

21 March 2014

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

Dear Sir/Madam

**FLINDERS MINES LIMITED (ASX: FMS)
NOTICE TO NON-RESIDENT SHAREHOLDERS**

Please find attached a Notice to Non-Resident Shareholders in relation to the non-renounceable Entitlement Offer for Flinders Mines Limited (FMS).

The Notice has been sent by post to all Non-Resident Shareholders.

Yours faithfully



David W Godfrey
Company Secretary

21 March 2014

Dear Shareholder

NOTICE TO NON-RESIDENT SHAREHOLDERS

On Friday, 28 February 2014, Flinders Mines Limited (**Company**) announced a placement and a fully underwritten, 1 for 7 non-renounceable entitlement offer of ordinary shares in the Company (**New Shares**) at an issue price of \$0.025 per share (**Entitlement Offer**).

This letter is to inform you about the Entitlement Offer, and to explain why you will not be able to subscribe for New Shares under the Entitlement Offer. This letter is not an offer to issue New Shares to you, nor an invitation for you to apply for New Shares. **You are not required to do anything in response to this letter.**

The Entitlement Offer and use of proceeds

The Company is making a non-renounceable Entitlement Offer of approximately 300 million New Shares to eligible shareholders at an issue price of \$0.025 per New Share to raise approximately \$7.5 million.

The Entitlement Offer is being made in accordance with section 708AA of the Corporations Act 2001 (Cth) (Act) as modified by Australian Securities and Investments Commission Class Order 08/35, under which a prospectus is not required.

An offer booklet was lodged with ASX on Thursday, 6 March 2014 and will be mailed to eligible shareholders on or around Friday, 21 March 2014.

The proceeds from the Entitlement Offer will be used to:

- conduct further drilling on the Pilbara Iron Ore Project 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.

Eligibility Criteria

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 2014 (**Record Date**) will be eligible to participate in the Entitlement Offer (**Eligible Shareholder**).

The Company has determined, in accordance with ASX Listing Rule 7.7.1(a) and section 9A(3)(a) of the Act, that it would be unreasonable to make the Entitlement Offer to shareholders whose registered addresses are outside of Australia and New Zealand (**Non Resident Shareholders**) having regard to the number of Non Resident Shareholders in each country other than Australia or New Zealand; the number and value of the rights that would be offered to them; and the cost of complying with the legal requirements in foreign jurisdictions.

According to our records you are a Non Resident Shareholder and as such you do not satisfy the eligibility criteria for participation in the Entitlement Offer. Accordingly, in compliance with ASX Listing Rule 7.7.1(a) and section 9A(3)(a) of the Act, the Company wishes to advise you that it will not be extending the Entitlement Offer to you and you will not be able to subscribe for New Shares under the Entitlement Offer. You will not be sent documents relating to the Entitlement Offer.

You are not required to do anything in response to this letter.

For further information on the Entitlement Offer or if you believe that you are an Eligible Shareholder, please contact the Company's Share Registry, Computershare Investor Services Pty Ltd, on 1300 556 161 (within Australia) or +61 3 9415 4000 (outside Australia). If you have any further questions, you should contact your stockbroker, accountant or professional adviser.

On behalf of the Board of the Company, thank you for your continued support.

Yours faithfully,



Robert Kennedy
Executive Chairman