

## 4 September 2012

## **Corporate Update**

Flinders Mines Limited (ASX "FMS") is pleased to provide the following update to shareholders regarding its primary objective of advancing the 100%-owned Pilbara Iron Ore Project ("PIOP") in Western Australia.

Flinders has engaged in positive and productive discussions with a number of groups with the aim of ensuring it is able to meet the following goals:

- Access to existing or planned infrastructure developments to allow a path to market for PIOP ore;
- Finalise funding arrangements for mine development and associated capital costs;
- Ore marketing and sales arrangements.

Due to the sensitive and ongoing nature of these matters, Flinders is not in a position to comment on specific terms relating to these discussions.

However, the Company is confident that it is in a position to deliver a strong, value-accretive outcome to Flinders shareholders regarding the development of the PIOP.

In particular, the Company wishes to note that:

- The predominantly Direct Shipping Ore (DSO) nature (and strong operating margins) of the PIOP orebody
  has positively influenced interest levels from potential development partners, despite current lower iron ore
  prices;
- Our relatively low projected operating costs and capital expenditure forecasts make PIOP far more attractive at current ore pricing levels than those resources which face greater challenges in getting ore to a market destination:
- Flinders has a number of potential infrastructure solutions, all of which demonstrably deliver positive economic outcomes for PIOP;
- Cash at bank currently stands at A\$13.5m with cash expenditure carefully controlled.

Flinders will continue to keep shareholders informed throughout these negotiations and remains extremely positive about our ability to deliver company-defining milestones for the PIOP.

**GARY SUTHERLAND**MANAGING DIRECTOR

by Call of

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