

Pilbara Iron Ore Project

WESTERN AUSTRALIA

Forging ahead

UK Investor Presentation

Gary Sutherland, Managing Director

Flinders Mines Ltd (ASX: FMS)

September 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

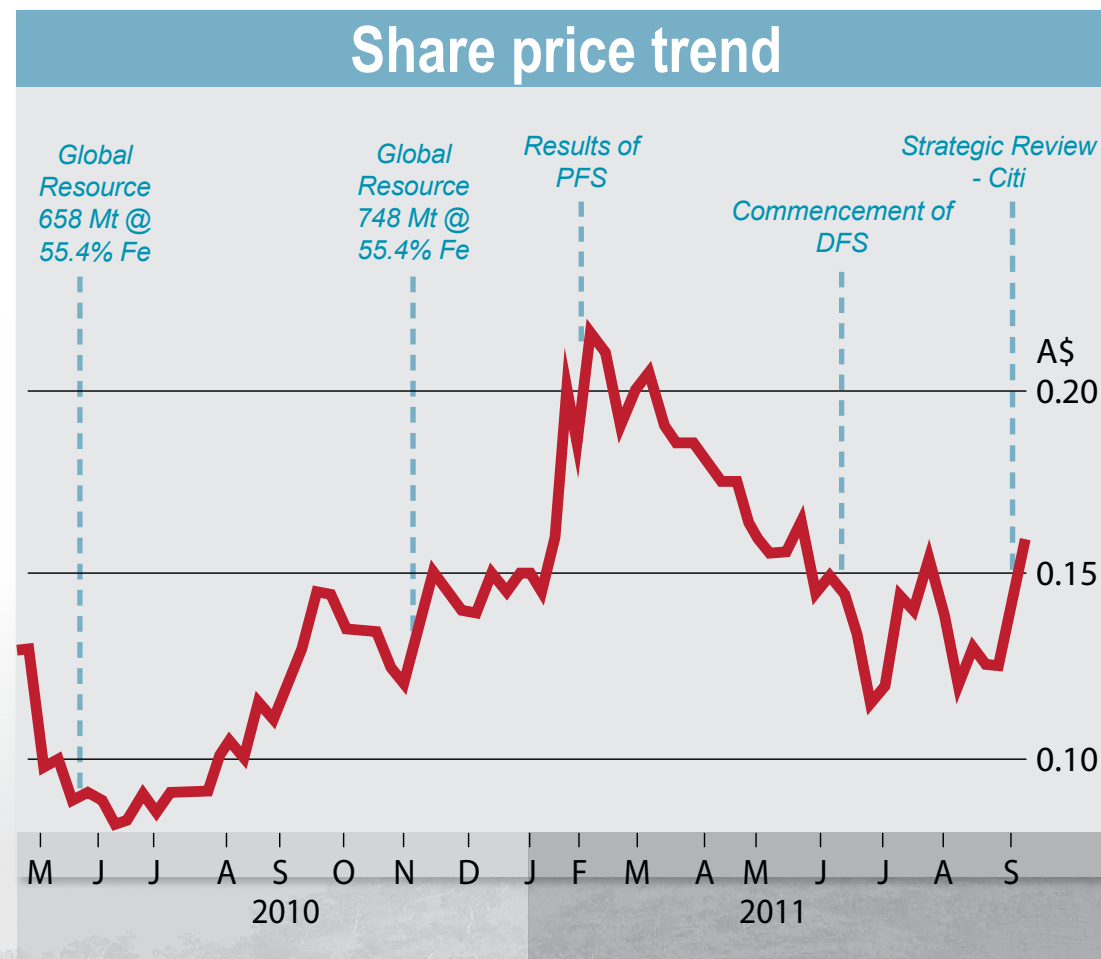
Exploration Targets are reported according to Clause 18 of the JORC Code. This means that the potential quantity and grade is conceptual in nature and that considerable further exploration, particularly drilling, is necessary before any Identified Mineral Resource can be reported. It is uncertain if 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) and Dr G McDonald (who is a member of the Australian Institute of Mining and Metallurgy). Mr Corlis and Dr McDonald 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. Mr Corlis and Dr McDonald qualify as Competent Persons 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	1,821 million
Average daily turnover (shares)	9.7 million
Market capitalisation at 6/9/2011	A\$273.1 million
Cash in hand at 6/9/2011	A\$32.6 million



Executive team – A proven record



Gary Sutherland, Managing Director

25 years in the resources industry. Over the last decade Gary has filled senior leadership roles in both operations and greenfield/brownfield projects with BHP Billiton, WMC and Pasminco. He has worked across a range of commodities including iron ore, copper, lead, zinc, gold, silver and uranium.



