



The Manager
Market Announcements Office
ASX Limited

9 May 2016

Dear Sir / Madam

**Takeover bid by TIO (NZ) Limited for Flinders Mines Limited
(ASX:FMS)
Supplementary Bidder's Statement**

We attach, by way of service pursuant to paragraph 647(3)(b) of the *Corporations Act 2001* (Cth) (**Corporations Act**), TIO (NZ) Limited's supplementary bidder's statement dated 9 May 2016, which includes a notice of variation:

- increasing the offer consideration in relation to the takeover bid; and
- extending the period during which the offer will remain open.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'M Wolley'.

Michael Wolley
Director



Supplementary Bidder's Statement

This document is a supplementary bidder's statement under section 643 of the *Corporations Act 2001* (Cth). It is the first supplementary bidder's statement (**Supplementary Bidder's Statement**) issued by TIO (NZ) Limited (New Zealand Company No. 3744171) (**TIO**) in relation to its unconditional off-market takeover bid for all the fully paid ordinary shares in Flinders Mines Limited ACN 091 118 044 (**Flinders**). This Supplementary Bidder's Statement supplements, and should be read together with, TIO's bidder's statement dated 17 March 2016 (**Original Bidder's Statement**).

Unless the context otherwise requires, terms defined in the Original Bidder's Statement have the same meaning as in this Supplementary Bidder's Statement. A copy of this Supplementary Bidder's Statement has been lodged with ASIC. Neither ASIC nor any of its officers take any responsibility for its contents.

ACCEPT

the increased recommended offer for your Flinders Shares

TIO has agreed to vary its Takeover Bid to increase the consideration offered to \$0.025 per Flinders Share (**Improved Offer**).

The Improved Offer price of \$0.025 per Flinders Share is **best and final and will not be increased**, in the absence of an alternative proposal or competing proposal from a third party.

The Flinders Board unanimously recommends that Flinders' Shareholders **ACCEPT** the Improved Offer, in the absence of a Superior Proposal.

If you have any questions about the Offer, please call the Offer Information Line on 1300 782 998 (toll-free within Australia) or + 61 3 9415 4197 (from outside Australia).

Australian legal adviser to TIO (NZ) Limited





9 May 2016

Dear Flinders' Shareholder

Increased recommended offer to acquire your Flinders Shares

As announced to ASX on 9 May 2016, TIO and Flinders have entered into a bid implementation agreement (**Implementation Agreement**), under which TIO has agreed to vary its Takeover Bid to increase the consideration offered to \$0.025 per Flinders Share.

The Improved Offer price of \$0.025 per Flinders Share is **best and final and will not be increased**, in the absence of an alternative proposal or competing proposal from a third party.

In response to this increase, the Flinders Board has unanimously recommended 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.

The purpose of this Supplementary Bidder's Statement is to provide you with an update on the Takeover Bid. It is divided into the following sections:

- Section 1 – copy of TIO's ASX announcement in relation to the Improved Offer; and
- Section 2 – Additional information.

If you have already accepted TIO's offer you do not need to take any further action as you are automatically entitled to receive the additional consideration of \$0.012 per Flinders Share that you have accepted.¹

If you have not accepted the Offer, you are encouraged to accept the Improved Offer without delay. To accept the Improved Offer, please follow the instructions on the accompanying Acceptance Form. Section 2.1 of this Supplementary Bidder's Statement sets out further information on how to accept the Improved Offer.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'M Wolley'.

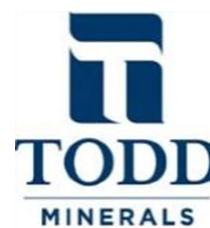
Michael Wolley
Director, TIO (NZ) Limited

¹ As noted in the Original 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.

1 Copy of TIO's ASX announcement in relation to the Improved Offer

[Attached]

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.

