
NEWS

• **RELEASE** •

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FLINDERS LIFTS POTENTIAL DSO COMPONENT

AT FLAGSHIP IRON PROJECT IN W.A.'s PILBARA

Analysis of new resource figures from Flinders Mines Limited's (ASX code: "FMS") flagship Pilbara Iron Ore Project in Western Australia's iron heartland has seen the Company's potential Direct Shipping Ore (DSO) component elevated by more than 30%, a group of investors was told today.

Flinders announced today that latest estimates from the project's high-priority Delta deposit have identified a combined Indicated and Inferred Resource consisting of lower Channel and Bedded iron deposits of 113 million tonnes at 58.5% iron for Delta, and which has the potential after further metallurgical and mining studies, for direct export to the busy steel mills of Asia.

The overall Pilbara project for Flinders Mines – comprising the two main target blocks, Blacksmith and the nearby Anvil ground - currently has a global Indicated and Inferred Resource of 550Mt @ 55.6% Fe, all contained within five separate deposits at Blacksmith.

The latest potential DSO figures were unveiled today by Flinders Mines' Managing Director, Dr Kevin Wills, in a presentation to prominent European and American investors at Euroz Securities' annual investors' conference on Rottnest Island, off the Perth coast.

"We continue to be heartened by the early findings of our ongoing mining studies, which suggest that the Delta deposit will lend itself to low-cost open-cut mining with low waste-to-ore ratios," Dr Wills said.

"Adding to our confidence is the growing number of development and infrastructure options for the region's bulk commodities, with the latest news that the WA Government (*) is supporting a new multi-user port facility at Anketell, less than 175km by rail from our Pilbara project.

() WA Premier, Mr Colin Barnett, earlier this month committed \$3.5 million to the preparation of an Industrial Precinct Development Agreement for a multi-user deepwater port at Anketell, 30km east of Karratha, to complement the Pilbara's principal export hubs at Port Hedland and Dampier.*

“We are currently exploring a number of options for development, including a potential fast-track option that could see Flinders Mines in its maiden iron ore production toward the end of 2012,” Dr Wills said.

The Pilbara project is currently the subject of a Prefeasibility Study by engineering group, WorleyParsons.

The outcome of this study is anticipated to lead into the launch in the fourth quarter of 2010, of a Bankable Feasibility Study to identify the most economic route to development.

Of the 550Mt global resource, the Delta deposit currently accounts for an estimated Inferred and Indicated Resource of 187.1 million tonnes at 56.5% iron – which includes the latest potential DSO resource estimate of 113 million tonnes at the higher grade of 58.5% iron.

“Although we still have to complete detailed mining and metallurgical studies to see how this potential DSO grade ore will behave , the initial figures support the likelihood of a significant DSO component at the Pilbara project,” Dr Wills said.

In his presentation, Dr Wills also flagged the release by the end of next month of an updated global resource for the whole project, including an inaugural resource for the Anvil tenement – just to the southwest of Blacksmith.

(Note: Direct Shipping Ore (DSO) is ore that can be mined and cheaply treated by simple crushing screening and blending to produce a product with an overall grade for iron and other elements that is suitable for direct export.)

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QUALIFYING STATEMENTS

Terminology

The information relating to the terms "iron ore", "exploration target" and "direct shipping ore" should not be misunderstood or misconstrued as an estimate of Mineral Resources and Reserves as defined by the JORC Code (2004) and therefore the terms have not been used in this context.

JORC Statement

The information that relates to the drilling data and geological interpretations is based on information compiled by Nick Corlis who is a Member of The Australian Institute of Geoscientists and who is Exploration Manager of the Company. The information that relates to the Mineral Resource Estimate has been compiled by Mr Stephen Godfrey of Golder Associates Pty Ltd. Mr Godfrey is a Member of the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. Both Mr Godfrey and Mr Corlis have sufficient

experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Godfrey and Mr Corlis consent to the inclusion of their information in this report in the form and context in which it appears.

Forward-Looking Statements

This release may include forward-looking statements. These forward-looking statements are based on Flinders Mines Limited's expectations concerning future events. Forward-looking statements are subject to risks, uncertainties and other factors, many of which are outside the control of Flinders Mines Limited and the Company makes no undertaking to subsequently update or revise the forward-looking statements made in this release to reflect events or circumstances after the date of this release.

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