
NEWS

• RELEASE •

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1st July 2010

NEW INTERSECTIONS OUTSIDE EXISTING RESOURCE
AT FLINDERS' FLAGSHIP PILBARA IRON ORE PROJECT

Significant new drill intersections and assay results from outside the existing resource base are included in an update announcement made today by Flinders Mines Limited ("FMS") for its flagship Pilbara Iron Ore Project in Western Australia.

The new ore-grade intersections – which include some previously undrilled areas – “will lead to larger surface areas of mineralisation and are ultimately expected to lead to increased resources”, the Company said.

The latest results are from the just-completed first phase of an extensive 2010 drilling program on Flinders Mines' Pilbara Iron Ore Project which already has a global JORC compliant Mineral Resource of 658.3 million tonnes @ 55.4% Fe, including a 347.7 Mt at 57.4% Fe higher-quality Indicated and Inferred Resource.

Flinders Mines said today that the first phase of the 2010 drilling strategy – aimed at providing higher tonnage mining options and also converting additional Inferred resource to Indicated status – had been completed under budget and three weeks ahead of schedule

“The total of 493 holes drilled to date for 21,705 metres in our 2010 program includes significant intersections outside the current resource boundary, including new and previously untested areas outside the main Delta deposit,” Flinders Mines' Managing Director, Dr Kevin Wills, said today.

“Assays have already been received for a total of 156 drill holes with some excellent results, including outside existing resources,” Dr Wills said (see table 1 in ASX statement).

Indicated Resource increase

Dr Wills said the results at Delta South and Champion North would lead to increases in the Indicated Resource category.

“The new intersections were drilled in areas where higher-quality mineralisation is known and results confirm this. Therefore, the additional resources are also likely to be of higher-quality,” he said.

“The overall implication is that the current Pre-feasibility Study will be able to consider either increases in proposed mine life or annual throughputs above 15Mtpa, or both.”

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Dr Wills said drilling to date during 2010 had been carried out faster than anticipated with many holes on the margin of the deposits being shallower than anticipated. Drilling advancement rates had also been faster.

“These factors have aided in completing the first phase program over three weeks ahead of schedule and under budget. Work has commenced on interpreting the assay results as they come to hand, prior to updating the resource estimates,” he said.

“The first phase drilling has seen drilling completed at Delta South, two new areas on the eastern margin of the tenement and areas within both the Champion and Eagle prospects. All drilling has ceased and will recommence in the third quarter of 2010.

“At Delta South, good continuity of mineralisation has been identified and Flinders expects a very good conversion of Inferred resource to Indicated.

“Some thick, high grade intersections have been made outside the current resource boundary; including HP2284 with 42m @ 58.8% Fe (65.7% calcined), HP2307 with 24m @ 58.3% Fe (63.6% calcined) and HP2271 with 30m @ 59.2% Fe (65.3% calcined).

“Mineralisation is still open in places, particularly the Bedded Iron Deposit (BID) mineralisation.”

Drill results included a number of excellent intersections of Channel Iron Deposit (CID) and BID at the Paragon prospect (previously Little A), particularly in the southern arm, including 34m @ 60.7% Fe (65.6% calcined), with this mineralisation still open to south.

At Badger (previously Little B), excellent intersections of CID and BID included 24m @ 58.9% Fe (64.7% calcined). Both Paragon and Badger are new untested areas and have not been included in any previous Flinders Mines resource estimates.

Extensional drilling at Eagle Camp and Champion has intersected good thicknesses of high quality lower CID and BID material at shallow levels, outside current resource boundary. No assays have been received yet for these areas.

Dr Wills said the Company's Pre-Feasibility Study remains on track and an update will be provided in the June 2010 quarterly report.

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JORC compliance

The information in this report that relates to Exploration Results, Mineral Resources and Ore Reserves is based on information compiled by Dr K J A Wills (who is a Fellow of the Australasian Institute of Mining and Metallurgy) and Mr N Corlis (who is a member of the Australian Institute of Geoscientists). Dr Wills and Mr Corlis are employees of Flinders Mines Limited. Both have sufficient experience that is relevant to the style of mineralisation and types of deposit under consideration and consent to inclusion of the information in this report in the form and context in which it appears. Dr Wills and Mr Corlis qualify as Competent Persons as defined in the 2004 Edition of the "Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves".

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 of 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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