

31 October 2011

BID drilling program – update

Pilbara Iron Ore Project (PIOP), Western Australia

highlights

- Continued excellent results from Brockman Iron Deposit (BID) drilling program
- Drilling program intersects Direct Shipping Ore (DSO) quality mineralisation from surface
- Up to 52m intersections from surface with Fe grades above 60%
- Significant increase in BID ore zones with potential for increase to DSO quality component of global resource



Tenements E47/882 (Blacksmith) and E47/1560 (Anvil)

Flinders Mines Limited (FMS) 100%

FURTHER EXCELLENT ASSAYS FROM 2011 BID DRILLING

Flinders Mines Limited (ASX: FMS) is pleased to announce that excellent results continue to be received for its follow-up reverse circulation (RC) drilling program targeted at defining additional Brockman Iron Deposit (BID) mineralisation at its Pilbara Iron Ore Project in Western Australia.

Significantly, these additional results - which follow the first batch of assays from the 2011 BID drilling program announced on 14 October 2011 - highlight new zones with excellent BID intersections, providing confidence in Flinders' ability to further increase the resource base for the 100%-owned Pilbara Iron Ore Project (PIOP).



RC drilling testing BID zones, Pilbara Iron Ore Project, WA.

Table 1 Pilbara Iron Ore Project significant reverse circulation drilling intersections.

Hole	From (m)	To (m)	Interval (m)	Fe %	CaFe % *	SiO ₂ %	Al ₂ O ₃ %	P%	LOI%
HPRC1020	4	38	34	58.9	64.9	3.4	2.6	0.15	9.2
HPRC1025	2	24	22	56.6	63.5	3.9	3.5	0.09	10.9
HPRC3222	0	52	52	60.6	67.4	1.2	1.4	0.14	10.0
HPRC3236	0	32	32	58.0	65.2	3.5	1.9	0.11	11.0
HPRC3237	0	30	30	59.5	66.6	2.2	1.6	0.13	10.6
HPRC3298	0	24	24	59.8	65.8	2.7	2.1	0.13	9.0
HPRC3386	0	30	30	59.4	63.9	6.2	1.3	0.08	7.2
HPRC3395	4	20	16	57.9	63.3	5.4	2.8	0.08	8.5
HPRC3420	0	24	24	57.9	64.1	4.4	2.5	0.07	9.6
HPRC3471A	8	26	18	60.3	63.6	7.0	1.5	0.08	5.3
HPRC3485A	18	34	16	61.2	66.5	1.9	2.2	0.09	8.0
HPRC5076	2	14	12	54.1	60.9	7.6	3.0	0.12	11.3
HPRC5320A	8	26	18	56.8	62.7	5.9	2.9	0.08	9.3
HPRC5340	2	20	18	56.7	62.4	6.4	3.0	0.06	9.1
HPRC5451	0	16	16	56.6	63.4	4.8	2.9	0.14	10.7
HPRC5465	0	14	14	60.1	65.8	2.7	2.2	0.10	8.7
HPRC5468	0	52	52	57.6	64.3	4.4	2.2	0.13	10.4
HPRC5469	0	24	24	58.7	64.8	4.6	1.5	0.12	9.5
HPRC5472	0	48	48	61.3	67.0	2.1	1.1	0.13	8.4
HPRC5476	0	34	34	57.4	62.1	6.7	2.9	0.10	7.6
HPRC5477	0	14	14	57.5	63.8	4.5	2.7	0.10	9.9
HPRC5478	0	30	30	58.7	65.0	2.8	2.8	0.11	9.7