Nick Corlis, General Manager – Business Development

17 years domestic and international resource industry experience. Senior management roles in both consulting and public sector companies including WMC, Golder and Perilya. Significant experience in minerals exploration and project management, from project generation through to discovery and feasibility.



Miro Rapaic, General Manager – Project Development

18 years domestic and international experience in the resource industry across a broad range of commodities. Extensive technical, operational, project and senior management experience having managed mining operations and mine development projects for BHP Billiton and Macmahon Contractors.



Mick Anstey, General Manager – HSEC & HR

Mick has over 20 years domestic and international experience, having worked in the resource industry across a range of commodities including base metals, copper, gold, iron ore, uranium and coal. He has extensive senior management experience in roles at BHP Billiton, Newmont and WMC that included large open-cut operations, involvement in projects from design through to commissioning and corporate roles.



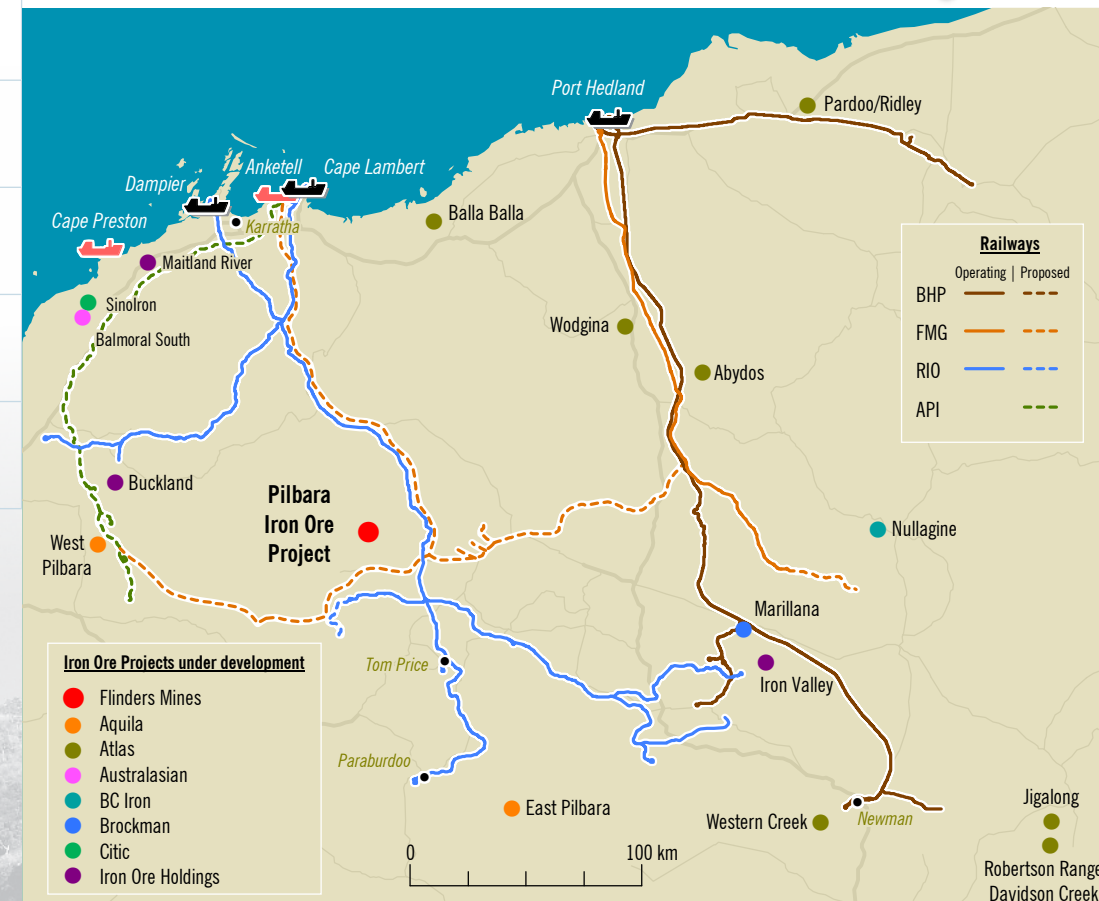
David Godfrey, Chief Financial Officer and Company Secretary

25 years in the resources and finance industries. A member of Australian Society of CPAs, Chartered Secretaries Australia and Australian Institute of Company Directors and a Fellow of the Financial Services Institute. Has held senior finance roles in major corporations and for the Treasury of New Zealand. Was previously Secretary for many publicly listed and subsidiary companies for Normandy, Newmont and UXA.

