

5 January 2015

New Pilbara railway negotiations a boost for Flinders Mines WA Pilbara Iron Ore Project



Flinders Mines Limited welcomes the Western Australian Government's approval for negotiations to commence that could pave the way for a State Agreement allowing construction of a new railway to the Company's 100%-owned Pilbara Iron Ore Project (PIOP).

"This milestone approval from WA Premier, The Hon Colin Barnett, has injected new confidence into our ongoing efforts to complete a Bankable Feasibility

Study (BFS) this year for the development of the PIOP", Flinders Mines' Managing Director, Mr Ian Gordon, said today.

"Worley Parsons is heading up work on the PIOP BFS and are currently on target to have the results of the study delivered to Flinders Mines by the end of June 2015", Mr Gordon said.

"With a clearer path to market via a State Agreement and a positive result from the BFS, we will be able to

determine the returns to our Company's shareholders and be in a position to make an informed decision on whether to proceed with the project", he said.

"Once a positive final investment decision is achieved and financing is available, PIOP production is expected to commence late in 2017/early in 2018."

Flinders Mines last year signed an agreement with the Balla Balla Joint Venture for the provision of rail and port services for the Company's PIOP. The Balla Balla JV consists of Sydney-based Rutila Resources and Todd Corporation of New Zealand which also is the largest single shareholder in Flinders Mines with a 19.9% stake.

Rutila, as Manager of the Balla Balla JV, has been invited by the WA Government to negotiate a State Agreement for construction of the new railway linking the proposed Balla Balla port to Flinders Mines' 25 million tonnes per annum PIOP.

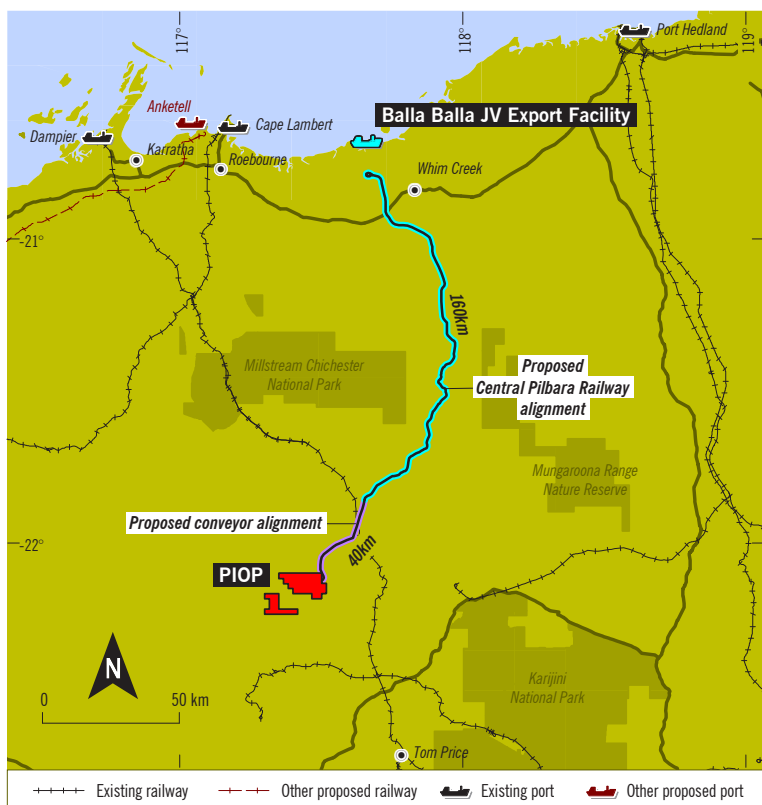


Figure 1 Location of the Balla Balla JV proposed Central Pilbara Railway in the Pilbara region, Western Australia.

Flinders Mines is one of the last independent iron ore juniors operating in the Pilbara with its wholly-owned PIOP seen as one of the few remaining independent, high-quality hematite iron ore projects of scale left in Australia.

Four weeks ago, Flinders Mines announced a jump in the total PIOP Mineral Resource to 1.04 billion tonnes at 55.6% Fe with a significant 84% of that total being in the 'high confidence' Indicated or Measured categories that forms the basis for mine planning studies as part of the current BFS.

Mr Gordon said *"We already have a granted mining lease and we have a Native Title Agreement in place with the Eastern Guruma people who hold determined Native Title over the PIOP mining lease area and areas that are likely to support infrastructure."*

The developments mentioned above are a significant step forward for the Company and give us cause to look forward to the monetisation of the PIOP for the benefit of our shareholders.



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