

9 May 2016



TIO ANNOUNCES IMPROVED TAKEOVER OFFER – FLINDERS BOARD RECOMMENDS SHAREHOLDERS ACCEPT

Highlights

- TIO announces improved all-cash unconditional takeover offer of \$0.025 (2 and a half cents) cash per Flinders Share (**Improved Offer Price**).
- **The Flinders Board unanimously recommends that Flinders Shareholders ACCEPT the improved offer, in the absence of a Superior Proposal.**
- The Improved Offer Price represents a significant premium of 213% to the closing price and the VWAPs of Flinders Shares before TIO announced its initial takeover offer on 17 March 2016.
- The Improved Offer Price is **best and final and will not be increased**, in the absence of an alternative proposal or competing proposal from a third party.
- The Improved Offer Price is also 92% higher than TIO's Initial Offer price and values Flinders at \$73.8 million.
- The Improved Offer Price provides compelling value, certainty and prompt payment for Flinders Shareholders.
- The improved offer will close at 7.00pm (Sydney time) on 6 June 2016 (unless extended or withdrawn).

TIO (NZ) Limited (**TIO**) (a wholly-owned subsidiary of The Todd Corporation Limited) announces that it has agreed to vary its takeover offer to increase the consideration offered from \$0.013 (**Initial Offer**) to \$0.025 per Flinders Share (**Improved Offer**).

TIO and Flinders Mines Limited (ASX:FMS) (**Flinders**) have also entered into a bid implementation agreement (**Implementation Agreement**), under which the directors of Flinders have agreed to unanimously recommend that Flinders Shareholders **ACCEPT** the Improved Offer, in the absence of a Superior Proposal.

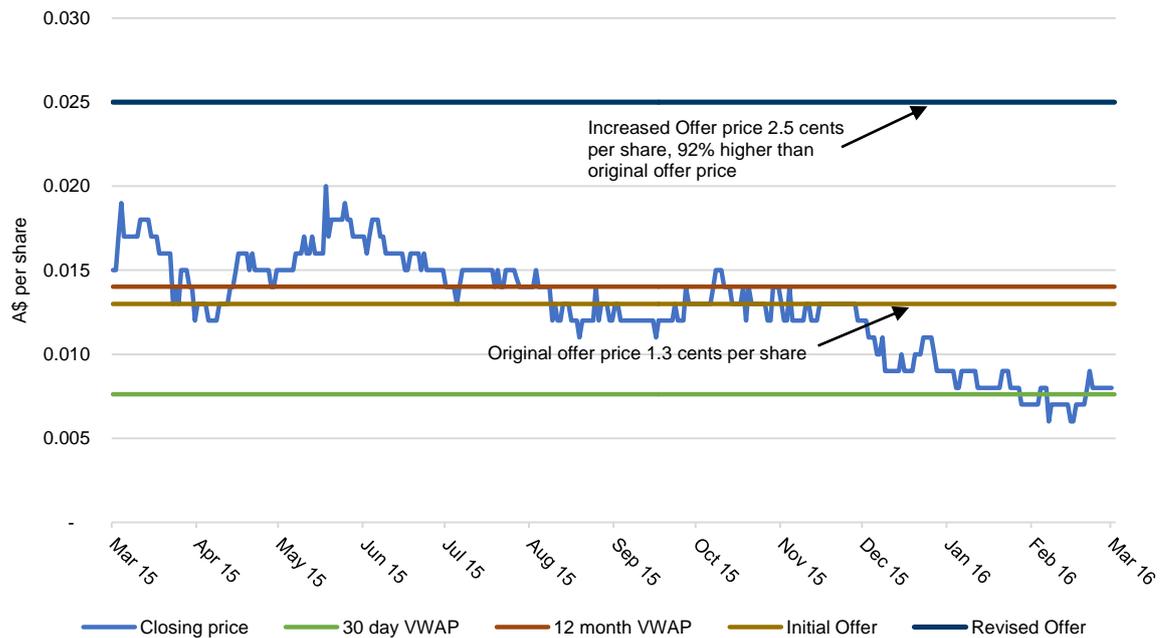
The Flinders Directors have also announced that they intend to accept, or procure the acceptance of, the Improved Offer in respect of any Flinders Shares that they own or control, in the absence of a Superior Proposal.

