



28 October 2009

The Manager
Company Announcements Office
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 Rights Issue for Flinders Mines Limited (FMS).

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

Yours faithfully

A handwritten signature in black ink, appearing to read "D. Godfrey".

David W Godfrey
Company Secretary



28 October 2009

Dear Optionholder,

Participation in non-renounceable rights issue

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 rights issue.

Flinders Mines Limited (**Company**) is undertaking a fully underwritten, 1 for 7 non-renounceable rights issue at an issue price of \$0.13 per share to raise approximately \$29.6 million (**Offer**).

Only shareholders of the Company with an address on the Company's register in Australia or New Zealand at 7.00pm (Adelaide time) on Tuesday, 10 November 2009 (**Record Date**) will be eligible to participate in the Offer. Shortfall under the Offer may also be placed by the underwriter to 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 Wednesday, 4 November 2009.

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

A handwritten signature in black ink, appearing to read "D. Godfrey".

David W Godfrey
Company Secretary