

23 May 2013

Flinders to commence BID drilling program



highlights

- *Drilling program has potential to significantly increase high quality ore resource*
- *Upgraded Exploration Target* of 180 – 280Mt (at 55 to 58% Fe) taking potential PIOP resource to > 1.2Bt*
- *BID ore likely to form foundation of first stage mining operations*
- *BID has low strip ratios and no beneficiation is required - can significantly reduce initial project capital costs and operating costs*

Pilbara Iron Ore Project, WA

Flinders Mines Limited (FMS) 100%

Flinders Mines Limited (ASX: FMS) is pleased to announce it will undertake a new drilling program targeting Brockman Iron Deposit (BID) mineralisation at its 100% owned Pilbara Iron Ore Project (PIOP).

Having already defined an Exploration Target* of between 110 to 160Mt of ore at 55 to 58% Fe (refer 22/11/2011 announcement), in addition to the existing 917Mt Mineral Resource, this has now been increased to 180 to 280Mt (at 55 to 58% Fe). Flinders will immediately move to drill test and convert areas of interpreted mineralisation to increase the current 917Mt global resource.

BID mineralisation within the Flinders PIOP carries significant advantages to the Company in future project economics. Scoping studies completed by the Company have indicated the potential for savings in both initial project capital expenditure and operating costs. This is predominantly due to the BID mineralisation being direct shipping ore (DSO) quality requiring no beneficiation. In addition, this BID material would likely be mined at a lower strip ratio than other parts of the PIOP global resource.

Flinders anticipates that a high proportion of any increase to BID ore tonnage will directly translate into the saleable ore inventory.

BACKGROUND

Flinders first recognised BID on the flanks of the existing channel iron mineralisation in 2010 and has been investigating the potential for further BID mineralisation over the unexplored areas between the channels.

The BID targets are based on proximity to known BID mineralisation within the valleys, and the relationship between interpreted geological stratigraphy and structural zones.

A 2011 drilling program generated outstanding near-surface BID mineralisation up to 54m in thickness and around 80% of the holes drilled to date have intersected greater than 4m of BID mineralisation.

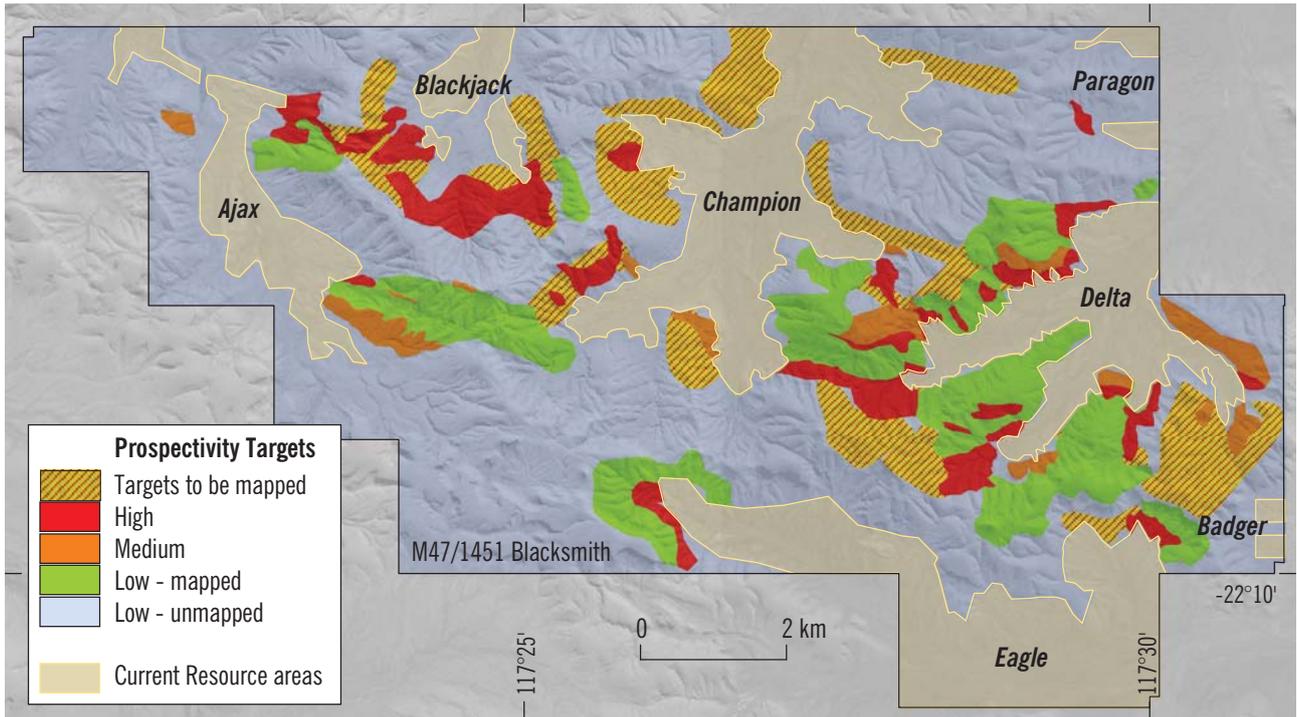


Figure 1 BID Exploration Targets*.

INCREASED EXPLORATION TARGET*

Flinders' initial BID Exploration Target* of 110 to 160Mt was based on existing mapping and ore quality of between 55 and 58% Fe (60 to 63% calcined). This target size assumed a specific gravity (SG) of 2.52, as determined from diamond drill core samples of BID, and

a conservative range in thickness from 9 to 13m based on known intersections.

Following completion of additional field mapping, Flinders has confirmed the presence of 6km² of priority BID targets across the Blacksmith tenement (Figure 1).

