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# NEWS

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• **RELEASE** •

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**FOR IMMEDIATE RELEASE**

## **FLINDERS MINES' RAISING \$53 MILLION TO RAPIDLY PROGRESS**

### **PILBARA IRON PROJECT**

A capital raising of \$52.8 million has been announced by Flinders Mines Limited (ASX: "FMS") to fund a rapid progression to mining at its flagship Delta project and towards the completion of a Bankable Feasibility Study (BFS) as a further development of its Pilbara iron ore project in Western Australia.

Flinders Mines' Chairman, Mr Robert Kennedy, said today the capital raising initiative would ensure the Company maintained a well funded and aggressive development momentum for the project in 2010.

"The emerging fundamentals for this project are clearly demonstrating the potential for a long-life iron ore mine," Mr Kennedy said.

The two tranche capital raising for the wholly-owned Flinders Mines Pilbara project will comprise:

- An institutional placement to sophisticated and professional investors issuing 160 million fully paid ordinary shares at A\$0.145 per share to raise approximately A\$23.2 million (subject to ratification at the Company's annual general meeting on November 6 of previous share issues) and
- A fully-underwritten 1-for-7 non-renounceable rights issue at A\$0.13 per share to raise an additional A\$29.6 million (to be conducted following the placement).

If the Placement and Rights Issue are fully subscribed, Flinders Mines will issue approximately 387 million new ordinary shares, representing 27% of the Company's current issued capital.

The capital raising is being managed and the Rights Issue underwritten by Euroz Securities Limited, with Adelaide Equity Partners Limited acting as advisers to Flinders Mines.

Proceeds will be applied to three objectives:

1. Completion of the pre-feasibility study for the development of the project;
2. Subject to the outcome of the pre-feasibility study, the potential application of funds towards fast-tracking mining operations from the Delta deposit; and
3. The balance of the funds would be applied towards the completion of a bankable feasibility study into the exploitation of its whole resource inventory and preliminary site works for their development.

Flinders Mines' Pilbara iron ore interests are contained within two nearby tenements - Blacksmith (E47/882) and Anvil (E47/1560). A scoping study completed in August identified Delta, on the eastern flank of Blacksmith, as offering high grade opportunities and a low stripping ratio for Flinders Mines' start-up Pilbara mining operations.

"The pre-feasibility study will define the preferred development options identified within Delta that are likely to support mining operations," Mr Kennedy said. "Significantly, our current drilling program for Bedded Iron Deposits has the potential to further add to our Pilbara total resource."

Flinders Mines has embarked in the current quarter on a major diamond and reverse circulation drilling program across Delta with the intention of moving its current Inferred Resource in the area to Probable Reserve status and to carry out metallurgical testing to define product characteristics.

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