
NEWS

• RELEASE •

FOR IMMEDIATE RELEASE

Monday 18 May, 2009

**OVERSUBSCRIBED PLACEMENT RAISES \$5 MILLION FOR
FLINDERS MINES TO FAST-TRACK W.A. IRON PROJECT**

An over-subscribed placement to sophisticated investors has raised A\$5 million for Flinders Mines Limited (ASX: "FMS") to accelerate development of its wholly-owned Hamersley iron ore project in the Pilbara region of Western Australia.

The 94.34 million fully paid ordinary shares in the Company were placed at an issue price of 5.3 cents per share by Sydney-based Bell Potter Securities, with Adelaide Equity Partners acting as corporate advisers to Flinders Mines.

The Adelaide-based explorer plans to add further to its capital base, also announcing today its intention to shortly launch a Share Purchase Plan (SPP).

Proceeds from both raisings will primarily assist Flinders fund an accelerated 2009 exploration campaign - dominated by resource delineation drilling - at Hamersley which has a maiden JORC Inferred Resource of 476 million tonnes at 55.4% Fe.

The first of the 2009 holes are expected to commence drilling within weeks.

The 112 square kilometre Pilbara tenement lies directly between Rio Tinto's Caliwingina North iron ore discovery and Fortescue Metals' Serenity iron ore project.

"Our immediate drill focus is to delineate several recently discovered high-grade Bedded Iron Deposits at Hamersley, which we believe could add a significant additional tonnage of ore to the project's resource," Flinders Mines' Managing Director, Dr Kevin Wills, said today.

"We also have a second objective with this 2009 drilling schedule and that is to outline a global resource for the whole of the Hamersley project," Dr Wills said.

"The capital raising proceeds will also help complete current metallurgical and mine studies that form part of Flinders' Prefeasibility Study, transfer some of the viable resource to Indicated category and move by early 2010 into Bankable Feasibility Study," he said.

issued through

FIELD PUBLIC RELATIONS PTY LTD ABN 74 008 222 311

231 South Road, MILE END SA 5031

Ph: 08 8234 9555 Fax: 08 8234 9566

admin@fieldpr.com.au

Today's announcement comes just 11 days after Flinders Mines announced an expansion of its WA iron ore portfolio, with the acquisition of the Canegrass magnetite project in the Mid West of the State from Maximus Resources Limited.

MEDIA CONTACTS

Dr. Kevin Wills Flinders Mines 0419 850 997

Kevin Skinner Field Public Relations (08) 8234 9555 / 0414 822 631

issued through

FIELD PUBLIC RELATIONS PTY LTD ABN 74 008 222 311

231 South Road, MILE END SA 5031

Ph: 08 8234 9555 Fax: 08 8234 9566

admin@fieldpr.com.au