [www.asx.com.au](http://www.asx.com.au).

Flinders Shareholders who sell their Flinders Shares on market may be liable for Capital Gains Tax on the sale (see section 8 of the Bidder's Statement for further details).

Flinders Shareholders who wish to sell their Flinders Shares on market should seek their own professional advice and contact their stockbroker for information on how to sell.

### 3.3 Accept the Offer

Flinders Shareholders may elect to accept the Offer in respect of some or all of their Flinders Shares.

Details of the cash consideration (that is, the payment) that will be received by Flinders Shareholders who accept the Offer are set out in section 6.1 of this Target's Statement and in the Bidder's Statement.

Additional details of the Offer are set out in section 6 of this Target's Statement.

Flinders Shareholders who accept the Offer may be liable for Capital Gains Tax on the disposal of their Flinders Shares (see section 8 of the Bidder's Statement for further details). You may or may not be charged brokerage fees depending on how you hold the Flinders Shares. See sections 1.3 and 1.7 of the Bidder's Statement for more information.

If you accept the Offer you will not be able to withdraw your acceptance and sell your Flinders Shares (see sections 6.6 and 6.7 of this Target's Statement for further details).

Section 10.3 of the Bidder's Statement contains details of how to accept the Offer.

## 4. INFORMATION ABOUT FLINDERS

### 4.1 Company Overview

Flinders is an iron ore exploration and development company which is ultimately targeting production from its flagship asset, the PIOP. Flinders has also actively explored its tenements which make up the separate Canegrass Project. Flinders was first listed on the ASX as Flinders Diamonds Limited in 2002 and was originally a diamond exploration company but moved into iron ore exploration and development following the discovery of iron ore prospects on its tenements and a successful initial drilling campaign in 2008.

### 4.2 Overview of Projects

#### 4.2.1 PIOP

##### (a) Location and Surrounds

Flinders' PIOP is located in the Hamersley Ranges approximately 70km northwest of Tom Price in the Pilbara region of Western Australia. The project comprises two 100% owned tenements, M47/1451 (**Blacksmith**) and E47/1560 (**Anvil**). The key tenements are located approximately 20km west of Rio Tinto's Paraburdoo to Dampier rail track. Iron mineralisation on the main project tenement (M47/1451) is laterally associated with both Rio Tinto's (**Rio**) Caliwingina North deposit and Fortescue Metals Group's (**FMG**) Serenity deposit, part of the Solomon Hub.

## (b) Mineral Resources

The total Mineral Resource estimate for the PIOP is 1,042Mt @ 55.6% Fe (*Table 1*). Significantly, 86% of the total Mineral Resource is reported in the Indicated or Measured categories, with 792.2Mt @ 55.7% Fe in the Indicated category and 105.3Mt @ 56.4% Fe in the Measured category.

**Table 1: PIOP Mineral Resource Summary (as at 30/06/2015).****<sup>1</sup>M47/1451 - Blacksmith**

JORC Classification	Tonnage Mt	Fe%	Sio <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	P%	LOI%
Inferred	62.00	55.40	10.00	4.80	0.06	5.10
Indicated	792.20	55.70	8.90	4.50	0.07	6.00
Measured	105.30	56.40	10.50	5.10	0.05	2.80
<b>TOTAL</b>	<b>959.50</b>	<b>55.80</b>	<b>9.20</b>	<b>4.60</b>	<b>0.07</b>	<b>5.60</b>

**<sup>2</sup>E47/1560 – Anvil**

JORC Classification	Tonnage Mt	Fe%	Sio <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	P%	LOI%
Inferred	82.40	53.60	11.40	5.80	0.05	4.90
Indicated	-	-	-	-	-	-
Measured	-	-	-	-	-	-
<b>TOTAL</b>	<b>82.40</b>	<b>53.60</b>	<b>11.40</b>	<b>5.80</b>	<b>0.05</b>	<b>4.90</b>

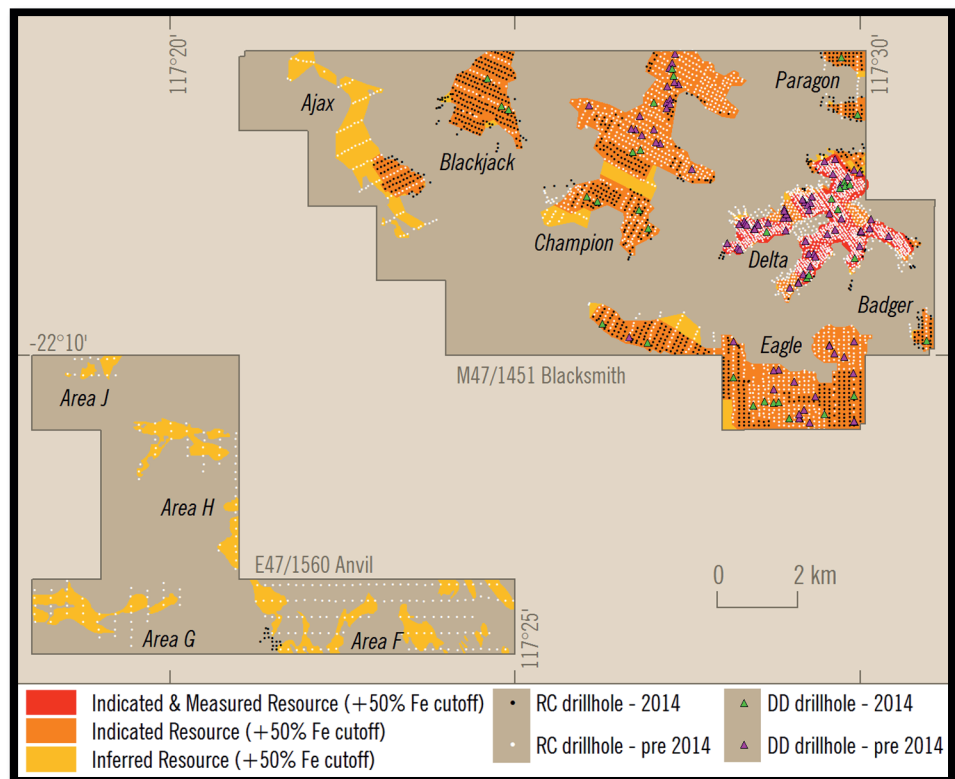
**PIOP – Total**

JORC Classification	Tonnage Mt	Fe%	Sio <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	P%	LOI%
Inferred	144.40	54.40	10.80	5.30	0.06	5.00
Indicated	792.20	55.70	8.90	4.50	0.07	6.00
Measured	105.30	56.40	10.50	5.10	0.05	2.80
<b>TOTAL</b>	<b>1042.00</b>	<b>55.60</b>	<b>9.30</b>	<b>4.70</b>	<b>0.07</b>	<b>5.50</b>

Note: Tonnage figures have been rounded and as a result may not add up to the totals quoted.

- <sup>1</sup> The Blacksmith Mineral Resource includes the Ajax, Badger, Blackjack, Champion, Delta, Eagle, and Paragon deposits. All of the estimates making up the Blacksmith Mineral Resource are reported to JORC Code (2012 Edition) standards.
- <sup>2</sup> The Anvil Mineral Resource includes the Area F, Area G, Area H and Area J deposits. This information was prepared and first disclosed under the JORC Code (2004 Edition). It has not been updated since to comply with the JORC Code (2012 Edition) on the basis that the information has not materially changed since it was last reported.

The PIOP mineral resource summary is extracted from the report entitled "Ajax Mineral Resource Update" dated 9 January 2015 and is available to view on [www.asx.com.au](http://www.asx.com.au). The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the resource estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.



**Figure 1: PIOP Tenements and Mineral Resource Plan**



(c) Geology

Local bedrock geology is dominated by the Dates Gorge, Whaleback Shale and Joffre Members of the Brockman Iron Formation. Incised into this bedrock are channel systems which contain buried CID and DID. Some areas of the bedrock are also mineralised forming Bedded Iron Mineralisation.

(d) Recent History of the PIOP

In February 2014, Flinders signed the Alliance Agreement for access to port and rail infrastructure.

In July 2014 Flinders commenced a bankable feasibility study for the PIOP.

On 11 May 2015, Flinders announced that it had entered into an option and sale agreement (**Option and Sale Agreement**) with a Subsidiary of TIO to grant the Todd Group an option to purchase the PIOP. The consideration payable under the Option and Sale Agreement included an up-front cash payment of A\$10m and, if the option were to be exercised, a project sale price of A\$55m and an ongoing production royalty payment.

