Pilbara Iron Ore Project

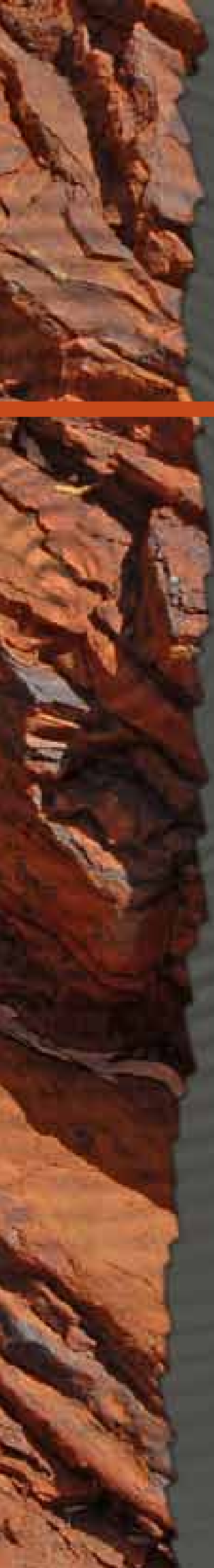
Forging ahead

USA investor presentation

Gary Sutherland – CEO

Flinders Mines Ltd (ASX: FMS)

March 2011



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.

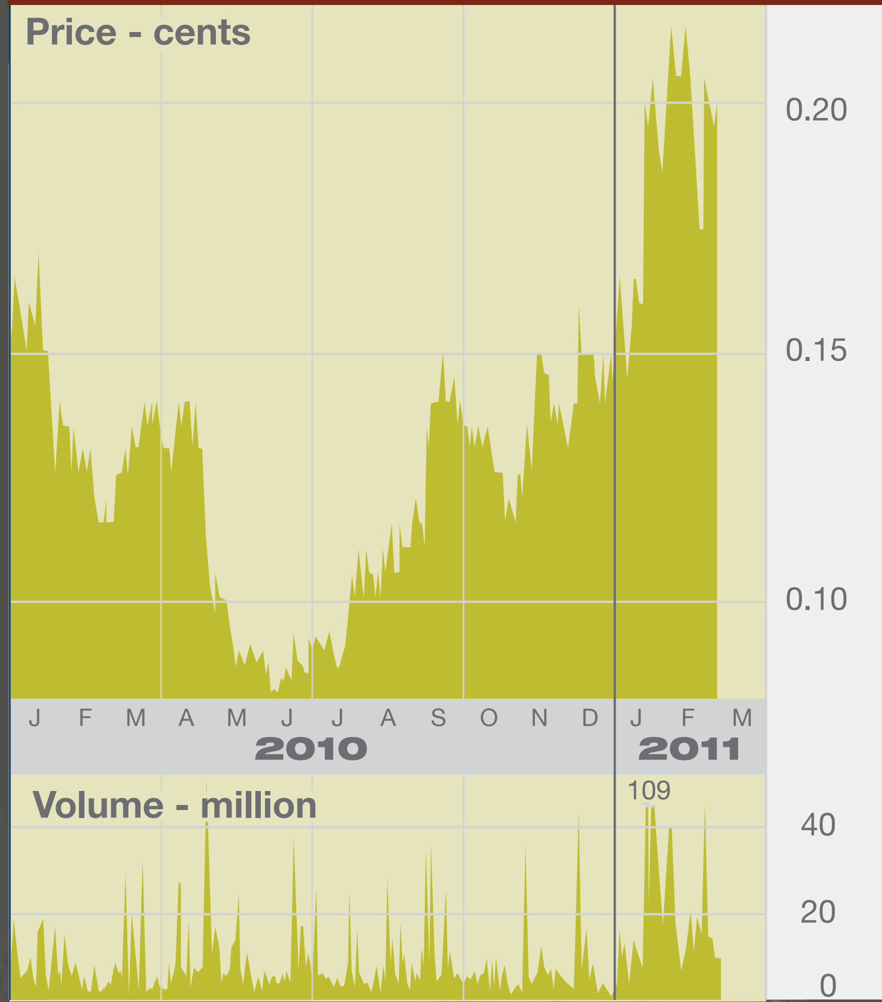
Competent Person

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".

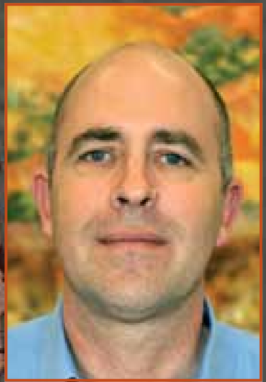
Corporate

ASX code	FMS
Shares on issue	1,820 million
Top 20 shareholders	30.9%
Share price at 3/3/2011	20.0 cents
Market capitalisation	$364 million
Cash in hand at 3/3/2011	$42.2 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)
- Base Case 5 years @ 5 Mtpa, 15 years @ 15 Mtpa

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PFS - Financials

	AU$/t Ore
Mining	9.42
Processing	4.89
General and administrative	4.48
Product transport (FOB)	16.53
Total Costs	**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 completion DFS ~5.5 years
- Impact of proposed MRRT unknown / Not factored into analysis

