

6 March 2014

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

Dear Sir/Madam

Letter to Option Holders

Please find attached for release to the market a Letter to Option Holders in relation to participation in an upcoming non-renounceable Entitlement Offer for Flinders Mines Limited (FMS).

The Letter to Option Holders has been sent to all option holders.

Yours faithfully



David W Godfrey
Company Secretary

6 March 2014

Dear Option Holder,

PARTICIPATION IN NON-RENOUNCEABLE ENTITLEMENT OFFER

The purpose of this letter is to give you notice, as a holder of options over unissued shares (**Options**) in Flinders Mines Limited, of an upcoming non-renounceable entitlement offer.

Flinders Mines Limited (**Company**) is undertaking a fully underwritten, 1 for 7 non-renounceable entitlement offer at an issue price of \$0.025 per share to raise approximately \$7.5 million (**Offer**).

Only shareholders of the Company with an address on the Company's register in Australia or New Zealand at 7.00pm (AEST) on Monday, 17 March 2013 (**Record Date**) will be eligible to participate in the Offer.

As an Option holder, you do not have any entitlement to participate in the Offer unless your Options are exercised in time for shares to be allotted to you before the Record Date. To ensure that your shares are allotted and issued before the Record Date, your Exercise of Option Form and relevant payment must be received by the Company no later than Friday, 14 March 2014.

Before making a decision whether to exercise your Options or to participate in the Offer, you should seek independent advice from your professional advisor.

Yours faithfully



David W Godfrey
Company Secretary