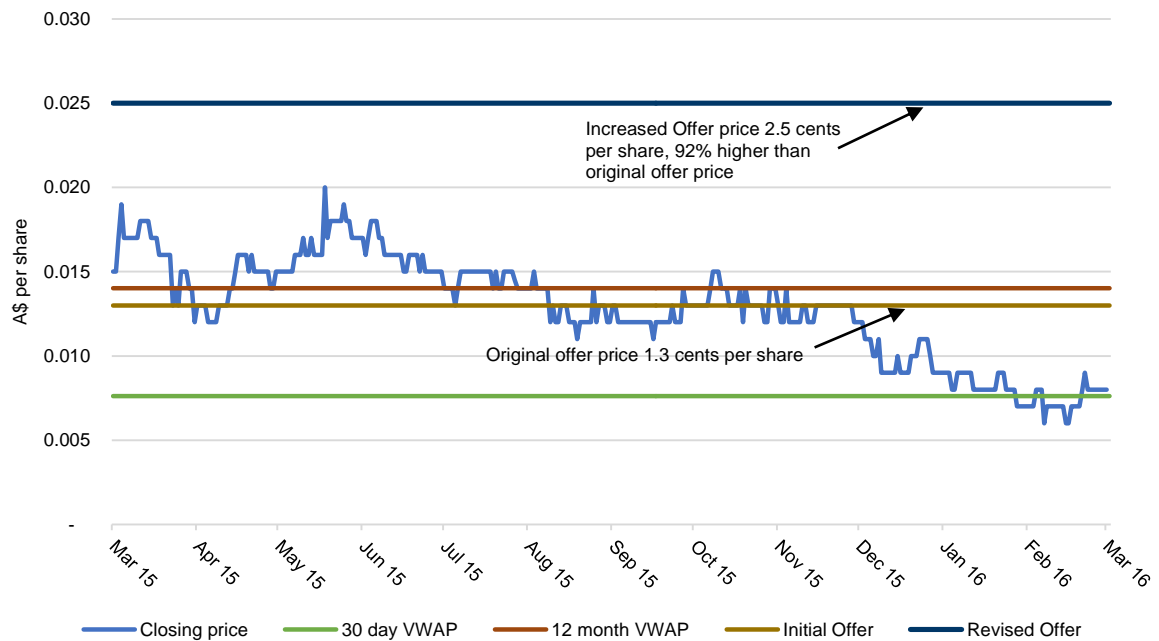
The Flinders Directors have also announced that they intend to accept, or procure the acceptance of, the Improved Offer in respect of any Flinders Shares that they own or control, in the absence of a Superior Proposal.

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%.

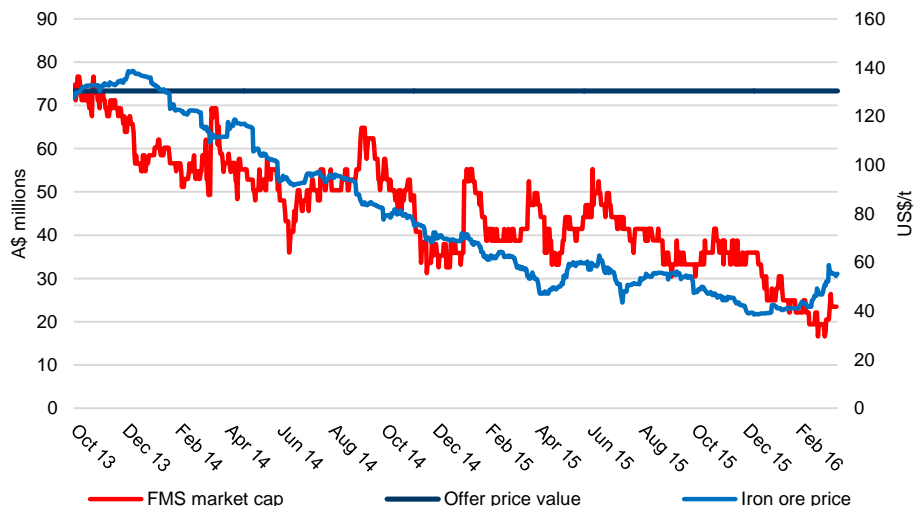
4. The Improved Offer values Flinders at approximately \$73.8 million²

The Improved Offer values Flinders at approximately \$73.8 million.

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.

2 Additional information

2.1 How to accept the Improved Offer

To accept the Improved Offer, please follow the instructions on the Acceptance Form enclosed with this Supplementary Bidder's Statement.

Section 10.3 of the Original Bidder's Statement also includes detailed instructions on how to accept TIO's offer.

2.2 Summary of Implementation Agreement

On 9 May 2016, TIO and Flinders entered into the Implementation Agreement. This Section 2.2 sets out a brief summary of the Implementation Agreement. A full copy of the Implementation Agreement is also available on the ASX website (www.asx.com.au).

Unless the context otherwise requires, capitalised terms in this Section 2.2 have the same meaning given to those terms in the Implementation Agreement.

(a) Variation of the Takeover Bid

TIO has agreed to vary the Takeover Bid by increasing the consideration to be offered for each Flinders Share to \$0.025 per Flinders Share and extend the Offer Period so that it will close at 7:00pm (Sydney time) on 6 June 2016 (unless extended or withdrawn).

