

ASX ANNOUNCEMENT

5 November 2009

Best iron intersections to date at Pilbara Project Pilbara Project - Western Australia

Activities Report – No 30

highlights

- Assays confirm near surface high-grade intersection of 58 metres at 59.0% Fe at Delta Deposit
- Infill drilling expected to lead to increased resource of high quality direct shipping BID and CID mineralisation with low silica and alumina values
- Indicated Resource drilling of Delta Deposit (Northern Arm) 80% complete
- Metallurgical drilling of Delta and Champion deposits completed.

FLINDERS
MINES



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

Flinders Mines Limited (FMS) 100%

DELTA - INDICATED DRILLING

The first assay results from initial Indicated Resource drilling at Flinders Mines' Pilbara Iron Ore Project have returned some of the best intersections yet recorded across the entire project area. A standout intersection of characteristically low silica and alumina Bedded Iron Deposit (BID) mineralisation was returned from drill hole HRC2018, of 58m at 59.0% iron, 3.8% silica and 2.9% alumina from only 6 metres below the surface (Table 2). This intersection included a high-grade zone of 22m at 61.1% iron, 1.9% silica and 1.9% alumina.

Other significant BID intersections included drill hole HRC2007, with 18m at 56.7% iron, 6.4% silica and 1.8% alumina from 8 metres. Further high quality Channel Iron

Deposit (CID) mineralisation was intersected within the Delta deposit, including in drill hole HRC2016, 38m at 60.3% iron, 6.0% silica and 3.7% alumina.

Infill drilling at the Delta deposit to date has focused on the northern arm of the deposit, with approximately 80% of this area now drilled at a spacing of 125m by 100m (Figures 1 and 2). To date, a total of 144 infill holes have been drilled for 7,500 metres, with assays received for approximately half of these holes.

To date, a total of 872 holes for 41,125 metres have been drilled at Flinders Mines' Blacksmith and Anvil tenements. A summary of this drilling is presented in Table 1.