Project at a glance

Base case	15 Mtpa (DFS)
Resource	748 Mt Global Resource
Product	273 Mt DID, BID and CID
Capex	A\$1.1bn
Opex	\$35/tonne FOB
Revenue	A\$26bn over life of mine
NPV*	A\$3.1bn

* based on exchange rate of US\$0.96



Multiple infrastructure options

- DFS Base Case
 - Existing rail line (Rio), 20km
- Additional options modelled:
 - All through Anketell Point
 - ~ 20km spur via FMG proposed line
 - ~ 130km spur via API proposed line
 - ~ 200km direct line to Anketell Point
 - >A\$2bn NPV in all cases
 - WA Government committed to Anketell Point development



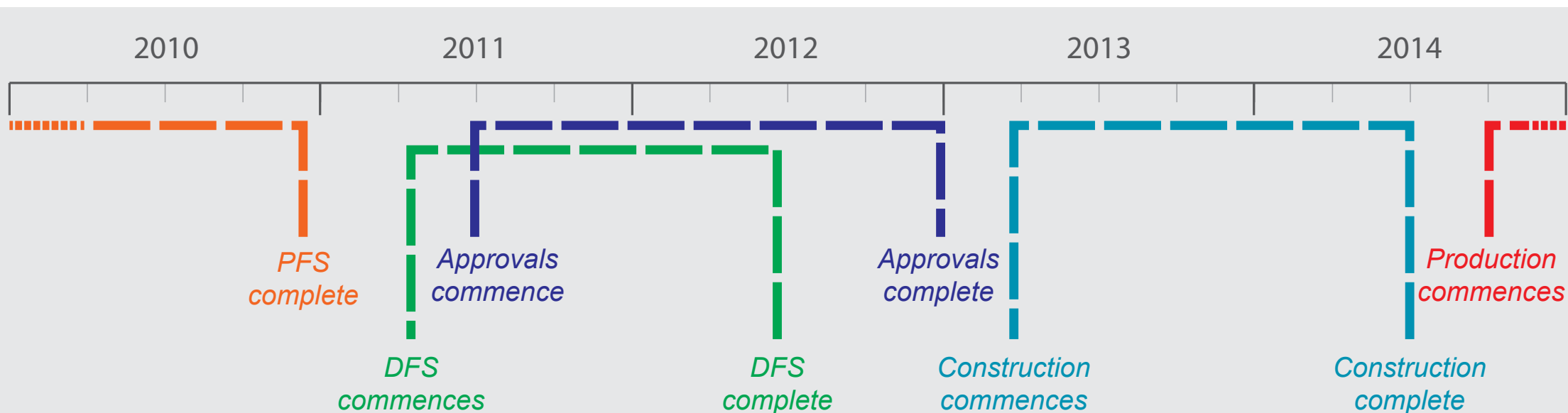
Significant strategic opportunities



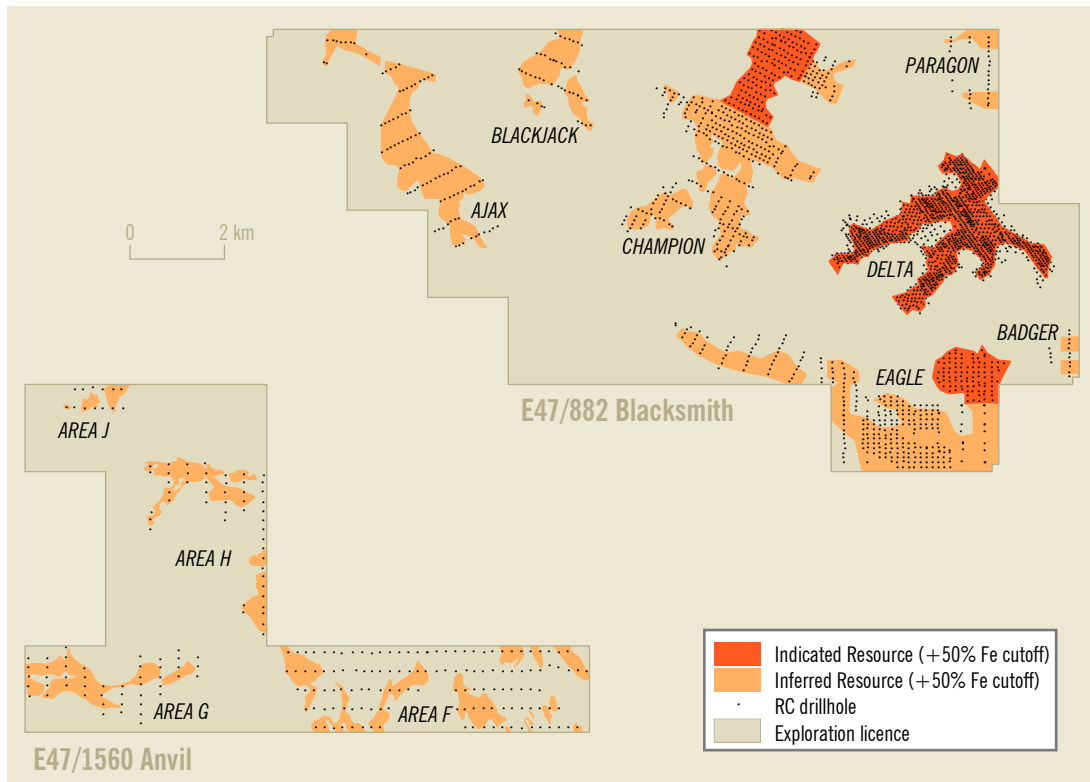
- Project marketing in Asia underpins strong product demand
- Significant offtake/project financing opportunities
- Confidentiality agreements in place with a range of potential domestic and international strategic partners
- FMS appeal
 - independent
 - security of supply

DFS decision

- FMS Board has approved DFS commencement
- 15 Mtpa case demand driven
- Underpins confidence in infrastructure and marketing solution
- Multiple funding options available
- WorleyParsons appointed – Pilbara track record



Resource and product mix



- Only 30% of Blacksmith drill tested to date
- 16 km drilling since previous Global Resource estimate
- 35 km of measured drilling
- New Resource estimate Q4, 2011

Global resource	Fe cut-off (%)	Tonnage (Mt)	Fe (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	P (%)	LOI (%)
Total Inferred	50	475	54.9	10.5	5.1	0.06	5.1
Total Indicated	50	273	56.2	9.2	4.6	0.07	4.7
TOTAL Indicated and Inferred	50	748	55.4	10.0	4.9	0.07	5.0

