



2 November 2009

The Manager  
Company Announcements Office  
Australian Securities Exchange  
20 Bridge Street  
SYDNEY NSW 2000

Dear Sir/Madam

**Letter to Shareholders**

Please find attached for release to the market a Letter to Shareholders in relation to an upcoming Non-renounceable Rights Issue for Flinders Mines Limited (FMS).

The letter has been sent to all FMS shareholders.

Yours faithfully

A handwritten signature in black ink, appearing to read "D. Godfrey".

David W Godfrey  
Company Secretary

2 November 2009

Dear Shareholder,

## Non-Renounceable Rights Issue

On 21 October 2009, Flinders Mines Limited (**Flinders** or **Company**) announced a fully underwritten, 1 for 7 non-renounceable rights issue at \$0.13 per share (**Rights Issue**). The Rights Issue seeks to raise approximately \$29.6 million, through the issue of up to approximately 227,400,000 new fully paid ordinary shares in Flinders.

Flinders invites shareholders who are registered as shareholders of the Company at 7.00pm (Adelaide time) on Tuesday, 10 November 2009, and who have a registered address in Australia and New Zealand (**Eligible Shareholders**) to participate in the Rights Issue.

Full details of the Rights Issue are contained in the Offer Document lodged with ASX on Friday, 30 October 2009. The Offer Document together with the Entitlement and Acceptance Form will be mailed to all Eligible Shareholders on Friday, 13 November 2009. A copy of the Offer Document is available on the ASX website. Pursuant to section 708AA of the Corporations Act, the Company is not required to prepare a disclosure document for the Rights Issue.

Key dates which shareholders should note are as follows:

Date	Event
Wednesday 4 November	Rights Issue ex-date
Friday 6 November	Annual General Meeting
Monday 9 November	Placement shares allotted (assuming shareholder approval of previous share issues)
Tuesday 10 November	Rights Issue Record Date
Friday 13 November	Rights Issue offer document dispatched and offer opens
Monday 30 November	Rights Issue offer closes
Wednesday 2 December	Rights Issue shortfall notified to underwriters
Friday 4 December	Rights Issue shares allotted

The above dates are indicative and may be subject to change. The Company reserves the right to amend this timetable subject to the Corporations Act and the ASX Listing Rules.

### USE OF FUNDS

The proceeds of the Rights Issue will be used to advance the Company's wholly-owned Pilbara Iron Ore Project, including the following:

- Undertaking a pre-feasibility study for the development of the project;
- Subject to the outcome of the pre-feasibility study (due in mid-2010), the potential application of the balance of funds towards fast tracking mining of Direct Shipping High Grade Hematite Ore from its Delta deposit; and
- The balance of the funds would be applied towards completion of a bankable feasibility study into the exploitation of its whole resource inventory and preliminary site works for their development.

Yours faithfully



**Robert Kennedy**  
CHAIRMAN