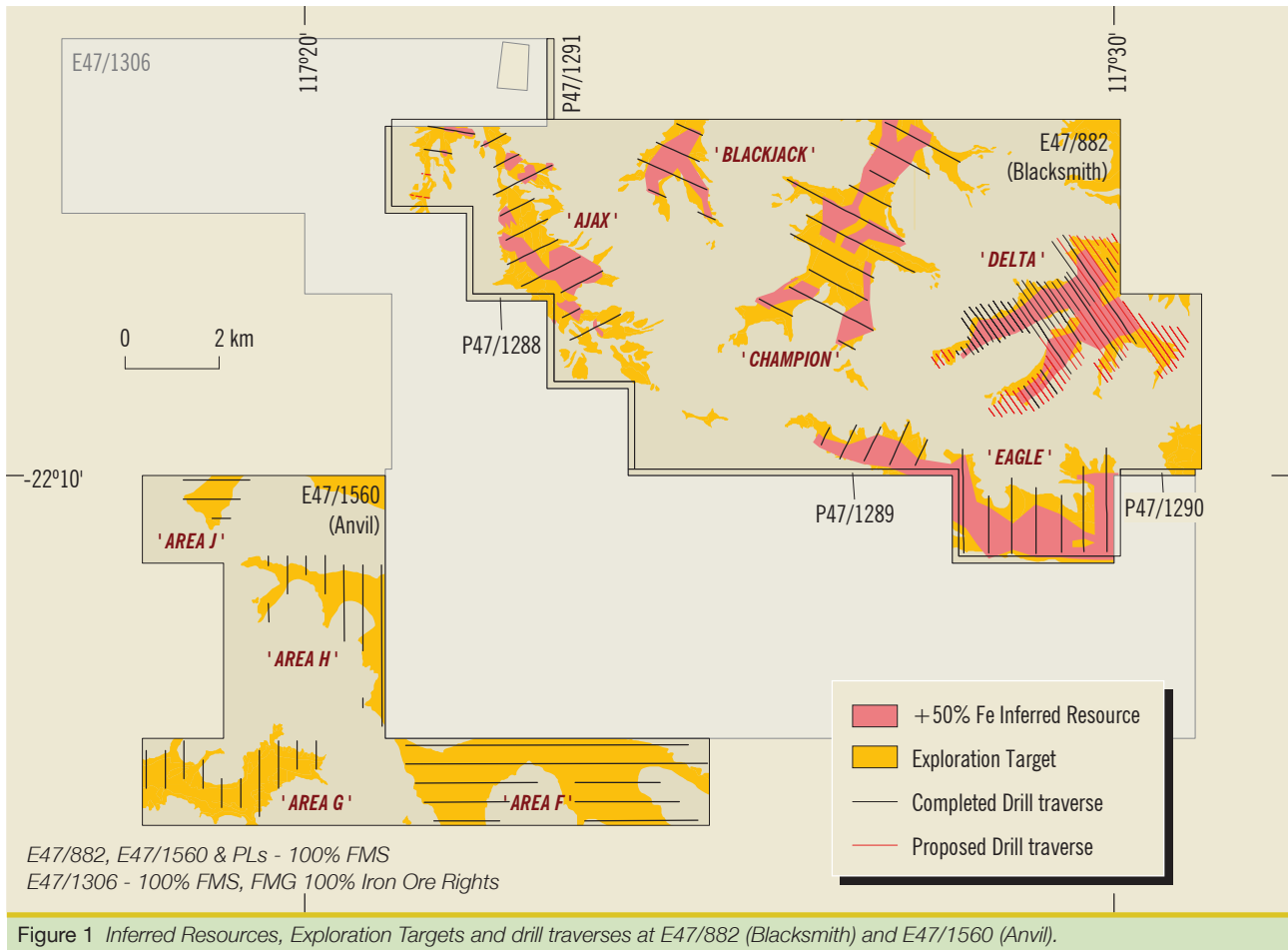


Figure 1 Inferred Resources, Exploration Targets and drill traverses at E47/882 (Blacksmith) and E47/1560 (Anvil).

DELTA – DSO POTENTIAL

The current Inferred Resource for the Pilbara project is 511Mt at 55.4% iron, as announced on 19th August 2009. The Delta deposit accounts for 148 Mt of this resource. The current drill density (100m by 125m) has been increased to improve confidence in the continuity of the geology and mineralisation which will later allow the resource to be classified as Indicated. Geological modelling of the infill data combined with the excellent assay results above have confirmed that continuity does exist between the lines and drill holes used for the Inferred Resource estimate. The interpreted continuity of the high iron and low silica and alumina CID and BID style mineralisation is shown in Figure 2. This continuity combined with increased thicknesses, and particularly with intersections outside of the current resource, is expected to add additional tonnage to the DSO quality resource within Delta.

The distribution of the higher quality CID and BID mineralisation correlates well in many parts of the northern arm of Delta. This may provide opportunities for blending of the two types for ores to produce a better overall DSO product and to give greater flexibility in product specifications.

Table I Pilbara Project RC drilling statistics

Target Area	2008 No of holes	2008 metres drilled	2009 No of holes	2009 metres drilled
Ajax	0	0	93	3,180
Blackjack	34	1,208	11	480
Champion	103	5,027	39	2,118
Delta	67	3,011	169	8,838
Eagle	97	5,793	19	984
Anvil	-	-	240	10,486
Total	301	15,039	571	26,086

Since September 2008 a total of 872 holes resulting in 41,125 metres drilled has been completed.

