Flinders MINES | ASX ANNOUNCEMENT

28 November 2014

High Grade BID Mineralisation intersected at Blackjack Deposit

highlights

- *Significant High Grade Fe drill intersections from surface*
- *Intersections outside of current resource boundary*
- *Mineralisation remains open*

Pilbara Iron Ore Project (PIOP)

Tenement M47/1451 (Blacksmith)

Flinders Mines Limited (FMS) 100%

Flinders Mines Limited (ASX:FMS) is pleased to announce that further significant high grade near surface bedded iron (BID) mineralisation has been intersected in drilling at the Company's wholly-owned Pilbara Iron Ore Project "PIOP" in the Pilbara region of Western Australia.

Blackjack Deposit

Recently completed BID targeted drilling at the Blackjack deposit (*Figure 1*) has intersected significant high grade iron mineralisation. A total of 25 holes were drilled in the hills adjacent to the current Blackjack resource in areas where geological mapping had indicated the presence of BID mineralisation (*Figure 2*).

Assays have now been received for 20 of these holes. A list of the more significant intersections is shown below in Table 1 with a complete list of intersections for all holes in Table 2.

All of these intersections are from surface and have extremely low levels of SiO_2 and Al_2O_3. This mineralisation is primarily outside of the current resource boundary and can only add to the recently announced updated resource of 86.2 Mt @ 56.8% Fe for the Blackjack deposit (*refer to ASX release on 21/10/2014*). Much of this high grade mineralisation remains open and is adjacent to targets previously identified for bedded iron mineralisation in the hills surrounding the Blackjack deposit.

Table 1 : *Significant Blackjack Fe intersections from surface, from latest BID targeted RC drilling.*

Hole	From (m)	To (m)	Interval (m)	Fe%	SiO_2%	Al_2O_3%	P%	LOI%
HPRC1640	0	24	24	60.54	3.18	1.74	0.11	7.84
HPRC1641	0	18	18	63.63	1.04	1.06	0.12	5.99
HPRC1646	0	36	36	60.76	2.07	1.65	0.12	8.9
HPRC1649	0	18	18	60.13	2.54	1.53	0.09	9.47
HPRC1650	0	26	26	59.19	2.04	2.19	0.09	10.51
HPRC1651	0	22	22	58.31	2.67	2.89	0.11	10.34
HPRC1653	0	40	40	59.22	1.53	1.79	0.11	11.06

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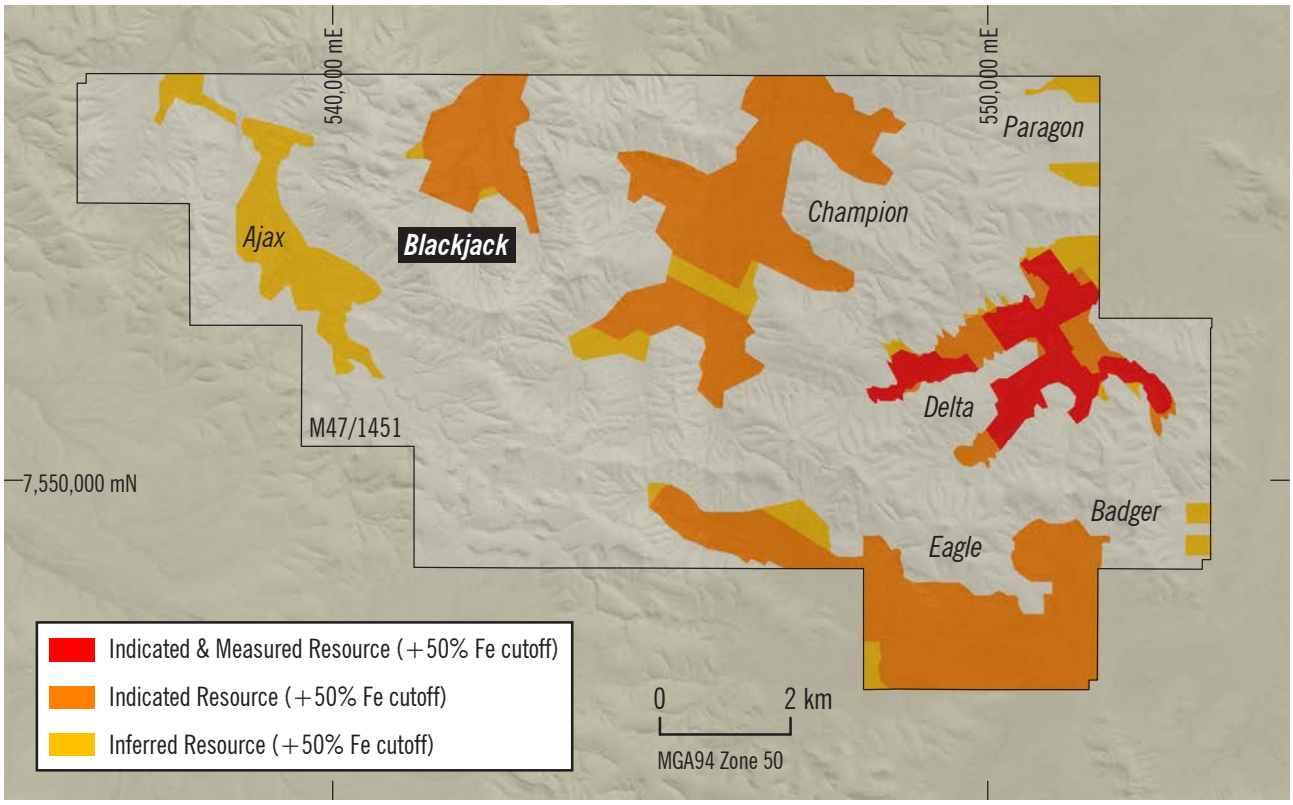

