



ASX ANNOUNCEMENT

4 September 2020

Conditions precedent satisfied for mining JV with BBIG

- Remaining conditions precedent satisfied for the proposed farm-in incorporated joint venture with BBI Group Pty Ltd for the Pilbara Iron Ore Project
- Both Flinders and BBIG agree that the Transaction Completion has occurred
- Completion will enable the advancement of the PIOP feasibility studies to bring PIOP iron ore to market

Flinders Mines Limited (**Flinders** or the **Company**) has now reached an important milestone in the proposed development of its flagship Pilbara Iron Ore Project (**PIOP**) with all conditions precedent for its farm-in incorporated joint venture with BBI Group Pty Ltd being satisfied or waived.

As previously announced, BBIG recently received FIRB approval and a number of remaining conditions precedent have now been met which means that the proposed farm-in incorporated joint venture with BBI Group Pty Ltd (**BBIG**) can proceed. The joint venture will have a Board initially consisting of three Flinders' representatives and one BBIG representative and it will oversee the project development as laid out in the agreements approved by Flinders' shareholders on 3 March 2020.

The formation of the joint venture will allow BBIG to continue advancing the feasibility studies for the PIOP development and perform its other obligations under the Farm-In Agreement for its initial 10% voting interest in the incorporated joint venture entity, PIOP Mine Co NL. Flinders retains 100% economic ownership of PIOP Mine Co NL until a final investment decision by BBIG.

Flinders Independent Non-Executive Chairman, Mr Neil Warburton said:

"This is an important milestone for Flinders as there is now a pathway to bring PIOP iron ore to market and the first step of this is for BBIG to advance the necessary feasibility studies."

"This has been a long time coming and we thank our shareholders for their patience. An exciting development in our journey for our shareholders really begins here."

If, following the feasibility study, a final investment decision (**FID**) is made, Flinders will elect to either:

- i. hold a 40% economic and voting shareholding in PIOP Mine Co NL, free-carried¹ to production (**Mining Option**) and BBIG and any prospective funding partners will fund development and construction of the PIOP¹ mine in return for a 60% economic and voting shareholding (in aggregate as between BBIG and any prospective funding partners) in PIOP Mine Co NL; or
- ii. convert its interest in PIOP Mine Co NL to an ongoing 2.5% gross revenue royalty over the life of the mine (**Royalty Option**) (subject to Flinders' shareholder approval at that time, with TIO excluded from voting). BBIG and any prospective funding partners will then have a 100% economic and voting shareholding in PIOP Mine Co NL.

¹ Subject to pro rata responsibility of Flinders for, in some circumstances, capital cost overruns beyond an agreed contingency during construction and costs associated with provision of any required completion security.

While the PIOP development is being progressed, BBIG will in parallel develop the Balla Balla infrastructure project (**BBI Project**) and associated logistics to transport the PIOP iron ore to market.

PIOP Mine Co NL will become a foundation customer for the BBI Project under a long-term Infrastructure Services Agreement, providing an infrastructure solution for the PIOP development. As part of its foundation customer status, assuming Flinders elects to continue with the Mining Option, a rebate for third party use of the infrastructure during PIOP's mine life and a post-PIOP mine life fee (\$1/tonne based on the total wet tonnes transported by PIOP Mine Co NL) has been negotiated, enabling Flinders to further share in the longer-term benefits of the infrastructure solution.

For further information please contact:

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Authorised by the Board of Flinders Mines Limited.