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

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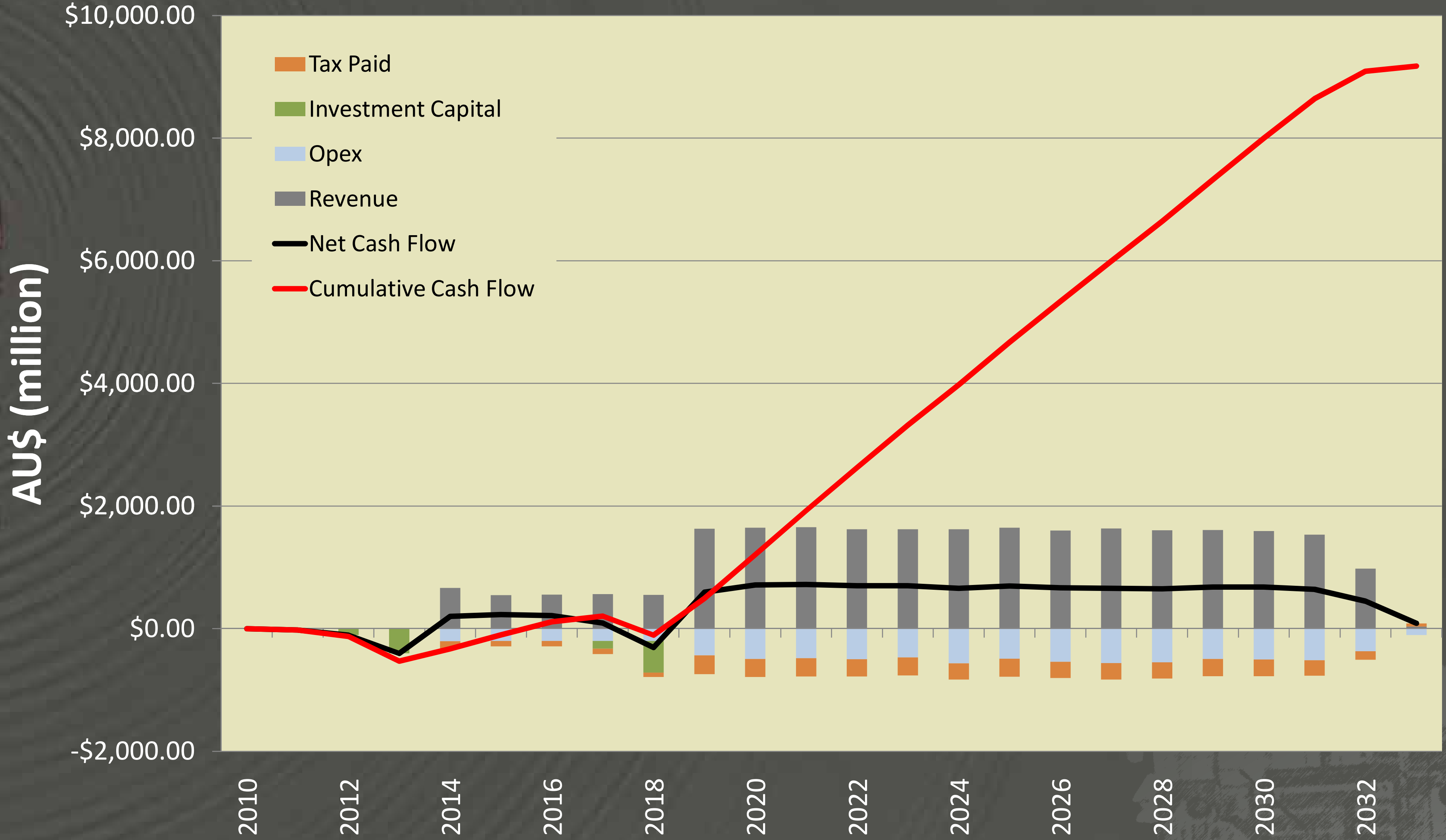
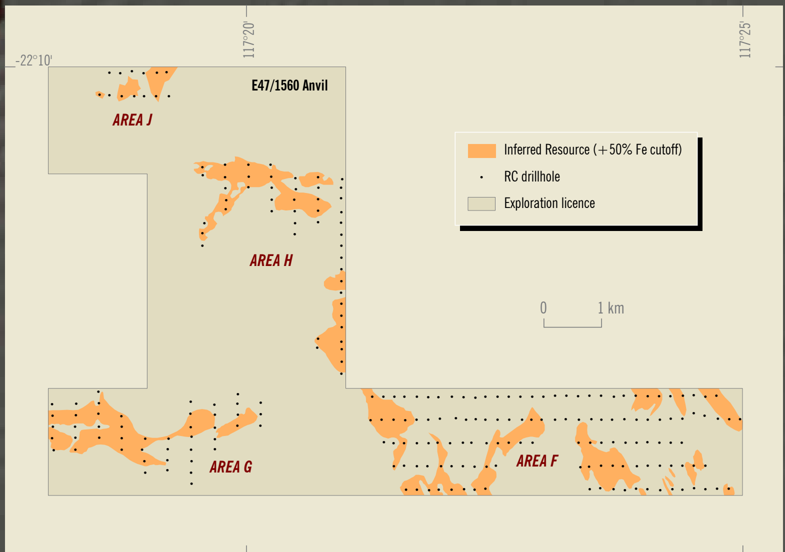
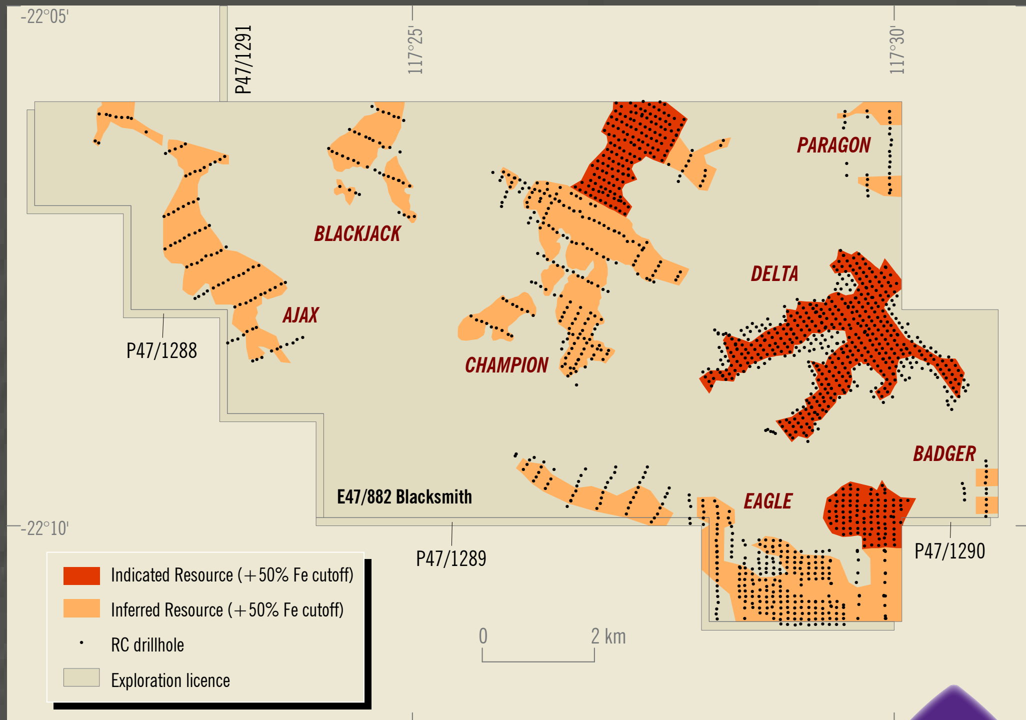
Base case - unleveraged cash flow for 20 years



