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Pilbara Iron Ore Project Forging ahead

Gary Sutherland – CEO

Flinders Mines Ltd (ASX: FMS)

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Compliance statements

Disclaimer

This presentation contains forward looking statements that are subject to risk factors associated with the exploration and mining industry.

It is believed that the expectations reflected in these statements are reasonable, but they may be affected by a variety of variables which could cause actual results or trends to differ materially.

Exploration Targets

Exploration Targets are reported according to Clause 18 of the JORC Code. This means that the potential quantity and grade is conceptual in nature and that considerable further exploration, particularly drilling, is necessary before any Identified Mineral Resource can be reported. It is uncertain if further exploration will lead to a larger, smaller or any Mineral Resource.

Competent Person

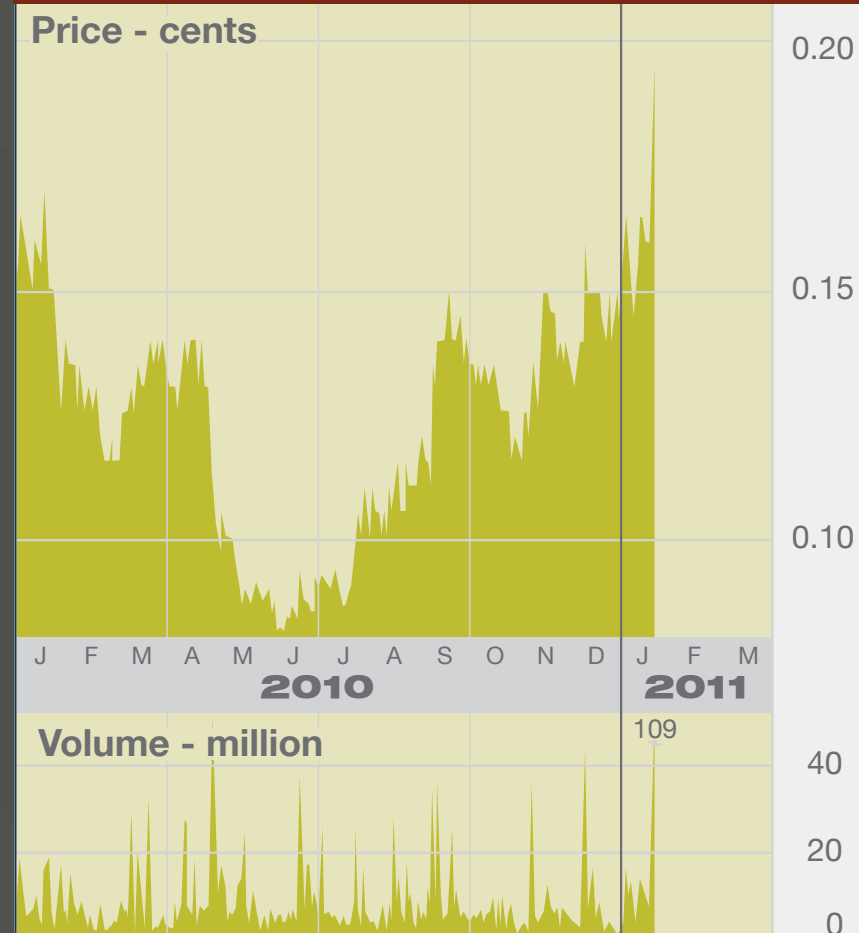
The information in this report that relates to Exploration Results, Mineral Resources and Ore Reserves is based on information compiled by Mr N Corlis (who is a member of the Australian Institute of Geoscientists). Mr Corlis is an employee of Flinders Mines Limited. He has sufficient experience that is relevant to the style of mineralisation and types of deposit under consideration and consents to inclusion of the information in this report in the form and context in which it appears. Mr Corlis qualifies as a Competent Person as defined in the 2004 Edition of the “Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves”.