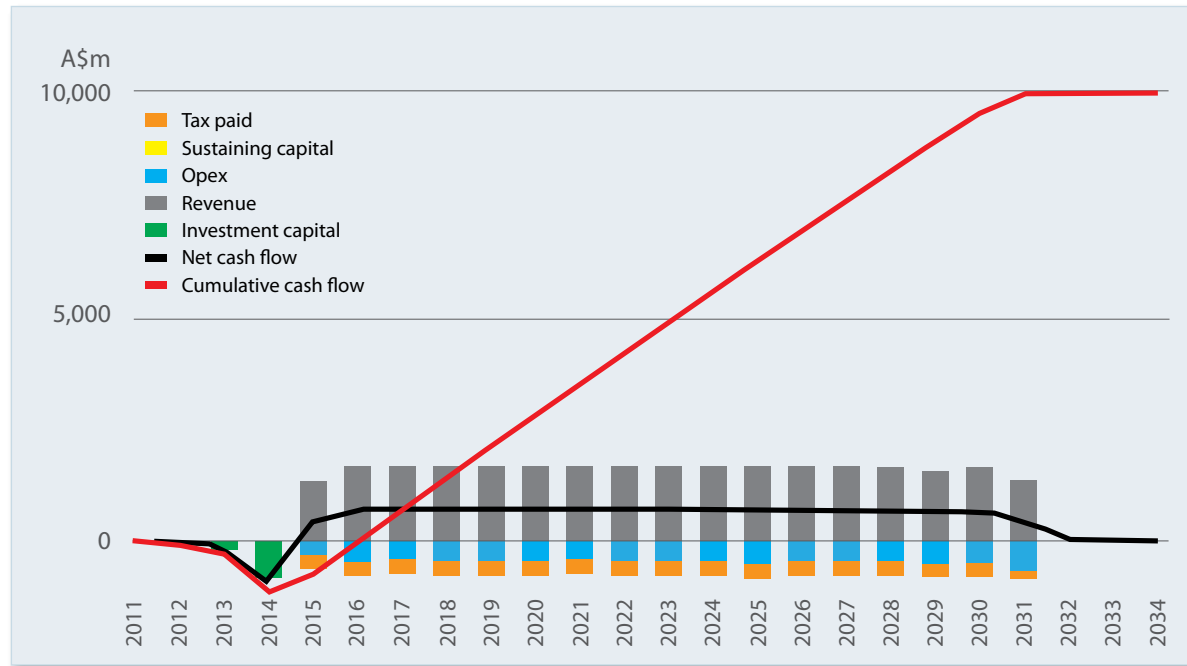


Product mix	Tonnage (Mt)	Fe (%)	CaFe* (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	P (%)
DID product	104	60.6	62.5	6.0	3.5	0.06
BID product	142	56.9	62.9	5.3	3.0	0.11
CID product	27	57.9	64.6	5.4	3.0	0.10
TOTAL	273					

*CaFe (Calcined iron) = $Fe / (100 - LOI) \times 100$

Product value – High margin

Unleveraged cash flow for 15 years



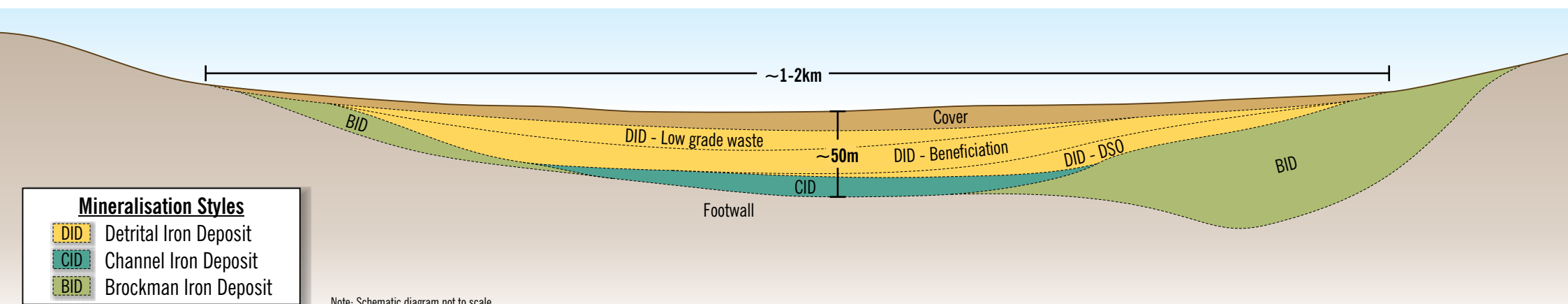
- BID – Direct shipping ore (DSO)
- DID/CID – Simple beneficiation
- Value-in-Use study supports pricing assumptions