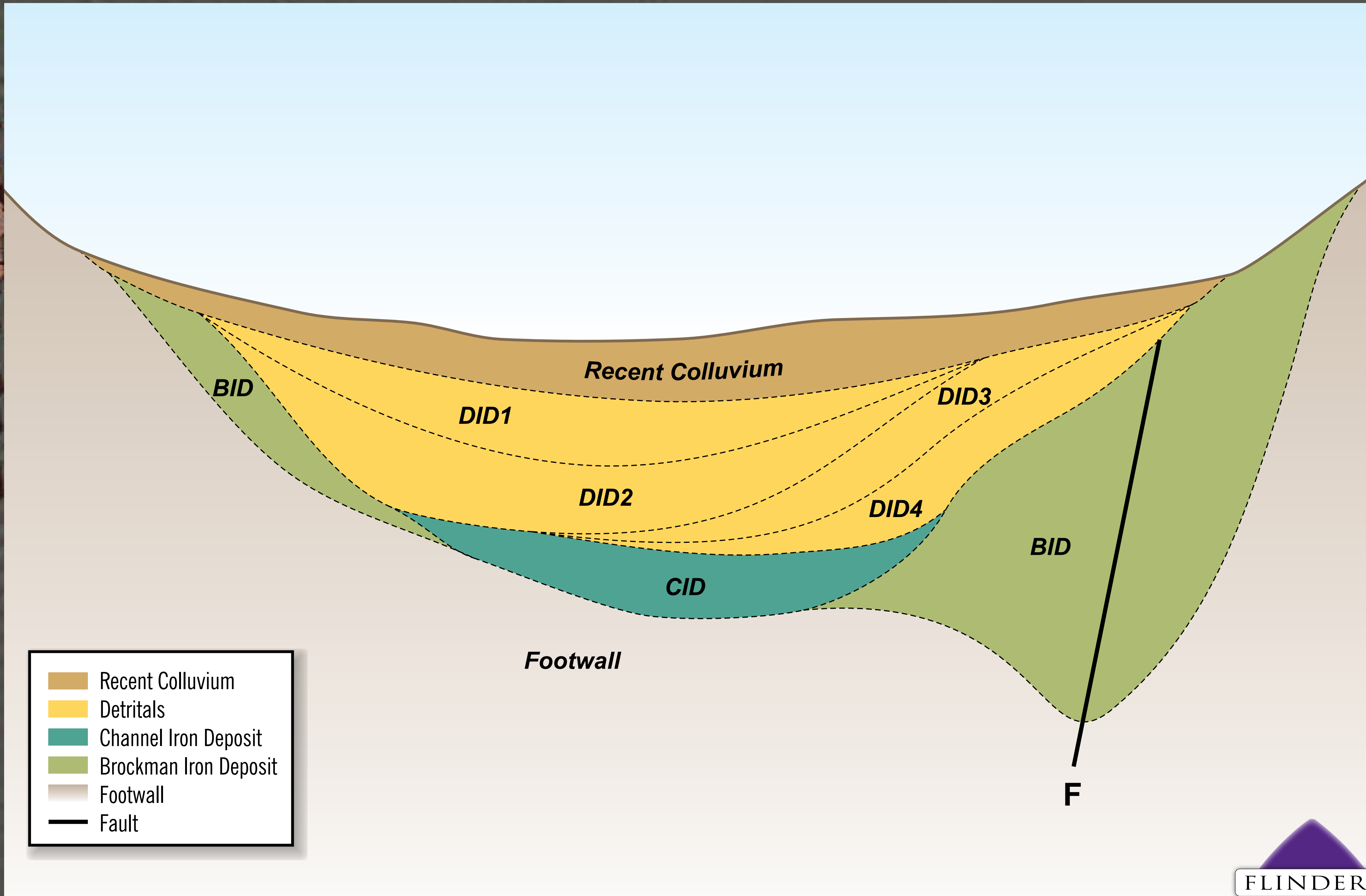
PIOP – Resource inventory

JORC Classification	Fe cut-off %	Tonnage Mt	Fe %	SiO_2 %	Al_2O_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