Corporate

ASX code	FMS
Shares on issue	1,820 million
Top 20 shareholders	31.1%
Share price at 18/01/2011	19.5 cents
Market capitalisation	\$355 million
Cash in hand at 18/01/2011	\$44.7 million
Debt	Nil

Share price and volume



Executive team



Gary Sutherland
Chief Executive Officer



Nick Corlis
General Manager - Business Development



Miro Rapaic
Project Development Manager



Mick Anstey
Manager HSE, Risk & Approvals



David Godfrey
Chief Financial Officer



Mark Watson
Manager Project Services



Highlights – Pilbara Iron Ore Project PFS

- Mine life of 20 years
- ~A\$25 billion life-of-mine revenue
- A\$35.32/tonne average life-of-mine cash operating costs
- A\$2.2 billion estimated Net Present Value (NPV)
- Large scale, high quality Pilbara iron ore mine
 - » economically and technically viable
- Design and construction commence Q1 2012 with first production Q1 2014 (subject to approvals)
- Reinforces FMS' potential to be a significant Pilbara iron ore producer



PFS - Financials

	AU\$ M/a	AU\$/t Ore
Mining	107.9	9.42
Processing	56.0	4.89
General and administrative	51.3	4.48
Product transport (FOB)	189.2	16.53
Total Costs	404.4	35.32

- Estimated Net Present Value (NPV) after tax of A\$2.2 billion
- Calculated on a post-tax real basis at a Discount Cash Flow rate of 10%
- Ungeared Internal Rate of Return (IRR) estimated at 40.8%
- Forecast capital payback from commencement DFS ~5.5 years
- Impact of proposed MRRT unknown / Not factored into analysis



PFS – Pricing assumptions

Market analysts* predict continuing strong iron ore demand

Year	DID	BID
	Price (USD/dmtu) FOB	Price (USD/dmtu) FOB
2011	1.714	1.622
2012	2.057	1.946
2013	2.160	2.044
2014	2.160	2.044
2015	1.836	1.737
2016	Ongoing same as 2015	Ongoing same as 2015

*Ferrum Consultants



PFS – Breakdown of capital costs

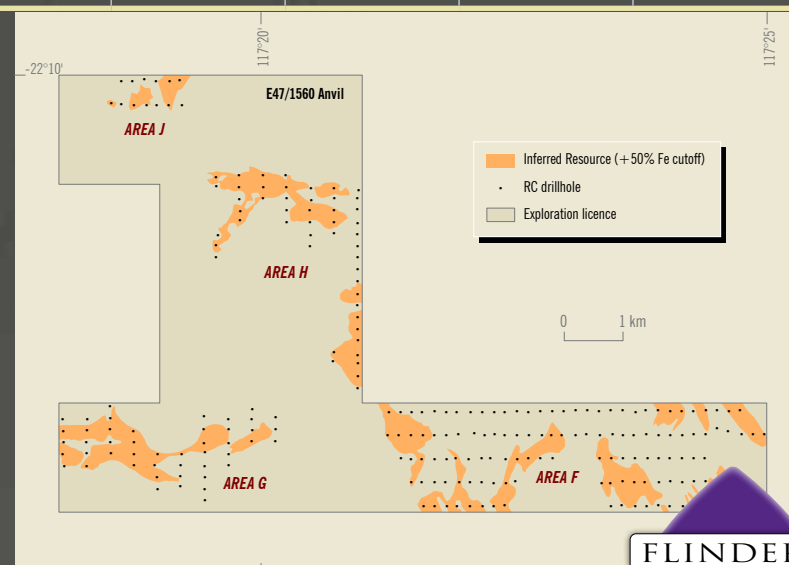
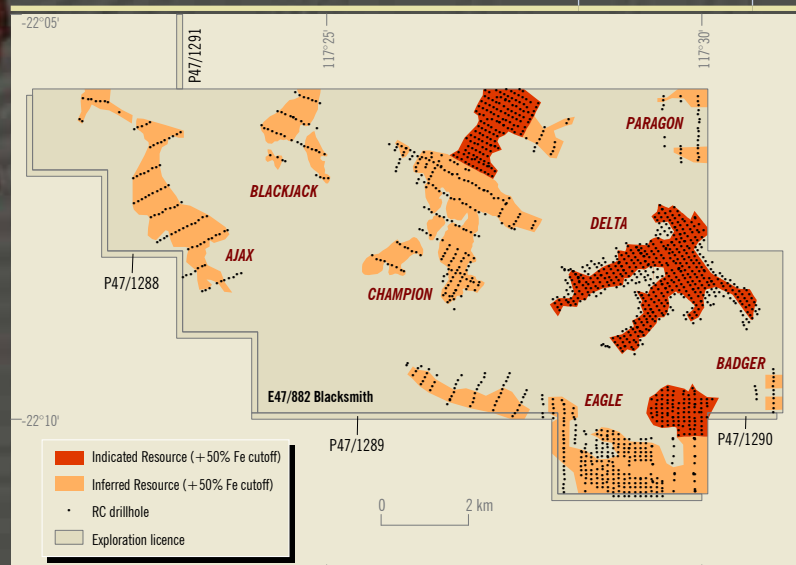
Description	AU\$M
Direct costs	
Mine buildings and ROM wall	17
Process plant	152
Rail and signalling	61
Infrastructure	114
Construction indirects	24
Project management and other costs	
EPCM	40
Owner's costs	18
Contingency	62
TOTAL	488