Figure 1 *Location of the Blackjack deposit within the broader Pilbara Iron Ore Project (PIOP).*

Future Program

All drilling targeting new high grade BID mineralisation has now been completed for the year. Further significant results from the drilling will be reported as they are received.

Mineral Resource updates are expected for the PIOP's Badger, Paragon and Delta deposits within the coming week, culminating in an update to the PIOP global resource in December 2014. This global resource will be integrated into the Bankable Feasibility Study, currently due for completion by the end of June 2015.

IAN GORDON
MANAGING DIRECTOR

28 November 2014

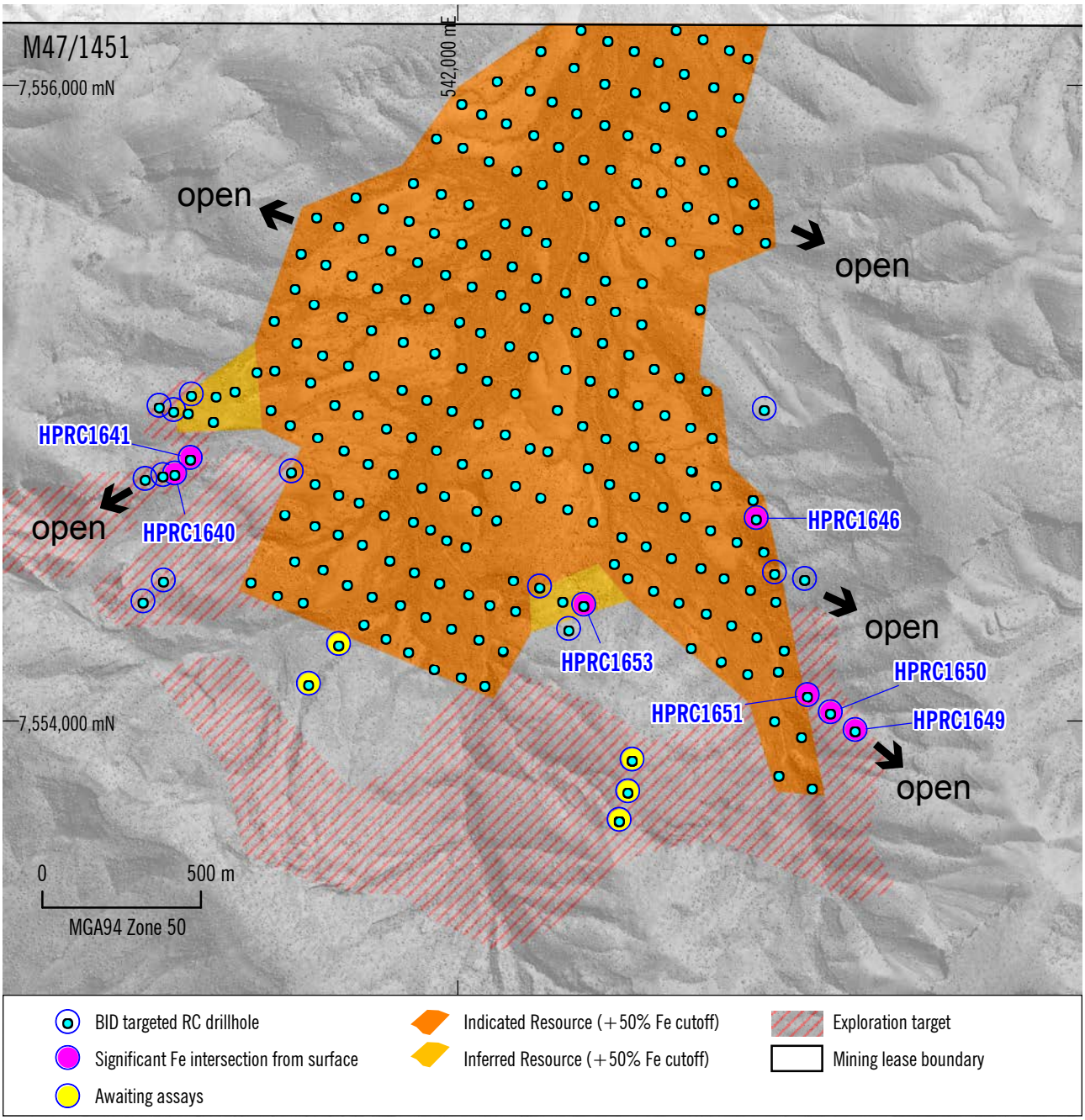

Figure 2 *Blackjack Deposit plan highlighting recently completed BID targeted RC drill holes (see Tables 1 and 2).*

Table 2 : *Intersections summary for new Blackjack RC drillholes.* *NSI - No significant intersection*

Hole	MGA N	MGA E	RL	Azimuth	Dip	From (m)	To (m)	Interval (m)	Fe%	SiO_2%	Al_2O_3%	P%	LOI%
HPRC1635	7555027	541163	663	0	-90	0	10	10	58.68	3.87	2.49	0.09	9.08
HPRC1636	7554991	541061	682	0	-90	32	36	4	52.19	9.89	4.89	0.13	7.40
HPRC1637	7554978	541107	658	0	-90	0	18	18	57.13	6.34	2.91	0.12	8.47
and						22	30	8	58.70	6.40	2.25	0.12	6.86
and						34	40	6	60.67	3.88	1.32	0.16	6.54
HPRC1638	7554762	541018	686	0	-90	0	4	4	55.62	6.16	3.54	0.06	10.02
and						6	10	4	54.96	8.18	3.36	0.06	9.22
HPRC1639	7554773	541074	680	0	-90	0	8	8	57.50	5.39	2.31	0.09	9.33
HPRC1640	**7554778**	**541111**	**666**	**0**	**-90**	**0**	**24**	**24**	**60.54**	**3.18**	**1.74**	**0.11**	**7.84**