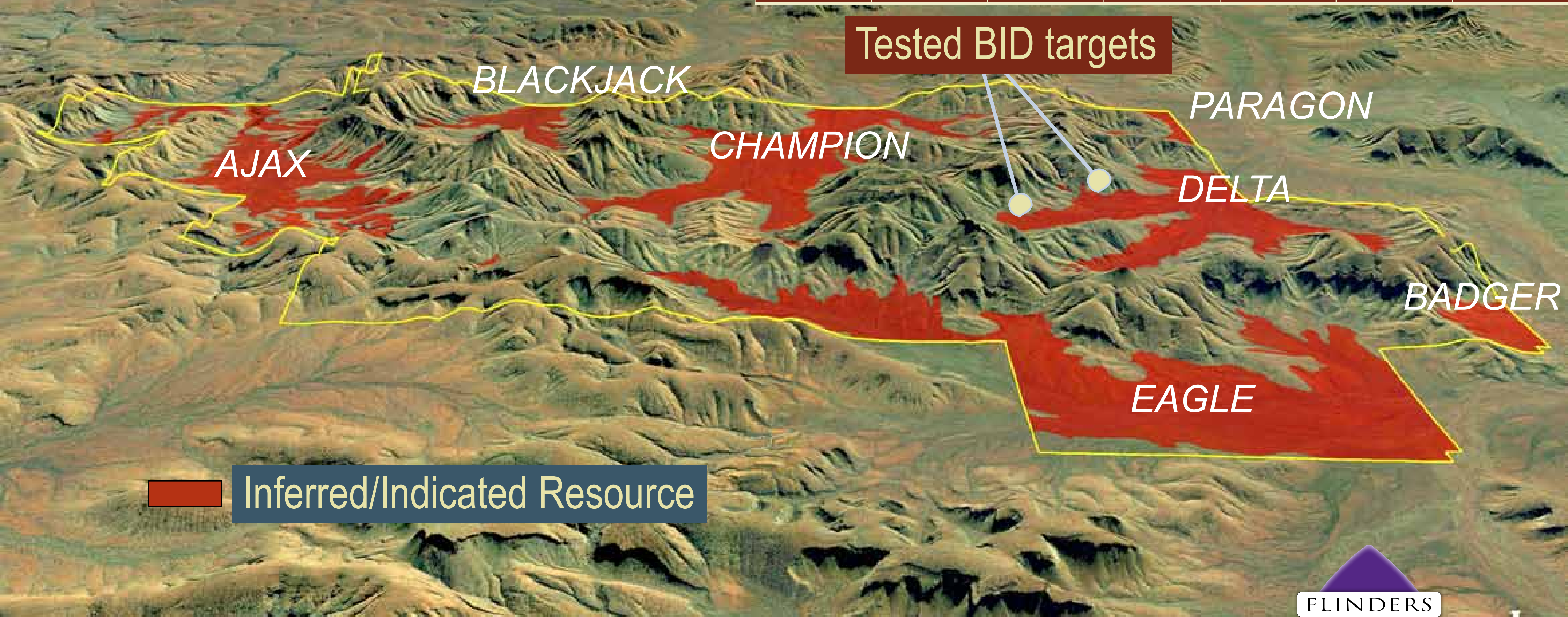
Schematic geological interpretation



Resources and upside potential

Significant intersections from Phase Two BID drilling

From (m)	To (m)	Fe %	SiO_2 %	Al_2O_3 %	P %	LOI %
0	30	59.7	3.5	1.6	0.11	8.8
0	38	59.0	4.9	2.1	0.10	7.8
0	34	60.2	3.7	2.5	0.11	7.1

