

8 June 2012

FLINDERS MINES LIMITED (ASX: FMS)

SCHEME IMPLEMENTATION

AGREEMENT UPDATE

Appellate Court Decision

Flinders Mines Limited ("Flinders") provides shareholders with an update relating to its Scheme Implementation Agreement ("SIA") with Magnitogorsk Iron and Steel Works OJSC ("MMK") dated 25 November 2011.

On 6 June 2012, Flinders' and MMK's appeals to the Appellate Court Number 18 (City of Chelyabinsk) were heard.

The appeals were against an injunction obtained by Ms Elena Egorova, restraining MMK from taking steps in respect of the proposed scheme of arrangement with Flinders shareholders.

Flinders has been informed by its legal counsel that both appeals were dismissed. Flinders' Managing Director, Gary Sutherland, said, "Flinders is disappointed at the rejection of its appeal, denying final determination of the injunction prior to the current scheme end date".

Flinders notes that the next court hearing regarding the legal action commenced by Ms Egorova will be 2 July 2012, after the SIA Quit Date of 30 June 2012.

Flinders continues to examine all avenues to enable a transaction with MMK to be implemented before the Quit Date of 30 June 2012. In addition, in accordance with the SIA, Flinders has suggested a number of alternative proposals and variations to the SIA for MMK's consideration and will inform the market of any outcomes.

Flinders requests a lift of the trading halt in the Company's securities.



GARY SUTHERLAND
MANAGING DIRECTOR

8 June 2012

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