

10 May 2017

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

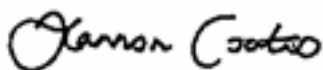
Dear Sir/Madam

**Letter to Shareholders**

Please find attached for release to the market a letter to shareholders in relation to the non-renounceable Entitlement Offer for Flinders Mines Limited.

The letter has been sent to all shareholders.

Yours faithfully



**Shannon Coates**  
**Company Secretary**

10 May 2017

Dear Shareholder

**Non-Renounceable Entitlement Offer**

On 9 May 2017, Flinders Mines Limited (**Flinders** or the **Company**) announced a 1 for 11 non-renounceable entitlement offer of ordinary shares in the Company (**New Shares**) at an issue price of \$0.055 (5.5 cents) per share (**Entitlement Offer**).

The Entitlement Offer seeks to raise approximately \$16 million (before issue costs), through the issue of up to approximately 290,343,674 New Shares.

Flinders invites shareholders who are registered as shareholders of the Company at 7.00pm (AEST) on Friday, 12 May 2017 (**Record Date**), and who have a registered address in Australia and New Zealand (**Eligible Shareholders**) to participate in the Entitlement Offer.

This offer is only being extended to shareholders with registered addresses in Australia and New Zealand. All other shareholders (**Non-Resident Shareholders**) will not be offered entitlements under this issue. The Company has determined, in accordance with the Corporations Act and the ASX Listing Rules, that it would be unreasonable to make the offer to Non-Resident Shareholders having regard to the number of shareholders in the places where the offer would be made, the number and value of the rights that would be offered, and the cost of complying with the legal requirements in those places.

Full details of the Entitlement Offer are contained in the offer booklet lodged with ASX on Tuesday, 9 May 2017 (**Offer Booklet**). The Offer Booklet together with the Entitlement and Acceptance Form will be mailed to all Eligible Shareholders on Wednesday, 17 May 2017. A copy of the Offer Booklet is available on the Flinders website. Pursuant to section 708AA of the Corporations Act, the Company is not required to prepare a disclosure document for the Entitlement Offer.

Key dates which shareholders should note are as follows:

<b>Date</b>	<b>Event</b>
Friday, 12 May	Entitlements Issue Record Date
Wednesday, 17 May	Entitlements Issue opens and Offer Booklet dispatched
Friday, 26 May	Entitlements Issue offer closes at 5.00 pm (Adelaide time)
Monday, 29 May	New Shares quoted deferred settlement basis
Wednesday, 31 May	Entitlements Issue shortfall notified to ASX
Friday, 2 June	Entitlements Issue shares allotted Deferred settlement trading ends
Monday, 5 June	Normal (T+2) trading of New Shares commences

*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 Entitlement Offer will be used to implement the recommendations of the independent strategic review of the Company's Pilbara Iron Ore Project, in particular, to provide sufficient funds to implement a series of asset maturation programs. Full details of the use of funds are contained in the Offer Booklet.

Yours faithfully



**Neil Warburton**  
Chairman

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