The agreed production royalty ranged from A\$0.60 to A\$1.40 per tonne on a straight line basis between iron ore prices of US\$60 and US\$80 per tonne (62% CFR price), with a minimum royalty of A\$0.60 per tonne below this range and a maximum royalty of A\$1.40 per tonne above that range.

On 24 September 2015 Flinders Shareholders rejected the proposal by Todd Group to acquire Flinders' PIOP via the Option and Sale Agreement.

On 31 December 2015, the Alliance Agreement expired.

(e) Development and Infrastructure

The Flinders Board continues to review all options available to the Company to develop the PIOP in the future with the intent of securing development partners, off-take customers and transport solutions for the PIOP resource. During December 2015, Flinders' Managing Director visited eight steel mills in China with whom Flinders has a memorandum of understanding, as well as a number of other groups involved in infrastructure development. All eight steel mills confirmed their continued desire to complete off-take agreements with Flinders once a PIOP transport solution is agreed.

#### 4.2.2 Canegrass Project

(a) Location and Surrounds

The Canegrass Project area is located in Western Australia's mid-west region, approximately 60km southeast of Mt Magnet and around 15km WSW of Atlantic Limited's Windimurra Vanadium Project. The Project

hosts Fe-V-Ti mineralisation and has the potential for base metal and precious metal mineralisation.

(b) Mineral Resources

A resource estimate is current for the Magnetite (Fe-Ti-V) mineralisation at Canegrass (*Tables 2 and 3*). The mineral resource was compiled in accordance with the JORC Code (2004 Edition). The resource has not been updated since to comply with the JORC Code (2012 Edition) on the basis that the information has not materially changed since it was last reported (*refer to ASX announcement dated 10/08/2011*).

**Table 2: Canegrass vanadium (V<sub>2</sub>O<sub>5</sub>) Inferred Mineral Resource tonnage and grade report by area (as at 30/06/2015).\***

**Inferred Mineral Resource For V<sub>2</sub>O<sub>5</sub>>0.5%**

Area	Mt	Fe%	TiO <sub>2</sub> %	V <sub>2</sub> O <sub>5</sub> %	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	P%
Fold Nose	87	0.63	5.90	29.30	24.10	12.60	0.005
Kinks	20	0.57	5.50	27.40	25.90	13.00	0.009
<b>Total</b>	<b>107</b>	<b>0.62</b>	<b>5.80</b>	<b>29.00</b>	<b>24.50</b>	<b>12.60</b>	<b>0.006</b>

\*This information was prepared and first disclosed under the JORC Code (2004 Edition). It has not been updated since to comply with the JORC Code (2012 Edition) on the basis that the information has not materially changed since it was last reported.

**Table 3: Canegrass iron (Fe) Inferred Mineral Resource tonnage and grade report by area (as at 30/06/2015).\***

**Inferred Mineral Resource for Fe > 20%**

Area	Mt	Fe%	TiO <sub>2</sub> %	V <sub>2</sub> O <sub>5</sub> %	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	P%
Fold Nose	157	26.00	5.10	0.53	27.60	13.80	0.005
Kinks	59	23.80	4.80	0.48	29.30	14.70	0.013
<b>Total</b>	<b>216</b>	<b>25.40</b>	<b>5.00</b>	<b>0.52</b>	<b>28.10</b>	<b>14.00</b>	<b>0.007</b>

\* This information was prepared and first disclosed under the JORC Code (2004 Edition). It has not been updated since to comply with the JORC Code (2012 Edition) on the basis that the information has not materially changed since it was last reported.

\*The Canegrass vanadium and iron mineral resource is extracted from the report entitled "Maiden Canegrass Inferred Resource" dated 10 August 2011 and is available to view on [www.asx.com.au](http://www.asx.com.au). The Company confirms that it is not aware of any new information or data that materially affects the

information included in the original market announcement and that all material assumptions and technical parameters underpinning the resource estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

(c) Exploration & Evaluation

During 2015 a small Air-Core (**AC**) drilling program was undertaken at the Honeypot and Boulder gold prospects. At the Boulder prospect, only low grade mineralisation was intersected. Assays undertaken at the Honeypot prospect resulted in one significant intersection of 8m at 2.03g/t Au from 12m in hole HAC022\*. There were no significant intersections from a small follow up Air-Core drilling program undertaken to cover this particular intersection.

\*The information is extracted from the report entitled Gold Intersected in Drilling at Canegrass (WA) dated 22 May 2015 and is available to view on [www.asx.com.au](http://www.asx.com.au). The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement.

(d) Jamestown Project

There have been no recent exploration and evaluation activities carried out on Flinders' South Australian tenements. Flinders has continued an on-going strategy to divest all diamond projects and continues to seek interest in its remaining South Australian projects.

## (e) Tenement Schedule

Tenement No.	Status	Tenement Name	Grant/ Application Date	Expiry Date	Area (Sq Km)	Registered Holder/Applicant	Interest
<b>WESTERN AUSTRALIA Canegrass Project</b>							
E58/232	Granted	Boulder Well	29/07/2002	28/07/2002	16.1	Flinders Canegrass Pty Ltd	100%
E58/236	Granted	Challa	22/03/2002	21/03/2016	16.1	Flinders Canegrass Pty Ltd	100%
E58/282	Granted	Honey Pot	03/05/2007	02/05/2016	27.2	Flinders Canegrass Pty Ltd	100%
<b>Pilbara Iron Ore Project</b>							
E471/1560	Granted	Anvil	06/09/2007	05/09/2016	44.5	Flinders Mines Ltd	100%
L47/728	Granted	PIOP Airstrip	29/05/2015	28/05/2036	3.0	Flinders Mines Ltd	100%
L47/730	Granted	PIOP Village	29/05/2015	28/05/2036	0.1	Flinders Mines Ltd	100%
L47/731	Application	Northern Road	01/09/2014		4.9	Flinders Mines Ltd	100%
L47/734	Granted	Southern Road	29/05/2015	28/05/2036	4.2	Flinders Mines Ltd	100%
M47/1451	Granted	Blacksmith ML	26/03/2012	25/03/2033	111.6	Flinders Mines Ltd	100%
<b>SOUTH AUSTRALIA Curnamona Project</b>							
EL5739	Granted	Wompiniet	12/02/2016	11/02/2017	96.0	Flinders Mines Ltd	100%
<b>Gawler Range Project</b>							
EL5761	Granted	Tin Hut	21/03/2016	20/03/2018	716.0	Flinders Mines Ltd	100%
EL5762	Granted	Siam	21/03/2016	20/03/2018	379.0	Flinders Mines Ltd	100%
<b>Jamestown Project</b>							
ELA 182/14	Application	Caltowie	11/08/2014		201/4	Flinders Mines Ltd	Diamonds and non-metals
EL 5557	Granted	Washpool	10/11/2009	09/11/2016	135.0	Phoenix Copper Ltd	Diamonds, barium, talc and phosphate

### 4.3 Board of Directors

#### **Robert Kennedy**

ASAIT, Grad Dip (Systems Analysis), FCA, ACIS, Life Member AIM, FAICD  
*Independent non-executive chairman*

Mr Kennedy, Chartered Accountant, has been a non-executive chairman of Flinders since 2001. Mr Kennedy is a director of ASX listed companies, Tychean Resources Limited (since 2006), Maximus Resources Limited (since 2004), Monax Mining Limited (since 2004) and Ramelius Resources Limited (since 2003).

#### **Ian James Gordon**

Bcom, MAICD  
*Managing Director*

A Director since June 2014, Mr Gordon is a mining executive with experience in a variety of management positions and commodities. He has held management roles at Delta Gold Limited, Rio Tinto Exploration and Gold Fields. From 2007 until 2014 he was the COO and Managing Director of Ramelius Resources Limited, where he was responsible for the development of a number of mining operations. He has significant experience in project approvals, feasibility studies, capital raising and project finance.

#### **Kevin Malaxos**

BSc (Mining Engineering), MAICD  
*Non-executive director*

A Director since December 2010, Mr Malaxos, a mining engineer, has over 27 years' experience in the resources sector in senior management and executive roles across a suite of commodities including gold, nickel, iron ore, silver, lead, zinc and chromium. He has managed large and small scale surface and underground mining operations and brings a wealth of experience in project evaluation and development, project approval and Government liaison. Mr Malaxos' previous roles include CEO for Mt Gibson Mining (MGX) and COO of listed iron ore developer Centrex Metals Limited (CXM), where he was responsible for project development, project approvals and community and Government consultation. Mr Malaxos is also the managing director of ASX listed company Maximus Resources Limited (since December 2010).