The arrangements in relation to the variation of the Takeover Bid are set out in clause 2.1 of the Implementation Agreement.

(b) Recommendation to accept the Improved Offer

Subject to certain exceptions, Flinders must until the earlier of the end of the Offer Period and the date that is 6 months after the date of the Implementation Agreement:

- procure that the Flinders Board will support the Takeover Bid and participate in efforts reasonably required by TIO to promote the merits of the Takeover Bid;
- procure that the Flinders Board will unanimously recommend that Flinders Shareholders accept the Offer made to them and will not make any public statement or take any other public action which would suggest that the Takeover Bid is not unanimously recommended by the Flinders Directors;
- procure that the Flinders Directors (collectively and each Flinders Director individually) does not change, withdraw or modify its, his or her recommendation for Flinders Shareholders to accept the Offer;
- include in all public statements relating to the Takeover Bid, a statement to the effect that Flinders Directors unanimously recommend that Flinders Shareholders accept the Offer made to them in the absence of a Superior Proposal.

Flinders obligations regarding the Flinders Board's recommendation of the Takeover Bid are set out in clause 2.2 of the Implementation Agreement.

(c) Conduct of business

The Implementation Agreement sets out the obligations of Flinders from the date of the Implementation Agreement up to and including the end of the Exclusivity Period in relation to the conduct of its business.

Broadly, Flinders has agreed (among other things) to:

- procure that no Prescribed Occurrence (described below) occurs;
- conduct its business in the usual and ordinary course and on a basis consistent with past practice or as may be required in order to satisfy a specific requirement of a Government Agency;
- with the exception of EL 5763, endeavour to preserve and maintain the value of its business and assets, and its relationships with Government Agencies, customers, suppliers, employees and others with whom it has business dealings;
- not enter into any contract, arrangement or understanding for the sale or purchase of any product produced or extracted from the Mining Tenements;
- not enter into any line of business or other activity in which Flinders or its Subsidiaries are not engaged as at the date of the Implementation Agreement;
- not permit any of its insurances to lapse (unless immediately renewed) or do anything that would make any policy of insurance void or voidable; and
- not enter into any contract, agreement, undertaking, deed or legally enforceable agreement (whether in writing or not), the result of which will or could be expected to materially and adversely affect Flinders or Flinders' financial position (except where TIO has given its prior written consent).

In summary, a 'Prescribed Occurrence' includes the occurrence of any of the following without the prior written consent of TIO:

- Flinders converting all or any of its shares into a larger or smaller number of shares or a member of the Flinders Group resolving to reduce its share capital in any way;
- a member of the Flinders group entering into, or approving the terms of, a buy-back agreement;
- subject to certain exceptions, a member of the Flinders Group issuing shares, or granting an option over its shares, or agreeing to make such an issue or grant such an option (including through the issue or grant of Performance Rights or Incentive Rights);
- a member of the Flinders Group issuing or agreeing to issue securities convertible into shares;
- a member of the Flinders Group disposing, or agreeing to dispose, of the whole, or a substantial part, of its business or property (other than its interest in EL 5793 and other than trading inventories and consumables in the ordinary and usual course of business);
- a member of the Flinders Group entering, or agreeing to enter into, an agreement, arrangement or transaction (i) with a Third Party in relation to or in connection with PIOP or which permits or creates any Security Interest in respect of PIOP or (ii) to dispose, of (including by granting or offering or agreeing to grant), any right, title or interest in PIOP or entering into, or agreeing to enter into, a development, access, transport or offtake agreement or arrangement (or similar agreement or arrangement) in relation to or in connection with PIOP, other than a Superior Proposal;

- a member of the Flinders Group permitting or creating, or agreeing to permit or create, any mortgage, charge, lien or other Security Interest over its business or property, including the Mining Tenements;
- an Insolvency Event occurs in relation to a member of the Flinders Group;
- Flinders paying or distributing any dividend, bonus or other share of its profits or assets or returning any capital to its members;
- Flinders amending or proposing to amend its constitution;
- Flinders releasing, discharging or modifying or agreeing to release, discharge or modify, any obligation owed to it in excess of \$250,000;
- a member of the Flinders Group amending or varying the terms of employment of any employees of the Flinders Group (other than in the ordinary course of business) or hiring any new employee (except where the recruitment process for such position commenced prior to the date of the Implementation Agreement); or
- Flinders amending or varying, or proposing to amend or vary (i) the director fees or other remuneration (including bonuses) payable to any Flinders Director or (ii) the terms of any Flinders Rights.

The conduct of business restrictions are set out in full in clause 5 of the Implementation Agreement.