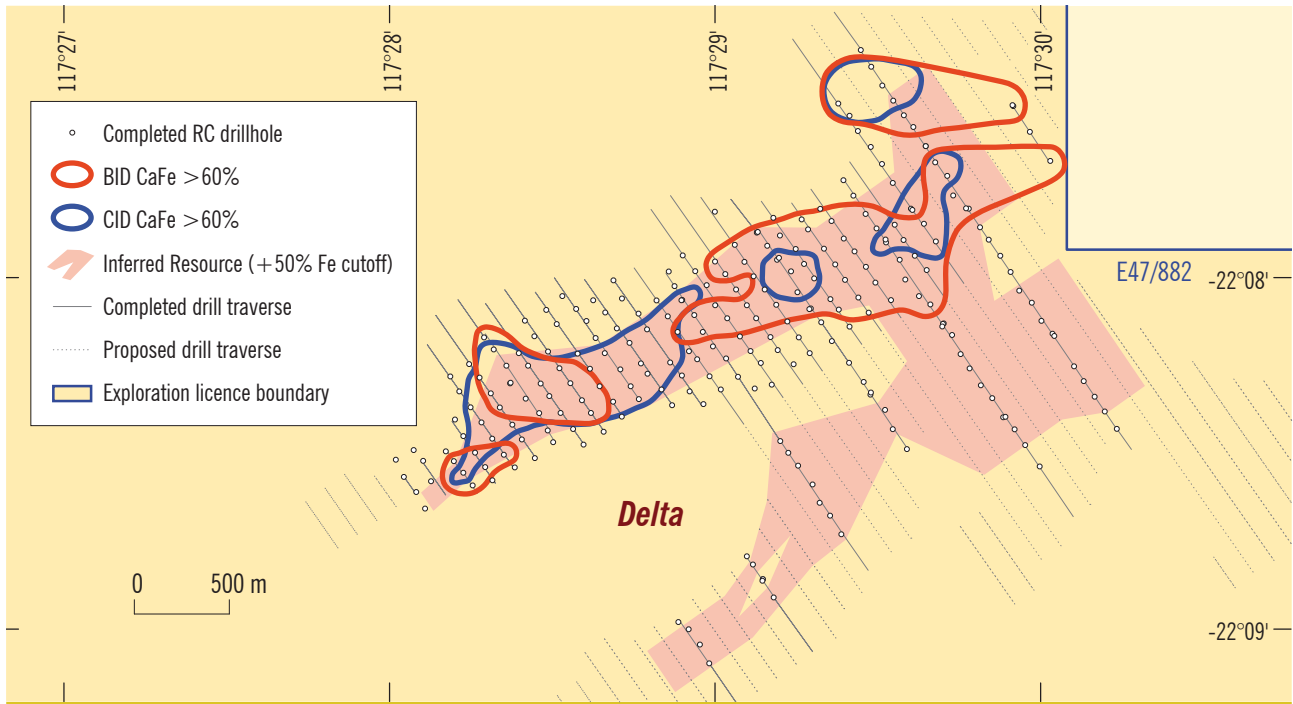


Figure 2 Location of Inferred Resources, holes drilled and high-grade CID and BID at the Delta Deposit.

Metallurgical drilling

A series of PQ diameter (83mm) metallurgical drill holes is being drilled in Champion, Delta and Eagle to collect sample material to carry out ore characterisation and beneficiation test work. This aims to define potential iron ore products and how the ore quality can be upgraded through metallurgical processing.

A total of 27 holes have now been drilled for 1,353m. Twenty of these holes have been drilled in Delta, with the remainder in Champion. An additional 5 holes are planned in Eagle. The drill core is being progressively transported to Perth in preparation for metallurgical test work at Amdel Ltd under the supervision of Mineral Engineering Technical Services Pty Ltd (METS).

FUTURE PROGRAM

A heritage clearance is currently underway in the southern arm of Delta, with the aim of attempting to complete the Indicated drilling in all of Delta by the end of 2009. This will involve bringing in an additional RC drill rig which will double production to approximately 10 holes per day. The 2009 drilling programme is scheduled for completion in early December, weather permitting.

The metallurgical drilling programme will continue in Eagle and is on schedule to complete work by mid November 2009.