#### **Ewan Vickery**

LLB, MAICD  
*Non-executive director*

A Director since June 2001, Mr Vickery is a corporate and business lawyer with over 40 years' experience in private practice in Adelaide. He has acted as an adviser to companies on a variety of corporate and business issues including capital and corporate restructuring, native title and land access issues, and as lead native title adviser and negotiator for numerous mining and petroleum companies. He is a member of the Exploration Committee of the South Australian Chamber of Mines & Energy Inc, the International Bar Association Energy & Resources Law Section, the Australian Institute of Company Directors and is a past national president and Life Member of Australian Mining & Petroleum Law Association (AMPLA) Limited. Mr Vickery is also a non-executive director of ASX listed company Maximus Resources

Limited (since 2004) and he re-joined the board of Tychean Resources Limited (formerly ERO Mining Limited) in May 2013.

#### **4.4 Historical Financial Information**

The following selected financial data for Flinders is extracted from the reviewed consolidated financial statements of Flinders and its Controlled Entities for the half-year ended 31 December 2015. The financial information presented in the table below does not represent the full financial statements and should therefore be read in conjunction with the relevant financial statements for the half-year ended 31 December 2015, including the description of accounting policies contained within those financial statements, notes to the financial statements and the independent auditor's review report. The full financial statements are contained in the Flinders' financial report for the half-year ended 31 December 2015, which is available on the Company's website, [flindersmines.com](http://flindersmines.com).

**Flinders Mines Limited**  
**Consolidated statement of financial position**  
**As at 31 December 2015**

	31 December 2015 \$	30 June 2015 \$
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	1,942,513	3,770,160
Trade and other receivables	75,716	815,393
Other current assets	166,894	266,049
Total current assets	2,185,123	4,851,602
<b>Non-current assets</b>		
Available-for-sale financial assets	35,111	37,611
Plant and equipment	313,361	418,297
Exploration and evaluation	22,700,000	45,273,862
Other non-current assets	7,000	27,000
Total non-current assets	23,055,472	45,756,770
<b>Total assets</b>	25,240,595	50,608,372
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables	91,442	231,958
Provisions	146,626	204,685
Total current liabilities	238,068	436,643
<b>Non-current liabilities</b>		
Provisions	15,465	50,285
Total non-current liabilities	15,465	50,285
<b>Total liabilities</b>	253,533	486,928
<b>Net assets</b>	24,987,062	50,121,444
<b>EQUITY</b>		
Contributed equity	124,414,150	124,414,150
Reserves	267,080	268,830
Retained losses	(99,694,168)	(74,561,536)
<b>Total equity</b>	24,987,062	50,121,444

*Events Occurring after the reporting period*

Since 31 December 2015 a number of material events have occurred.

On 29 February 2016 \$233,350 was paid out as redundancy payments to three company employees taking the total employees of Flinders as at the date of this Target's Statement to three.

On 2 March 2016 settlement of a capital raising placement occurred for 165,000,000 fully paid ordinary Flinders Shares at \$0.005 per share raising a total of \$825,000.

Flinders' cash balance as at 31 March 2016 was A\$1,721,609.

#### 4.5 Capital Structure

The table below sets out the current capital structure of Flinders:

**Table 4 – Capital Structure**

Security	Number
Flinders Shares	2,934,648,754
Flinders Performance Rights expiring 30 June 2016	10,000,000
Flinders Incentive Rights expiring 30 June 2016	5,863,000

#### 4.6 Substantial Holders

As at 8 April 2016, based on publically available information, the following entities (together with any of their Associates) have a Relevant Interest in 5% or more of Flinders Shares:

NAME OF SHAREHOLDER	NUMBER OF FLINDERS SHARES HELD	RELEVANT INTEREST IN FLINDERS SHARES (%)
OCJ Investment (Australia) Pty Ltd	585,000,000	19.93%
TIO (NZ) Limited <sup>3</sup>	570,312,370	19.43%

#### 4.7 Further Information

Further information regarding Flinders can be located on the ASX website at [www.asx.com.au](http://www.asx.com.au) under Flinders' ASX code "FMS" or at Flinders' website at [www.flindersmines.com](http://www.flindersmines.com).

<sup>3</sup> Including the Todd Corporation Limited and subsidiaries and Head Trust Company Limited (source Flinders Mines Limited ASX Announcement Form 604 Notice of Change of Interest of Substantial Holder released to ASX Market Announcements on 11 April 2016).



## **5. INFORMATION ABOUT TIO**

### **5.1 Disclaimer**

Flinders has prepared the information concerning TIO contained in this Target's Statement using publicly available information, including information in the Bidder's Statement. Flinders has not independently verified the information concerning TIO contained in this Target's Statement. Flinders does not, subject to the Corporations Act, make any representation or warranty (express or implied) as to the accuracy or completeness of this information. The information about TIO in this Target's Statement should not be considered comprehensive. Refer to the Bidder's Statement for more information about TIO.

### **5.2 TIO Overview**

TIO is an investment holding company with a focus on the metals and mining sector. TIO is incorporated in New Zealand and is an indirectly wholly-owned Subsidiary of Todd Corporation.

Todd Corporation is privately owned and is the ultimate parent company of the Todd Group, including TIO. TIO is a Subsidiary of Todd Minerals Limited and a member of the minerals division of the Todd Group. Refer to section 3 of the Bidder's Statement for information about TIO and its activities and section 7 of the Bidder's Statement for information about TIO's intentions in relation to Flinders.

### **5.3 TIO's Interest in Flinders**

Section 4.7 of the Bidder's Statement discloses that the Todd Group had as at 16 March 2016 a Relevant Interest in 18.41% of Flinders Shares. This has since increased to 19.43% as at 8 April 2016 (refer to the Substantial Holding notice lodged by the Todd Group with ASX Market Announcements on 11 April 2016).

## **6. KEY FEATURES OF THE OFFER**

### **6.1 Offer Price**

The Offer Price is \$0.013 (one and three tenths of a cent) cash for each Flinders Share.

### **6.2 Conditions of the Offer**

The Offer is unconditional.

### **6.3 Offer Period**

Unless TIO's Offer is extended or withdrawn, it is open for acceptance until 7pm (Sydney time) on 2 May 2016.

The circumstances in which TIO may, or may be required to, extend or withdraw its Offer are set out in sections 6.4 and 6.5 respectively of this Target's Statement.

#### 6.4 **Extension of the Offer Period**

TIO may extend the Offer Period at any time before it expires. However, as noted in section 6.3 above, TIO has no obligation to extend the Offer Period.

In addition, there will be an automatic extension of the Offer Period if, within the last seven days of the Offer Period:

- TIO increases the Offer Price; or
- TIO's voting power in Flinders increases to more than 50%.

Note that the Offer Price is taken to be increased under section 651A(2) of the Corporations Act where TIO purchases Flinders Shares outside the Offer for a cash price higher than the consideration offered.

If either of the above two events occur, the Offer Period is automatically extended so that it ends 14 days after the relevant event occurs.

#### 6.5 **Withdrawal of Offer**

TIO cannot withdraw its Offer to you if you have already accepted it. Before you accept the Offer, TIO may withdraw the Offer with the written consent of ASIC and subject to the conditions (if any) specified in that consent. ASIC has stated that it will only consent to a bidder withdrawing unaccepted offers in exceptional circumstances.

#### 6.6 **Effect of acceptance**

The effect of acceptance of TIO's Offer is set out in section 10.5 of the Bidder's Statement. You should read that section in full to understand the effect that acceptance will have on your ability to exercise rights attaching to your Flinders Shares, and the representations and warranties that you give by accepting the Offer.

Except in the limited circumstances provided for in the Corporations Act, accepting TIO's Offer will preclude Flinders Shareholders from accepting a Superior Proposal from a third party, should one emerge during the Offer Period. As at the date of this Target's Statement, Flinders Directors are not aware of a proposal by anyone to make a Superior Proposal.

#### 6.7 **Ability to withdraw your acceptance**

Once you have accepted the Offer, you only have limited rights to withdraw that acceptance.

You may only withdraw your acceptance of the Offer if TIO varies the Offer in a way that postpones, for more than one month, the time when TIO needs to meet its obligations under the Offer.

## **6.8 When you will be paid if you accept the Offer**

TIO has stated it will despatch the consideration due to you for the Relevant Shares within seven business days after the date your acceptance is received.

For these purposes, TIO has defined 'business day' to mean a day on which banks are open for business in Sydney, Australia and Wellington, New Zealand, excluding a Saturday, Sunday or public holiday.

