

ASX ANNOUNCEMENT

25 June 2018

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 134,678,058 fully paid ordinary share in Flinders (**New Shares**) on the basis of 1 New Share for every 25 Flinders shares held at 5.00pm (WST time) on 28 June 2018 by shareholders with a registered address in Australia or New Zealand (**Entitlement Offer**). Each New Share is being issued at an issue price of \$0.07 (7 cents) to raise approximately \$9.4 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; and
 - 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. The substantial Shareholders in the Company as at 25 June 2018 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*	1,861,779,287	55.29%	74,471,171
OCJ Investments (Australia) Pty Ltd**	729,000,000	21.65%	29,160,000

*TIO's voting power most recently increased on 9 June 2017, arising from its participation in the non-renounceable entitlement issue announced by the Company on 9 May 2017.

**Based on publicly available information, the Company understands that OCJ Investments (Australia) Pty Ltd is an entity controlled by Chunlin Ouyang. For further information, refer to the notice of change of interests of substantial holder lodged with ASX Market Announcements by Chunlin Ouyang on 3 February 2017.

TIO (NZ) Limited

- The Company and TIO have entered into a Subscription Agreement under which TIO has agreed to subscribe for the number of New Shares equal to the lesser of its pro rata entitlement under the Offer and \$5 million divided by the Offer issue price, subject to certain conditions. 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 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 at completion of the Offer	Total shares on issue at completion of the Offer	Voting power of TIO at completion of the Offer
Offer fully subscribed with no shortfall	1,936,250,459	3,501,629,504	55.3%
Offer 75% subscribed	1,936,250,459	3,467,959,990	55.83%
Offer 60% subscribed	1,936,250,459	3,447,758,281	56.16%
No other Shareholders take up their Entitlement	1,936,250,459	3,441,442,617	56.26%

OCJ Investments (Australia) Pty Ltd

10. 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 below.
11. Table 2 illustrates the potential effect of the Offer on OCJ'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 OCJ 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 OCJ taking up its 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.

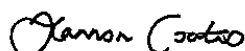
12. Table 2

Event	Shares held by OCJ at completion of the Offer	Total shares on issue at completion of the Offer	Voting power of OCJ at completion of the Offer
Offer fully subscribed with no shortfall	758,160,000	3,501,629,504	21.65%
Offer 75% subscribed	758,160,000	3,467,959,990	21.86%
Offer 60% subscribed	758,160,000	3,447,758,281	21.99%
No other Shareholders take up their Entitlement	758,160,000	3,396,111,446	22%

In the unlikely event that all Shareholders other than OCJ were to take up their Entitlements under the Offer the voting power of OCJ would decrease from 21.65% pre-Offer to 20.99% at completion of the Offer.

13. The consequences of the potential effect on control of Flinders referred to in paragraphs 6 - 12 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,



Shannon Coates
Company Secretary