(d) Exclusivity arrangements

The Implementation Agreement contains certain exclusivity arrangements in favour of TIO. These arrangements may be summarised as follows:

- **No shop:** Flinders must not solicit any enquiries, discussions or proposals that may lead to a Competing Proposal.
- **No talk:** Flinders must not participate in discussions or provide information that may lead to a Competing Proposal, unless the Flinders Board determines that complying with the no talk obligation would be likely to constitute a breach of the fiduciary or statutory duties owed by any Flinders Director.
- **Notification:** if Flinders is approached in relation to a Competing Proposal, or a proposed or potential Competing Proposal, Flinders must notify TIO of any such approach and provide the identity of the relevant person making or proposing the Competing Proposal together with the terms and conditions of the Competing Proposal.
- **Matching right:** Flinders is prohibited from entering into an agreement to undertake a Competing Proposal, and must use its best endeavours to ensure that none of the Flinders' Directors recommend a Competing Proposal, unless Flinders has given TIO at least five Business Days to provide a matching or superior proposal to the terms of the Competing Proposal.
- **Shareholder approval:** if Flinders enters into any legally binding agreement, arrangement or understanding with a third party in respect of a Competing Proposal, which does not relate to the acquisition of Flinders Shares, such proposal must be conditional on the approval of Flinders Shareholders.
- **Cease discussions:** Flinders must immediately cease any discussions or negotiations relating to any actual, proposed or potential Competing Proposal and any transaction that would, or

would reasonably be expected to, reduce the likelihood of TIO's bid being successful.

- **Provision of information:** Flinders must provide TIO with any material non-public information about its business or affairs disclosed or otherwise provided to any third party after the date of the Implementation Agreement in connection with a Competing Proposal that has not been previously provided to TIO.

These exclusivity arrangements are set out in full in clause 7 of the Implementation Agreement.

(e) Termination rights

Either party can terminate the Implementation Agreement:

- where the other party is in material breach of the Implementation Agreement (other than in respect of a breach of a representation or warranty given by a party) and that breach either cannot be remedied or is not remedied within 5 Business Days' notice;
- where the other party is in breach of a representation or warranty and that breach is not remedied within 5 Business Days' notice and the relevant breach is material in the context of the Takeover Bid taken as a whole;
- a court or Government Agency issues an order, decree or ruling or taken other action, that permanently restrains or prohibits the Takeover Bid; or
- TIO withdraws the Takeover Bid or the Takeover Bid lapses for any reason.

TIO may also terminate the Implementation Agreement where a Flinders Director changes or withdraws his or her recommendation to Flinders Shareholders to accept the Improved Offer, or recommends a Competing Proposal.

These termination rights are set out in full in clause 9 of the Implementation Agreement.

2.3 Update on status of Flinders and PIOP

(a) Access to transport infrastructure

In its quarterly report for the period ending 31 March 2016, Flinders stated that it was holding discussions with third parties in respect of developing PIOP and that it had completed a number of new mine optimisations and mining schedules that are focussed on developing a low tonnage high grade project.

Flinders has confirmed 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.

(b) Access and approvals

According to its quarterly activities report for the period ending 31 March 2016, further progress has been made by Flinders in relation to the Commonwealth

environmental approvals required for PIOP, with project proposals reaching the mandatory advertising period.

(c) Marketing

Flinders' quarterly activities report for the period ending 31 March 2016 did not contain any update on Flinders marketing activities for PIOP.

(d) Funding

According to its quarterly activities report for the period ending 31 March 2016, Flinders had cash and cash equivalents of \$1,727,000, with estimated expenditure of \$546,000 for the next quarter.

(e) Carrying value

TIO is not aware of any change in the carrying value of PIOP from that disclosed in Flinders' financial report for the half-year ended 31 December 2015, which is summarised in section 5.2(f) of the Original Bidder's Statement.

2.4 Update on status of the Balla Balla Infrastructure Project

(a) Engineering

The drafting of the bankable feasibility study for the Balla Balla Infrastructure Project (**BFS**) referred to in section 5.3(a) of the Original Bidder's Statement is nearing completion. This process has allowed BBI Group to further refine some of the assumptions on which the BFS is based, including assumptions in relation to engineering, shipping, energy and maintenance costs.

(b) Access and approvals

Access agreements for the infrastructure facilities with native title holders and pastoralists whose land will be impacted by the proposed rail alignment and existing mining tenement holders are well advanced.

Negotiations with the Western Australian Government regarding the terms of the State Agreement for the rail corridor are progressing and remain subject of negotiation.

