

ASX ANNOUNCEMENT

18 May 2020

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 or Company**) under section 708AA(2)(f) of the *Corporations Act 2001* (Cth) (**Act**) and replaces the previous notice issued by Flinders to the ASX on 15 May 2020.

On 15 May 2020, Flinders announced a pro-rata non-renounceable entitlement offer of 425,895,854 fully paid ordinary share in Flinders (**New Shares**) on the basis of 1 New Share for every 9 Flinders shares held at 5.00pm (WST time) on Thursday, 21 May 2020 by shareholders with a registered address in Australia or New Zealand (**Entitlement Offer or Offer**). Each New Share is being issued at an issue price of \$0.013 (1.3 cents) to raise approximately \$5,536,646 (before costs).

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;

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6. The substantial Shareholders in the Company as at Monday, 11 May 2020 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*	2,258,958,869	58.93%	250,995,430
OCJ Investments (Australia) Pty Ltd**	766,860,000	20.01%	85,206,667

*TIO's voting power most recently increased on 29 April 2020, arising from its participation in the non-renounceable entitlement issue announced by the Company on 31 March 2020.

**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 by Chunlin Ouyang on 3 February 2017.

TIO (NZ) Limited

7. 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 the number of New Shares equivalent to an amount equal to the outstanding balance payable by Flinders under the PIO Loan, subject to (amongst other things) final TIO Board approval. 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 this section.
8. 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.

9. **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	2,509,954,299	4,258,958,537	58.93%
Offer 75% subscribed	2,509,954,299	4,152,484,574	60.44%
Offer 60% subscribed	2,509,954,299	4,088,600,195	61.39%

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
No other Shareholders take up their Entitlement	2,509,954,299	4,084,058,113	61.46%

OCJ Investments (Australia) Pty Ltd

10. 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.

11. 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	852,066,667	4,258,958,537	20.01%
Offer 75% subscribed	852,066,667	4,152,484,574	20.52%
Offer 60% subscribed	852,066,667	4,088,600,195	20.84%
No other Shareholders take up their Entitlement	852,066,667	3,918,269,350	21.75%

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 20.01% pre-Offer to 18.37% at completion of the Offer.

12. 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.

This ASX release was approved and authorised by the Board of Flinders Mines Limited.