* CaFe = $Fe / (100 - LOI) \times 100$

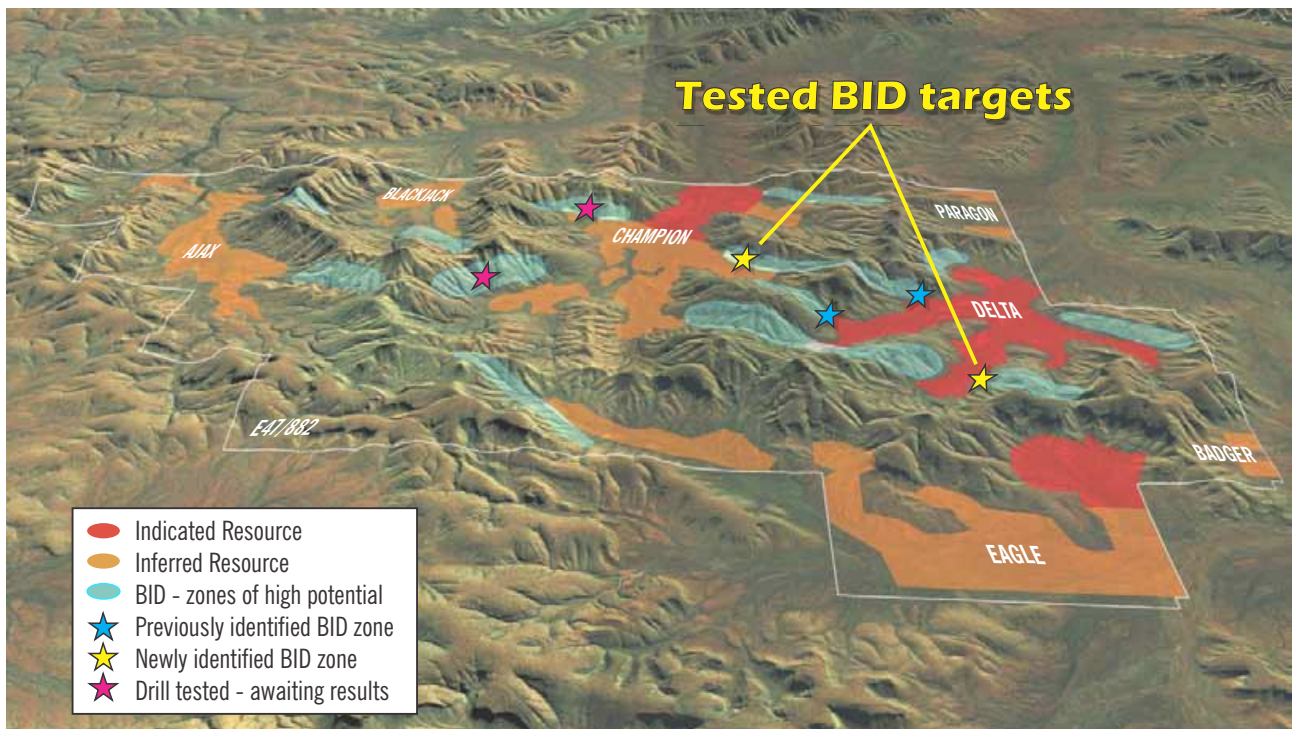


Figure 1 Location of BID target zones and drill tested zones with known mineralization and others awaiting results, Pilbara Iron Ore Project.

