

FOR IMMEDIATE RELEASE

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**INCREASING GLOBAL DEMAND FOR DIAMONDS AND
PHOSPHATE BEHIND NEW \$7 MILLION I.P.O.**

Increasing global demand for diamonds and phosphate is the centrepiece of a \$7 million Initial Public Offering officially unveiled in Adelaide today.

New South Australian minerals explorer, Flinders Exploration Limited, today announced details of its IPO and planned ASX-listing at a formal launch at the Adelaide Convention Centre – including its plans to focus on diamond and phosphate discoveries in Western Australia and South Australia.

“Our immediate focus is to position ourselves to take advantage of a growth in the international diamond market,” Flinders Exploration Managing Director, Dr David Tucker, said today.

“Global demand for this precious resource is expected to outstrip supply in the near future,” he said.

“This is due mainly to the steady reduction in reserves from the world’s 17 or so diamond mines over the past 20 years.

“And while there has been a slight hiccup in the international diamond market in recent years caused by the global financial crisis, there are signs that a recovery is well underway.

“The demand for diamonds is predicted to outstrip supply in the future, particularly as the American market recovers, and India and China increase their demand.”

Dr Tucker said some of the funds from the IPO would also be used to embark on South Australia’s first ever systematic search for phosphate, a strategy built on the back of record high prices for phosphate in 2008 coupled with growing demand for fertiliser.

Australia consumes about 2.7million tonnes of phosphate fertiliser a year, of which more than 2 million tonnes is imported, he said.

“Phosphate is vital for food production and is increasing in global importance,” Dr Tucker said.

“From 1961 to 2007, the world population doubled, arable land per person halved, yet food output tripled – the huge increase mainly due to fertiliser,” he said.

“A shortage of quality, affordable phosphate is predicted to be looming, so another of our strategies is to position ourselves to take advantage of this growth market by conducting further exploration on two large prospective areas for phosphate the Company holds in South Australia’s Flinders Ranges.”

IPO details

Flinders Exploration’s 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.

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

Flinders Exploration’s 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 including 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.

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.

The IPO closes on 25 November 2010. Flinders Explorations plans to list on the ASX in early December.

A copy of the Prospectus is available from Flinders Exploration Limited at www.fexploration.com, and from sponsoring broker, Minc Financial Services Pty Ltd, at orders@thinkminc.com.au

MEDIA CONTACTS:

Dr David Tucker
Managing Director
Flinders Exploration
(08) 8132 7980
(0418) 847 175

Sean Whittington
Field Public Relations
(08) 8234 9555
(0412) 591 520