
NEWS

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Joint Flinders Mines Limited ASX Announcement and Flinders
Exploration Limited Media Release

FOR IMMEDIATE RELEASE

Monday, 3 May 2010

JOINT VENTURE AGREEMENT SIGNING PROGRESSES \$7 MILLION I.P.O. AND PUBLIC LISTING

A new \$7 million mining industry Initial Public Offering took a significant step forward today with emerging multi-commodity exploration company, Flinders Exploration Limited, signing a Joint Venture Agreement (JVA) with ASX-listed iron ore company, Flinders Mines Limited (ASX: FMS).

The agreement – which enables Flinders Exploration to acquire most of Flinders Mines' non iron ore assets – was signed today on the first day of the *South Australian Resources & Energy Investment Conference* in Adelaide.

Flinders Mines announced last year its plans to list its non-core diamond and phosphate exploration assets through a new company to be called Flinders Exploration, to allow Flinders Mines to focus on its Pilbara iron ore development project.

The JVA covers a substantial tenement package of more than 21,800 square kilometres in South Australia, Western Australia and the Northern Territory and includes advanced exploration projects prospective for diamonds, phosphate, copper, gold and barite.

This includes Flinders Mines' South Australian Diamond Project, located in several areas over the southern Flinders Ranges and Gawler Craton, where some of the highest concentrations of micro-diamonds from any kimberlite host rock in SA have already been recovered by Flinders Mines.

Under the terms of the JVA, Flinders Exploration has the right to earn up to 75% of the mineral rights for all tenements in the JVA, by expending \$6 million over three years (The JVA only includes diamond rights in the Pilbara Project and no rights from Flinders Mines' Canegrass Project, both in Western Australia). The earning-in phase will commence once Flinders Exploration is listed on the ASX.

Adelaide-based Flinders Exploration said today it would utilise some of the funds from the IPO to fast track bulk sampling in South Australia to progress identification of a potential mine project.

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231 South Road, MILE END SA 5031

Ph: 08 8234 9555 Fax: 08 8234 9566

admin@fieldpr.com.au

It also plans to use funds to carry out further work in Western Australia's Pilbara region where diamonds have been recovered from stream samples close to Flinders Mines' Pilbara Iron Ore Project.

The Flinders Exploration IPO proposes offering 35 million shares at 20 cents per share to raise up to \$7 million. A minimum subscription of \$5 million has been set.

Flinders Mines shareholders will be given a priority offer of shares in the Flinders Exploration IPO, and Flinders Mines will retain a significant interest of at least 20% in Flinders Exploration. Through its direct JV and indirect equity interest, Flinders Mines' shareholders will retain a significant exposure to any discoveries and developments by Flinders Exploration.

Flinders Mines will seek shareholder approval for the transaction at a General Meeting now expected to be held in June. The Flinders Exploration IPO is expected to be completed by the end of September.

"The Flinders Exploration listing is aimed at ensuring value is added to the advanced portfolio of exploration projects currently within Flinders Mines that isn't part of the company's Iron Ore plans," Flinders Exploration's Managing Director, Dr David Tucker, said today.

"Flinders Exploration will hold high quality assets with the main focus being on fast-tracking the diamond asset base that we believe has the potential for commercial reality", Dr Tucker said.

The Board of the new company consists of three Directors with wide-ranging experience, including Dr Tucker as Managing Director. Dr Tucker, Flinders Mines' diamond and phosphate exploration manager, is a geophysicist with 40 years experience in multi-commodity mineral exploration.

Chairman of Flinders Exploration is Mr Andrew Andrejewskis, who was Managing Director of SAPEX Limited until its acquisition by Linc Energy. Mr Andrejewskis is a former Director General and CEO of the Department of Mines and Energy, South Australia and has also held key positions within the department of the Northern Territory's Chief Minister.

Flinders Mines Managing Director Dr Kevin Wills will also be a non executive director of Flinders Exploration. Dr Wills has extensive diamond and South Australian exploration management experience.

MEDIA CONTACTS:

Dr David Tucker
Managing Director
Flinders Exploration
(08) 8132 7980
(0418) 847 175

Kevin Wills
Managing Director
Flinders Mines
(08) 8132 7900
(0419) 850 997

Sean Whittington
Field Public Relations
(08) 8234 9555
(0412) 591 520

issued through

FIELD PUBLIC RELATIONS PTY LTD ABN 74 008 222 311

231 South Road, MILE END SA 5031

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admin@fieldpr.com.au