HPRC1641	**7554827**	**541160**	**644**	**0**	**-90**	**0**	**18**	**18**	**63.63**	**1.04**	**1.06**	**0.12**	**5.99**
and						24	28	4	56.70	2.41	3.09	0.16	12.60
HPRC1642	7554785	541477	610	0	-90	6	10	4	54.50	7.97	1.50	0.10	11.80
and						12	16	4	53.40	8.31	2.35	0.11	12.02
HPRC1643	7554375	541011	713	196	-60	*NSI*							
HPRC1644	7554441	541075	710	0	-90	*NSI*							
HPRC1645	7554981	542967	610	0	-90	*NSI*							
HPRC1646	**7554637**	**542942**	**608**	**0**	**-90**	**0**	**36**	**36**	**60.76**	**2.07**	**1.65**	**0.12**	**8.90**
HPRC1647	7554446	543095	626	0	-90	0	6	6	57.04	8.61	1.97	0.08	7.41
HPRC1648	7554467	542999	612	0	-90	*NSI*							
HPRC1649	**7553971**	**543253**	**652**	**0**	**-90**	**0**	**18**	**18**	**60.13**	**2.54**	**1.53**	**0.09**	**9.47**
HPRC1650	**7554026**	**543176**	**621**	**0**	**-90**	**0**	**26**	**26**	**59.19**	**2.04**	**2.19**	**0.09**	**10.51**
HPRC1651	**7554081**	**543102**	**611**	**0**	**-90**	**0**	**22**	**22**	**58.31**	**2.67**	**2.89**	**0.11**	**10.34**
HPRC1652	7554423	542259	622	0	-90	12	18	6	55.98	4.25	3.72	0.09	11.40
HPRC1653	**7554365**	**542399**	**623**	**0**	**-90**	**0**	**40**	**40**	**59.22**	**1.53**	**1.79**	**0.11**	**11.06**
HPRC1654	7554289	542352	632	0	-90	*NSI*							
HPRC1655	7553688	542510	630	210	-60	*Awaiting assays*							
HPRC1656	7553778	542537	723	0	-90	*Awaiting assays*							
HPRC1657	7553878	542551	716	0	-90	*Awaiting assays*							
HPRC1658	7554117	541532	643	0	-90	*Awaiting assays*							
HPRC1659	7554241	541626	628	0	-90	*Awaiting assays*							

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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.