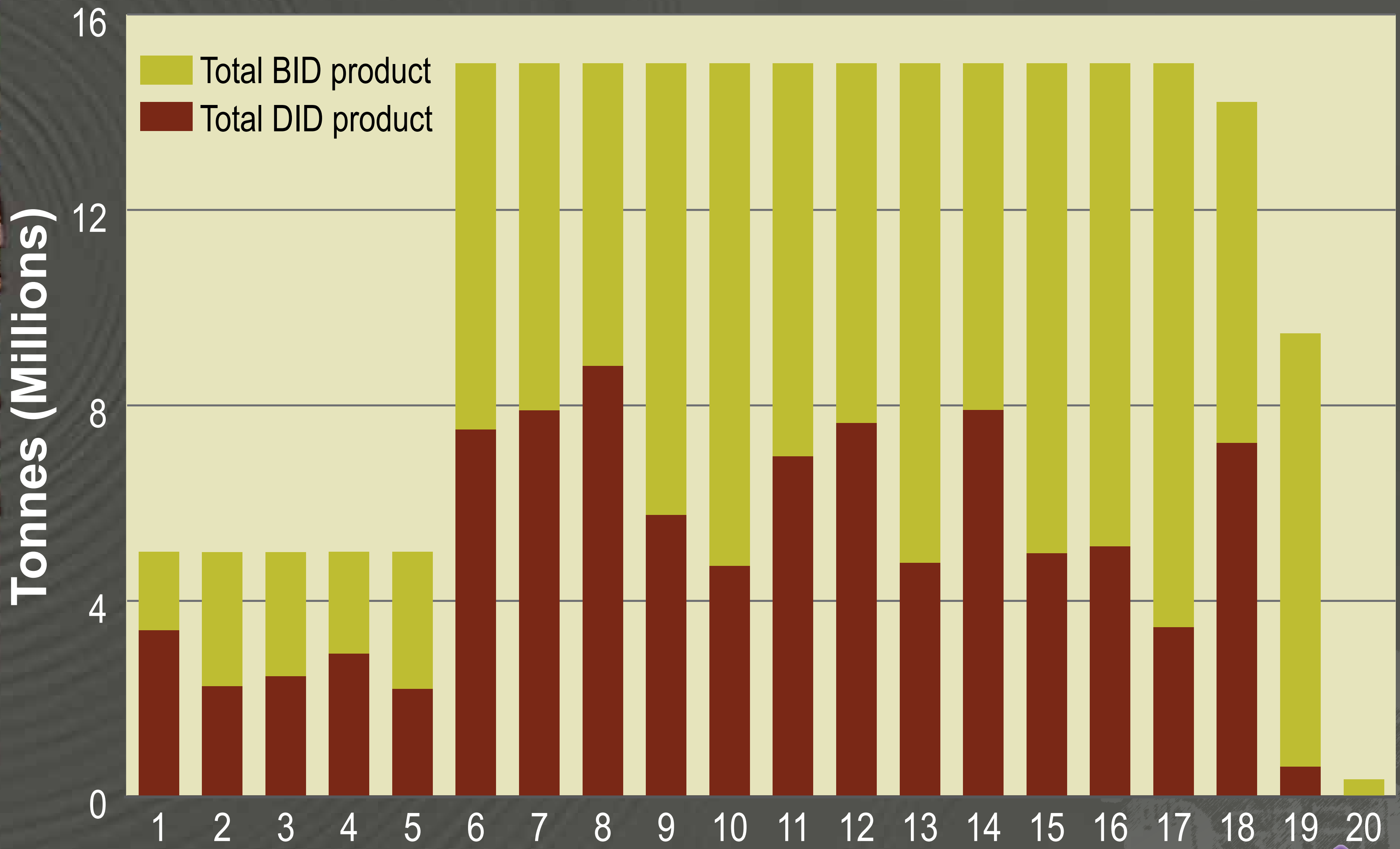


PFS – Production overview

	Material Mt	Fe %	SiO_2 %	Al_2O_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
- Further potential to add value through evaluation of CID material

Life of mine schedule – DID vs BID product



PFS – Pricing assumptions

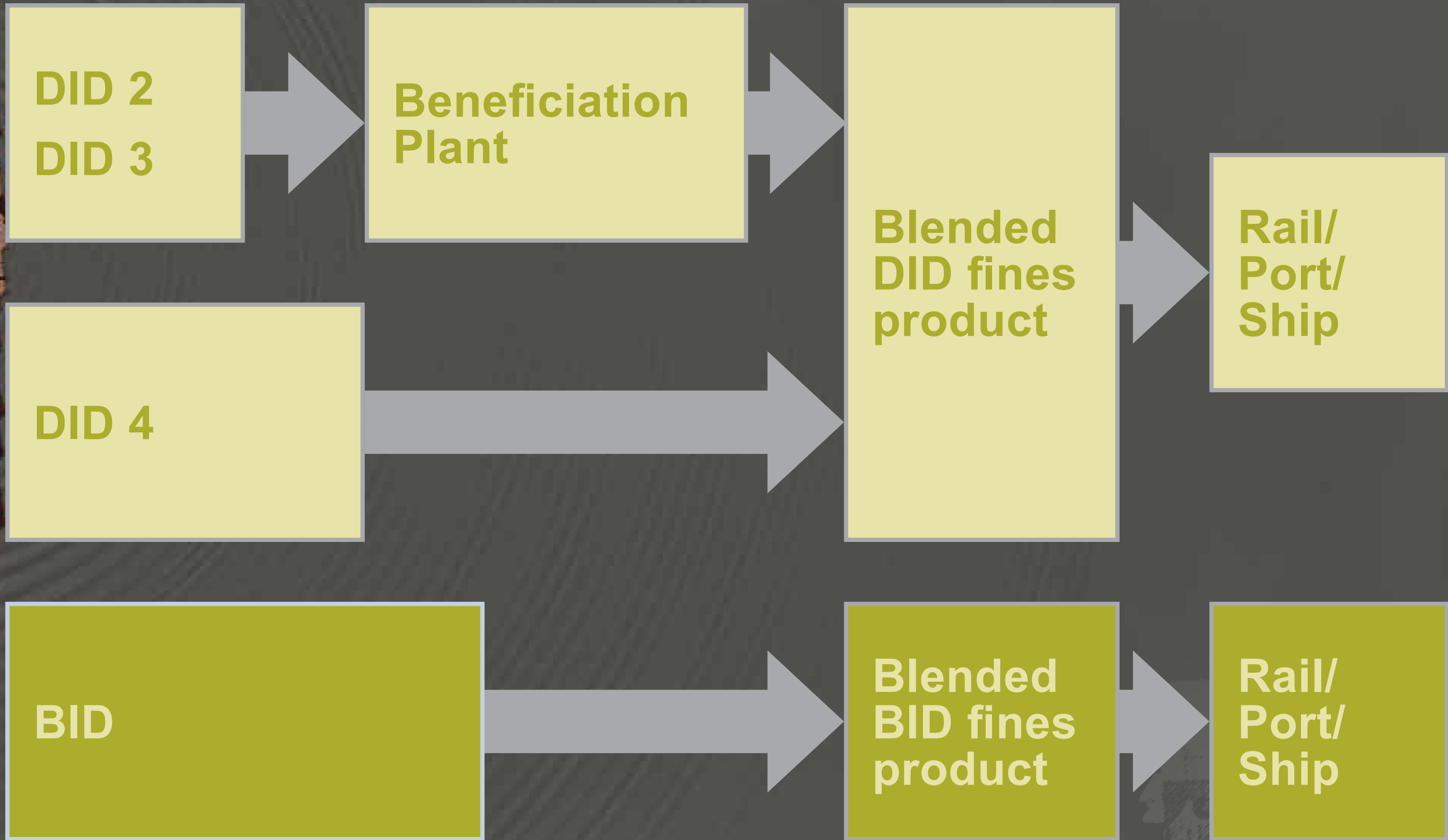
Market analysts* predict continuing strong iron ore demand

