

1 June 2012

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

FLINDERS MINES LIMITED (ASX: FMS) SCHEME IMPLEMENTATION AGREEMENT UPDATE

Magnitogorsk Iron and Steel Works OJSC (MMK) has made the following press release regarding the Scheme Implementation Agreement it signed with Flinders dated 25 November 2011:

“OJSC MMK (MMK) announces that on May 30, 2012, during a hearing at the Appellate Court in Chelyabinsk considering MMK’s appeal (seeking a discharge of the injunction relief order issued in support of the legal action brought by MMK’s minority shareholder Elena Egorova) the court issued a ruling to suspend the hearing until June 6, 2012.

Earlier, in April 2012, MMK filed a motion with Arbitration Court of Chelyabinsk Region to challenge the injunction relief order issued by the court on March 30 in support of the plaintiff’s claim. On April 12, 2012, Arbitration Court of Chelyabinsk Region denied MMK’s motion seeking injunction discharge. Following that, MMK filed an appeal with Appellate Court Number 18 to challenge the injunction relief order.

Flinders Mines Limited has also filed a similar appellate claim with the Appellate Court in Chelyabinsk which has noted this Flinders’ claim. During the hearing on May 30 the Appellate Court ruled that MMK submits additional documents and took a recess until June 6, 2012.

MMK continues to pursue the goal of discharging the existing injunction relief order and reiterates its previously stated positions. MMK will further use its procedural rights in order to prove the illegitimate and unjustified character of the plaintiff’s action and will insist that the plaintiff’s claim should be rejected by the court.”

Flinders will continue to keep its shareholders informed regarding these developments.



Gary Sutherland
Managing Director