

17 March 2016

ASX Market Announcements Office
ASX Limited
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

FOR IMMEDIATE RELEASE TO THE MARKET

**UNCONDITIONAL OFF-MARKET TAKEOVER BID BY TIO (NZ) LIMITED FOR ALL OF THE
ORDINARY SHARES IN FLINDERS MINES LIMITED**

Please see the attached announcement relating to the unconditional off-market takeover bid by TIO (NZ) Limited (**TIO**), a wholly owned subsidiary of The Todd Corporation Limited, for all of the ordinary shares in Flinders Mines Limited ACN 091 118 044.

A copy of TIO's bidder's statement in relation to the takeover bid will be filed with ASX today.

Yours sincerely,



Mr Michael Wolley
Director
TIO (NZ) Limited

Unconditional off-market takeover bid by TIO for Flinders

TIO (NZ) Limited (**TIO**), a wholly-owned subsidiary of Todd Corporation, announces an unconditional all-cash off-market takeover bid (the **Offer**) to acquire all of the ordinary shares in Flinders Mines Limited (**Flinders**).

The Offer is for \$0.013 cash (one and three tenths of a cent) per Flinders share (the **Offer Price**) and payment will be despatched to Flinders shareholders within seven Business Days after the date their acceptance is received.

The Offer Price is more than two and a half times the price at which Flinders issued shares to OCJ Investment (Australia) Pty Ltd under the private placement announced on 2 March 2016.

In addition, the Offer Price represents a significant premium of:

- 63% to the closing price on the ASX on 16 March 2016 (being the last trading day prior to this announcement) of \$0.008 per Share;
- 71% to the 30 day VWAP of \$0.0076 per Share; and
- 66% to the 60 day VWAP of \$0.0078 per Share.

The Offer will remain open for one month, unless extended or withdrawn.

TIO has also instructed its broker, Patersons Securities Limited, to purchase on its behalf all Flinders Shares offered for sale to it on-market on the ASX from today until the end of the Offer at up to the Offer Price.

TIO is of the view that its all-cash Offer provides Flinders shareholders with an attractive opportunity to realise certain value for their Flinders Shares.

It is TIO's view that the recent uncertain and volatile iron ore market conditions and lack of an existing transportation infrastructure solution make development of PIOP by Flinders very challenging. Notwithstanding the recent private placement by Flinders, TIO is of the view that Flinders is likely to need to source additional funding in the near-to-medium term to fund its corporate overheads and maintain its projects in good standing even if no progress is made on the development of PIOP.

Further, even if Flinders can overcome the challenges of the uncertain and volatile iron ore market conditions and lack of access to transportation infrastructure, TIO expects that Flinders will require additional funding:

- to recommence and complete the existing bankable feasibility study (BFS) for the development of PIOP (which TIO understands is currently suspended) and/or examine other development options; and
- if a final investment decision was ever made, to take PIOP into production, in which case this funding requirement is likely to be very significant. For example, the independent expert's report for the PIOP Option transaction released by Flinders to the ASX on 21 August 2015 assumed an initial capital expenditure of A\$800 million for construction of a 25mtpa project.

By accepting the Offer in respect of all of their Flinders Shares, shareholders 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.

Further details of the Offer, including its terms, are set out in the bidder's statement, which will be filed with ASX immediately following this announcement, has been lodged with ASIC and will be given to Flinders today. The bidder's statement, setting out the terms of the Offer, will be despatched to Flinders shareholders in approximately two weeks' time.

TIO has appointed Herbert Smith Freehills as its Australian legal adviser.

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