Full details of when you will be paid are set out in section 10.6 of the Bidder's Statement.

## **6.9 Effect of an improvement in Offer Price on Flinders Shareholders who have already accepted the offer.**

If TIO improves the Offer Price under its takeover bid, all Flinders Shareholders who accept the Offer, whether or not they have accepted the Offer before that improvement in Offer Price, will be entitled to that improved Offer Price.

Flinders Shareholders should be aware that if they sell their Flinders Shares on-market before any increase in the Offer Price, they will not receive any additional payment arising from such an increase in the Offer Price.

Flinders Shareholders should also be aware that if they accept TIO's Offer they will not be able to accept any Superior Proposal from another bidder which may emerge (except in limited circumstances).

## **6.10 Lapse of Offer**

As the Offer is unconditional, the Offer will not lapse without the consent of ASIC before the end of the Offer Period.

# **7. RISK FACTORS**

## **7.1 Introduction**

There are risks which are specific to Flinders and other risks which apply to investments generally which may materially and adversely affect the future operating and financial performance of Flinders and the value of Flinders Shares. Those risks (and other risks) will continue to be relevant to Flinders Shareholders who do not accept the Offer and retain their current investment in Flinders. These risks will also continue to be relevant to all Flinders Shareholders if the Offer does not proceed. While some of these risks can be mitigated, some are outside the control of Flinders and the Flinders Directors and cannot be mitigated.

The principal risks associated with an investment in Flinders include, but are not limited to, those detailed below. Prior to deciding whether to accept the Offer, sell your Flinders Shares on market or maintain an investment in Flinders in the present circumstances, you should carefully consider this section 7 as well as other information contained in this Target's Statement (including section 7.16 in relation to the possible implications of becoming a minority Flinders Shareholder) and the Bidder's Statement.

***RISKS RELEVANT TO FLINDERS SHAREHOLDERS WHO RETAIN THEIR FLINDERS SHARES (i.e. risks which are specific to an investment in Flinders)***

**7.2 Rail Access and Development Risk**

Although Flinders' PIOP is close to existing and proposed rail infrastructure, Flinders is yet to secure an agreement with a rail access provider to support the development of the PIOP. There are risks associated with obtaining any rail access agreement. In particular, Flinders may not be successful in obtaining rail access on favourable terms or at all or there may be delays in agreeing to rail access or to the development of proposed rail lines which in turn could result in delays to development of the PIOP. Further, as with any rail development, there is the risk that the development could be delayed or may not be financed with the result that Flinders would need to seek an alternative development solution, which may be costly or unavailable.

**7.3 Port Access and Development Risk**

Flinders' PIOP requires port access to be commercialised. No port development has been secured for the PIOP at this time. There is a risk that Flinders may not be successful in obtaining port access on favourable terms or at all or there may be delays in agreeing to port access or to the development of a proposed port which in turn could result in delays to development of the PIOP. Further, as with any port development, there is the risk that the development could be delayed or may not be financed with the result that Flinders would need to seek an alternative development solution, which may be costly or unavailable.

**7.4 Expenditure and Mine Development Risk**

Mineral exploration and development inherently involves financial risks. Exploration is costly and involves exacting techniques which must be applied over extended periods of time. Flinders cannot foresee nor guarantee whether any further exploration activities will succeed in the discovery of a commercially viable ore deposit.

Although Flinders has established significant Mineral Resources at its PIOP in the West Pilbara region of Western Australia, its future value is materially dependent on the success or otherwise of the activities directed towards development of this asset. It is common in new mining operations to experience unexpected problems and delays during development, construction and mine start-up, which delay the commencement of mineral production. Accordingly, there is no assurance that Flinders' future exploration and development activities will develop into profitable mining operations.

Risks to Flinders in exploration include the uncertainties associated with projected continuity of an ore deposit, fluctuations in grades and values of the product being mined, and unforeseen operational and technical problems. Exploration may also be adversely affected or hampered by a variety of non-technical issues such as limitations on activities due to seasonal changes, industrial disputes, land claims, heritage and environmental legislation, mining legislation and many other factors beyond the control of Flinders.

There is no guarantee that future exploration on land over which Flinders has exploration permits and licenses will lead to additional commercial discoveries

or, if there is such a discovery, that Flinders will be able to develop it successfully.

#### **7.5 Share Market Conditions**

The prices at which Flinders Shares trade on market may rise or fall in response to a number of factors affecting the market for equities in general which are unpredictable and unrelated or disproportionate to the operating performance or the underlying performance of Flinders as a listed entity. Such factors include changes in the general economic outlook, interest and inflation rates, currency and exchange rates, investor sentiment and the demand for and supply of capital.

Recent volatility in global commodity, foreign exchange and financial markets means there is uncertainty in relation to the valuation of Flinders. Continued volatility will result in uncertainties and risks regarding the likelihood and timing of Flinders delivering future cash flows to Flinders Shareholders, which could also have an adverse impact on the price of Flinders Shares.

The Flinders Directors are not able to offer any assurance about the future prospects of Flinders or the price of Flinders Shares.

#### **7.6 Future Funding Requirements and Dilution**

Development of the PIOP will require significant capital expenditure. If Flinders was to develop the project without a funding partner, debt or equity, or a combination of both, would need to be secured independently. There is a risk that debt may not be available to Flinders on acceptable terms or at all. This may require Flinders to raise a large amount of equity which could result in dilution to some existing Flinders Shareholders. Irrespective of the funding requirements for development of the PIOP, Flinders will require additional funding in the future to maintain the PIOP tenements in good standing and meet other ongoing liabilities and expenses. Failure to obtain sufficient financing for the Company's activities may result in loss of a property interest.

There can be no assurance that additional finance will be available when needed, or if available, the terms of the financing might not be favourable to the Company and might involve substantial dilution to Shareholders.

There is no guarantee that Flinders would be able to raise sufficient funds to develop its projects.

#### **7.7 Iron Ore Price Risk**

In the event of successful project development, Flinders' future sales revenues will be derived from the sale of iron ore to export markets such as China. A number of supply and demand factors outside Flinders' control affect the iron ore price. Should developing countries' economic growth slow down significantly, iron ore prices may fall.

Historically, iron ore prices have been volatile and as a result there is the risk that iron ore price fluctuation may have an adverse impact on Flinders' future sales revenues.

## **7.8 Exchange Rate Risk**

Iron ore prices are currently benchmarked in US Dollars. Accordingly, any future sales of iron ore that Flinders may be able to achieve are therefore likely to be denominated in US Dollars. The income and expenditure of Flinders is, and would be, accounted for in Australian dollars. Any future Australian Dollar revenues generated by Flinders will therefore be exposed to foreign exchange rate risk, which could impact Flinders' financial position. While such currency movements can be hedged by Flinders to an extent, they will largely be outside of the control of Flinders.

## **7.9 Production and Other Operational Risks**

Flinders' future operations will be subject to a number of factors that can cause material delays or changes in operating costs for varying lengths of time. Operational risks include weather conditions and natural disasters, disruption of energy supply, unexpected technical problems, unanticipated geological conditions, equipment failures and disruptions of rail infrastructure and ship loading facilities. Flinders' financial performance may also be adversely affected by long lead times, delays and price escalations in respect of required equipment, consumables and mining support services. Industrial disruptions may also result in lower than planned production or delays in delivery of the product.

Many of these risks are outside the control of Flinders management and may have a material adverse effect on Flinders' operations and future financial performance.

## **7.10 Environmental Regulation**

Flinders' exploration and development programs are subject to Australian laws and regulations regarding environmental matters which means there are potential liability risks requiring evaluation and approval by government authorities. Development of any future iron ore resources will be dependent on the project meeting environmental and safety legislation and gaining approvals from the relevant government authorities. These requirements may increase and place a heightened degree of responsibility on Flinders.

## **7.11 Security of Tenements**

All tenements in which Flinders may earn an interest are subject to renewal conditions or are yet to be granted, which will be at the discretion of the relevant Minister. Maintaining tenements, obtaining renewals, or getting tenements granted often depends on Flinders being successful in obtaining required statutory approvals for proposed activities. There is a risk that Flinders may lose title to mining tenements for non-compliance with licence conditions or if conditions attached to licences are changed.

### 7.12 Native Title and Land Access

The Native Title Act, any related State native title legislation, Aboriginal land rights and Aboriginal heritage legislation may affect Flinders' ability to gain access to prospective exploration areas or obtain production licences. Compensatory obligations may be necessary in settling native title claims if lodged over any tenement acquired by Flinders. The level of impact of these matters will depend, in part, on the location and status of the tenements acquired by Flinders. At this stage, it is not possible to quantify the impact (if any) which these matters may have on the operations of Flinders.

