

8 April 2014

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

Dear Sir/Madam

**FLINDERS MINES LIMITED (ASX: FMS)
UNDERWRITTEN ENTITLEMENT OFFER SHORTFALL NOTICE**

Flinders Mines Limited ("**Flinders**", ASX:FMS) confirms that the 1 for 7 non-renounceable entitlements offer ("**Entitlements Offer**") announced on 28 February 2014 closed at 5:00pm Adelaide time on Friday 4 April 2014.

The Entitlements Offer offered up to 300,128,854 New Shares to raise approximately \$7.5 million.

Flinders advises that it received valid acceptances for a total of 214,498,045 New Shares.

The Entitlements Offer was fully underwritten by Euroz Securities Limited and BBY Limited (together, "**Underwriters**") and the 85,630,809 New Shares not taken up by shareholders will be allocated to the Underwriters pursuant to the Underwriting Agreement with Flinders dated 28 February 2014.

The issue of New Shares under the Entitlement Offer will occur on Friday 11 April 2014 and ASX trading of the New Shares is expected to commence on Monday 14 April 2014.

The Flinders Board would like to express their thanks for the support provided by participants in the capital raising.

Yours faithfully



David W Godfrey
Company Secretary