Negotiations with the Pilbara Port Authority on the terms for the lease and licensing of land for the Balla Balla Port facilities are ongoing.

(c) Marketing

As further detailed in section 5.3(c) of the Original Bidder's Statement, TIO entered into conditional arrangements with Shandong Iron and Steel Group Co. Ltd (**SISG**), for the sale and purchase of iron ore from the Central Pilbara. As at the date of this Supplementary Bidder's Statement:

- there are conditions to those arrangements that remain unfulfilled, including conditions relating to the obtaining of the parties' respective internal approvals;
- it appears to TIO that these approval conditions are now unlikely to be fulfilled; and
- TIO, SISG and BBI are in preliminary discussions to replace the existing conditional arrangements with new arrangements, which would envisage the supply by BBI of iron ore which could be sourced from a range of mines in the Central Pilbara as potential customers of the Balla Balla Infrastructure Project.

TIO and BBI continue to carry out other marketing activities in relation to the Balla Balla Infrastructure Project as detailed in section 5.3(c) of the Original Bidder's Statement.

(d) Funding

The funding of BBI Group remains as per the arrangements detailed in section 5.3(d) of the Original Bidder's Statement.

2.5 Update on potential future use of the Balla Balla Infrastructure Project by PIOP

(a) Project viability

As detailed above in Section 2.4(a) of this Supplementary Bidder's Statement, BBI Group has continued to progress the development of the BFS and to refine some of the underpinning assumptions.

BBI Group's current assessment of PIOP is that at both a 25 mtpa and 45 mtpa scale:

- development on a standalone basis, as the foundation customer of the Balla Balla Infrastructure Project under "take-or-pay" haulage arrangements, would be challenging and unlikely to provide sufficient incentives to justify a final investment decision by BBI Group for the Balla Balla Infrastructure Project; and
- development as an integrated project with the Balla Balla Infrastructure Project would be preferable from a financing perspective and could potentially provide sufficient incentives to justify a final investment decision by BBI Group for the integrated project at some point in the future, provided that:
 - the PIOP resource size, quality, grade and specific mining assumptions can be confirmed;
 - iron ore market conditions are sufficiently stable and supportive;
 - sufficient annual iron ore tonnage can be contracted for sale over a sufficient time; and
 - sufficient debt and equity could be secured to fund the project.

(b) Compatibility of proposed alternative PIOP development option

TIO's view remains that a change in the development approach for PIOP to a higher grade, lower tonnage project is likely to make PIOP less viable as a potential foundation customer for the Balla Balla Infrastructure Project.

2.6 Sources of funding for the Improved Offer

(a) Total cash consideration

The consideration for the acquisition of your Flinders Shares under the Improved Offer will be satisfied wholly in cash.

The maximum amount of cash that TIO would be required to pay under the Improved Offer if acceptances are received in respect of all Flinders' Shares on

issue as at the date of this Supplementary Bidder's Statement would be approximately \$58.83 million² (the **Improved Offer Amount**).

In addition, if the Performance Rights and Incentive Rights on issue as at the date of this Supplementary Bidder's Statement vest and the relevant Flinders' Rightholder accepts the Improved Offer in respect of the resulting Flinders' Shares, an additional amount of approximately \$0.32 million³ will be payable by TIO under the Improved Offer.

(b) Sources of cash consideration

Todd Corporation has irrevocably and unconditionally undertaken to provide TIO, on demand, with amounts equal to the Improved Offer Amount that TIO is required to pay for any Flinders Shares acquired by it or to pay any fees, expenses and duties directly incurred by TIO in relation to the Improved Offer.

Such funds will be made available from Todd Corporation's existing cash reserves (namely cash or cash equivalents) and contributed to TIO directly or indirectly through other Todd Corporation Group Members by equity subscription and/or debt. Todd Corporation has confirmed that funds equal to the Improved Offer Amount and associated transaction costs are immediately available and not subject to security interests or rights of set off and are not required for other arrangements.

Todd Corporation is not aware of any reason why there will not be cash available at least equal to the Improved Offer Amount, which will be available for provision to TIO as and when TIO is required to pay for any Flinders Shares acquired by it or to pay any fees, expenses and duties directly incurred in relation to the Improved Offer.

As such, TIO has access to sufficient cash resources available to fund the Improved Offer Amount and other costs directly associated with the Improved Offer.

2.7 Intentions in relation to Flinders

TIO's intentions in relation to Flinders remain as set out in section 7 of the Original Bidder's Statement.

