

2 July 2012

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

**FLINDERS MINES LIMITED (ASX: FMS)  
SCHEME IMPLEMENTATION AGREEMENT UPDATE**

Flinders Mines Limited ("Flinders") provides shareholders with an update relating to its Scheme Implementation Agreement ("SIA") with Magnitogorsk Iron and Steel Works OJSC ("MMK") dated 25 November 2011.

**SIA Quit Date**

Flinders notes that the SIA Quit Date of 30 June 2012 has now passed.

Although the SIA remains in effect until it is validly terminated by either party, parts of the SIA no longer apply.

As the 30 June Quit Date has now passed, the exclusivity period under the SIA has ended. Flinders will continue to keep its shareholders informed regarding the SIA.

A handwritten signature in black ink, appearing to read 'Gary Sutherland'.

Gary Sutherland  
Managing Director