ASX ANNOUNCEMENT

14 October 2011

BID drilling program - high grade intersections

Pilbara Iron Ore Project (PIOP), Western Australia

highlights

- *Excellent initial results from 2011 BID drilling program.*
- *Shallow, high grade and outside existing resource.*
- *All tested zones are still open - potential for DSO resource increase.*

Tenements E47/882 (Blacksmith) and E47/1560 (Anvil)

Flinders Mines Limited (FMS) 100%

EXCELLENT ASSAYS FROM 2011 BID DRILLING

Flinders Mines Limited (ASX: FMS) is pleased to announce excellent results from the first batch of assays received for its follow-up drilling program targeted at defining additional Brockman Iron Deposit (BID) mineralisation at its Pilbara Iron Ore Project in Western Australia. These new results provide Flinders Mines with a high degree of confidence that its geological model for additional high grade ore on the margins of its channel based deposits can be validated. Subject to additional testing of these target zones, the Company believes that there is the potential for an increased Direct Shipping Ore (DSO) resource of shallow, easily mineable ore.

RESULTS

Following the completion of the initial Measured Resource status infill in June 2011, a reverse circulation (RC) drill rig has been operating at the project testing recently identified BID zones and completing some necessary Indicated Resource status infill work. The significant intersections from the first BID target program are shown in Table 1.

The results highlight good grades, thicknesses and close proximity to surface. Only three of the drill holes in this initial batch of assays failed to produce significant results, indicating the extent to which this mineralisation is extending – further, the majority of this mineralisation lies outside the scope of the current global resource estimations currently underway (Figure 1). The thickness of the intersections are excellent and they are all at/near surface and well above the water table which has the potential to result in low strip ratios and mining costs.

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Table 1 Pilbara Iron Ore Project significant BID reverse circulation drilling intersections.

Hole	From	To	Interval	Fe	CaFe*	SiO_2	Al_2O_3	P	LOI
HPRC5461	0	26	26	59.3	65.0	3.3	2.5	0.10	8.9
HPRC5462	0	26	26	58.0	63.0	5.3	3.3	0.10	8.0
HPRC5463	2	18	16	56.6	61.9	6.5	3.4	0.12	8.7
HPRC5464	0	32	32	57.1	63.6	3.9	3.5	0.11	10.2
HPRC5454	0	30	30	58.5	64.3	4.5	2.3	0.11	9.0
HPRC3306	0	36	36	58.0	65.0	2.0	3.5	0.12	10.8
HPRC5455	0	40	40	57.9	64.2	3.5	3.1	0.12	9.9
HPRC5456	0	36	36	58.5	63.8	4.8	2.7	0.12	8.3
HPRC5458	2	18	16	57.8	63.4	5.1	2.7	0.12	8.8