2.8 Notice of variation

As noted in Section 2.2(a) of this Supplementary Bidder's Statement, TIO has agreed to vary its Offer by increasing the consideration offered to Flinders Shareholders to \$0.025 per Flinders Share and by extending the period during which the Offer will remain open so that the Offer will now close at 7:00pm (Sydney time) on 6 June 2016 (unless extended or withdrawn).

A copy of the notice of variation in relation to the increase in consideration offered and extension of offer period is set out in Attachment 1 of this Supplementary Bidder's Statement.

² This amount is based on the number of Flinders Shares on issue as at 6 May 2016 that TIO does not own or control (being 2,331,673,396 Flinders Shares), multiplied by the Improved Offer price of \$0.025 per Flinders Shares, plus the number of Flinders Shares that have already been accepted into the Offer (being 44,845,604 Flinders Shares) multiplied by the increase in consideration of \$0.012 per Flinders Share.

³ This amount is based on the number of Flinders Rights on issue as at the date of this Supplementary Bidder's Statement (being 12,930,000 Flinders Rights), multiplied by the Improved Offer price of \$0.025 per Flinders Share.

2.9 Consents to be named

Todd Corporation has given written consent to be named in this Supplementary Bidder's Statement in the form and context in which it is so named and to the inclusion of each statement it has made and each statement which is said to be based on a statement it has made, in the form and context in which the statements appear and has not withdrawn that consent as at the date of this Supplementary Bidder's Statement.

BBI has given written consent to be named in this Supplementary Bidder's Statement in the form and context in which it is so named and to the inclusion of each statement it has made and each statement which is said to be based on a statement it has made, in the form and context in which the statements appear and has not withdrawn that consent as at the date of this Supplementary Bidder's Statement.

Herbert Smith Freehills has given written consent to be named in this Supplementary Bidder's Statement in the form and context in which it is named and has not withdrawn that consent as at the date of this Supplementary Bidder's Statement.

2.10 Further information

Flinders Shareholders who have any questions in relation to the takeover bid should call the Offer Information Line on 1300 782 998 (for callers within Australia) or +61 3 9415 4197 (for callers outside Australia).

Flinders Shareholders who are in any doubt as to what action to take in relation to TIO's offer should contact their financial, legal, taxation or other professional adviser immediately.

Signed for and on behalf of TIO (NZ) Limited following a resolution of the directors of TIO (NZ) Limited.

sign here ▶



Michael Wolley
Director

date

9 May 2016

Attachment 1

A copy of this notice was lodged with ASIC on 9 May 2016. ASIC takes no responsibility for the contents of this notice.

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

Takeover offer for Flinders Mines Limited (ACN 091 118 044)

Notice of variation – increase in consideration offered and extension of offer period

To: Australian Securities and Investments Commission (**ASIC**)
ASX Limited
Flinders Mines Limited (**Flinders**)

Each person to whom offers were made under the takeover bid referred to in this notice, as required under section 650D(1)(c) of the *Corporations Act 2001* (Cth) (as modified by ASIC Class Order [CO 13/521])

TIO (NZ) Limited (New Zealand Company No. 3744171) (**TIO**) gives notice that its takeover offers for all of the ordinary shares in Flinders contained in its bidder's statement dated 17 March 2016 are varied:

- (a) by increasing the offer consideration from \$0.013 to \$0.025 for each Flinders Share; and
- (b) by extending the period during which the offer will remain open so that the offer will now close at 7:00pm (Sydney time) on 6 June 2016 (unless extended or withdrawn).

DATED: 9 May 2016

Signed for and on behalf of
TIO (NZ) Limited



Michael Wolley
Director



By Mail:

Computershare Investor Services Pty Limited
GPO Box 2115 Melbourne
Victoria 3001 Australia

For all enquiries:

Phone:



(within Australia) 1300 782 998
(outside Australia) +61 3 9415 4197

FMS

MR SAM SAMPLE
UNIT 123
SAMPLE STREET
SAMPLETOWN NSW 2001

Takeover Acceptance Form

ISSUER

Your form must be received by the end of the Offer Period.

This form and the Bidder's Statement are important documents that require your immediate attention. This form relates to an offer (**Offer**) by TIO (NZ) Limited (**TIO NZ**) to acquire any or all of your shares in Flinders Mines Limited (ACN 091 118 044) (**Flinders**) the terms of which are set out in the Bidder's Statement from TIO NZ dated on or about 17 March 2016 as replaced or supplemented (the **Bidder's Statement**). Capitalised terms used in this form have the same meaning as in the Bidder's Statement, unless otherwise defined.

If you are in doubt about how to deal with this Offer, please contact your financial or other professional advisor.