	A\$/tonne (long term)	% of market price*
BID	103	88
DID/CID	116	93

*Relative to Rio Tinto Pilbara Fines Blend @ 100% of market price

Low risk operation

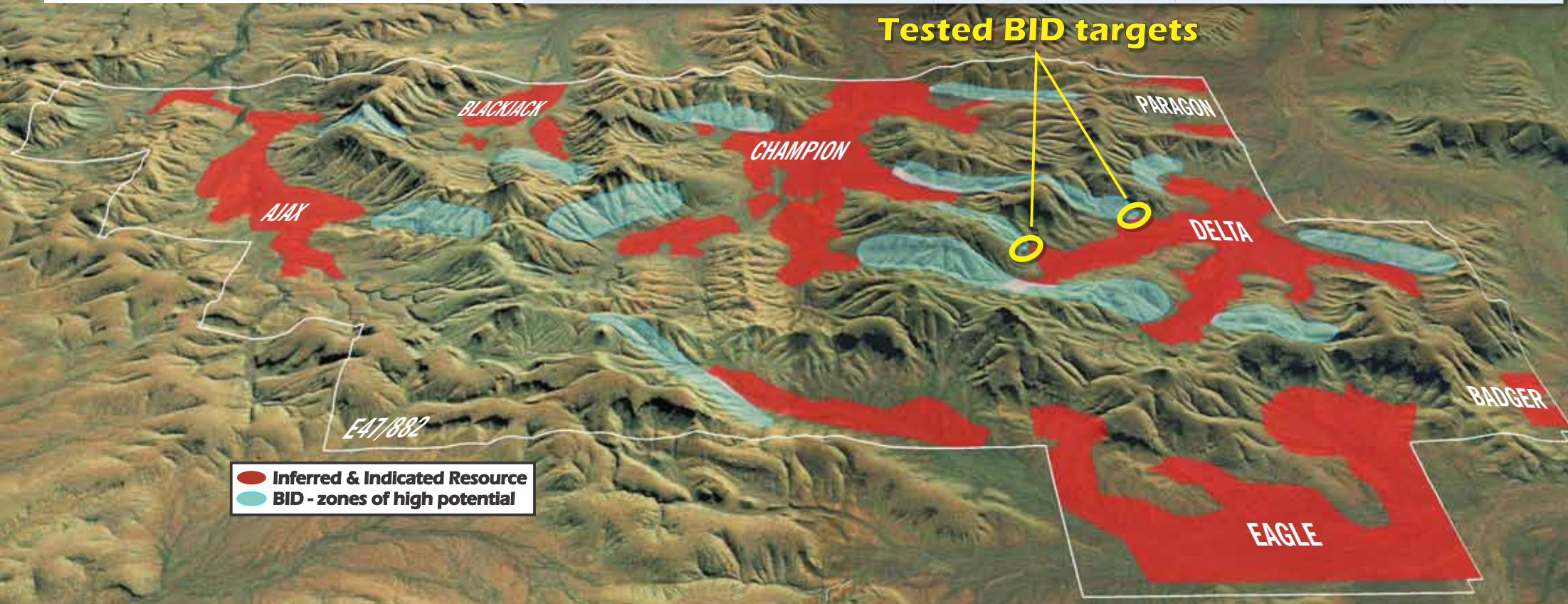
- Shallow and wide deposits
- Predictable resource
- Dry mining
- Minimal drill and blast
- Contract mining
- Multiple resources – optimisation in scheduling
- Conventional low risk processing



BID – High grade DSO resource upside

- Currently testing BID targets
- Low stripping ratio
- High grade
- Value add

From (m)	To (m)	Interval (m)	Fe (%)	CaFe (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	P (%)
0	16	16	58.9	65.8	2.5	1.9	0.12
0	34	34	54.8	60.5	7.7	3.7	0.12
0	54	54	57.2	62.6	5.5	3.4	0.11
0	30	30	59.5	65.6	2.4	2.4	0.11
0	28	28	56.9	63.2	5.0	2.9	0.11
0	30	30	59.7	65.4	3.5	3.6	0.09
0	38	38	59.0	64.0	4.9	2.4	0.11
0	34	34	60.2	64.8	3.7	2.9	0.11



Delta measured drilling – Significant intersections

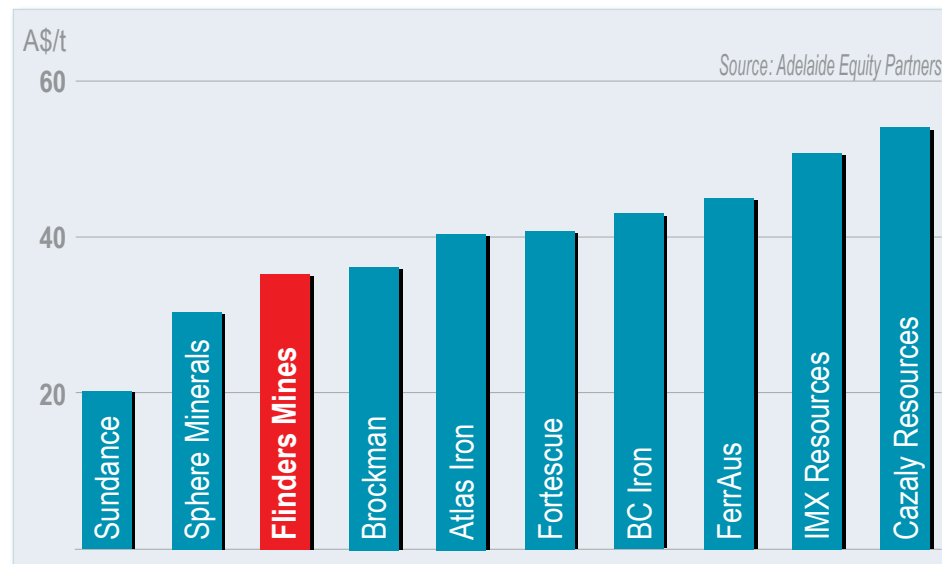
- High quality direct shipping ore (DSO)

