



28 February 2014

Flinders to Raise \$14.3M to Commence PIOP BFS

Pilbara Iron Ore Project (PIOP), Western Australia

highlights

- Firm commitments received for Placement raising A\$6.8M
- Flinders to undertake a 1:7 Non-renounceable Entitlements Issue to raise a further A\$7.5M
- Part proceeds raised to be used to commence Bankable Feasibility Study for the Pilbara Iron Ore Project



Flinders Mines Limited ("Flinders", ASX:FMS) is pleased to announce a A\$14.3 million capital raising comprising:

- A placement ("Placement") of approximately 274 million fully paid ordinary shares at A\$0.025 per share to raise approximately A\$6.8 million; and
- A fully underwritten 1 for 7 non-renounceable entitlements issue ("Entitlements Issue") at A\$0.025 per share to raise approximately A\$7.5 million.

Euroz Securities Limited and BBY Limited are acting as joint lead managers to the Placement and underwriters to the Entitlements Issue.

Placement

The Placement was made to sophisticated and professional investors under the Company's existing 15% placement capacity so shareholder approval for the proposed issue will not be required nor sought. The issue will not be to a class of security holders.

It is expected that the Placement shares will be issued on Monday, 10 March 2014. New shares issued under the Placement will rank equally with existing shares in Flinders.

Entitlements Issue

The Entitlements Issue will be an offer of approximately 300 million new fully paid ordinary shares in the Company ("New Shares") on the basis of 1 new share for every 7 existing shares held by Eligible Shareholders on the Record Date ("Entitlement"). The offer price will be the same as that offered under the Placement, being A\$0.025 per new share, a 16.7% discount to the closing price of the Company's shares on the ASX on Wednesday, 26 February 2014.

Only holders of shares in the Company with a registered address in Australia or New Zealand as at 7:00pm (AEST) on Monday, 17 March 2014 will be eligible to participate in the Entitlements Issue.

The Offer Booklet will be lodged with the ASX on or before 6 March 2014 and will be sent to Eligible Shareholders together with a personalised Entitlement and Acceptance Form on 21 March 2014.

The Entitlements Issue is fully underwritten by Euroz Securities Limited and BBY Limited. Entitlements of Eligible Shareholders not taken up and those of ineligible shareholders will form the shortfall, which Eligible Shareholders who take up their full Entitlement may subscribe for, or which will otherwise be dealt with under the Underwriting Agreement. Further information on the Underwriting Agreement will be set out in the Offer Booklet.

Use of Proceeds and Forward Funding Strategy

The Company will use the funds raised under the Placement and Entitlements Issue to:

- Conduct further drilling on the PIOP with a view to upgrading existing Inferred Resources to Indicated status;
- Commence Bankable Feasibility Study ("BFS") and detailed design studies; and
- Provide working capital to the Company.

Moving forward, the Company will be examining broader funding strategies to finalise the BFS and progress with project development. Importantly, the Company has retained flexibility over future funding options which may include, amongst others, pre-sales agreements, offtake agreements, joint venture arrangements, equity funding, debt funding and/or a combination thereof.

Indicative Timetable

The proposed timetable for the Placement and Entitlements Issue is set out in Table 1. All dates are indicative only and the Company reserves the right to vary them (subject to the Corporations Act and the ASX Listing Rules).



ROBERT KENNEDY
EXECUTIVE CHAIRMAN

28 February 2014

Table 1 *Indicative Timetable**

1	ASX announcement of Placement and Entitlement Issue	Friday, 28 February 2014
2	Placement shares allotted	Monday, 10 March 2014
3	Entitlement Issue Record Date	Monday, 17 March 2014
4	Entitlement Issue Opens and Offer Booklet dispatched	Friday, 21 March 2014
5	Entitlement Issue Closes	Friday, 4 April 2014
6	ASX Notified of under subscriptions	Tuesday, 8 April 2014
7	Settlement of the Entitlement Issue and Shortfall Shares	Friday, 11 April 2014
8	Trading of New Shares commences	Monday, 14 April 2014

** IMPORTANT NOTE: The indicative timetable above is subject to change without notice. Flinders reserves the right to amend any or all of these dates and times, subject to the Corporations Act, the ASX Listing Rules and other applicable laws.*

For further information please contact:

Mr Robert Kennedy - Executive Chairman

Flinders Mines Limited

Ph: 08 8132 7950

Email: info@flindersmines.com

Mr Duncan Gordon – Executive Director

Adelaide Equity Partners Limited

Ph: 08 8232 8800 or 0404 006 444

Email: dgordon@adelaideequity.com.au

QUALIFYING STATEMENTS

Forward Looking Statements

This release may include forward-looking statements. These forward-looking statements are based on management's expectations and beliefs concerning future events as of the time of the release of this document. Forward-looking statements are necessarily subject to risks, uncertainties and other factors, some of which are outside the control of Flinders Mines Limited, that could cause actual results to differ materially from such statements. Flinders Mines Limited makes no undertaking to subsequently update or revise the forward-looking statements made in this release to reflect events or circumstances after the date of this release.