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

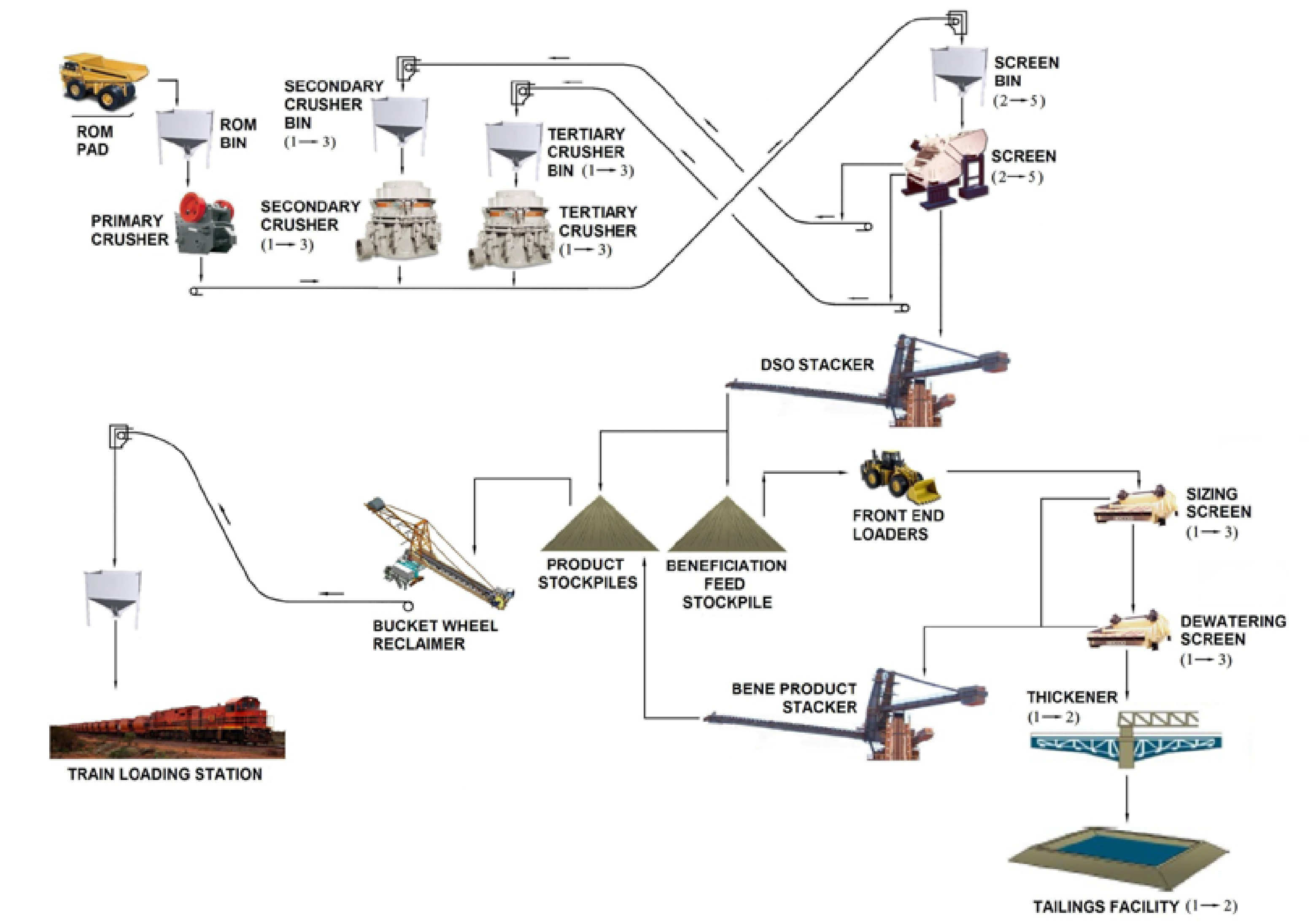
* Ferrum Consultants

* Based on exchange rate of US$0.96

Production sequence



Simplified flowsheet



- Conventional beneficiation approach, low technical risk

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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