- A\$488m for 5 Mtpa first stage development
- Includes provision for easy integration of larger operation
- Additional A\$640m to triple production by 2020 or sooner to 15 Mtpa



PIOP – Resource inventory

JORC Classification	Fe cut-off %	Tonnage Mt	Fe %	SiO ₂ %	Al ₂ O ₃ %	P %	LOI %
Total Inferred	50	475.1	54.9	10.5	5.1	0.06	5.1
Total Indicated	50	272.5	56.2	9.2	4.6	0.07	4.7
Total Indicated and Inferred	50	747.6	55.4	10.0	4.9	0.07	5.0
Total Inferred	57	106.1	59.1	6.0	3.8	0.07	4.6
Total Indicated	57	118.4	59.3	5.4	3.7	0.09	5.2
Total Indicated and Inferred	57	224.5	59.2	5.7	3.8	0.08	4.9



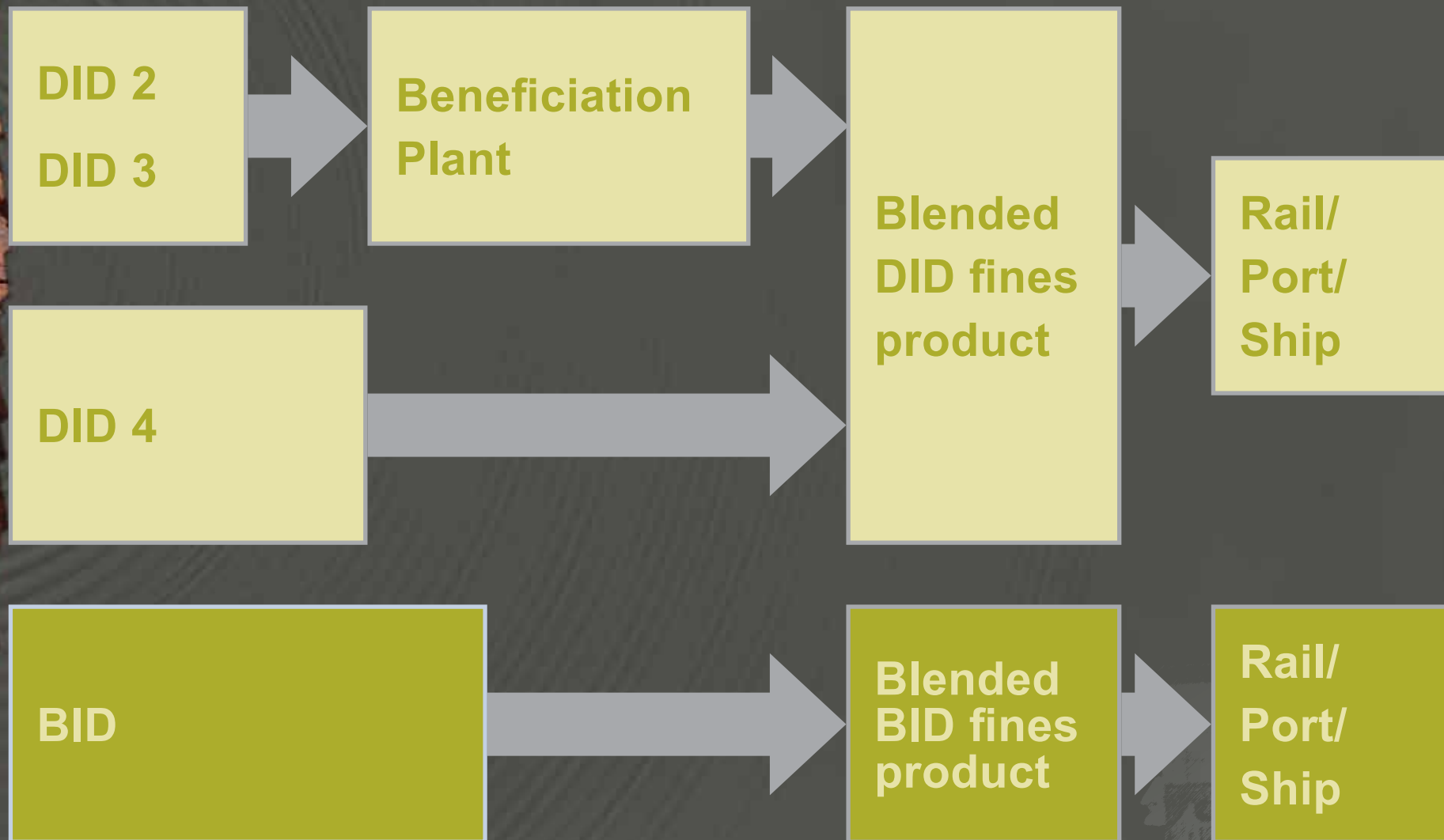
PFS – Production overview

	Material Mt	Fe %	SiO ₂ %	Al ₂ O ₃ %	P %	LOI %
DID product	97	60.7	5.9	3.5	0.066	2.98
BID product	132	57.1	5.2	3.0	0.117	9.52

- Shallow deposit / requires minimal processing for saleable products
- Resource supports production of >229 Mt of final fines product
- BID product will be Direct Ship Ore ('DSO')
- DID product needs minor beneficiation prior to shipping
- Competitive product mix



