
NEWS

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Draft media release for approval

Tuesday 28 September, 2010

VOTE SEES \$7 MILLION DIAMOND AND PHOSPHATE IPO

BACKED BY FLINDERS MINES' SHAREHOLDERS

Australia will have a new \$7 million multi-commodity resources Initial Public Offering by year's end focused on phosphate and diamond exploration interests in South Australia, Western Australia and the Northern Territory.

The new float follows a vote by shareholders of ASX-listed iron ore company, Flinders Mines Limited (ASX: FMS), meeting in Adelaide today, to spin out that company's non iron ore assets into a new explorer, Flinders Exploration Limited.

Flinders Exploration' start-up portfolio will comprise most of Flinders Mines' non iron ore assets - a substantial tenement package of approximately 19,470 square kilometres in South Australia, Western Australia and the Northern Territory and includes exploration projects prospective for diamonds, phosphate, copper, gold and barite.

This includes the South Australian Diamond Project, located in several areas over the southern Flinders Ranges and Gawler Craton, where some of the highest concentrations of micro-diamonds from any kimberlite host rock in SA have already been recovered by Flinders Mines.

The assets also include the diamond rights to Flinders Mines' Pilbara iron ore project in Western Australia

Exploration commitment

Under a previously announced joint venture agreement, Flinders Exploration, subject only to a successful listing on the ASX, can earn up to 75% of the mineral rights for all of the former Flinders Mines' tenements by expending \$6 million over the next three years, and will earn a minimum 51% stake by spending \$3.5 million on exploration.

"The Flinders Exploration IPO and planned listing will enter the market at a time investor sentiment is returning to the resources sector now that the political uncertainty of the makeup of Australia's Federal Government has been resolved," Flinders Exploration's Managing Director, Dr David Tucker, said today.

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“That stymied investor attitudes for several months but we now have, going into the fourth quarter of the year, a mix of buoyancy for mineral commodities generally, and for new resources floats,” Dr Tucker said.

“We anticipate launching the IPO by 29th October with the aim of successfully listing on the ASX by 9th December

“The Company will commence its public life with high quality assets and our main early focus will be on fast-tracking the diamond asset base that we believe has the potential for commercial reality“, he said.

This work will include fast tracking of bulk sampling in South Australia to progress identification of a potential mine project and further work in Western Australia’s Pilbara region where diamonds have been recovered from stream samples.

Proposed IPO terms

The Flinders Exploration IPO proposes offering 35 million shares at 20 cents per share to raise up to \$7 million. A minimum subscription of \$5 million has been set.

Flinders Mines shareholders will be given a priority offer of shares in the Flinders Exploration IPO, and Flinders Mines is expected to retain a significant interest of around 21% in the new explorer.

Flinders Exploration is chaired by Mr Andrew Andrejewskis, the former Managing Director of SAPEX Limited until its acquisition by Linc Energy.

He is also a former Director General and CEO of the Department of Mines and Energy, South Australia and has held key positions within the Chief Minister’s Department in the Northern Territory.

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