### 7.13 General Economic Factors and Investment Risks

General economic conditions may affect inflation and interest rates, which in turn may impact upon Flinders' operating costs and financing. Other factors that may adversely affect Flinders' activities in Australia include changes in government policies, natural disasters, industrial disputes, and social unrest or war on a local or global scale.

### 7.14 Human Resources Risk

Development of Flinders' projects is contingent on obtaining the requisite skilled labour across a number of specialised areas. There is a risk that the required skilled labour will not be available at the time of development or that in order to obtain the requisite skilled labour, higher than forecast compensation is required to be paid to employees, which affects the economic viability of the projects.

### ***RISKS RELEVANT TO ANY INVESTMENT DECISION IN RELATION TO YOUR FLINDERS SHARES, INCLUDING WHETHER OR NOT TO ACCEPT THE OFFER***

### 7.15 Compulsory acquisition

#### *Compulsory acquisition following takeover*

TIO has indicated in section 7.2 of its Bidder's Statement that if it satisfies the required thresholds it intends to compulsorily acquire any outstanding Flinders Shares.

TIO will be entitled to compulsorily acquire any Flinders Shares in respect of which it has not received an acceptance of its Offer on the same terms as the Offer if, during or at the end of the Offer Period TIO and its Associates have a Relevant Interest in at least 90% of the Flinders Shares.

If this threshold is met, TIO will have one month after the end of the Offer Period within which to give compulsory acquisition notices to Flinders Shareholders who have not accepted the Offer. Flinders Shareholders have statutory rights to challenge the compulsory acquisition, but a successful challenge will require the relevant Shareholder to establish to the satisfaction of a Court that the terms of the Offer do not represent "fair value" for their Flinders Shares.

If compulsory acquisition occurs, Flinders Shareholders who have their Flinders Shares compulsorily acquired will not be paid until after the compulsory acquisition notices are dispatched to them.

*Compulsory acquisition by 90% holder*

Alternatively, it is also possible that TIO will, at some time after the end of the Offer Period, become the beneficial holder of 90% of the Flinders Shares. TIO would then have rights to compulsorily acquire Flinders Shares not owned by it within six months of becoming the holder of 90%. An independent expert would need to consider and provide a report on the price to be paid by TIO to Flinders Shareholders under this procedure.

## **7.16 Partial Control**

If TIO acquires more than 50.1% but less than 90% of Flinders Shares then TIO will acquire a majority shareholding in Flinders but will not be entitled to acquire the outstanding Flinders Shares compulsorily. In this situation, Flinders Shareholders who have not accepted the Offer will become minority shareholders. This has a number of possible implications, including:

- (a) TIO will be able to control the composition of the Flinders Board and senior management and control the strategic direction of the business of Flinders;
- (b) the price of Flinders Shares may fall immediately following the end of the Offer Period;
- (c) the liquidity of Flinders Shares may be lower than at present; there may be limited institutional support for Flinders Shares;
- (d) TIO has stated in the Bidder's Statement that even if it is not entitled to acquire any outstanding Flinders Shares compulsorily upon expiry of the Offer, if it subsequently becomes entitled to do so under the general compulsory acquisition rights conferred by the Corporations Act it intends to exercise those rights (see paragraph 7.3(c)(4) of the Bidder's Statement for more information); and
- (e) TIO has stated in the Bidder's Statement that if it is not entitled to acquire any outstanding Flinders Shares compulsorily upon expiry of the Offer it intends to:
  - (i) appoint two nominee directors to the Board;
  - (ii) request the Flinders Board to undertake reviews in relation to general Flinders' business (see section 7.3(d) of the Bidder's Statement for more information), the PIOP (see section 7.3(e) of the Bidder's Statement for more information) and other projects (see section 7.3(f) of the Bidder's Statement for more information);
  - (iii) if the Flinders Board does not undertake the proposed reviews identified in the preceding paragraph to the satisfaction of TIO, TIO will seek to replace at least a majority of the Flinders Board with new directors (see section 7.3(c)(3) of the Bidder's Statement for more information); and
  - (iv) possibly seek to remove Flinders' listing on the ASX (see section 7.3(c)(4) of the Bidder's Statement for more information);



information). This could result in a reduction in your ability to realise your investment in Flinders in the future.

- (f) If TIO acquires more than 75% but less than 90% of the Flinders Shares all of the minority ownership consequences outlined above will apply. In addition, it will be able to pass a special resolution of Flinders. This would enable TIO to, among other things, change Flinders' constitution (although any such change would have to be consistent with the ASX Listing Rules for so long as Flinders remained listed on the ASX).

#### **7.17 A Superior Proposal may not arise**

The Flinders Directors are not presently aware of any Superior Proposal. There is no guarantee that an alternative offer for Flinders Shares will be made, or that any alternative offer will be a Superior Proposal to the Offer.

#### **7.18 The TIO Offer provides the opportunity to realise your investment which may not otherwise be available**

Accepting the TIO Offer reduces the risks associated with continuing to hold Flinders Shares including risks associated with Flinders' business as well as general industry and market risks.

#### **7.19 Tax Consequences of accepting the Offer**

The tax consequences of accepting the Offer depend on a number of factors and will vary depending on your particular circumstances. A general outline of the Australian tax considerations of accepting the Offer are set out in section 8 of the Bidder's Statement.

## **8. INFORMATION RELATING TO FLINDERS DIRECTORS**

### **8.1 The Directors intend to REJECT the TIO OFFER**

Each of the Directors intends to **REJECT** the TIO Offer in respect of the Flinders Shares held by them or which they control.

## 8.2 Flinders Marketable Securities

The number and description of Flinders' Marketable Securities held by or on behalf of each Flinders Director as at the date of this Target's Statement are:

DIRECTOR	FLINDERS SHARES	FLINDERS OPTIONS	FLINDERS RIGHTS
R M Kennedy	44,000,000	Nil	Nil
I Gordon	3,033,334	Nil	10,000,000
K J Malaxos	3,200,000	Nil	Nil
E J Vickery	7,000,000	Nil	Nil
N J Smart (Alt)	838,095	Nil	Nil

## 8.3 Recent Dealings in Flinders Shares

None of the Directors or their Associates has acquired or disposed of any Flinders Shares in the 4 month period ended on the day immediately before the date of this Target's Statement.

## 8.4 Interest of the Directors in Todd Group Marketable Securities

As at the day immediately before the date of this Target's Statement, none of the Directors has any direct or indirect interest in Todd Group Marketable Securities.

## 8.5 Dealings in Todd Group Marketable Securities

None of the Directors or their Associates has acquired or disposed of a Relevant Interest in any Todd Group Marketable Securities in the 4 month period ended on the day immediately before the date of this Target's Statement.

## 8.6 Flinders' Relevant Interest in Todd Group Marketable Securities

As at the day immediately before the date of this Target's Statement, Flinders had no Relevant Interest in Todd Group Marketable Securities.

## 8.7 Benefits and Agreements

As a result of the Offer, no person (other than in their capacity as a holder of Flinders Rights) has been or will be given any benefit (other than a benefit which can be given without shareholder approval under the Corporations Act) in connection with the retirement of that person or someone else from a board or managerial office of Flinders or a Related Body Corporate of Flinders.

There are no agreements made between any Director and any other person (including TIO) in connection with, or conditional upon, the outcome of the Offer, other than in their capacity as a holder of Flinders Shares or Flinders Rights.

No Flinders Director has any interest in a contract entered into by a member of the Todd Group, other than in their capacity as a holder of Flinders Shares or Flinders Rights.

None of the Flinders Directors have agreed to receive, or is entitled to receive, any benefit from TIO which is conditional on, or is related to, the Offer, other than in their capacity as a holder of Flinders Shares or Flinders Rights.