Exploration Targets

Exploration Targets, defined in accordance with the 2004 JORC Code, have 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 23/5/2013). 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 Targets, Exploration Results, or 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. Dr 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. Dr McDonald consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

JORC 2012 - Table 1

Pilbara Iron Ore Project, November 2014

Section 1 - Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	Commentary
Sampling techniques	• Reverse Circulation (RC) drilling was used to collect 2m downhole samples for assaying. • Typically, a 4 to 5kg sample was collected using a cone splitter. This sample was sent for major and trace element analysis via XRF of fused discs. All RC samples were submitted for analysis. • Grade standards (Certified Reference Materials – CRM's) and field duplicate samples were used to monitor analytical accuracy and sampling precision. • Diamond drilling methods were used to twin a number of the RC drillholes to test sample representivity and to collect samples for metallurgical test work. • All diamond drillholes employed triple tubed coring methods with half core samples used for QAQC purposes and whole core used for metallurgical test work.
Drilling techniques	• The vast majority of the downhole samples were collected from Reverse Circulation (RC) drill holes of approximately 140mm diameter utilising a face sampling hammer button bit. • PQ sized Diamond (DD) holes were drilled for metallurgical work and HQ sized holes for geotechnical and QAQC purposes. All geotechnical holes were angled and the core was oriented.
Drill sample recovery	• Sample quality and recovery of both RC and DD drilling were continuously monitored during drilling to ensure that samples were representative and recoveries maximised. • RC sample recovery was recorded as good (G) or poor (P) based on visual appraisal of sample size. The majority of all samples were logged as good. • Diamond core recoveries are routinely recorded in the database as a measure of length of core recovered versus the depth drilled. • Results of previous RC-DD twin holes indicate that there is no significant bias in the RC assays related to the presence of water, the sample particle size or the material types comprising the sample.
Logging	• Detailed geological logging of all RC and DD holes captured various qualitative and quantitative parameters such as mineralogy, colour, texture and sample quality. • RC holes were logged at 2m intervals. • The logging data is utilised for both Mineral Resource estimation and future mining and processing studies. • All diamond core was digitally photographed. • Logging data is collected via ruggedised laptops using Ocris logging software which applies inbuilt validation checks as data is entered. The data is subsequently downloaded into a dedicated Geobank database for storage.
Sub-sampling techniques and sample preparation	• RC drilling samples were collected in pre-labelled bags via a cone splitter mounted directly below the cyclone. • Wet and dry samples were collected via the same technique. • Samples were stored on site prior to being transported to the laboratory. Wet samples were allowed to dry before being processed. • Samples were sorted, dried and weighed at the laboratory where they were then crushed and riffle split to obtain a sub-fraction for pulverisation. The pulverised sample was reduced further and combined with various reagents prior to oven fusion to create a fused disc.

