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The Manager
Companies Announcements Office
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ASX Announcement

PLACEMENT AND SHARE PURCHASE PLAN FOR FLINDERS' HAMERSLEY IRON ORE PROJECT

HIGHLIGHTS

- *Share Placement to raise \$5 million*
- *Share Purchase Plan being offered to all shareholders*
- *Strong support from sophisticated investors*

CAPITAL RAISING

Flinders Mines Limited (ASX: FMS) (Flinders) is pleased to announce details of a capital raising to provide funds for an accelerated drilling program dominated by resource delineation drilling and a pre-feasibility study at the Company's Hamersley iron ore project in the Pilbara Region of Western Australia.

Flinders has recently released news of its maiden JORC compliant Inferred Resource of 476 million tonnes at 55.4% iron at its wholly owned Hamersley Project (ASX Announcement dated 1 April 2009). The Company is about to commence its 2009 drilling program with the twin objectives of outlining a global resource for the entire project area and further detailing the extent of its recent high grade bedded Iron deposit (BID) discoveries.

PLACEMENT

Flinders has successfully placed to sophisticated and professional investors, 94.34 million fully paid ordinary shares in the Company at an issue price of 5.3 cents per share to raise \$5 million before costs (Placement). Demand from these sophisticated investors was very strong with the Placement oversubscribed.

The Placement falls within the "15%" limit under ASX Listing Rule 7.1 and shareholder approval is therefore not required.

Bell Potter Securities acted as the Lead Manager to the Placement and Adelaide Equity Partners acted as corporate advisers to Flinders.

SHARE PURCHASE PLAN

Eligible shareholders with an address in Australia or New Zealand will also be given the opportunity to subscribe for Flinders shares pursuant to a Share Purchase Plan (SPP) which will raise up to \$5 million. Details of the SPP will shortly be sent to all eligible shareholders and will contain details of how to apply.

USE OF FUNDS

The net proceeds from the Placement and SPP will be used to accelerate the resource delineation drilling on the Hamersley Project in order to advance the most viable part of the deposit to Indicated Resource category under the JORC Code. A portion of the funds raised will also be utilised to progress the Hamersley Project pre-feasibility study and for working capital.

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