## **9. ADDITIONAL INFORMATION**

### **9.1 Effect of the Offer on Flinders Rights**

#### Performance Rights

- (a) As set out in the Bidder's Statement, TIO is not offering to acquire any Flinders Performance Rights under the Offer and will not make any separate offers to acquire any Flinders Performance Rights. However, the Offer extends to all Flinders Shares that are issued between the Register Date and the end of the Offer Period as a result of the vesting of the Flinders Performance Rights. As a result, the holders of Flinders Performance Rights whose Flinders Rights vest prior to the end of the Offer Period will be able to accept the Offer in respect of the Flinders Shares issued during the Offer Period as a result of such vesting.
- (b) As at the date of this Target's Statement, the Company has 10,000,000 Flinders Performance Rights on issue, held by Flinders Managing Director, Mr Ian Gordon. Mr Gordon will be issued with one Flinders Share for each Flinders Performance Right that vests, provided that Flinders Performance Rights valued at \$1,000 (based on the share price at the close of the last day of trading before the vesting date), rather than converting to Flinders Shares, will convert to \$1,000 in cash and be paid in cash by the Company on the vesting date.
- (c) All unvested Flinders Shares issued under the terms of the Flinders Performance Rights will vest if (provided Mr Gordon is still employed by the Company at the relevant time) TIO acquires control of Flinders. Control in these circumstances refers to TIO:
  - (i) acquiring or holding directly or indirectly a Relevant Interest in securities conferring 50% or more of the voting or economic interests in the Company;
  - (ii) acquiring or holding directly or indirectly the power to control the appointment or dismissal of the majority of the Flinders Directors; or
  - (iii) having the capacity to control the financial operating policies or management of the Company.
- (d) Therefore any holders of unvested Shares issued pursuant to the terms of the Flinders Performance Rights may participate in the Offer in the same manner as other Flinders Shareholders only after TIO acquires control of Flinders (with control having the meaning set out in this section).

- (e) If the Flinders Performance Rights have not vested on or before 30 June 2016 (or such later date as agreed in writing by the Company and Mr Gordon) they will automatically lapse on that date and Mr Gordon will not have any claim to be compensated.
- (f) Further information relating to the Flinders Performance Rights can be obtained from the Flinders Notice of Annual General Meeting dated 19 September 2014.

#### Incentive Rights

- (a) As set out in the Bidder's Statement, TIO is not offering to acquire any Flinders Incentive Rights under the Offer and will not make any separate offers to acquire any Flinders Incentive Rights. However, the Offer extends to all Flinders Shares that are issued between the Register Date and the end of the Offer Period as a result of the vesting of the Flinders Incentive Rights. As a result, the holders of Flinders Incentive Rights whose Flinders Rights vest prior to the end of the Offer Period will be able to accept the Offer in respect of the Flinders Shares issued during the Offer Period as a result of such vesting.
- (b) As at the date of this Target's Statement, the Company has 5,863,000 Flinders Incentive Rights on issue. On 29 February 2016, 2,933,000 of those Flinders Incentive Rights vested and the appropriate number of Flinders Shares is to be issued before the end of the Offer Period.

## 9.2 Expert's Report

- (a) Purpose for which the Expert's Report was prepared

#### *Introduction*

The approval of Flinders Shareholders was required in order for the Option Grant Transaction to proceed. Flinders commissioned the Expert's Report on the Option Grant Transaction in accordance with the regulatory approval requirements under the ASX Listing Rules.

#### *Overview*

Subject to certain exceptions, ASX Listing Rule 10.1 requires the approval of shareholders for transactions involving the acquisition or disposal of substantial "assets" which take place between entities, where there exists between those entities certain defined relationships or a relationship that, in the opinion of ASX, requires a transaction to be approved by shareholders.

A substantial "asset" for the purposes of ASX Listing Rule 10.1 is one where the consideration paid for it or its value (or its value in the opinion of the ASX) exceeds 5% or more of the equity interests as set out in the latest accounts of the company given to the ASX under the ASX Listing Rules.

For the purposes of ASX Listing Rule 10.1, the Option Grant Transaction was subject to shareholder approval because:

- (i) the interest in the PIOP being acquired by the Todd Group was at the relevant time a substantial "asset"; and

- (ii) the transacting parties, by virtue of a Subsidiary of the Todd Group being a substantial shareholder in Flinders, were at the relevant time in a relationship of the type that would cause ASX to apply ASX Listing Rule 10.1 to the Option Grant Transaction.

When a company is required to seek approval under ASX Listing Rule 10.1, ASX Listing Rule 10.10 requires that the notice of meeting be accompanied by a report on the transaction by an independent expert stating whether the transaction is fair and reasonable to the company's ordinary security holders. Pursuant to ASX Listing Rule 10.10, Flinders commissioned the Expert's Report on the Option Grant Transaction, prepared by an independent expert for that purpose.

- (b) Why is information in respect of the Expert's Report useful to a shareholder's decision whether the Offer should be accepted or rejected?

Your Flinders Directors refer to the Expert's Report in this Target's Statement because in their view:

- it provides valuable, relatively recent, information on the estimated value of the PIOP; and
  - it contains relevant information that Flinders Shareholders and their professional advisers would reasonably require to make an informed assessment whether to accept or **REJECT** the Offer.
- (c) Summary of Expert's Report conclusions regarding the valuation of the PIOP

The Expert concluded that the Option Grant Transaction was fair and reasonable.

The view that the Option Grant Transaction was fair was based on a comparison of the fair market value of the PIOP with the fair market value of the consideration under the Option and Sale Agreement, as required by ASIC Regulatory Guide 111. The Option Grant Transaction is fair if the value of the financial benefit being offered by TIO under the Option and Sale Agreement, being the consideration, is equal to or greater than the value of PIOP.

The Expert estimated that the fair market value of the PIOP was between \$40.0 million and \$50.0 million whilst the fair market value of consideration under the Option Grant Transaction was between \$65.0 million and \$95.0 million (see Table 1 of the Expert's Report).

In assessing the value of the PIOP the Expert applied a market based approach. This approach involves assessing a value for the PIOP based on comparable resource multiples (on an AUD per tonne of contained iron basis) observed in recent trading in comparable companies, and resource multiples achieved in recent comparable transactions. The Expert also placed a value on the exploration potential of the PIOP.

The Expert selected a resource multiple of \$0.07 to \$0.09 per tonne of contained iron to apply to the resources of the PIOP, and placed a value of \$336,800 on the exploration potential of the project. This derived a valuation range of \$40.0 million to \$50.0 million for the PIOP. The Expert cross

checked their valuation using discounted cash flow and historical cost methodologies, as well as analysis of Flinders' recent share trading.

The Expert considered that the value of the consideration to be received by Flinders under the Option Grant Transaction was uncertain because a number of the components of the consideration depended on the outcome of future decisions that were under TIO's control. The Expert stated that they therefore valued the consideration using a Monte Carlo simulation, which is a valuation method used to value option arrangements where the future price path is complex and uncertain.

The Expert noted that the result is a mean value that captures the probability of different outcomes occurring under the Option and Sale Agreement. This value was estimated between \$65.0 million and \$95.0 million.

In terms of the exploration potential, due to the early stage exploration nature of the exploration potential, the Expert engaged AMC Consultants Pty Limited (**AMC**) to value the exploration potential. AMC valued the exploration potential having regard to acreage multiples (on an AUD per km basis) achieved in transactions involving early stage iron ore tenements.

To provide additional evidence of the value of PIOP and its exploration potential, the Expert had regard to the following:

- a high level discounted cash flow method, to support their view that the project is currently uneconomic and the selection of the market based approach as the primary valuation method;
- recent trading in the shares of Flinders, as the PIOP is Flinders' primary and only significant asset;
- the historical exploration and development costs incurred to date on defining resources of the project.

(d) Possible limitations in respect of the Expert's Report

Limitations, qualifications and assumptions relevant to the evaluation undertaken by the Expert are detailed in the Expert's Report.<sup>4</sup>

In particular, the Expert noted certain limitations in respect of the comparable resources multiple approach because the PIOP tenements and those held by the companies the subject of the comparable transactions:

- were not necessarily at the same stage of development;
- did not necessarily have the same potential production yields and capital expenditure profiles;
- did not necessarily have the same potential upside in undiscovered resources; and
- did not necessarily have the same access to infrastructure.

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<sup>4</sup> Refer in particular to Appendix A: Context of the Report, page 35.

Despite these limitations the Expert considered there were limited alternative methods available to estimate the value of the PIOP. It identified that the market based approach is a commonly used valuation approach for mining projects which are not sufficiently advanced to value using the discounted cash flow method.

The limitations noted in this Target's Statement should not be considered comprehensive. For further details please refer to the Expert's Report available at:

<http://www.asx.com.au/asxpdf/20150821/pdf/430prt3cv91mk7.pdf>.

In addition to the limitations noted above which are particular to the evaluation undertaken by the Expert, the Expert's Report, while recently prepared, is dated 24 July 2015. It has not been updated, and further, as noted in section 9.2(a) of this Target's Statement, the purpose for which the Expert's Report was prepared was in connection with the Option Grant Transaction, not the Takeover Bid.