Production sequence

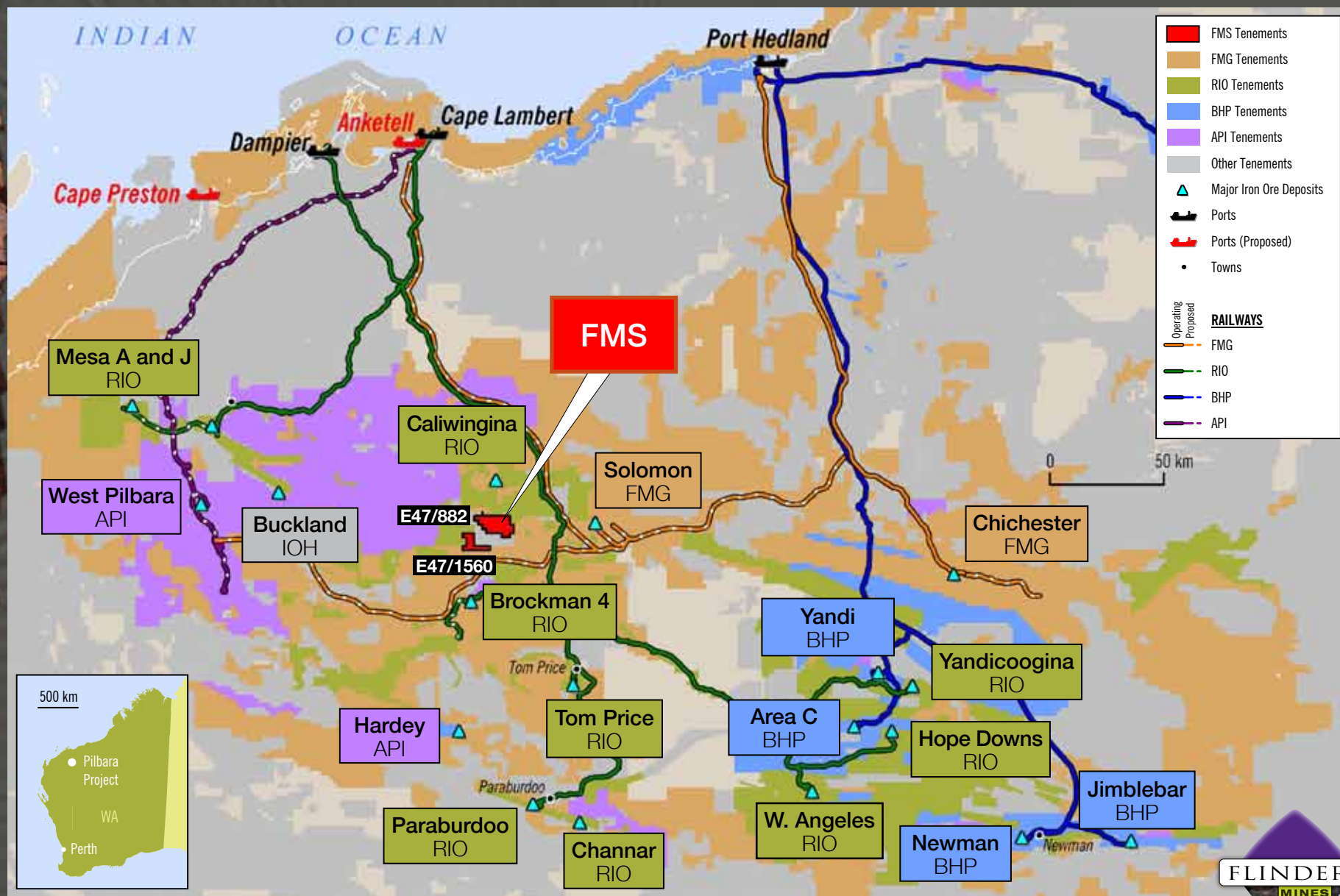


PFS – Mining operation

- Mine life of 20 years
- 2.5 : 1 strip ratio for the 5 Mtpa start-up case, expanded to 15 Mtpa in year 6
- Option for immediate 15 Mtpa start-up
- Truck and excavator mining operation
- Allows for optimal ore blending from operating pits
- Mining predominantly above the water table, enhancing mining cost base
- Mining, processing and transportation to be contracted externally