Note this form can only be used in relation to the securityholding represented by the details printed above and overleaf.

Step 1: Registration Name & Offer Details

Your consideration will be issued to the name(s) as they appear on the latest copy of the Flinders register, as provided to TIO NZ. The current address recorded by TIO NZ is printed above and overleaf. If you have recently bought or sold Flinders Shares your holding may differ from that shown. If you have already sold all your Flinders Shares, do not complete or return this form.

Step 2: Accept the Offer

Please complete Step 2, marking the appropriate box to indicate whether you are accepting the Offer in respect of all or some of your Flinders Shares.

Only sign and return this form if you wish to accept the Offer for ALL or PART of your Flinders Shares.

You will be deemed to have accepted the Offer in respect of ALL of your Flinders Shares if you do not complete, or make an invalid election in, Step 2 on the reverse of this form. Invalid elections include if you mark the "PART" box and you either do not write the number of Flinders Shares that you are accepting into the Offer or you do write a number but that number is greater than the number of Flinders Shares that you hold.

Step 3: Signing Instructions

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders must sign.

Power of Attorney: Where signing as Power of Attorney (**POA**), you must attach an original certified copy of the POA to this form.

Companies: Where the holding is in the name of a Company, this form must be signed in accordance with the Corporations Act, either as:

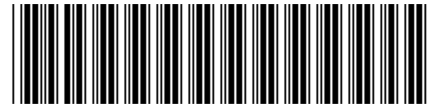
- a Sole Director and Sole Company Secretary **OR** a Sole Director (if no Company Secretary exists), **OR**
- two Directors, **OR**
- a Director and Secretary.

Overseas Companies: Where the holding is in the name of an Overseas company (companies incorporated outside Australia) the form must be signed as above, or documentation must be provided showing that the company can sign in an alternate manner.

Deceased Estate: All executors must sign and a certified copy of Probate or Letters of Administration must accompany this form.

Entering contact details is not compulsory, but will assist us if we need to contact you.

Turn over to complete the form →



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Takeover Acceptance Form

For your security keep your SRN/HIN confidential.

STEP 1 Registration Name & Offer Details

Registration Name: MR SAM SAMPLE
UNIT 123
SAMPLE STREET
SAMPLETOWN NSW 2001

Offer Details: Securityholding as at Register Date:

2000

By accepting the Offer for ALL of your Flinders Shares, you are accepting the Offer for ALL the Flinders Shares as recorded by TIO NZ as being held by you at the date your acceptance is processed (even if different to the number stated above).

STEP 2 Accept the Offer

You will be deemed to have accepted that Offer in respect of ALL of your Flinders Shares if you do not complete, or make an invalid election below.

1. **ACCEPT the Offer for ALL of my/our Flinders Shares**

2. **ACCEPT the Offer for PART of my/our Flinders Shares**

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The number of Flinders Shares in respect of which the Offer is being accepted.

STEP 3 Signature of Securityholder(s) *This section must be completed.*

I/We accept the Offer made by TIO NZ for Flinders Shares and I/we agree to be bound by the terms and conditions of the Offer and transfer ALL or PART of my/our Flinders Shares as per the above instruction.

Individual or Securityholder 1

[Signature box]

**Sole Director and Sole Company Secretary/
Sole Director (cross out titles as applicable)**

Securityholder 2

[Signature box]

Director

Securityholder 3

[Signature box]

**Director/Company Secretary
(cross out titles as applicable)**

Contact Name _____

Contact Daytime Telephone _____

Date ____ / ____ / ____

Privacy Notice

The personal information you provide on this form is collected by Computershare Investor Services Pty Limited (CIS) for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. We may also use your personal information to send you marketing material approved by TIO (NZ) Limited. You may elect not to receive marketing material by contacting CIS using the details provided on the front of this form or by emailing privacy@computershare.com.au. We may be required to collect your personal information under the Corporations Act 2001 (Cth) and ASX Settlement Operating Rules. We may disclose your personal information to our related bodies corporate and to other individuals or companies who assist us in supplying our services or who perform functions on our behalf, to TIO (NZ) Limited or to third parties upon direction by TIO (NZ) Limited where related to the administration of your securityholding or as otherwise required or permitted by law. Some of these recipients may be located outside Australia, including in the following countries: Canada, India, New Zealand, the Philippines, the United Kingdom and the United States of America. For further details, including how to access and correct your personal information, and information on our privacy complaints handling procedure, please contact our Privacy Officer at privacy@computershare.com.au or see our Privacy Policy at <http://www.computershare.com/au>.

