

7 March 2014

The Manager
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 participation in an upcoming non-renounceable Entitlement Offer for Flinders Mines Limited (FMS).

The Letter to Shareholders has been sent to all shareholders.

Yours faithfully



David W Godfrey
Company Secretary

7 March 2014

Dear Shareholder,

Non-Renounceable Entitlements Issue

On 28 February 2014, Flinders Mines Limited ("Flinders" or "Company") announced a placement and a fully underwritten, 1 for 7 non-renounceable entitlements issue at \$0.025 per share ("Entitlements Issue"). BBY Limited and Euroz Securities Limited are acting as joint lead managers and underwriters to the issue.

The Entitlements Issue seeks to raise approximately \$7.5 million, through the issue of up to approximately 300 million new fully paid ordinary shares ("New Shares") in Flinders.

Flinders invites shareholders who are registered as shareholders of the Company at 7.00pm (AEST) on Monday, 17 March 2014 ("Record Date"), and who have a registered address in Australia and New Zealand ("Eligible Shareholders") to participate in the Entitlements Issue.

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 Entitlements Issue are contained in the Offer Booklet lodged with ASX on Thursday, 6 March 2014. The Offer Booklet, together with the Entitlement and Acceptance Form will be mailed to all Eligible Shareholders on Friday, 21 March 2014. 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 Entitlements Issue.

Key dates which shareholders should note are as follows:

Date	Event
Monday, 17 March	Entitlements Issue Record Date
Friday, 21 March	Entitlements Issue opens and Offer Booklet dispatched
Friday, 4 April	Entitlements Issue offer closes
Tuesday, 8 April	Entitlements Issue shortfall notified to Underwriters/ASX
Friday, 11 April	Entitlements Issue shares allotted
Monday, 14 April	Trading of New Shares commences

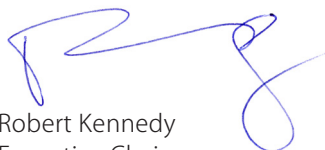
The above dates are indicative and may be subject to change. The Company reserves the right to amend this timetable subject to the Corporations Act and the ASX Listing Rules.

USE OF FUNDS

The proceeds of the Entitlements Issue will be used to:

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

Yours faithfully



Robert Kennedy
Executive Chairman