

4 July 2013

Memorandum of Understanding executed with Brockman over Pilbara iron ore interests

highlights

- *Flinders Mines has executed a Memorandum of Understanding (MOU) with Brockman Mining regarding their iron ore projects in the Pilbara region of Western Australia*
- *MOU sets out parameters via which both Companies will negotiate an Aggregation Agreement covering iron ore production from both Companies' projects*
- *Aggregation Agreement may include infrastructure and transportation solutions as agreed between the parties*
- *MOU allows for facilitation of related transactions including joint ventures, mine gate sales or other transactions*

FLINDERS-BROCKMAN MEMORANDUM OF UNDERSTANDING

Flinders Mines Limited (Flinders) advises it has executed a Memorandum of Understanding (MOU) with Brockman Mining Australia Pty Ltd (Brockman) to work in good faith towards an Aggregation Agreement covering their respective iron ore interests and export aspirations for their individually held iron ore assets in the Pilbara region of Western Australia.

As a result of entering into this MOU, Flinders will work with Brockman in good faith to negotiate with a view to finalising and arranging for the execution of the documents which will govern the advancement of the Aggregation Arrangements and related transactions.

Having agreed to work together to investigate the potential development of the Aggregation Arrangement,

which may underpin the development of project infrastructure, Flinders and Brockman have committed to use their reasonable endeavours with a view to:

- forming a representative working group;
- funding their respective internal costs and share of any contractor costs;
- regularly meeting and, where appropriate, jointly presenting to stakeholders regarding the subject matter of the MOU; and
- resolve, following the parties' agreement, the form of the Aggregation Arrangement or related transactions.

FLINDERS PILBARA IRON ORE PROJECT

Flinders owns 100% of its Pilbara Iron Ore Project (PIOP) located in the East Pilbara of Western Australia and which includes the Blacksmith (M47/1451) and Anvil (E47/1560) tenements (Figure 1), related mine infrastructure and anticipated product (Flinders Product).

Flinders announced on 23 May 2013 its intention to increase its PIOP Exploration Target* to 180 to 280Mt (at 55 to 58% Fe) in addition to the existing combined Measured, Indicated and Inferred 917Mt Mineral Resource and is currently moving to drill test and convert areas of interpreted mineralisation to increase the current 917Mt global resource on its PIOP. Flinders Product will be sourced from the PIOP.

BROCKMAN PROJECTS

Brockman owns 100% of the Marillana iron ore project tenements located in the East Pilbara of Western Australia which includes mining lease M47/1414, exploration license E47/1408 (Figure 1) and related mine infrastructure. The Marillana Project contains combined Measured, Indicated and Inferred Mineral Resources of 1.53Bt grading 42.6% Fe of detrital Mineralisation and a further 101 Mt grading 55.6% Fe of CID mineralisation.

Brockman also owns 100% of the Ophthalmia iron ore project located in the East Pilbara of Western Australia and which includes the Coondiner, Sirius and Kalgan Creek tenements. The Ophthalmia Project contains total Indicated and Inferred Mineral Resources of 290Mt grading 59.1% Fe.

Brockman, through its joint venture interest in North West Infrastructure, has joint rights to co-develop a 50 million tonne per annum (Mtpa) marine port facility at Port Hedland which, when constructed, will include unloading, stockpiling and ship loading infrastructure (Port Project).

Brockman has undertaken a study with Aurizon Limited and Atlas Iron Limited to develop the East Pilbara Independent Rail (EPIR Project), which is a proposed heavy haulage railway and associated infrastructure in the East Pilbara of Western Australia connecting certain iron ore mines to the Port Project.