Return your Form:



To Your Controlling Participant:

Return this form directly to your stockbroker



By Mail:

Computershare Investor Services Pty Limited
GPO Box 2115 Melbourne
Victoria 3001 Australia

For all enquiries:

Phone:

(within Australia) 1300 782 998

(outside Australia) +61 3 9415 4197

FMS

MR SAM SAMPLE
UNIT 123
SAMPLE STREET
SAMPLETOWN NSW 2001

Takeover Acceptance Form

CHESS

 **Your form must be received with sufficient time to allow processing prior to the end of the Offer Period.**

This form and the Bidder's Statement are important documents that require your immediate attention. This form relates to an offer (**Offer**) by TIO (NZ) Limited (**TIO NZ**) to acquire all or any of your shares in Flinders Mines Limited (ACN 091 118 044) (**Flinders**) the terms of which are set out in the Bidder's Statement from TIO NZ dated on or about 17 March 2016 as replaced or supplemented (the **Bidder's Statement**). Capitalised terms used in this form have the same meaning as in the Bidder's Statement, unless otherwise defined.

If you are in doubt about how to deal with this Offer, please contact your financial or other professional advisor.

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Step 1: Registration Name & Offer Details

Your consideration will be issued to the name(s) as they appear on the latest copy of the Flinders register, as provided to TIO NZ. The current address recorded by TIO NZ is printed above and overleaf. If you have recently bought or sold Flinders Shares your holding may differ from that shown. If you have already sold all your Flinders Shares, do not complete or return this form.

Step 2: Accept the Offer

Please complete Step 2, marking the appropriate box to indicate whether you are accepting the Offer in respect of all or some of your Flinders Shares.

Only sign and return this form if you wish to accept the Offer for ALL or PART of your Flinders Shares.

You will be deemed to have accepted the offer in respect of ALL of your Flinders Shares if you do not complete, or make an invalid election in, Step 2 on the reverse of this form. Invalid elections include if you mark the "PART" box and you either do not write the number of Flinders Shares that you are accepting into the Offer or you do write a number but that number is greater than the number of Flinders Shares that you hold.

As your Flinders Shares are in a CHESS holding, you may contact your Controlling Participant directly (normally your stockbroker) with instructions to accept the Offer. If you do this, your Controlling Participant will provide you with details as to what they require in order to accept the Offer on your behalf.

If you want TIO NZ to contact your Controlling Participant on your behalf, sign and return this form to the address above so that it is received in sufficient time to allow your instruction to be acted upon by the close of the Offer Period. This will authorise TIO NZ and Computershare Investor Services Pty Limited (**CIS**) to request your Controlling Participant to initiate acceptance of the Offer on your behalf.

You should allow sufficient time for your Controlling Participant or TIO NZ to initiate the acceptance of TIO NZ's Offer on your behalf. Neither TIO NZ or CIS will be responsible for any delays incurred by the process of requesting your Controlling Participant to accept the Offer.

Step 3: Signing Instructions

Individual: Where the holding is in one name, the securityholder must sign.

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Power of Attorney: Where signing as Power of Attorney (**POA**), you must attach an original certified copy of the POA to this form.

Companies: Where the holding is in the name of a Company, this form must be signed in accordance with the Corporations Act, either as:

- a Sole Director and Sole Company Secretary **OR** a Sole Director (if no Company Secretary exists), **OR**
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Entering contact details is not compulsory, but will assist us if we need to contact you.

Turn over to complete the form →



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Takeover Acceptance Form

For your security keep your SRN/HIN confidential.

STEP 1 Registration Name & Offer Details

Registration Name: MR SAM SAMPLE
UNIT 123
SAMPLE STREET
SAMPLETOWN NSW 2001

Controlling Participant Identifier:

Offer Details: Securityholding as at Register Date:

2000

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1. ACCEPT the Offer for ALL of my/our Flinders Shares

2. ACCEPT the Offer for PART of my/our Flinders Shares

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The number of Flinders Shares in respect of which the Offer is being accepted.

STEP 3 Signature of Securityholder(s) *This section must be completed.*

I/We accept the Offer made by TIO NZ for Flinders Shares and I/we agree to be bound by the terms and conditions of the Offer and transfer ALL or PART of my/our Flinders Shares as per the above instruction.

Individual or Securityholder 1

Sole Director and Sole Company Secretary/
Sole Director (cross out titles as applicable)

Securityholder 2

Director

Securityholder 3

Director/Company Secretary
(cross out titles as applicable)

Contact Name _____

Contact Daytime Telephone _____

Date ____ / ____ / ____

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