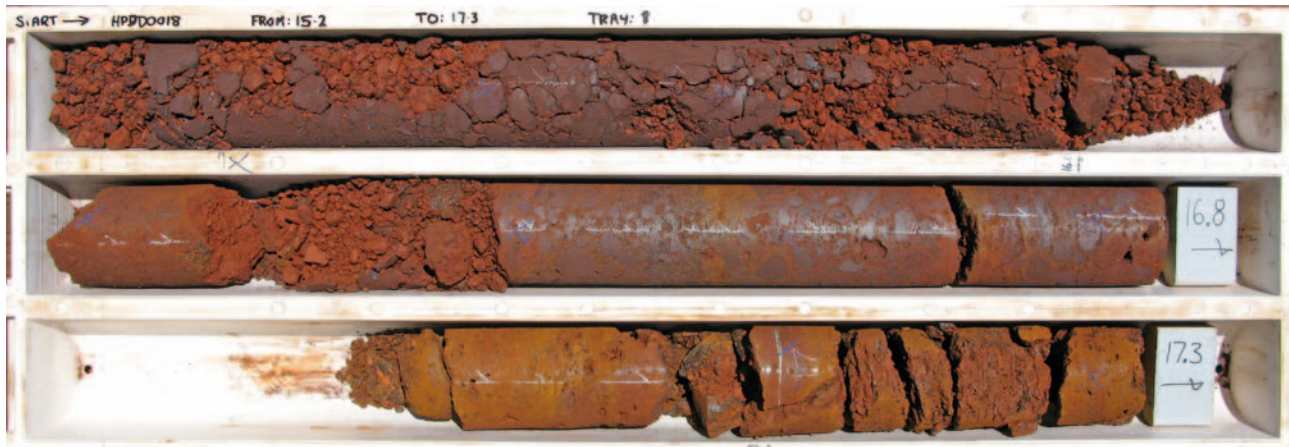


Drill core trays containing the PQ (83mm) diameter metallurgical core of BID mineralisation.

Table 2: List of significant recent reverse circulation drillhole intersections from Delta.

Hole ID	From (m)	To (m)	Interval (m)	Fe %	SiO ₂ %	Al ₂ O ₃ %	P %	LOI %
HPRC2007	8	26	18	56.7	6.4	1.8	0.10	9.9
incl	10	24	14	58.1	3.9	1.7	0.10	10.6
HPRC2016	10	48	38	60.3	6.0	3.7	0.06	3.2
HPRC2017	14	52	38	57.6	6.8	4.0	0.10	6.0
incl	32	52	20	58.9	3.0	2.5	0.15	9.5
HPRC2018	6	64	58	59.0	3.8	2.9	0.13	8.4
incl	24	46	22	61.1	1.9	1.9	0.12	8.4
HPRC2028	20	38	18	53.9	7.1	2.5	0.08	10.8
incl	30	38	8	56.1	5.1	2.9	0.07	11.1
HPRC2029	18	40	22	56.1	11.2	3.1	0.07	4.9
incl	24	36	12	59.4	5.6	2.5	0.08	6.2
HPRC2047	34	62	28	56.9	9.2	4.1	0.10	4.4
incl	44	58	14	59.7	5.7	2.7	0.11	5.2
HPRC2050	14	40	26	56.0	3.7	4.1	0.11	11.3
incl	44	64	20	57.0	8.8	2.4	0.13	6.5
HPRC2051	6	14	8	59.7	6.1	2.0	0.08	5.4
HPRC2076	40	70	30	55.8	8.0	4.4	0.09	7.1
incl	50	70	20	57.1	5.7	2.9	0.11	9.2
HPRC2078	0	22	22	55.3	10.2	2.2	0.09	7.8
incl	10	20	10	58.7	6.7	2.0	0.10	6.7

NB: These intersections are based on an Fe cut-off grade of 50%, with no top cut, and a maximum internal dilution of 2m. Analysis via XRF fusion at Ultratrace Laboratories. LOI - Loss of ignition.



Metallurgical drill core from diamond drillhole HPDD0018 showing the contact (at 16.8m) between the channel iron mineralisation (CID) and the bedded iron mineralisation (BID).

K J A Wills

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MANAGING DIRECTOR

The information in this report that relates to Exploration Results, Mineral Resources and Ore Reserves is based on information compiled by Dr K J A Wills (who is a Fellow of the Australasian Institute of Mining and Metallurgy) and Mr N Corlis (who is a member of the Australian Institute of Geoscientists). Dr Wills and Mr Corlis 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. Dr Wills and Mr Corlis qualify as Competent Persons as defined in the 2004 Edition of the "Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves".

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