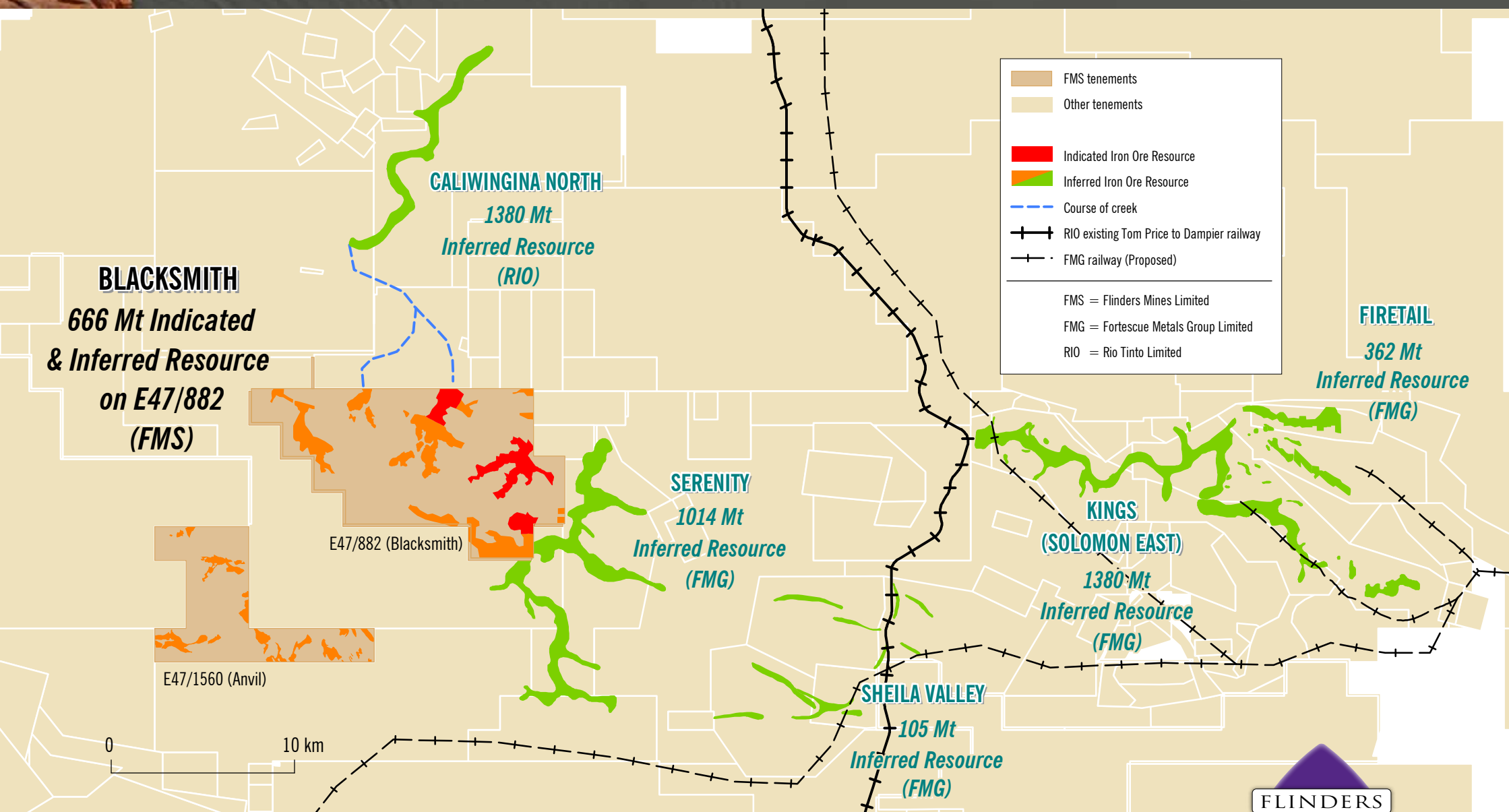


Pilbara to port route options



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Pilbara Iron Ore Project – Local precinct



Product transport

- A range of potential infrastructure solutions exist
- Financial analysis includes operating cost estimates for access to existing or proposed third party Pilbara rail/port infrastructure
- Confident that a rail and port access solution exists, enabling development of a path to market



Anticipated schedule

	2011	2012	2013	2014
Value Improvement Studies				
Definitive Feasibility study				
Design and construct				
Operation				



