



telephone +61 8 8132 7950 email info@flindersmines.com

10 October 2016

The Manager
ASX Market Announcements
Australian Securities Exchange
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

Letter to non-resident Shareholders

Please find attached for release to the market a Letter to non-resident Shareholders in relation to the non-renounceable Entitlement Offer for Flinders Mines Limited (**FMS**).

The Letter has been sent to all non-resident shareholders.

Yours faithfully

A handwritten signature in black ink, appearing to read "J. Nelson", with a long horizontal flourish extending to the right.

Justin Nelson
Company Secretary

10 October 2016

FMS

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Dear Shareholder

Notice to Non Resident Shareholders

On Friday, 7 October 2016, Flinders Mines Limited (**Company**) announced a 1 for 10 non-renounceable entitlement offer of ordinary shares in the Company (**New Shares**) at an issue price of \$0.017 (1.7 cents) per share (**Entitlement Offer**).

This letter is to inform you about the Entitlement Offer, and to explain why you will not be able to subscribe for New Shares under the Entitlement Offer. This letter is not an offer to issue New Shares to you, nor an invitation for you to apply for New Shares. **You are not required to do anything in response to this letter.**

The Entitlement Offer and use of proceeds

The Company is making a non-renounceable Entitlement Offer of approximately 295 million New Shares to eligible shareholders at an issue price of \$0.017 (1.7 cents) per New Share to raise approximately \$5 million.

The Entitlement Offer is being made in accordance with section 708AA of the *Corporations Act 2001* (Cth) (**Act**), meaning that no prospectus needs to be prepared.

An offer booklet was lodged with the ASX on Friday, 7 October 2016 and will be mailed to eligible shareholders on or around Monday, 17 October 2016.

The proceeds from the Entitlement Offer will be used to:

- repay the loan (including interest) from PIO Mines Pty Ltd (a subsidiary of TIO (NZ) Limited);
- meet minimum tenement expenditure commitments for PIOP for the next 12 months;
- meet the cost of the reviews proposed by TIO in sections 7.3(d), (e) and (f) of the original Bidder's Statement (if implemented); and
- provide working capital to the Company.

Eligibility Criteria

Only shareholders of the Company with an address on the Company's register in Australia or New Zealand at 7.00pm (AEST) on Wednesday, 12 October 2016 (**Record Date**) will be eligible to participate in the Entitlement Offer (**Eligible Shareholder**).

The Company has determined, in accordance with ASX Listing Rule 7.7.1(a) and section 9A(3)(a) of the Act, that it would be unreasonable to make the Entitlement Offer to shareholders whose registered addresses are outside of Australia and New Zealand (**Non Resident Shareholders**) having regard to the number of Non Resident Shareholders in each country other than Australia or New Zealand, the number and value of the entitlements that would be offered to them and the cost of complying with the legal requirements in those places.

According to our records you are a Non Resident Shareholder and as such you do not satisfy the eligibility criteria for participation in the Entitlement Offer. Accordingly, in compliance with ASX Listing Rule 7.7.1(a) and section 9A(3)(a) of the Act, the Company wishes to advise you that it will not be extending the Entitlement Offer to you and you will not be able to subscribe for New Shares under the Entitlement Offer. You will not be sent documents relating to the Entitlement Offer.

The Company has appointed Euroz Limited as nominee for Non Resident Shareholders to arrange the sale of the shares which would have been offered to you, details of which are set out in the Offer Booklet. The nominee will have the absolute and sole discretion to determine the timing and price at which the shares may be sold and the manner of any such sale. The proceeds of the sale of these shares will firstly be applied against expenses of such sale, and the balance, if any, will then be distributed to you.

You are not required to do anything in response to this letter.

For further information on the Entitlement Offer or if you believe that you are an Eligible Shareholder, please contact the Company's Share Registry, Computershare Investor Services Pty Ltd, on 1300 556 161 (within Australia) or +61 3 9415 4000 (outside Australia). If you have any further questions, you should contact your stockbroker, accountant or professional adviser.

On behalf of the Board of the Company, thank you for your continued support.

Yours faithfully



Robert Kennedy
Chairman