Criteria	Commentary
Quality of assay data and laboratory tests	• All RC samples were submitted to Ultra Trace laboratory in Perth, an accredited laboratory with the National Association of Testing Authorities (NATA). Ultra Trace completed both the sample preparation and analytical assaying. • All samples were analysed via X-Ray Fluorescence (XRF) of a fused disc for a standard suite of elements including: Fe, SiO_2, Al_2O_3, TiO_2, MnO, CaO, P, S, MgO, K_2O, Zn, Pb, Cu, BaO, V_2O_5, Cr, Ni, Co, Na_2O. • Multi-point Loss On Ignition (LOI) was determined at 425, 650 and 1000 degrees celsius via thermo-gravimetric analysis. • Field duplicates were collected and inserted anonymously into the sample stream at a rate of 4 per 100 samples. • Pulp standards (CRM's) were inserted into the sample stream as blind samples by field geologists at a rate of 5 per 100 samples. • No significant issues or concerns were apparent with the analysis of the field duplicates or standards. • Laboratory duplicates and standards were also used as quality control measures at different sub-sampling stages. No significant issues have been identified. • No formal analysis of sample size versus grain size has been undertaken, however, the sampling techniques employed are industry best practice. • Throughout the project, approximately 5% of all samples have been sent to an umpire laboratory as an independent check. No significant issues were identified and an excellent correlation exists between the laboratories.
Verification of sampling and assaying	• Significant intersections have been independently verified by company geologists using geological logging and observation of the mineral assemblage. • Twin hole (RC v DD) analysis demonstrates a high degree of intersection and grade compatibility between the dominant RC samples and the twinned core with no evidence of any significant grade bias due to drilling method. • Twins formed by RC drillhole pairs also show good correlation between the original and twin hole. • Assay data is loaded directly into the Geobank database which is managed by Flinders staff. Visual comparisons are undertaken between the recorded database assays and hard copy records at a rate of 5% of all loaded data. No errors have been identified. • Several unannounced audits of the assay laboratory were conducted while Flinders' samples were being processed. No issues or concerns were apparent.
Location of data points	• Drillhole collar locations have been surveyed using a Differential GPS with an accuracy of <5cm for easting, northing and elevation coordinates. • Collar surveys are validated against planned coordinates and the topographic surface. • Downhole surveys have not been carried out as the vast majority of the drillholes are vertical and relatively shallow meaning that any minor departures from the planned drilling direction will have minimal to no impact. • The primary grid used is Map Grid of Australia 94, Zone 50 (GDA94). Vertical datum is the Australian Height Datum (AHD). • Topographic surface uses Lidar 50cm contours captured in 2009.
Data spacing and distribution	• The drill grid spacing varies between deposits. • For the majority of deposits, including Blackjack, a nominal spacing of approximately 100m by 125m is achieved. The Delta deposit is drilled at a spacing of approximately 50m by 50m over much of its area while Ajax is approximately 100m by 500m.
Orientation of data in relation to geological structure	• As the mineralisation comprises predominantly flat lying valley infill deposits, the vertically orientated drilling represents an ideal sampling orientation. The underlying bedded deposits are hosted by sub-horizontal Banded Iron Formation meaning that the sampling is also near ideal. • Localised high angle structures within the basement lithologies, particularly in the hills, may result in less ideal sampling situations.

Criteria	Commentary
Sample security	• Sample chain of custody is managed by Flinders. • Samples in calico bags are packed into polyweave bags and then placed into heavy duty bulk bags for transport to Tom Price. They are then transported via commercial freight directly to the laboratory. • Consignment notes for each submission are tracked and monitored.
Audits or reviews	• No formal audits or reviews have been undertaken. Optiro (independent Mineral Resource Consultant) has reviewed QAQC and twin hole analysis reports prepared by Flinders and undertaken independent validation of the database. No significant issues were identified.

Section 2 - Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	Commentary
Mineral tenement and land tenure status	• The Pilbara Iron Ore Project (PIOP) comprises two 100% FMS owned tenements, M47/1451 and E47/1560, located approximately 70km NW of Tom Price. • The tenements lie within the Eastern Guruma Native Title Determination. Flinders has a current Native Title Agreement in place.
Exploration done by other parties	• Very little previous exploration has been undertaken by other parties. Robe River Mining undertook regional scale iron exploration while a number of other parties have undertaken diamond exploration.
Geology	• Local bedrock geology is dominated by the Dales Gorge, Whaleback Shale and Joffre Members of the Brockman Iron Formation. Incised into this bedrock are channel systems which contain buried Channel Iron Deposits (CID) and Detrital Iron Deposits (DID). Some areas of the bedrock are also mineralised forming Bedded Iron Mineralisation.
Drill hole Information	• A summary of drill hole information material to the understanding of the Blackjack deposit exploration results is included in the accompanying release (*Table 2*). • A diagram showing the location of drill hole collars is included in the accompanying release (*Figure 2*).
Data aggregation methods	• All intersections are determined using a minimum 50% Fe cut, maximum 10% SiO_2 and a maximum of 2m internal dilution. • As all samples are the same length, assays are averaged over the total intersection.
Relationship between mineralisation widths and intercept lengths	• The majority of drillholes are vertical and the ore body is predominantly horizontal, thus any intersection quoted represents an approximation of the true width of the mineralisation. Minor localised high angle structures may result in exceptions to this in some drillholes.
Diagrams	• Appropriate diagrams are included as part of the accompanying release, including a plan of drill hole collar locations and defined Mineral Resource areas.
Balanced reporting	• Intercepts for all drill holes from the current Blackjack deposit drilling are shown in Table 2 of the release. Assays are pending for some holes.
Other substantive exploration data	• Nothing to report.
Further work	• There are currently no plans to undertake further drilling or exploration activities.