

26 February 2014

Flinders Signs Infrastructure Deal With Rutila and Todd

Pilbara Iron Ore Project (PIOP), Western Australia

highlights

- Alliance Agreement signed with Balla Balla JV allowing Flinders to access transport and export services for its Pilbara Iron Ore Project;
- Will allow in excess of 20Mtpa high quality hematite ore to be produced from PIOP;
- Flinders and Balla Balla JV to work together in finalising Feasibility Studies.



Flinders Mines Limited ("Flinders", ASX: FMS) is pleased to announce that it has entered into an Alliance Agreement ("Alliance Agreement") with the Balla Balla Joint Venture formed between subsidiaries of Rutila Resources Ltd ("Rutila", ASX:RTA) and Todd Minerals Limited ("Todd", a company registered in New Zealand, Company Number 3744115) ("The Joint Venture"), which (subject to satisfaction of conditions) will secure Flinders' access to The Joint Venture's proposed port and rail infrastructure facilities ("Infrastructure Facilities") for Flinders' 100% owned Pilbara Iron Ore Project ("PIOP") in the Hamersley Ranges of Western Australia.

This landmark Alliance Agreement is a game changer for Flinders, allowing it to develop the high quality PIOP.

Flinders will be the Foundation User of the surplus capacity of the Balla Balla Mine Export Facility ("BBMEF").

The agreement, conditional upon completion of Bankable Feasibility Studies ("BFS") confirming the viability of the mining and infrastructure operations, all necessary approvals, final investment decisions ("FIDs") and the execution of Services Agreements, will result in The Joint Venture providing rail services, port handling and ship loading services to Flinders for its iron ore to be mined at the PIOP.

Flinders and The Joint Venture have agreed on commercial terms for access which, following completion of bankable mining, rail and port studies, will result in the potential commencement of mining from the PIOP by 2017 (refer to Table 1) summarised as follows:

- Flinders will pay a direct operating cost recovery fee on each Flinders tonne handled through the Infrastructure Facilities;
- Flinders will pay A\$25/tonne service charge on each Flinders tonne handled through the Infrastructure Facilities;
- The Joint Venture will pay Flinders a A\$5/tonne Foundation User rebate for the first 20Mtpa commitment with a further rebate (commercial in confidence) applied for additional ore transported;
- Flinders will pay The Joint Venture a price participation fee of 30% of revenue derived from ore sales in excess of A\$60/t.

