

ASX ANNOUNCEMENT

31 March 2017

Flinders Mines announces results of strategic review

- **Strategic review of Pilbara Iron Ore Project (PIOP) undertaken to identify best path forward to unlock asset value**
- **Review concluded:**
 - **the potential of the PIOP to be an economic asset;**
 - **the economic development of the asset being dependent on the development of a financeable infrastructure solution;**
 - **the requirement for an asset maturation phase to further define the project's commercial viability ahead of any pre-feasibility study; and**
 - **Entitlement issue to be conducted to fast track asset maturation phase.**

Flinders Mines Limited (**Flinders** or the **Company**) (ASX:FMS) announces that it has completed the independent strategic review of its Pilbara Iron Ore Project (PIOP). Following the recommendations set out in the review by the panel of independent experts, a path of action has been identified that has the potential to unlock project value

The strategic review was conducted by Advisian, a global advisory firm and part of the Worley Parsons Group. Advisian provides project and business solutions to developers and possesses deep technical knowledge in the metals and minerals sector. Market analysis was provided by global business consultants, CRU Consulting, and the geological review was provided by mining technical consultants, Snowden Group. The review was overseen by the Board's independent strategic review committee.

The review process consisted of a detailed analysis of the PIOP with key findings as follows:

- PIOP resource potentially provides for the development of an iron ore mine, however further understanding of mine planning and the metallurgy is required to confirm the ability for the mine to operate at an economic production rate.
- The optimal production rate for PIOP is ~45 million tonnes per annum (Mtpa) at ~58-59% Fe for a mine life in excess of 14 years, subject to an infrastructure solution being available.
- Securing a commercially viable mine to port infrastructure arrangement is fundamental to the progression of the project.
- An asset maturation phase needs to be entered into immediately to confirm a number of technical assumptions and uncertainties and to form a solid basis for progression to a pre-feasibility study (PFS) and bankable feasibility study (BFS).

Flinders' executive director and chairman of the Board's strategic review committee Mr David McAdam said: "The Board unanimously agrees with the recommendations that have been set out in the strategic review. The panel of independent experts has developed a credible course of action, and the Board supports the development path required.

"An asset maturation phase will be conducted this year to mature the PIOP ahead of any feasibility study. To fund this phase of work, the company will launch an Entitlement issue and further details

will be announced in due course. The first priority is to finalise a detailed definition of the scope of work and cost.

“This is a positive step towards unlocking value from the PIOP for shareholders.”

To ensure its operations are located within close proximity to iron ore expertise for the asset maturation phase and future development options, Flinders will move its headquarters to Perth in April 2017.

Further information: Kat Fremlin – Communications Manager 0451 954 858 kfremlin@brand-one.com.au

About Flinders Mines Limited

Flinders Mines Limited is an ASX-listed (ASX:FMS) exploration and development company focused on the commercialisation of its large, high quality hematite resource - the Pilbara Iron Ore Project (PIOP).

The PIOP is located approximately 70km from Tom Price in Western Australia’s iron ore-rich Pilbara region. The project consists of two 100% owned tenements – M47/1451 (Blacksmith) and E47/1560 (Anvil). The project has received environmental approvals and the Company is currently determining the optimal development path.