### 9.3 Consents

The following parties have given and have not, before the date of this Target's Statement, withdrawn their consent to be named in this Target's Statement in the form and context in which they are named:

Name of Person	Capacity	Statements
DMAW Lawyers Pty Ltd	Legal adviser to Flinders	N/A
Adelaide Equity Partners	Financial adviser to Flinders	N/A
Computershare	Flinders Share Register	N/A
Directors	Directors of Flinders	Statements made by, or statements based on statements made by, the Directors

Each of the persons named above:

- does not make, or purport to make, any statement in this Target's Statement or any statement on which this Target's Statement is based, other than as specified in this section and as consented to by that person;
- to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding, and takes no responsibility for, any part of this Target's Statement, other than a reference to its name and the statement (if any) included in this Target's Statement with the consent of that party as specified in this section; and

- other than the Directors, has not authorised or caused the issue of this Target's Statement;

As permitted by ASIC Class Order 13/521, this Target's Statement contains statements which are made, or based on statements made, in documents lodged with ASIC or ASX (for example by TIO). Under ASIC Class Order 13/521, the consent of those persons is not required where this Target's Statement fairly represents the statement or includes, or is accompanied by, a correct and fair copy of the document or the part of the document that contains the statement. Where this Target's Statement is not accompanied by a copy of the document or part of the document that contains the statement this Target's Statement identifies the document or the part of the document that contains the statement. Upon receipt of a request during the bid period, Flinders will provide (within 2 business days of the request) a copy of the document (or part) free of charge to any Flinders Shareholder. Such request can be made by contacting Flinders by email at [info@flindersmines.com](mailto:info@flindersmines.com), or by telephone on + 61 8 8132 7950.

In addition, as permitted by ASIC Class Order 16/72, this Target's Statement may include or be accompanied by certain statements that:

- (a) fairly represents what purports to be a statement made by an official person; or
- (b) is a correct and fair copy of, or extract from, what purports to be a public official document; or
- (c) is a correct and fair copy of, or extract from, a statement which has already been published in a book, journal or comparable publication

provided the statement was not made, or published, in connection with the Takeover Bid or the bidder or target or any business, property or person the subject of the Bidder's Statement or the Target's Statement.

#### **9.4 Litigation**

Flinders is not involved in any material litigation.

Flinders is currently engaged in proceedings in the Warden's Court of Western Australia in respect to objections lodged against an application made by Flinders for the grant of Miscellaneous Licence 47/731 (the Licence Application). The Licence Application concerns a proposed haul road. Flinders is also currently engaged in negotiations to resolve the objections. Flinders is not a party to any other current or proposed litigation.

#### **9.5 Continuous Disclosure**

Flinders is a 'disclosing entity' under the Corporations Act and is subject to the regime of continuous disclosure and periodic reporting requirements. Specifically, as a listed company, Flinders is subject to the ASX Listing Rules which require continuous disclosure to the market of any information possessed by Flinders which a reasonable person would expect to have a material effect on the price or value of its shares.



All announcements made by Flinders are publicly available and can be viewed on the ASX website (asx.com.au) or on Flinders' website (flindersmines.com).

#### 9.6 No Other Material Information

This Target's Statement is required to include all the information that Flinders Shareholders, and their professional advisers, would reasonably require to make an informed assessment as to whether to accept the Offer, but only:

- (a) to the extent to which it is reasonable for Flinders Shareholders and their professional advisers to expect to find this information in this Target's Statement; and
- (b) if the information is known to any Flinders Director.

The Flinders Directors are of the opinion that the information that Flinders Shareholders and their professional advisers would reasonably require to make an informed assessment as to whether to accept the Offer is the information contained in:

- the Bidder's Statement;
- statements made by Flinders to Flinders Shareholders prior to the date of this Target's Statement (which are available on its website [www.flindersmines.com](http://www.flindersmines.com)); and
- this Target's Statement.

The Flinders Directors have assumed, for the purposes of preparing this Target's Statement, that the information in the Bidder's Statement is accurate (unless they have expressly indicated otherwise in this Target's Statement). In deciding what information should be included in this Target's Statement, the Flinders Directors have had regard to:

- (a) the nature of the Flinders Shares;
- (b) matters that Flinders Shareholders may reasonably be expected to know;
- (c) the fact that certain matters may reasonably be expected to be known to Flinders Shareholders' professional advisers; and
- (d) the time available to Flinders to prepare this Target's Statement.

#### 9.7 No Unacceptable Circumstances

The Flinders Directors believe that the Target's Statement does not involve any circumstances in relation to the affairs of any Flinders Shareholder that could reasonably be characterised as constituting 'unacceptable circumstances' for the purposes of s 657A of the Corporations Act.

**9.8 Date of Target's Statement**

This Target's Statement is dated 15 April 2016, which is the date on which it was lodged with ASIC.

## 10. GLOSSARY AND INTERPREATION

### 10.1 Glossary

<b>A\$ and \$</b>	means Australian dollars, unless otherwise stated.
<b>Acceptance Form</b>	means the acceptance form enclosed with the Bidder's Statement.
<b>Adelaide time</b>	means the time in Adelaide, South Australia.
<b>Alliance Agreement</b>	means the Alliance Agreement between Flinders, Forge Resources Swan Pty Ltd (ACN 149 783 069), Balla Two (Mining) Pty Ltd (ACN 157 889 346) and Rutila Resources Limited (ACN 139 886 187) dated 26 February 2014.
<b>Announcement Date</b>	means 17 March 2016.
<b>ASIC</b>	means the Australian Securities and Investments Commission.
<b>Associate</b>	has the meaning set out in section 12 and 16 of the Corporations Act.
<b>ASX</b>	means ASX Limited or the Australian Securities Exchange operated by it (as the context requires).
<b>ASX Listing Rules</b>	means the Listing Rules of ASX.
<b>Australian Dollar</b>	means the basic unit of money in Australia.
<b>BBI</b>	BBI Group Pty Ltd (ACN 139 886 187), formerly Rutila Resources Limited, a Subsidiary of TIO.
<b>BBI Group</b>	BBI and its subsidiaries.
<b>Balla Balla Infrastructure Project</b>	has the meaning given to that term in the Bidder's Statement.
<b>Bidder's Statement</b>	means the statement dated 17 March 2016 whereby TIO offered to acquire all of the ordinary shares in Flinders which it does not already own.
<b>Board</b>	means the current board of directors of Flinders.
<b>Business Day</b>	has the meaning given in the ASX Listing Rules.
<b>Canegrass Project</b>	means the tenement package held by Flinders 60km south-east of Mt Magnet in the Mid-West Iron Ore Province of Western Australia.

<b>Capital Gains Tax</b>	means the tax applied to profits made on the disposal of a capital asset that was acquired after 20 September 1985 as defined in the <i>Income Tax Assessment Act 1997</i> (Cth).
<b>CFR</b>	means that the seller delivers the goods on board the vessel or procures the goods already so delivered. The risk of loss of or damage to the goods passes when the goods are on board the vessel. The seller must contract for and pay the costs and freight necessary to bring the goods to the named port of destination.
<b>CHESS</b>	means ASX's Clearing House Electronic Sub-Register System which is ASX's settlement system and central register for electronic transfer of share ownership and associated cash payments.
<b>CID</b>	means Channel Iron Ore Deposit.
<b>Company</b>	means Flinders Mines Limited (ABN 46 091 118 044).
<b>Competing Proposal</b>	<p>means any proposal, agreement, arrangement or transaction, which, if entered into or completed, would mean a third party (either alone or together with any Associate) may:</p> <ul style="list-style-type: none"> <li>• acquire control (within the meaning of section 50AA of the Corporations Act) of Flinders or any Subsidiary of Flinders;</li> <li>• directly or indirectly acquire or become the holder of, or otherwise acquire or have a right to acquire, a legal, beneficial or economic interest in, or control of, PIOP, or a material part of Flinders' business or the business or assets of Flinders; or</li> <li>• otherwise directly or indirectly acquire or merge with Flinders or a Subsidiary of Flinders;</li> </ul> <p>whether by way of takeover bid, scheme of arrangement, shareholder approved acquisition, capital reduction, buy-back, sale or purchase of shares, other securities or assets, assignment of assets and liabilities, incorporated or unincorporated joint venture, dual-listed company (or other synthetic merger), or other transaction or arrangement.</p>
<b>Control</b>	has the meaning given to that term in the Corporations Act.
<b>Controlled Entity</b>	means in respect of an entity, another entity controlled by it for the purposes of section 50AA of the Corporations Act.