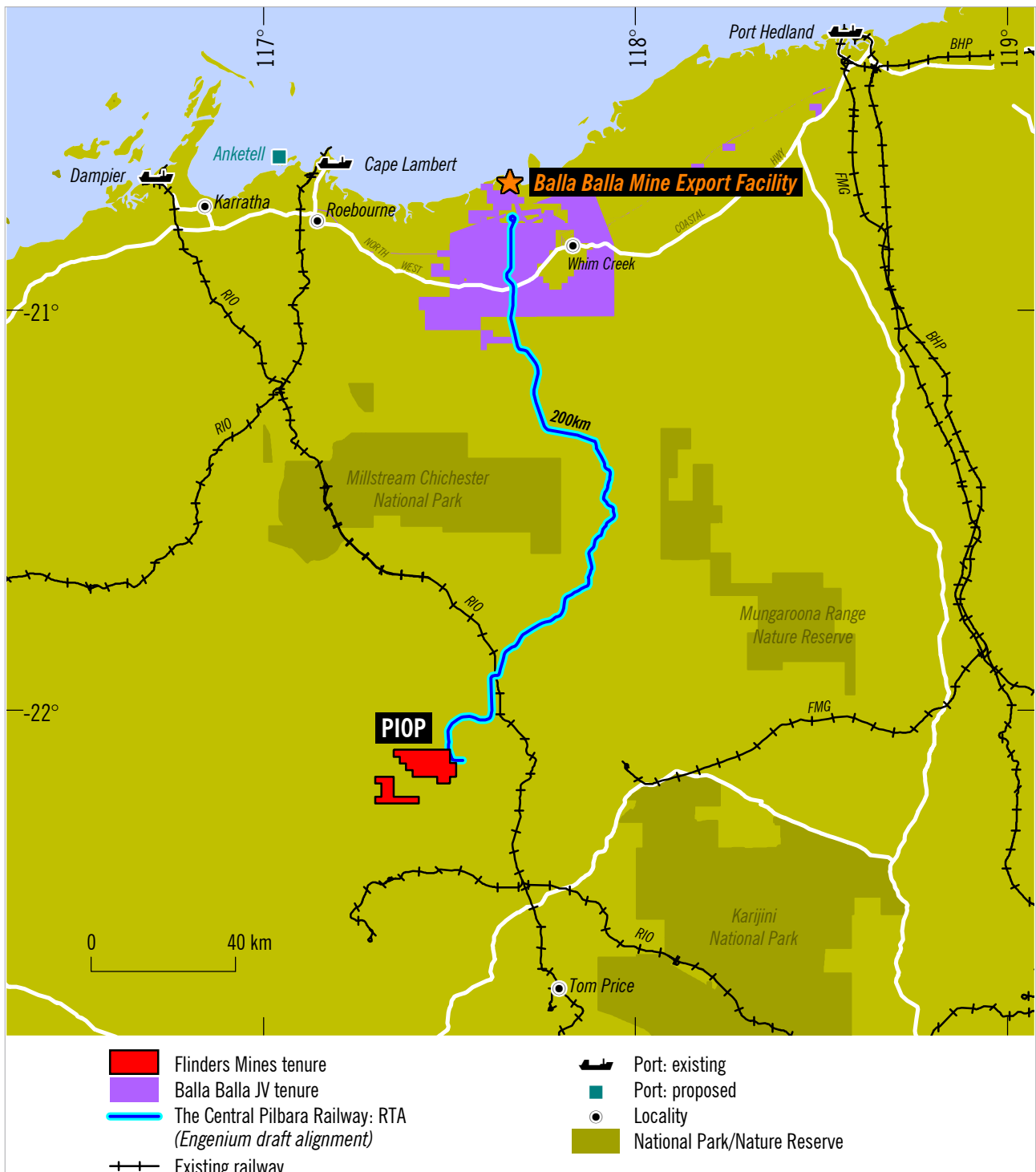


Figure 1 Location of Flinders Mines' PIOP and the proposed Balla Balla Mine Export Facility in the Pilbara, Western Australia.

Both groups will fund their own costs in relation to completion of BFS costs and will form a working committee with respect to this process to ensure consistency between the processes. The Flinders PIOP BFS will assume an initial annual production rate of approximately 25Mtpa with the potential for production to increase in future years.

Both groups will work closely together to align development timelines.

Flinders PIOP

The PIOP, located approximately 60km north west of the town of Tom Price (Figure 1), has a resource base comprising 917Mt iron ore grading 55.2% Fe defined in accordance with the 2004 JORC Code. The Resource has not been updated since to comply with the 2012 JORC Code on the basis that the information has not materially changed since it was last reported (refer to ASX announcement dated 14/11/2011).

This resource base has been shown to be able to produce a total of approximately 250Mt @58.5% Fe saleable product at rates ranging up to 25Mtpa (refer to Table 2 and Quarterly Report for the quarter ending 31 December 2013).

The assumptions underpinning this production target as documented in the Quarterly Report Q4 2013 continue to apply and have not materially changed.

During the BFS process, the final configuration for the project will be determined and will clarify capital and operating costs, however it is expected that these will be in line with current mid-tier Australian producers.

Table 2 : Pilbara Iron Ore Project mining inventory.

Mineral Resource Category	Mt
Measured	48
Indicated	162
Inferred	108
Total	318



Diamond drill core of iron ore mineralisation at PIOP

PHASES	2014				2015				2016			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Execute Alliance Agreement and announce to the market	★											
Obtain BFS funding												
Update various Approvals for 20-25Mtpa case												
Drill Resource to obtain Indicated status for all deposits												
Resource Model / Mine Planning / Testwork												
BFS / Detailed Design												
Negotiation of Construction Funding												
Final Investment Decision												
Procurement of Major Capital Equipment												
Construction												
Commissioning												
First Ore												★

Table 1 Conceptual project timetable subject to change and dependent on BFS.

"This is an historic moment for Flinders and marks the point in time where we can realistically expect to develop our Pilbara Iron Ore Project with a strong path to market" Flinders Mines Executive Chairman, Robert Kennedy said. *"These arrangements break the deadlock that we have faced in having stranded high quality assets without access to rail and port services."*

Mr. Kennedy said the agreement signed with The Joint Venture was the result of many months of negotiations and due diligence. *"We considered a number of options in looking to monetise the Pilbara Iron Ore Project and believe this far and away delivers the strongest economic returns to our shareholders". "We hold the largest independently held hematite resource in the Pilbara and are committed to its development in conjunction with the Eastern Guruma people as our fellow stakeholders in this development initiative"* Mr Kennedy added.

Nicholas Curtis, Rutila Executive Chairman, said *"The signing of this Alliance Agreement is an innovative solution amongst junior mining companies to unlock efficient infrastructure solutions to enable independent development of significant Iron Ore mines in the Pilbara. The innovative solution is a result of committed and positive negotiations with the Ngarluma Aboriginal Corporation and the appropriate State authorities. I'm proud that we have achieved this breakthrough in a short time frame and that this will enable job creation and continue the development of the Western Australian mining industry."*



ROBERT KENNEDY
EXECUTIVE CHAIRMAN

26 February 2014

For further information please contact:

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QUALIFYING STATEMENTS

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, except as required by law.

Competent Persons

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 Australasian 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 2012 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.