

17 January 2023

Flinders to acquire Balla Balla Infrastructure Project

HIGHLIGHTS

- Completion of the Proposed Transaction will consolidate ownership of the Pilbara Iron Ore Project (**PIOP**) and Infrastructure Project under the one corporate entity, Flinders Mines.
- Flinders has entered into binding agreements with BBIG in relation to the acquisition of FRS, the holder of various assets critical to the development of export infrastructure, including the Balla Balla Port for a total consideration of \$3.3 million (Flinders held \$8.5 million in cash as at 31 December 2022).
- The Proposed Transaction represents a pathway to the development of PIOP, through providing a potential infrastructure solution and access to market.
- The Proposed Transaction remains subject to various conditions, including completion of a corporate restructure by BBIG and FIRB approval for Flinders' acquisition of FRS.

Flinders Mines Limited (ASX:FMS) (**Flinders** or the **Company**) announces that it has entered into binding agreements with BBIG Group Pty Ltd (**BBIG**) for Flinders to acquire 100% of the share capital in Forge Resources Swan Pty Ltd (**FRS**) (**Proposed Transaction**).

Following the termination of the Farm-in Agreement between the Company and BBIG (see ASX announcement 5 September 2022), the Company has been in discussions with BBIG regarding an alternative transaction to allow the Company to acquire the assets of BBIG's Balla Balla Infrastructure Project (**Infrastructure Project**), which primarily consist of agreements, licenses, permits and intellectual property. The Proposed Transaction represents a pathway to the development of PIOP through providing a potential infrastructure solution and access to market.

Flinders Chair, Hon. Cheryl Edwardes AM said *"The Proposed Transaction will remove the corporate difficulties both Flinders and BBIG have faced in the past, with the ownership of the proposed mine and proposed infrastructure being separated. Combining ownership makes complete sense, and I am glad we have been able to do so in a relatively straight forward transaction."*

Importantly, the Proposed Transaction provides Flinders shareholders with access to all of the work undertaken by BBIG on agreements, licenses, permits and intellectual property to date, which will all be for the benefit of Flinders going forward, with no ongoing royalties or other corporate structure hinderances to Flinders taking this very significant proposed iron ore project forward to development.

FMS looks forward to continuing to work closely with government agencies, native title partners, local small businesses and the Pilbara community to develop the project."

BBIG Founding Director Nicholas Curtis noted *"Recognising the difficulty and complexity of funding and developing an integrated mine, rail and port project in a separated commercial structure the BBIG shareholders consider the Proposed Transaction provides a superior potential pathway for the commercial development of these important iron ore resource and infrastructure assets."*

Proposed Transaction Overview

The Proposed Transaction will occur via a two-stage process:

- Stage One** – the Company will acquire FRS, which through its subsidiaries and controlled entities holds the majority of BBIG's assets related to the Infrastructure Project. BBIG's subsidiaries which are parties to the *Railway (BBI Rail Aus Pty Ltd) Agreement Act 2017* (WA) (**State Rail Agreement**) (**Rail Entity**) will be retained by BBIG as part of a corporate restructure prior to Stage One completion, with the effect that Flinders will not acquire the State Rail Agreement as part of Stage One; and
- Stage Two** – subject to further preconditions being met, the Rail Entity will be transferred to the Company.

The Company will acquire all the shares in FRS at completion of Stage One for a purchase price of \$3.3 million. If the Proposed Transaction proceeds to Stage Two completion, a further \$1 purchase price is payable to BBIG for the purchase of all the shares in the Rail Entity.

The ultimate holding company of BBIG, Todd Corporation Limited (**Todd**), has agreed to cooperate and work with the Company to procure that the State Rail Agreement is kept in good standing in the period prior to Stage Two Completion.

Conditions

The Company and BBIG will now work together toward achieving the various conditions to Stage One of the Proposed Transaction, which include:

- i. Flinders obtaining FIRB approval in relation to the acquisition of the shares in FRS; and
- ii. completion by BBIG of an internal restructure to give effect to the staged acquisition of the Infrastructure Project and BBIG's retention of assets held by FRS which do not form part of the Infrastructure Project, noting this internal restructure is conditional upon:
 - a. FIRB approval;
 - b. corporate reconstruction relief in respect of the transfer of assets held by FRS which do not form part of the Infrastructure Project to another BBIG subsidiary; and
 - c. consent from the Ngarluma Aboriginal Corporation in relation to the transfer of the assets held by FRS which are not part of the Infrastructure Project to the same BBIG subsidiary.

Stage Two of the Proposed Transaction is conditional upon the guarantors under the State Rail Agreement (which include various subsidiaries of Todd) being fully and finally released from their obligations as guarantors under that agreement, or upon Todd otherwise providing consent to the transfer of the shares in the Rail Entity to the Company. If neither of these events occur within five years, or if the State Rail Agreement is at any stage terminated, Stage Two completion will not occur.

The Board of Flinders will work to complete the Proposed Transaction as soon as practical. Shareholder approval is not required for the Proposed Transaction. The Proposed Transaction is supported by a planned increase to the executive capacity of the Company.

The Conditions Precedent to Stage One of the Proposed Transaction must be satisfied within six months from the date of this announcement.

Flinders will hold a webcast for shareholders and other interested investors on Wednesday, 18 January 2023 to discuss the Proposed Transaction, to be held at 9:00am AWST / 12:00pm AEDT. Following the formal presentation there will be a Q&A session. Questions can be submitted ahead of the discussion to AWhitehead@flindersmines.com

To listen in live, please click on the link below and register your details:

<https://register.gotowebinar.com/register/5535277313176518997>

Authorised by:

Board of Flinders Mines Limited

For further information please contact:

Investors and Shareholders

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About Flinders Mines Limited

Flinders Mines Limited is an ASX-listed (ASX: FMS) exploration and development company focused on the commercialisation of the Pilbara Iron Ore Project (**PIOP**). The PIOP is located approximately 70km from Tom Price in Western Australia's iron ore-rich Pilbara region.