* *CaFe = Fe/(100 – LOI)*100.*

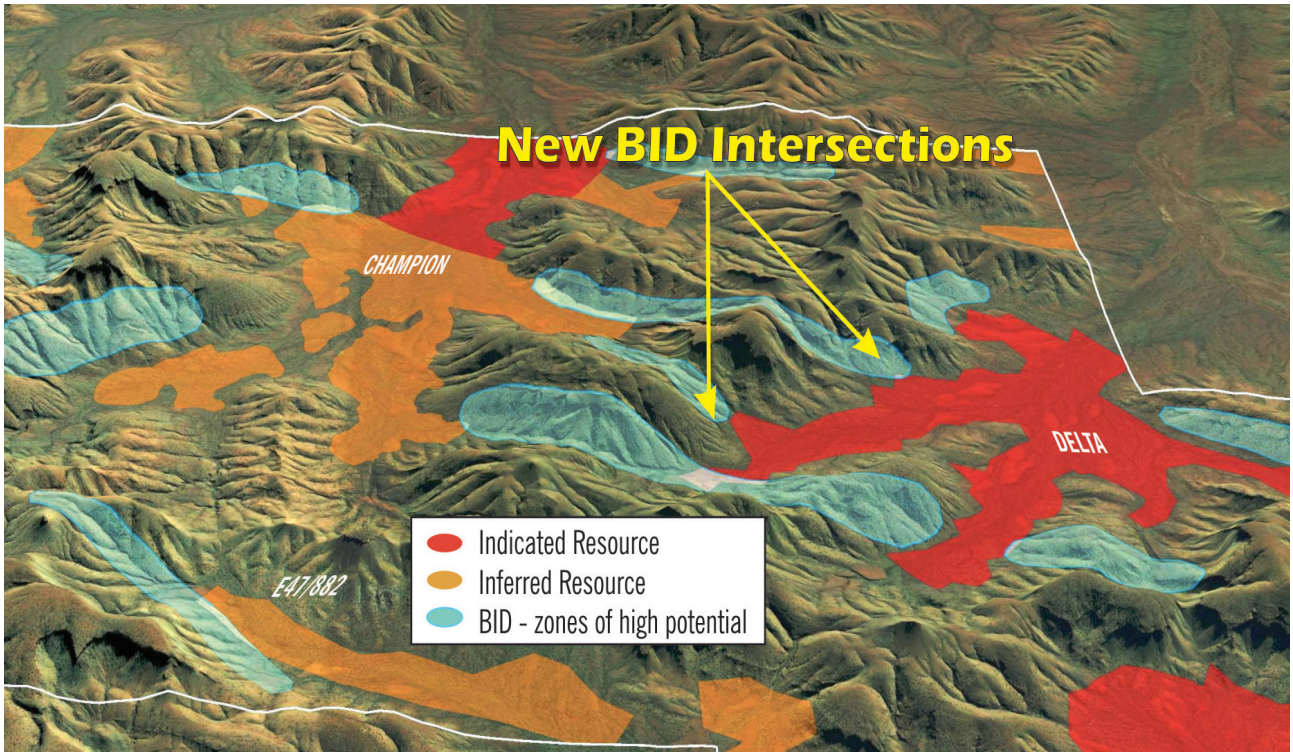
DRILL PROGRAM AHEAD OF SCHEDULE AND UNDER BUDGET

The current drill program being undertaken by Flinders Mines is almost complete - faster than expected drill rates will result in the 2011 drilling program finishing ahead of schedule and under budget. Follow up BID drilling will continue to take place following the execution of Native Title agreements by Flinders Mines.

With a proven geological model, a mapping program in the hills has been implemented, not only in Delta but across the whole tenement, in the areas that may be prospective for high quality BID mineralisation.

This mapping has identified areas of BID mineralisation in the hills in addition to that already tested. Work is underway to prioritise these targets for drilling to test the extent and quality of this mineralisation as soon as necessary approvals and clearances can been obtained. The mineralisation identified on the flanks of the hills remains open and will be the focus of further investigation during the first half of 2012.

Figure 1 *Location of new BID RC drilling intersections, Pilbara Iron Ore Project, Western Australia.*



BROCKMAN IRON DEPOSIT DSO EXPLORATION - BACKGROUND

Since the discovery hole was drilled at the project late in 2008, drilling on the tenements has focused on the iron mineralisation in the channels. These channels cover only 30% of the tenement area.

In 2010 Flinders Mines recognised BID on the flanks of the channels and has been investigating the potential for BID DSO mineralisation over the remaining 70% of unexplored ground. Late in 2010, several holes were drilled on the flanks of the valleys targeting high quality BID mineralisation and the results were outstanding, intersecting thick, near-surface BID mineralisation.

Based on the success and significance of the BID drilling undertaken late last year, Flinders Mines developed a range of potential targets on the flanks of the known mineralisation (Figure 1). These targets are based on proximity to known BID mineralisation beneath the valleys, relationship with known structural zones and anomalous geophysical signatures.

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QUALIFYING STATEMENTS

JORC compliance

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 Australasian 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".

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.