Key features of the Improved Offer

1. **The Improved Offer represents a significant premium of 213% to the closing price and VWAPs of Flinders Shares before the Initial Offer was announced**

The Improved Offer represents a premium of 213% to the 16 March 2016 closing price (being the last trading day before the Initial Offer was announced) of \$0.008 per Flinders Share.

As illustrated in the chart below, the Improved Offer Price also represents a significant premium to the VWAPs of Flinders before TIO announced the Initial Offer.



The Improved Offer represents a premium of:

- 233% to the 30 day VWAP to 16 March 2016¹ of \$0.0075 per Flinders Share;
- 225% to the 60 day VWAP to 16 March 2016 of \$0.0077 per Flinders Share; and
- 81% to the 12 month VWAP to 16 March 2016 of \$0.0138 per Flinders Share.

2. The Improved Offer Price is best and final

TIO confirms that the Improved Offer Price of \$0.025 per Flinders Shares is **best and final and will not be increased**, in the absence of an alternative proposal or competing proposal from a third party.

3. The Improved Offer is 92% higher than the Initial Offer

TIO has listened to feedback from Flinders Shareholders and the Flinders Board and has significantly improved its Initial Offer by 92%.

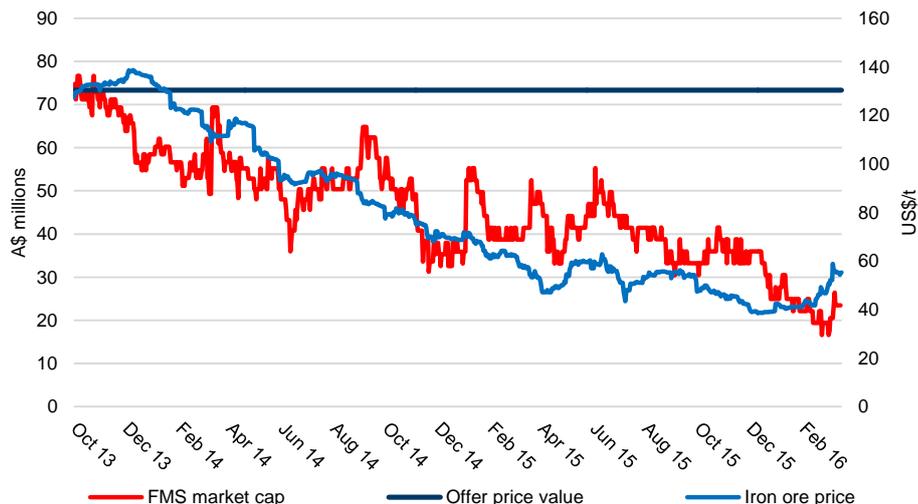
4. The Improved Offer values Flinders at approximately \$73.8 million²

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Further, the market capitalisation of Flinders has not exceeded the value implied by the Improved Offer Price (being \$73.8 million) since 23 October 2013 when iron ore was trading at approximately US\$133/t as illustrated in the chart below.

¹ VWAPs are calculated on the basis of trading data sourced from IRESS and are calculated over the specified number of calendar days.

² This amount is based on the total number of Flinders Shares and Flinders Rights on issue as at the date of this announcement (being 2,937,152,568 Flinders Shares and 12,930,000 Flinders Rights) multiplied by the Improved Offer Price of \$0.025 per Flinders Share.