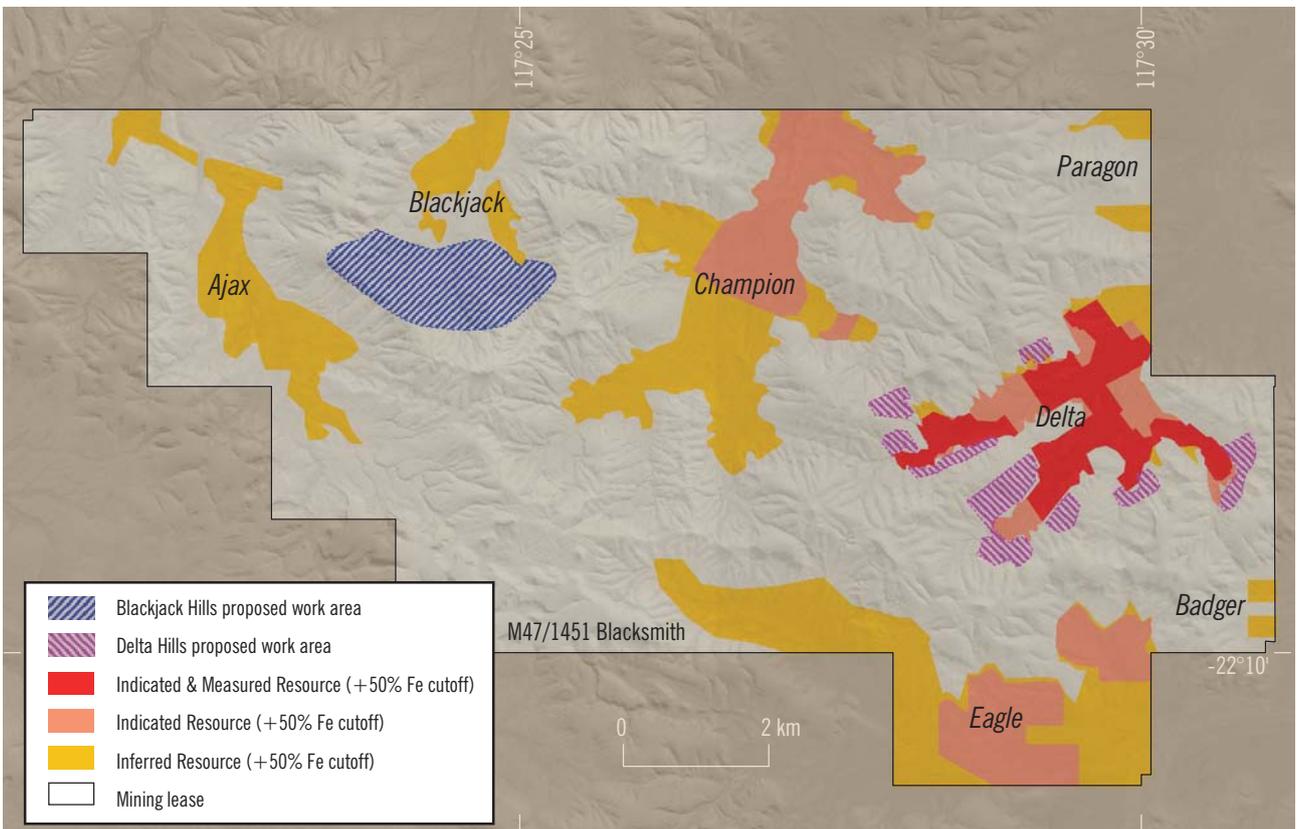


Figure 2 Targeted drilling areas.

Flinders' new global Exploration Target* for BID mineralisation has increased to a range of 180 – 280Mt at between 55 and 58% Fe.

DRILLING PROGRAM

Flinders has undertaken an extensive mapping program to further investigate the BID potential of both newly defined areas as well as zones that have already been the subject of drilling activities.

Flinders intends to undertake a \$1.2m drilling program over the 'Delta Hills' and 'Blackjack Hills' areas (Figure 2).

Delta Hills drilling will focus on those areas immediately adjacent to existing ore intersections, whilst Blackjack Hills drilling will target untested mineralisation in areas that have had no or minimal drilling activity to date.

ONGOING EXPLORATION & GOING FORWARD

Flinders expects to commence drilling at the PIOP in June 2013. All required approvals are in place for the program and the Company will provide updates during this process.



ROBERT KENNEDY
EXECUTIVE CHAIRMAN

23 May 2013

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Forward Looking Statements

This release may include forward-looking statements. These forward-looking statements are based on management's expectations and beliefs concerning future events as of the time of the release of this document. Forward-looking statements are necessarily subject to risks, uncertainties and other factors, some of which are outside the control of Flinders Mines Limited, that could cause actual results to differ materially from such statements. Flinders Mines Limited 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.

***Exploration Targets**

Exploration Targets are reported according to Clause 18 of the JORC Code. This means that the potential quantity and grade is conceptual in nature and that considerable further exploration, particularly drilling, is necessary before any Identified Mineral Resource can be reported. It is uncertain if further exploration will lead to a larger, smaller or any Mineral Resource.

Competent Persons

The information in this report that relates to Exploration Results is based on information compiled by Mr Nick Corlis who is a member of the Australian Institute of Geoscientists and a full-time employee of Flinders Mines Limited. Nick Corlis has sufficient experience that is relevant to the styles of mineralisation and types of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Nick Corlis consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Mineral Resources is based on information compiled by Dr Graeme McDonald who is a member of the Australian Institute of Mining and Metallurgy and a full-time employee of Flinders Mines Limited. Graeme McDonald has sufficient experience that is relevant to the styles of mineralisation and types of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Graeme McDonald consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.