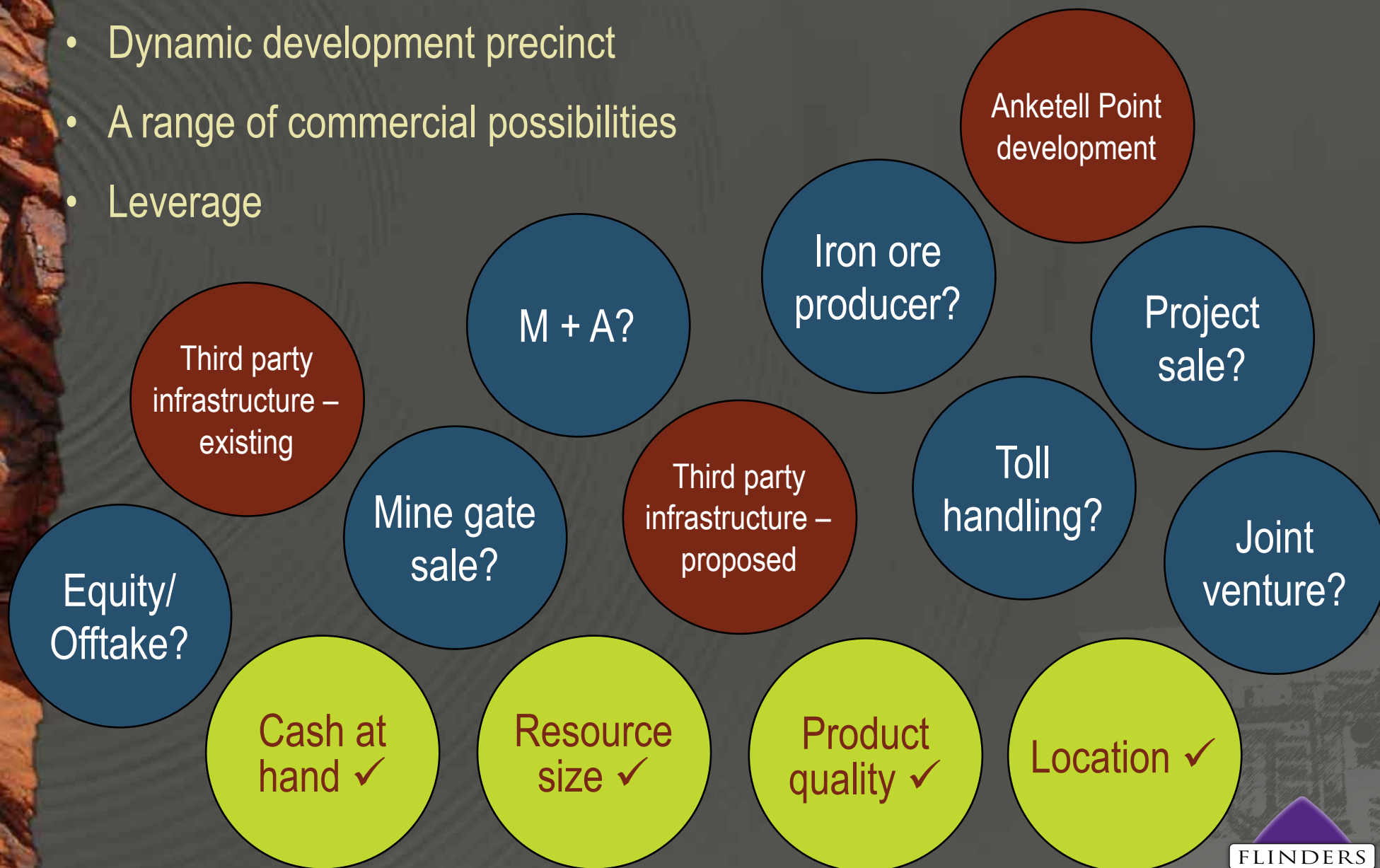
Future work and development timeline

- Progress infrastructure solution
- Drilling – further define the PIOP resource
- Complete optimisation studies ahead of any DFS decision
 - » CID metallurgical testwork
 - » sinter pot testwork program
 - » integrated mine planning study
 - » inter pit logistics optimisation
 - » value in use marketing study



Exploiting the resource

- Dynamic development precinct
- A range of commercial possibilities
- Leverage



Summary

- Economically and technically viable new Pilbara iron ore mine (NPV A\$2.2 billion)
- Low capex entry at 5 Mtpa – A\$488 million
- A\$25 billion revenue over 20 year mine life
- Decision on DFS by mid-2011
- Cash in bank at 18 January 2011 A\$45 million
- FMS to emerge as major Australian iron ore producer