5. Discussions with third parties have not resulted in an alternate proposal

TIO has been informed by Flinders that its discussions with third parties in relation to the development of PIOP have not resulted in any firm commitments or proposals. Flinders has also confirmed that the Flinders Board is of the opinion that the certainty of the TIO offer represents a more attractive proposition than the uncertain future outcomes associated with these incomplete discussions. The Flinders Board has agreed to cease any existing discussions and to not solicit competing proposals from third parties for Flinders and PIOP while TIO’s takeover bid remains open.

Details of these arrangements are contained in the Implementation Agreement – they will also be summarised in the supplementary bidder’s statement that TIO intends to publish and send to Flinders Shareholders (**Supplementary Bidder’s Statement**).

6. The Improved Offer provides certain value to Flinders Shareholders

The Improved Offer provides Flinders Shareholders with an attractive opportunity to realise certain value for their shares. Payment will be despatched to Flinders Shareholders who accept the Improved Offer within 7 Business Days after the date that their acceptance is received.

7. The Improved Offer avoids the need for Flinders Shareholders to participate in any future capital raisings and being exposed to future risks associated with Flinders, its projects and the iron ore market

The continued uncertainty and volatility in the iron ore market and a lack of an existing transportation infrastructure solution make development of PIOP by Flinders very challenging.

Flinders Shareholders who accept the Improved Offer in respect of all their Flinders Shares will avoid:

- the requirement to participate in any future equity raisings by Flinders to fund its ongoing activities or risk having their shareholding diluted if they do not participate;
- the uncertainty of timing, project development and operational risks associated with Flinders’ projects, in particular PIOP; and
- the inherent risks and uncertainties associated with holding shares in a listed entity such as Flinders.

8. The trading price of Flinders Shares may fall after TIO’s takeover bid closes

In the absence of TIO’s takeover bid, it is expected that Flinders Shares would trade below the price of the Improved Offer and could fall to or even below the level at which Flinders Shares traded before the Initial Offer was announced.

Furthermore, it could be more difficult for Flinders Shareholders to sell their Flinders Shares on-market at an attractive price in the future if the market for Flinders Shares is less liquid or active once the TIO takeover bid closes.

How to accept the Improved Offer

Section 10.3 of the Bidder's Statement and the accompanying acceptance form included detailed instructions on how to accept the offer. TIO will also send a replacement acceptance form to Flinders Shareholders with the Supplementary Bidder's Statement.

Additional payment if you have already accepted the Offer

Within seven days after the date of this announcement, Flinders Shareholders who have already accepted the Initial Offer, will automatically be sent a further \$0.012 (1.2 cents) per Flinders Share that they accepted.³

If you have only partially accepted the takeover offer, you may still accept in relation to your remaining Flinders Shares.

Further information

Under the Implementation Agreement, TIO has also agreed to extend the Offer Period so that the Improved Offer will close at 7.00pm (Sydney time) on 6 June 2016 (unless extended or withdrawn).

TIO has instructed its broker, Patersons Securities Limited, to purchase on its behalf all Flinders Shares offered for sale to it on market from open of trading today at up to the price of the Improved Offer of \$0.025 per Flinders Share. If Flinders Shareholders sell their Flinders Shares on market to TIO they will be paid two ASX trading days (T+2) after the date on which the relevant trade takes place.

TIO will separately release to ASX the Supplementary Bidder's Statement in relation to the Improved Offer. A copy of the Implementation Agreement will also be separately released to ASX. Unless the context otherwise requires, terms defined in the Implementation Agreement have the same meaning as in this announcement.

If Flinders Shareholders have any further questions about the Improved Offer, they can call the Offer Information Line on 1300 782 998 (toll-free within Australia) or + 61 3 9415 4197 (from outside Australia).

- Ends -

³ As noted in the Bidder's Statements, those Flinders Shareholders who sold their Flinders Shares on-market on the ASX to TIO before the increase in the Offer Price will not be entitled to receive the benefit of the increase in the Offer Price.