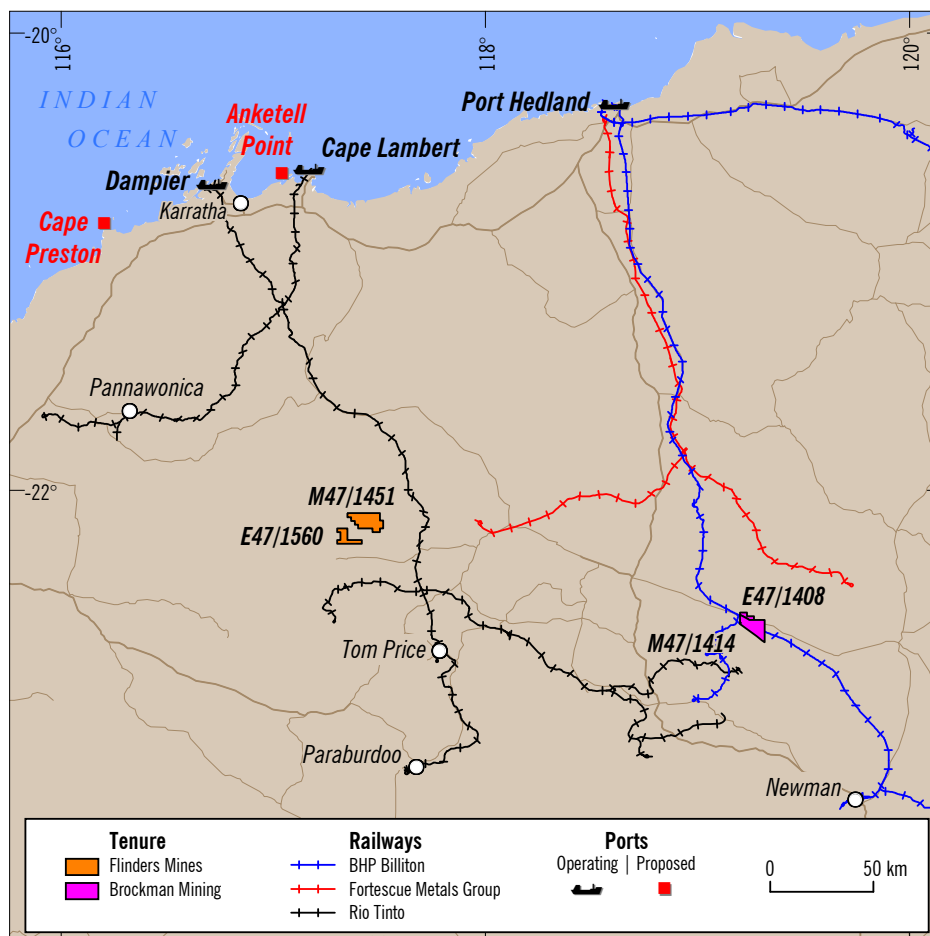


Figure 1 Location of Flinders Mines and Brockman Mining projects in the Pilbara region of Western Australia.

SUMMARY

It is Flinders' intention to work with Brockman towards a binding terms sheet that aggregates the Flinders Product with the Brockman Product. An aggregation of tonnage places both groups in a strong position to move forward utilising the Port Project and the EPIR Project to deliver ore to market.

The terms of the Flinders-Brockman MOU are currently non-binding and while Flinders has engaged widely with a number of parties potentially interested in providing infrastructure or other product solutions for the PIOP, it is Flinders' intention to give high priority towards the commitments encapsulated in today's MOU.



ROBERT KENNEDY
EXECUTIVE CHAIRMAN

4 July 2013

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Forward Looking Statements

This release may include forward-looking statements. These forward-looking statements are based on management's expectations and beliefs concerning future events as of the time of the release of this document. Forward-looking statements are necessarily subject to risks, uncertainties and other factors, some of which are outside the control of Flinders Mines Limited, that could cause actual results to differ materially from such statements. Flinders Mines Limited 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.

*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 Persons

The information in this report that relates to Pilbara Iron Ore Project Exploration Results is based on information compiled by Mr Nick Corlis who is a member of the Australian Institute of Geoscientists and a full-time employee of Flinders Mines Limited. Nick Corlis has sufficient experience that is relevant to the styles of mineralisation and types of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Nick Corlis consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Mineral Resources at Pilbara Iron Ore Project is based on information compiled by Dr Graeme McDonald who is a member of the Australian Institute of Mining and Metallurgy and a full-time employee of Flinders Mines Limited. Graeme McDonald has sufficient experience that is relevant to the styles of mineralisation and types of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Graeme McDonald consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this release that relates to Mineral Resources at Marillana and Ophthalmia is based on information compiled by Mr J Farrell and Mr A Zhang.

Mr J Farrell, who is a Chartered Professional and Member of the Australasian Institute of Mining and Metallurgy and a full-time employee of Golder Associates Pty Ltd, produced the Mineral Resource estimates at Marillana and Ophthalmia based on the data and geological interpretations provided by Brockman. Mr Farrell has sufficient experience that is relevant to the style of mineralisation, type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the 'Australasian Code for Reporting of Exploration, Results, Mineral Resource and Ore Reserves'. Mr Farrell consents to the inclusion in this report of the matters based on his information in the form and context that the information appears.

Mr A Zhang, who is a Member of the Australasian Institute of Mining and Metallurgy and a full-time employee of Brockman Mining Australia Pty Ltd, provided the geological interpretations and the drill hole data used for the Mineral Resource estimations at Marillana and Ophthalmia. Mr Zhang has sufficient experience that is relevant to the style of mineralisation, type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the 'Australasian Code for Reporting of Exploration, Results, Mineral Resource and Ore Reserves'. Mr Zhang consents to the inclusion in this report of the matters based on his information in the form and context that the information appears.