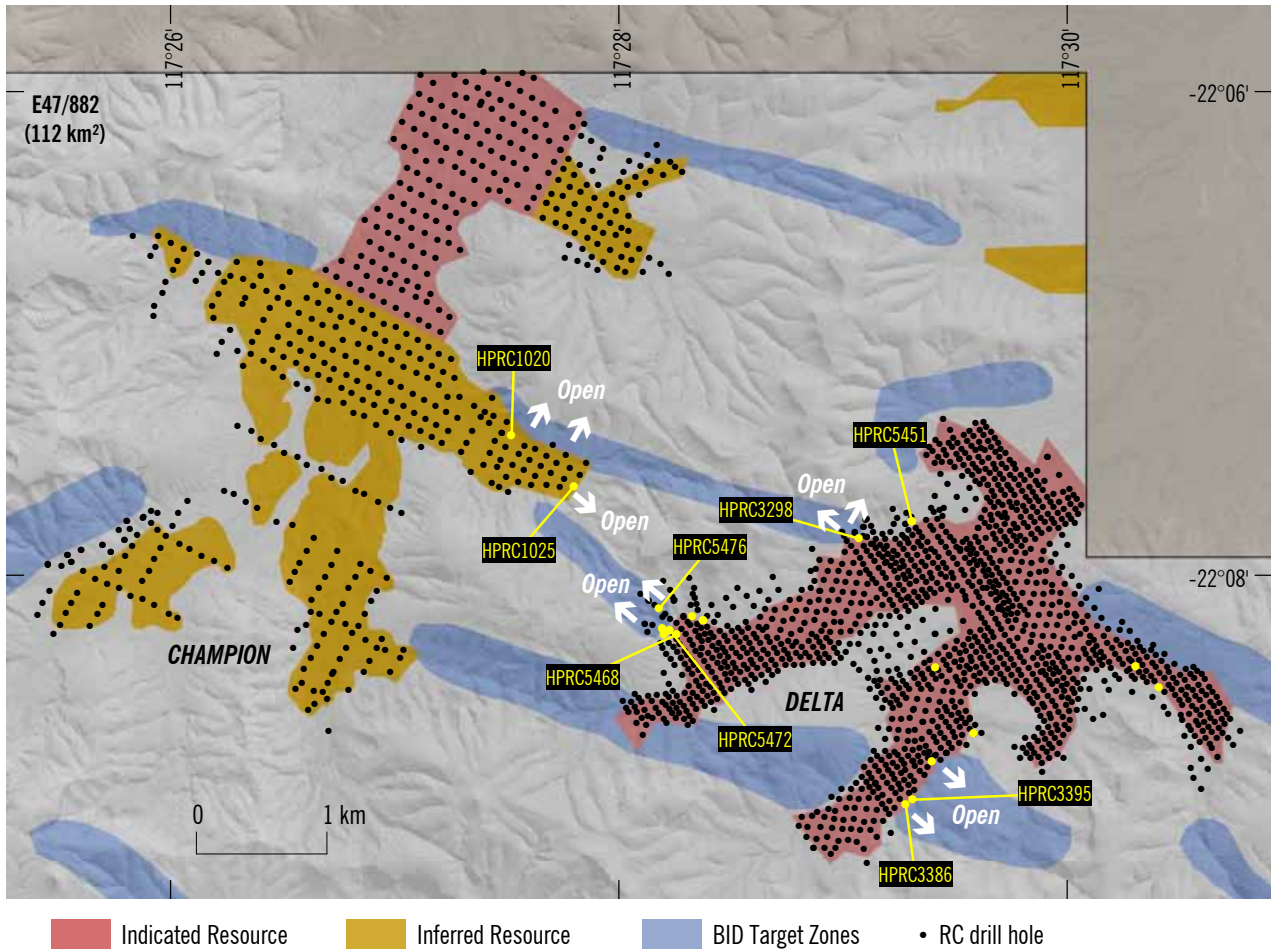


Figure 2 Recent significant RC drilling intersections, BID target zones and the existing resource estimate at Champion and Delta.

Flinders Chairman, Mr Robert Kennedy, said, “these exciting results point to an increase in our Pilbara project global resource and even more importantly indicate the potential for that resource increase to be focussed around high grade, direct shipping ore which will materially improve the already strong economic returns from a mining operation”.

RESULTS

An RC drill rig has been operating at the project testing recently identified BID zones. Several zones have been tested and returned intersections of BID, with other drill tested zones awaiting assays (Figure 1). The significant recent intersections from the BID target program are shown in Table 1. Of the total number of holes drilled to test BID target zones, 42 of these holes are still awaiting assays.

Importantly, this new set of results has delineated BID mineralisation at two additional target zones. One of these BID mineralised zones is on the southern flank of Delta South, with the second located in Champion East. The Champion East BID discovery is significant as it potentially links a target zone which extends for

over 2km between Champion and an existing BID zone delineated in Delta North.

There are two additional BID target zones at Champion West and Champion Southwest which have been drill tested as part of the 2011 drilling program. Although Flinders is still awaiting results for these two zones, BID has been visually located at both locations during geological logging.

As expected the results highlight good grades, thicknesses and close proximity to surface. Further, the majority of this mineralisation lies outside the scope of the current global resource estimates (Figure 2). At Champion East, HPRC1020 intersected 34m @ 58.9% Fe (64.9% calcined Fe) only 4 metres from surface. On the southern flank of Delta South there are several excellent intersections including HPRC3386 with 30m from surface at 59.4% Fe (63.9% calcined Fe). Drilling within the known BID mineralisation in Delta North has returned some excellent intersections including HPRC5468 and HPRC5472, with 52m @ 57.6% Fe (64.3% calcined Fe) and 48m @ 61.3% Fe (67.0% calcined Fe), respectively.

DRILL PROGRAM COMPLETED AHEAD OF SCHEDULE AND UNDER BUDGET

The 2011 drill program being undertaken by Flinders has been completed. Faster than expected drill rates resulted in the drilling program finishing ahead of schedule and under budget. Follow up BID drilling will continue to take place following the execution of Native Title agreements by Flinders. The detailed mapping over the tenement is anticipated to be completed in Q4 2011. This will provide a basis for the focus of further investigation and drilling during the first half of 2012.



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QUALIFYING STATEMENTS

JORC compliance

The information in this report that relates to Exploration Results, Mineral Resources and Ore Reserves is based on information compiled by Mr N Corlis (who is a member of the Australian Institute of Geoscientists) and Dr G McDonald (who is a member of the Australasian Institute of Mining and Metallurgy). Mr Corlis and Mr McDonald are employees of Flinders Mines Limited. Both have sufficient experience that is relevant to the style of mineralisation and types of deposit under consideration and consent to inclusion of the information in this report in the form and context in which it appears. Mr Corlis and Mr McDonald qualify as Competent Persons as defined in the 2004 Edition of the "Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves".

Forward-looking statements

This release may include forward-looking statements. These forward-looking statements are based on Flinders Mines Limited's expectations concerning future events. Forward-looking statements are subject to risks, uncertainties and other factors, many of which are outside the control of Flinders Mines Limited and the Company makes no undertaking to subsequently update or revise the forward-looking statements made in this release to reflect events or circumstances after the date of this release.