

16 April 2014

# Company Update

## highlights

- \$14.3 Million capital raising successfully completed
- Drilling campaign underway on Pilbara Iron Ore Project to upgrade Inferred Resources to Indicated category



Flinders Mines Limited ("Flinders"; ASX : "FMS") is pleased to provide an update on developments within the Company and its 100%-owned Pilbara Iron Ore Project (PIOP).

## Capital Raising

On 28 February 2014, Flinders announced a \$14.3 million capital raising, comprising a Placement to sophisticated and professional investors of approximately \$6.8 million and an underwritten 1-for-7 Entitlement Offer to all Eligible Shareholders for approximately \$7.5 million (all before costs).

Flinders advises that both the Placement and underwritten Entitlement Offer which closed on Friday 7 April 2014 have been settled. Funds received from this capital raising process, the Company's first since November 2009, will be utilised to:

- Conduct further drilling on the Pilbara Iron Ore Project (PIOP), with a view to upgrading existing Inferred Resources to Indicated status;
- Commence a Bankable Feasibility Study (BFS); and
- Provide general working capital to the Company.

## Drilling Campaign Pilbara Iron Ore Project (PIOP)

### Tenement M47/1451 (Blacksmith)

*Flinders Mines Limited (FMS) 100%*

Flinders is pleased to announce that its 2014 drilling campaign commenced on Sunday 13th April at the Company's 100% owned Pilbara Iron Ore Project (PIOP). Since announcing its Alliance Agreement with the Balla Balla JV for the provision of an ore transport solution just 6 weeks ago, the PIOP camp has been re-commissioned in readiness for field operations.

As previously reported (*refer to ASX announcement dated 14/11/2011*), the PIOP has a current global Mineral Resource of 917 Mt @ 55.2 % Fe defined in accordance with the 2004 JORC code (*Table 1*). 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. This resource base has a significant proportion of Inferred Mineral Resource and this 2014 drilling program is designed to increase the confidence in these inferred areas by upgrading them to the Indicated Resource category under the 2012 JORC Code.

**Table 1 : PIOP Global Mineral Resource.**

Global Mineral Resource for Fe > 50% (11/11/2011)						
JORC Classification	Mt	Fe%	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	P%	LOI%
Total Inferred	472.6	54.7	10.2	5.0	0.067	5.7
Total Indicated	343.7	55.5	8.9	4.5	0.083	6.2
Total Measured	101.0	56.4	10.5	5.1	0.054	2.8
<b>Total</b>	<b>917.3</b>	<b>55.2</b>	<b>9.7</b>	<b>4.8</b>	<b>0.072</b>	<b>5.6</b>

The Resource, defined in accordance with the 2004 JORC Code, 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).

An upgrade to the PIOP Global Resource will occur once drilling is completed and results received, feeding into the BFS process.

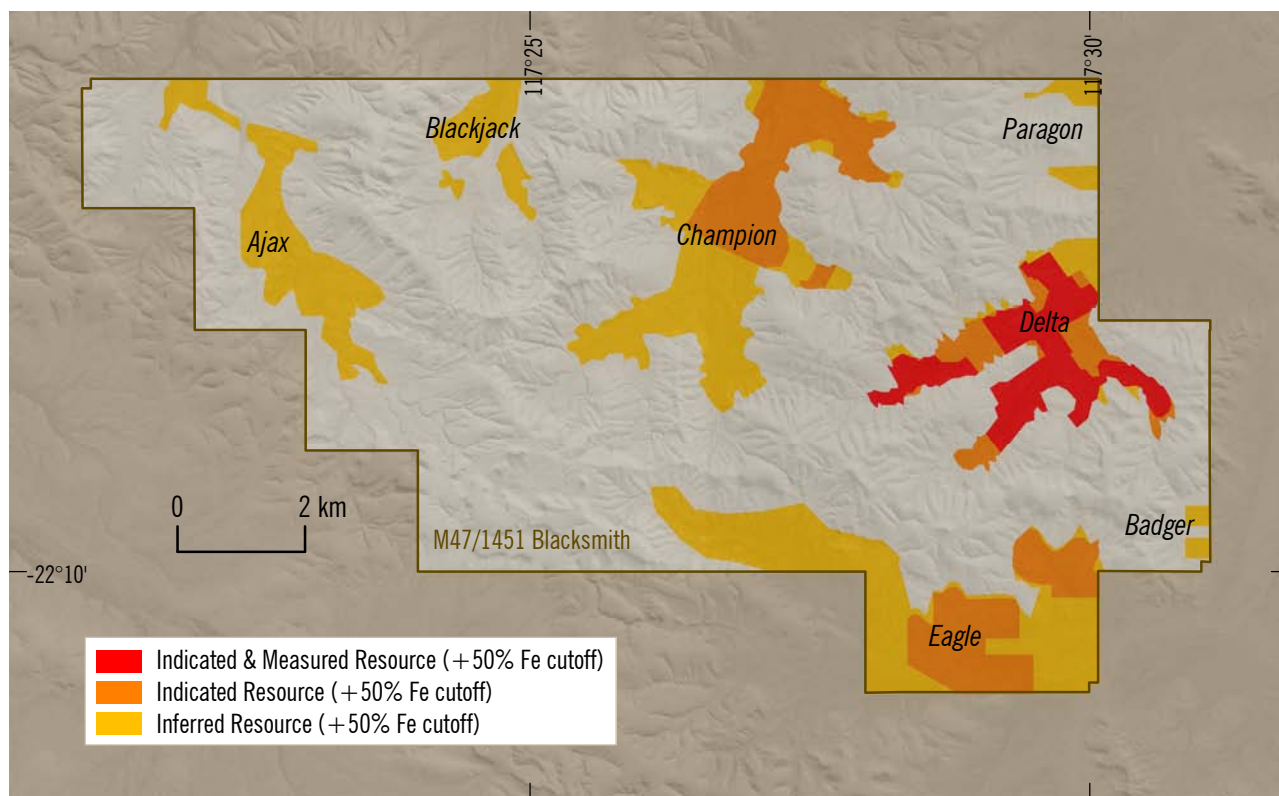
Flinders has secured two Reverse Circulation (RC) drill rigs and a Diamond drill rig to complete the work. RC Drilling has already commenced on the PIOP's Eagle Deposit to complete the infill indicated drilling and then progress to other areas in Champion, Blackjack, Delta, Badger and Paragon as required (Figure 1). A minimum of 650 RC drill holes have been planned for 35,000m and drilling is expected to be completed by the end of the 3rd Quarter 2014. Diamond drilling will commence in the Delta deposit by the end of the current week.

The Company will continue to update the market in relation to field operations relating to the drilling campaign and other requirements for the BFS.

**ROBERT KENNEDY**  
EXECUTIVE CHAIRMAN

16 April 2014

**Figure 1** M47/1451 Inferred, Indicated and Measured Resource areas.



## 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.

### For further information please contact:

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*RC drill rig at commencement of drilling at Eagle deposit, April 2014.*