Hole	From (m)	To (m)	Interval (m)	Fe (%)	CaFe (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	P (%)
HPRC3190	6	56	50	59.6	63.8	4.8	2.4	0.13
HPRC3221	0	58	58	58.0	63.5	5.4	2.1	0.14
HPRC3210	6	54	48	59.8	64.3	3.8	2.6	0.12
HPRC3191	8	70	62	59.8	65.3	3.2	2.0	0.14
HPRC3192	4	74	70	59.9	65.4	3.1	2.1	0.15
HPRC3211	4	56	52	60.6	64.8	3.6	2.4	0.11
HPRC3212	6	66	60	60.6	65.8	2.5	2.1	0.15
HPRC3213	6	64	58	60.5	66.3	2.1	1.9	0.14
HPRC3179	14	54	40	60.0	65.1	3.1	2.3	0.14
HPRC3198	8	54	46	60.7	64.4	4.3	2.2	0.13
HPRC3199	8	74	66	59.7	64.8	3.8	2.3	0.14
HPRC3171	6	54	48	58.0	63.4	5.0	2.8	0.12
HPRC3156	12	60	48	60.1	65.5	3.1	2.3	0.10

Opex

	A\$/t ore
Mining	9.42
Processing	4.89
General and administrative	4.48
Product transport (FOB)	16.53
TOTAL COSTS	35.32

Comparable iron ore mining cash costs



- Estimated Net Present Value (NPV) after tax of A\$3.1 billion
- Calculated on a post-tax real basis at a Discount Cash Flow rate of 10%
- Forecast capital payback from commissioning ~3 years
- IRR of 48%
- Low FOB unit cost relative to Pilbara peers

Capex – 15 Mtpa

Description	A\$m
DIRECT COSTS	
Mine buildings and ROM wall	29
Process plant*	428
Rail and signalling	107
Infrastructure	195
CONSTRUCTION INDIRECTS	74
PROJECT MANAGEMENT AND OTHER COSTS	
EPCM	91
Owners' costs	40
Contingency	165
TOTAL	1129

* Includes modular design

Major milestones



Sinter testwork completed
Q3, 2011

Native Title agreement in place
Q4, 2011

DFS Global Resource model
completed
Q4, 2011

DFS completed
Q2, 2012

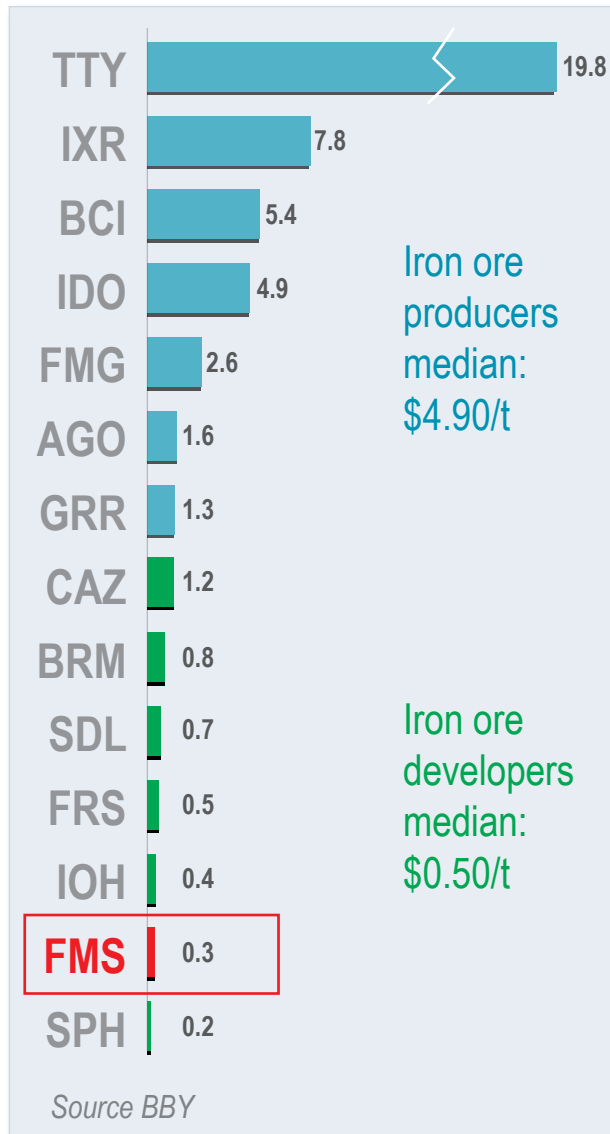
State and Commonwealth
environmental approvals completed
Q4, 2012

