
NEWS

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FLINDERS MINES' GO-AHEAD FOR PILBARA

IRON ORE PRE-FEASIBILITY STUDY

A Pre-feasibility study into development of a 500 million tonne Pilbara iron ore project in Western Australia has been given the go-ahead by 100%-project owner, Flinders Mines Limited (ASX: "FMS")

Immediate work will include an additional resource definition drilling campaign on Flinders Mines' Blacksmith tenement, E47/882, which together with the Anvil tenement, E47/1560, comprises the Company's Pilbara iron ore interest.

Flinders Mines' Chairman, Mr Robert Kennedy, said today the decision to move to the next evaluation stage for the project followed the release of the new Scoping study.

"The independent study found the whole project had the potential to proceed towards development of an economic long-life iron ore mine. Significantly, the Pre-feasibility study will have the objective of recommending a preferred development option as there are now several mineralised areas which could support mining, clearly identified within the tenement," Mr Kennedy said.

"Flinders Mines has also identified Bedded Iron Deposit (BID) intersections well outside the current resource areas so evaluation of these should also impact positively on future total resource tonnage and iron grade estimates."

The Scoping study, undertaken by Adelaide-based AMC Consultants Pty Ltd, reviewed the mining, beneficiation, transport and sale options available to Flinders Mines for development of its Pilbara iron resource.

Key findings included that the Delta deposit on the eastern flank of the Blacksmith tenement presented optimal grade opportunities and a low stripping ratio and should be the focus for the Company's studies for any start-up Pilbara mining operations.

"As a matter of priority, and as a result of the Scoping study and decision to move to the next evaluation stage, we are now progressing a range of work activity on site to further build our project confidence and a more detailed understanding of the metallurgical characteristics of these iron ore deposits," Flinders Mines' Managing Director, Dr Kevin Wills, said.

“We will undertake a major diamond and reverse circulation drilling program on Delta in the coming quarter with the intention of moving its current Inferred Resource of 148 million tonnes to Indicated Resource status.

“Delta’s grade and stripping ratio - and the fact it has the highest tonnage of BID material of all of the deposits identified to date - obviously favours making it our priority so that we can maximise early cash flows and the potential to further increase the BID resource.

“From next month, we will also commence an extensive 35-40 hole diamond drilling program to provide representative samples for metallurgical testing focused on the physical properties of the ore types and possible beneficiation.

“New BID targets will also be generated with the intention to drill test early in 2010.

“Initial extension drilling at Blackjack, Champion, Delta and Eagle intersected BIDs as much as 200 metres and in some cases beyond 500 metres, outside the current resources areas.”

Separate to the Scoping study, new resource estimates by Golder Associates Pty Ltd have defined an initial JORC Inferred Resource for the Ajax deposit of 35 Mt @ 54.9% Fe.

This estimate is based on a +50% iron cut-off, an estimate Dr Wills said was below original exploration targets due to more detailed weathering impacts, mineral depth and continuity were accounted for.

“The new Ajax resource has, however, increased the total Inferred Mineral Resource for the Pilbara project to 511 Mt @ 55.4% Fe,” Dr Wills said.

The E47/1560 or “Anvil” tenement lies just to the southwest of E47/882 and contains at least four primary iron ore areas of interest for further assessment and development.

Dr Wills said current drilling on the Anvil acreage is due for completion early in the December quarter.

“This will enable an Inferred Resource to be estimated for Anvil, leading to the first global Inferred Resource for the entire Pilbara project,” he said.

Flinders Mines is well cashed up with approximately A\$19.0 million in the bank at mid-August.

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