

7 October 2016

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

**Notice under section 708AA(2)(f) of the *Corporations Act 2001* (Cth)**

This notice is given by Flinders Mines Limited (ABN 46 091 118 044) (ASX code: FMS) (**Flinders**) under section 708AA(2)(f) of the *Corporations Act 2001* (Cth) (**Act**).

Flinders has today announced a pro-rata non-renounceable entitlement offer of 1 fully paid ordinary share in Flinders (**New Shares**) for every 10 Flinders shares held at 7.00pm (AEST time) on 12 October 2016 by shareholders with a registered address in Australia or New Zealand (**Entitlement Offer**). Each New Share is being issued at an issue price of \$0.017 (1.7 cents) to raise approximately \$5 million.

Flinders advises that:

1. the New Shares to be issued pursuant to the Entitlement Offer will be offered for issue without disclosure under Part 6D.2 of the Act;
2. this notice is being given under section 708AA(2)(f) of the Act;
3. as at the date of this notice, Flinders has complied with:
  - 3.1 the provisions of Chapter 2M of the Act as they apply to Flinders; and
  - 3.2 section 674 of the Act;
4. as at the date of this notice, there is no excluded information of the type referred to in sections 708AA(8) and 708AA(9) of the Act that is required to be set out in this notice; and
5. the potential effect of the Entitlement Offer will have on the control of Flinders is as follows (based on the issued share capital of Flinders as at the date of this notice):
  - 5.1 if all shareholders take up their entitlements under the Entitlement Offer, the Entitlement Offer will have no effect on the control of Flinders;
  - 5.2 any eligible shareholders not taking up their full entitlements in the Entitlement Offer will have their interest in Flinders diluted;
  - 5.3 the proportional interests of shareholders with a registered address outside of Australia and New Zealand will be diluted because such shareholders are not entitled to participate in the Entitlement Offer;

6. Based on publicly available information, the substantial Shareholders in the Company prior to the Entitlement Offer as well as their respective Entitlements are set out below:

Name	Number of shares held	Percentage of issued shares pre Offer	Entitlement
TIO (NZ) Limited	1,551,482,738	52.6%	155,148,274
OCJ Investments (Australia) Pty Ltd	586,600,000	19.9%	58,660,000

### **TIO (NZ) Limited**

Flinders and TIO have entered into a subscription agreement under which TIO has agreed to subscribe for the number of New Shares equal to its pro rata entitlement under the Offer, subject to certain conditions. There is no guarantee that TIO will subscribe for the number of New Shares equal to its pro rata entitlement or any New Shares under the Offer. The potential effect that the issue of New Shares to TIO under the Offer will have on the control of the Company is set out in table 1 below. Table 1 illustrates the potential effect of the Offer on TIO's voting power in scenarios where the Offer is 60%, 75% and fully subscribed and in the unlikely event that no other Shareholders take up their Entitlement under the Offer. These scenarios are based on the assumption that TIO takes up its full Entitlement under each scenario. For example, the reference to the Offer being 60% subscribed refers to 60% of the rights being subscribed inclusive of TIO taking up its rights in full. The actual effect of the Offer on the voting power in the Company of TIO will depend on the level of subscription by Eligible Shareholders to the Offer.

**Table 1**

Event	Shares held by TIO	Total shares on issue	Voting power of TIO
Offer fully subscribed with no shortfall	1,706,631,012	3,241,867,825	52.6%
Offer 75% subscribed	1,706,631,012	3,168,189,011	53.9%
Offer 60% subscribed	1,706,631,012	3,123,981,723	54.6%
No other Shareholders take up their Entitlement	1,706,631,012	3,102,300,842	55.0%

### **OCJ Investments (Australia) Pty Ltd**

The potential effect that the issue of New Shares to OCJ under the Offer will have on the control of the Company is set out in the tables below. Table 2 illustrates the potential effect of the Offer on OCJ's voting power in scenarios where the Offer is 75% and fully subscribed and in the unlikely event that no other Shareholders take up their Entitlement under the Offer. These scenarios are based on the assumption

that OCJ and TIO take up their full Entitlement under each scenario. For example, the reference to the Offer being 75% subscribed refers to 75% of the rights being subscribed inclusive of OCJ and TIO taking up their rights in full. The actual effect of the Offer on the voting power in the Company of OCJ will depend on the level of subscription by Eligible Shareholders to the Offer.

**Table 2**

Event	Shares held by OCJ	Total shares on issue	Voting power of OCJ
Offer fully subscribed with no shortfall	645,260,000	3,241,867,825	19.9%
Offer 75% subscribed	645,260,000	3,168,189,011	20.4%
No other Shareholders take up their Entitlement	645,260,000	3,160,960,842	20.4%

Table 3 illustrates the potential effect of the Offer on OCJ's voting power in scenarios where the Offer is 25%, 45% and fully subscribed and in the unlikely event that no other Shareholders take up the Entitlement under the Offer. The scenarios are based on the assumption that OCJ takes up its full Entitlement under each scenario and TIO does not take up any of its Entitlement under the latter three scenarios set in table 3.

**Table 3**

Event	Shares held by OCJ	Total shares on issue	Voting power of OCJ
Offer fully subscribed with no shortfall	645,260,000	3,241,867,825	19.9%
Offer 45% subscribed	645,260,000	3,079,774,434	21.0%
Offer 25% subscribed	645,260,000	3,020,831,383	21.4%
No other Shareholders take up their Entitlement	645,260,000	3,005,812,568	21.5%

- The consequences of the potential effect on control of Flinders referred to in paragraph 6 above will be an increase in the voting power of the parties referred to in that paragraph by an amount equal to the percentage increase in their interest in Flinders' undiluted share capital.

Yours faithfully,

**Justin Nelson**  
Company Secretary