Complete infrastructure and/or
offtake negotiations

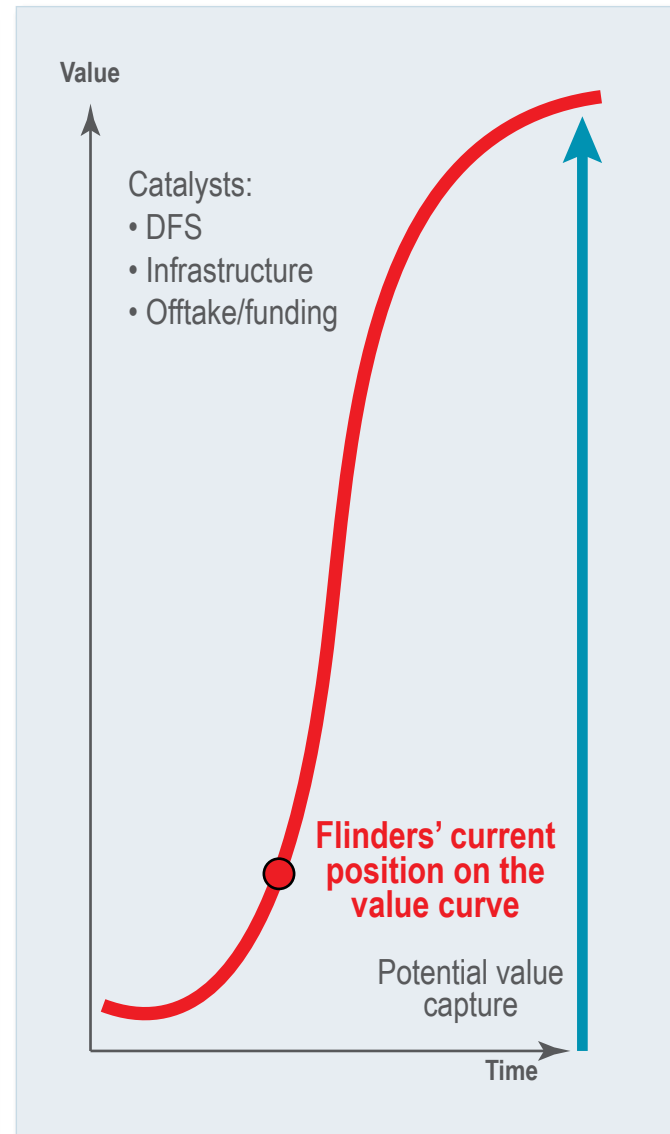


Realising value

EV/Resources (A\$/t)



Project development value curve



- FMS is currently trading at the lower end of its peers
- Scope for re-rating by the market as project newsflow gathers momentum
- Monetising the asset
- A range of commercial possibilities – leverage

Summary - Key investment highlights

- ✓ Large 748Mt hematite resource with significant exploration upside supporting a long life operation
- ✓ Strategically located ~200km away from the Anketell port development and close to rail infrastructure (existing and proposed)
- ✓ Exceptional project economics - low opex, high margin
- ✓ Well advanced project with a definitive feasibility study due in Q2 2012 and first ore expected in late 2014
- ✓ One of the few remaining independent Australian iron ore plays with a high quality project
- ✓ High quality Board and management team with a wealth of experience in mining operations, project management and corporate roles





Thank you

For further information please visit our website at
www.flindersmines.com



Champion Valley on FMS' E47/882 (Blacksmith)