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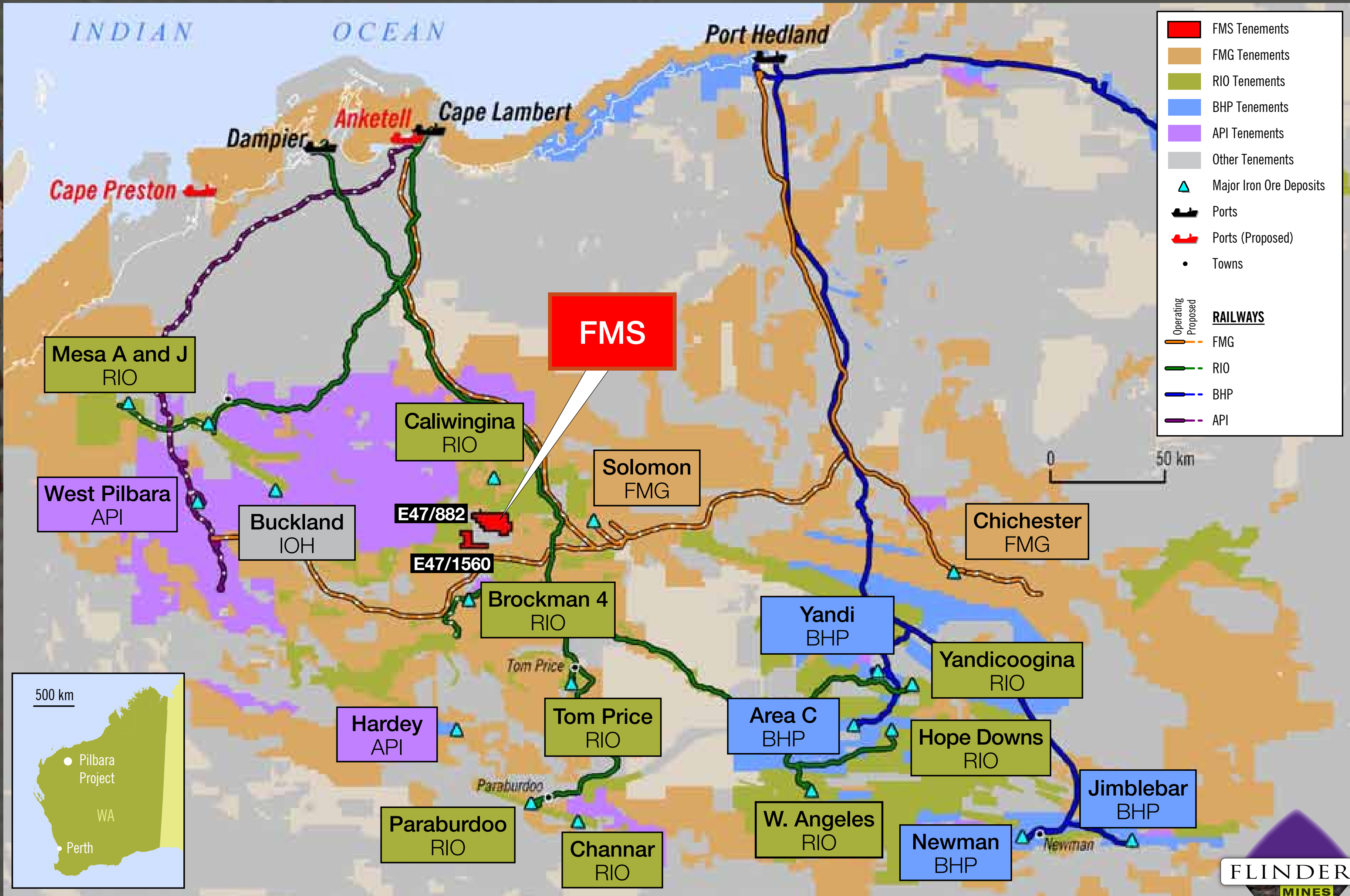
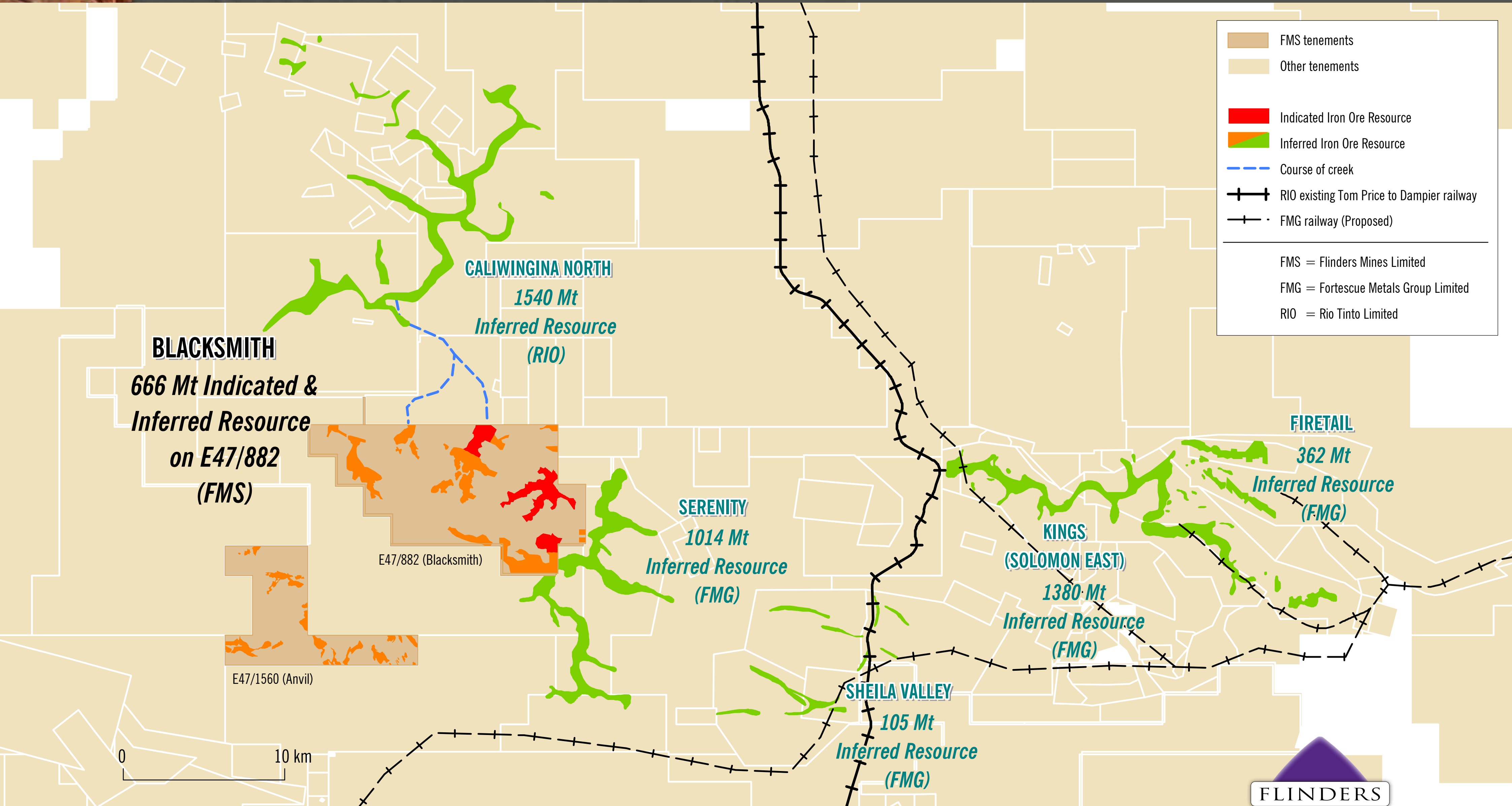
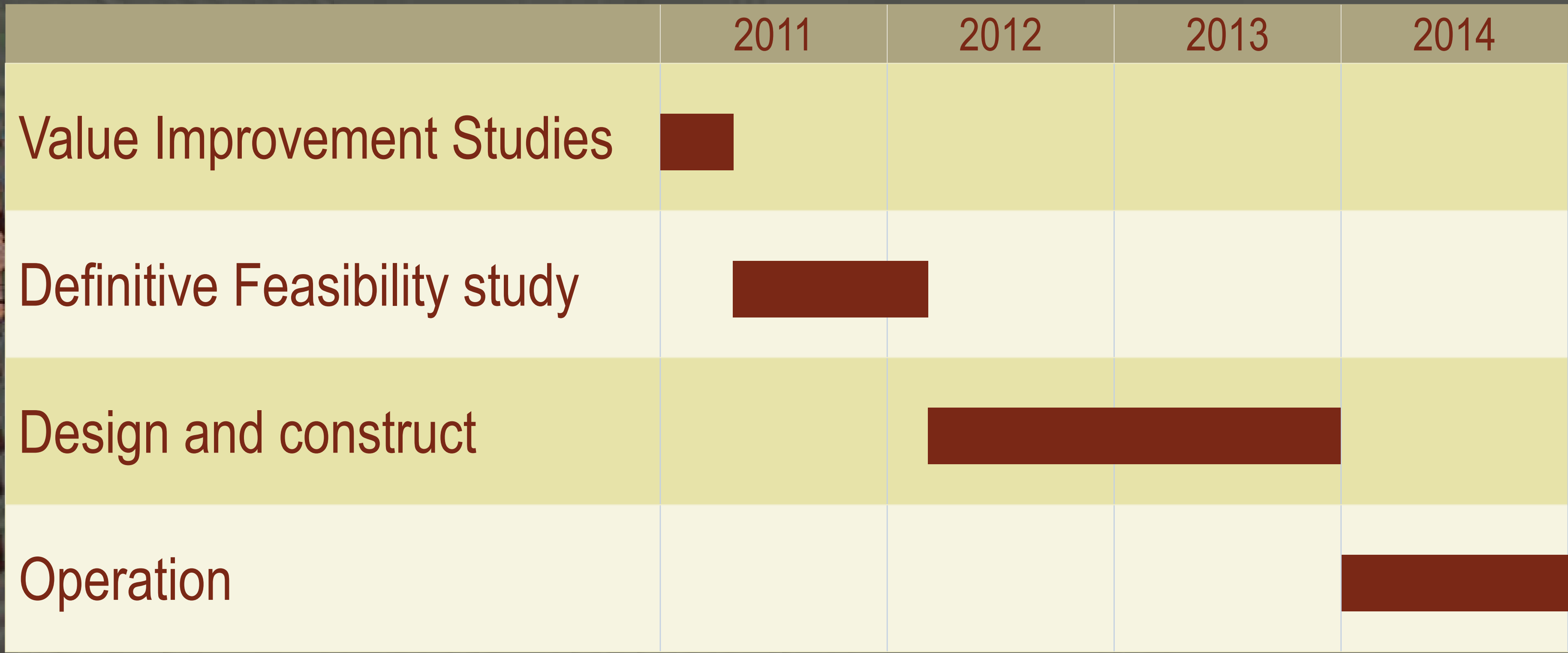
Pilbara to port route options



Pilbara Iron Ore Project – Local precinct



Anticipated schedule



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

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Exploiting the resource

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

Anketell Point development

Iron ore producer?

M + A?

Third party infrastructure – existing

Project sale?

Toll handling?

Mine gate sale?

Third party infrastructure – proposed

Joint venture?

Equity/ Offtake?

Cash at hand ✓

Resource size ✓

Product quality ✓

Location ✓

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 3 March 2011 A$42.2 million
- FMS to emerge as major Australian iron ore producer