



Australian Government

Takeovers Panel

MEDIA RELEASE

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Flinders Mines Limited – Panel Declines to Conduct Proceedings

The Panel has declined to conduct proceedings on an application dated 15 June 2012 from Ms Geraldine Carter in relation to the affairs of Flinders Mines Limited.

On 30 March 2012, Flinders shareholders voted in favour of a scheme of arrangement under which Magnitogorsk Iron and Steel Works OJSC (MMK) or its nominee would acquire all of the issued ordinary shares of Flinders not already held by MMK for A\$0.30 per share.

Ms Elena Nikolayenva Egorova, a minority shareholder of MMK, had obtained injunctive relief in the Arbitration Court of Chelyabinsk, Russian Federation, under which MMK is restrained from implementing its directors' resolutions with respect to the acquisition of Flinders. Flinders has not yet sought final court approval for the scheme because of the injunction.

On 8 June 2012, Flinders announced that appeals by Flinders and MMK against the injunction had been dismissed and that the next court hearing regarding the injunction would be on 2 July 2012. The scheme of arrangement "Quit Date" is 30 June 2012 or such later date as Flinders and MMK agree in writing.

Ms Carter submitted that Ms Egorova does not exist or it is very likely that she does not exist and therefore it has not been established that the injunction had a proper legal basis. The Panel did not have any prima facie basis to consider that Ms Egorova does not exist. The Panel also had no prima facie basis to consider that Ms Egorova and MMK are colluding.

Ms Carter also submitted that, even if Ms Egorova is a real person, it is not in the public interest or conducive to takeover efficiency that a small shareholder with poor information can block a mutually agreed and highly beneficial transaction between two parties. The Panel did not consider that it would be likely to interfere with the terms of the scheme of arrangement or scheme implementation agreement, which have been disclosed to the market, or otherwise make orders affecting the contractual rights of the parties.

The Panel also considered that there was no prima facie evidence that Flinders had not done enough to ensure that the scheme proceeds.

The Panel concluded there was no reasonable prospect that it would make a declaration of unacceptable circumstances. Accordingly, the Panel declined to conduct proceedings.

The sitting Panel was Garry Besson (sitting President), Catherine Brenner and Justin Gleeson SC.

The Panel will publish its reasons for the decision in due course on its website www.takeovers.gov.au.

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