<b>Controlling Participant</b>	has the meaning given to that term in the Bidder's Statement.
<b>Corporations Act</b>	means the <i>Corporations Act 2001</i> (Cth).
<b>Corporations Regulations</b>	means the <i>Corporations Regulations 2001</i> (Cth).
<b>Court</b>	means the Federal Court of Australia or any other court of competent jurisdiction under the Corporations Act agreed in writing by Flinders and TIO.
<b>DID</b>	means Detrital Iron Deposit.
<b>Directors</b>	means the current directors of Flinders.
<b>Expert</b>	means Deloitte Corporate Finance Pty Limited.
<b>Expert's Report</b>	means the report prepared by Deloitte Corporate Finance Pty Limited and the accompanying report prepared by AMC Consultants Pty Limited both dated 24 July 2015.
<b>Flinders</b>	means the Company.
<b>Flinders Director</b>	means a director of Flinders at the date of this Target's Statement.
<b>Flinders Incentive Rights</b>	means incentive rights issued by Flinders to acquire Flinders Shares, the terms of which are summarised in section 9.1 of this Target's Statement.
<b>Flinders Option</b>	means an option to acquire Flinders Shares issued by Flinders.
<b>Flinders Performance Rights</b>	means performance rights issued by Flinders to acquire Flinders Shares, as referred to in section 9.1 of this Target's Statement.
<b>Flinders Rights</b>	means Flinders Incentive Rights and Flinders Performance Rights.
<b>Flinders Share</b>	means a fully paid ordinary share in the capital of Flinders.
<b>Flinders Shareholder</b>	means each person registered in the Flinders Share Register as the holder of Flinders Shares.
<b>Flinders Share Register</b>	means the register of the members of Flinders maintained by the Share Registry in accordance with the Corporations Act.

<b>Indicated Mineral Resource</b>	that part of a Mineral Resource for which quantity, grade (or quality), densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of Modifying Factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit.
<b>Inferred Mineral Resource</b>	that part of a Mineral Resource for which quantity and grade (or quality) are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade (or quality) continuity.
<b>Issuer Sponsored Holding</b>	means a holding of shares on Flinders' issuer sponsored subregister.
<b>JORC Code</b>	means the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.
<b>Marketable Securities</b>	has the meaning set out in section 9 of the Corporations Act.
<b>Measured Mineral Resource</b>	that part of a Mineral Resource for which quantity, grade (or quality), densities, shape and physical characteristics are estimated with confidence sufficient to allow the application of Modifying Factors to support detailed mine planning and final evaluation of the economic viability of the deposit.
<b>Mineral Resource</b>	means a concentration or occurrence of material of intrinsic economic interest in or on the Earth's crust in such form, quality and quantity that there are reasonable prospects for eventual economic extraction (according to the JORC Code).
<b>Modifying Factors</b>	Considerations used to convert Mineral Resources to Ore Reserves. These include, but are not restricted to, mining, processing, metallurgical, infrastructure, economic, marketing, legal, environment, social and government factors.
<b>Mt</b>	means million tonnes.
<b>Native Title Act</b>	means <i>Native Title Act 1993</i> (Cth).
<b>Offer</b>	means the off-market cash takeover bid made by TIO for all the Flinders Shares under the terms and conditions contained in the Bidder's Statement.
<b>Offer Period</b>	means the period that the Offer is open for acceptance in accordance with section 10.2 of the Bidder's Statement and the Corporations Act.

<b>Offer Price</b>	means \$0.013 (one and three tenths of a cent) cash per share.
<b>Officer</b>	has the meaning ascribed to the term in section 9 of the Corporations Act.
<b>Option</b>	means the option granted under the Option and Sale Agreement, comprising the sole and exclusive right and option during the option period for the Todd Group to purchase free from encumbrances all of Flinders' rights, title and interest in and to the PIOP.
<b>Option and Sale Agreement</b>	has the meaning set out in section 4.2.1(d) of this Target's Statement.
<b>Option Grant Transaction</b>	means the transaction pursuant to which an option over PIOP was granted to TIO.
<b>Ore Reserve</b>	The economically mineable part of a Measured and/or Indicated Mineral Resource.
<b>PIOP</b>	means the Pilbara Iron Ore Project in respect of which an iron ore mine is proposed under the <i>Mining Act 1978 (WA)</i> in the Pilbara region of Western Australia comprising predominantly M47/1451 and E47/1560.
<b>Relevant Share</b>	has the meaning given to that term in section 10.1 of the Bidder's Statement.
<b>Register Date</b>	26 March 2016.
<b>Related Body Corporate</b>	has the meaning set out in section 50 of the Corporations Act.
<b>Relevant Interest</b>	has the meaning given to that term in section 608 and 609 of the Corporations Act.
<b>Share Registry</b>	means the share registry which maintains the Flinders Share Register on behalf of Flinders.
<b>Subsidiary</b>	has the meaning given in Division 6 of Part 1.2 of the Corporations Act.
<b>Substantial Holding</b>	has the meaning given in section 9 of the Corporations Act.

<b>Superior Proposal</b>	<p>means a bona fide Competing Proposal which the Board, acting in good faith determines:</p> <ul style="list-style-type: none"> <li>• is reasonably capable of being valued and completed in a timely fashion taking into account all aspects of the Competing Proposal including any timing considerations, any conditions precedent and the identity of the proponent; and</li> <li>• would, if completed substantially in accordance with its terms, be more favourable to the Flinders Shareholders (as a whole) than the Takeover Bid, taking into account all terms and conditions of the Competing Proposal.</li> </ul>
<b>Sydney time</b>	means the time in Sydney, New South Wales.
<b>Takeover Bid</b>	means the off-market takeover bid constituted by the despatch of the Bidder's Statement in accordance with the Corporations Act.
<b>Target's Statement</b>	means this document (including annexures) being the statement of Flinders under Part 6.5 Division 3 of the Corporations Act.
<b>TIO</b>	means TIO (NZ) Limited (New Zealand Company No 3744171) of Level 15, The Todd Building, 95 Customhouse Quay, Wellington 6011, New Zealand.
<b>Todd Corporation</b>	means the Todd Corporation Limited (New Zealand Company No 3491) of Level 15, The Todd Building, 95 Customhouse Quay, Wellington 6011, New Zealand.
<b>Todd Group</b>	means Todd Corporation and its related bodies corporate (which, for the avoidance of doubt, includes the BBI Group).
<b>United States Dollar</b>	Means the basic unit of money in the United States of America.
<b>US\$</b>	means United States Dollars.
<b>VWAP</b>	means the volume weighted average price calculated by taking the total value of Shares traded over the period divided by the total volume of Shares traded over the period.



## 10.2 Interpretation

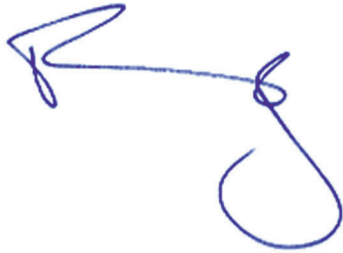
In this Target's Statement:

- (a) an expression, words and phrases defined in the Corporations Act have the meaning given by that Act at the date of this Target's Statement;
- (b) the meaning of general words or provisions shall not be limited by references to specific matters that follow them (for example, introduced words such as "including" or "in particular") or precede them or are included elsewhere in this agreement;
- (c) words of any gender include all genders;
- (d) words importing the singular include the plural and vice versa;
- (e) an expression importing a person includes any company, partnership, joint venture, association, corporation or other body corporate and vice versa;
- (f) a reference to a section, clause, attachment and schedule is a reference to a section of, clause of and an attachment and schedule to this Target's Statement as relevant;
- (g) a reference to any legislation includes all delegated legislation made under it and amendments, consolidations, replacements or re-enactments of any of them;
- (h) headings and bold type are for convenience only and do not affect the interpretation of this Target's Statement;
- (i) a reference to time is a reference to the time in Adelaide, Australia, unless otherwise stated;
- (j) a reference to dollars, \$, A\$, AUD, cents, ¢ and currency is a reference to the lawful currency of the Commonwealth of Australia; and
- (k) a reference to US\$ and USD is to the lawful currency of the United States of America.

## 11. AUTHORISATION

This Target's Statement has been approved by a resolution passed by the Flinders Directors. Each Flinders Director has voted in favour of that resolution.

Signed for and on behalf of Flinders Mines Limited.

A handwritten signature in blue ink, consisting of a stylized 'R' followed by a horizontal line and a large loop.

Robert Kennedy  
Independent, non-executive Chairman

15 April 2016

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