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The Manager
Companies Announcements Office
Australian Securities Exchange
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Australian Securities Exchange Announcement ENCOURAGING IRON ASSAY RESULTS ON 19 ROCK CHIP SAMPLES FROM HAMERSLEY E47/882, WA

HIGHLIGHTS

- Assays have been returned on 19 rock chips of Channel Iron Deposit (CID) and Detrital Iron Deposit (DID) type samples collected by Dr Richard Russell on 16 and 17 April.
- Samples contain from 48.1 to 64.9% iron with an average of 59.6%.
- Results are encouraging with high iron and low deleterious elements.
- It is emphasised that these samples do not represent a systematic sampling exercise and are not equivalent to drill intersections or resource grades.

**Hamersley E47/882
Iron Ore
100% Flinders Mines**

Introduction

Flinders Mines Limited (Flinders) released an ASX announcement on 30 April 2008 which described

the results of consultant Dr Richard Russell's review of the iron ore exploration target in the Hamersley E47/882, WA. The release noted

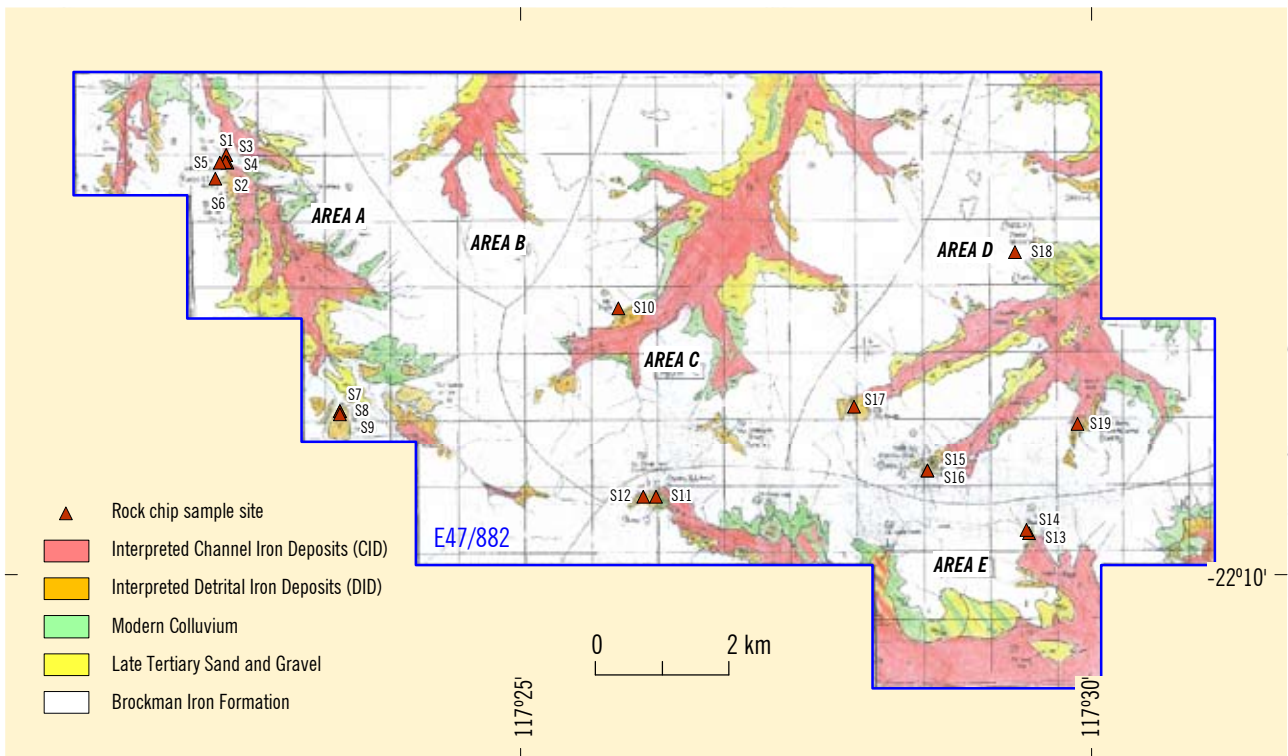


Figure 1 Sample Locations on Dr Russell's recent geological interpretation of the Hamersley E47/882.

Sample No	Lithology	Description	Fe %	Al ₂ O ₃ %	SiO ₂ %	P %	LOI %
S1	CID	Eastern edge of deposit at Waterfall. Talus flooding from the east	57.5	5.81	6.09	0.052	3.91
S2	CID/DID	Top of the waterfall	58.6	5.9	5.31	0.055	3.34
S3	CID	Transition beds between dominantly DID at surface and underlying CID at the Waterfall. El. 580m	57.4	3.65	5.43	0.113	7.17
S4	CID	Lower CID unit at Waterfall. Goethite and limonite on fractures	57.3	3.27	5.65	0.084	7.73
S5	DID	DID on hillside to W of the Waterfall. W edge of CID/DID system	62.2	2.83	3.05	0.093	3.67
S6	DID	W end of DID ramp to SW of the Waterfall. 'Biscuit' canga underlies.	64.9	1.35	1.96	0.117	2.08
S7	Biscuit Canga	Underlying the DID ramp in the upper reaches of Area 'A'. Enriched P bedrock. El 640.4m	48.1	4.66	16.2	0.096	8.06
S8	CID/DID	Higher up the profile in main part of secondary iron deposit	58.8	3.42	5.35	0.098	4.94
S9	CID/DID	Top of profile. Some weathering on flat sfc of ramp.	56.8	6.38	6.1	0.058	3.22
S10	DID	Coarse DID on W edge of DID ramp to the W of the major creek in Area 'C'	59	6.71	4.3	0.263	2.34
S11	DID	Bedded DID on ramp on W end of Area 'E' valley	61.8	0.98	1.1	0.069	8.49
S12	DID	Ramp on W edge of Area 'E'. DID is 8-10m thick. Some CID	59.4	4.49	5.18	0.107	2.72
S13	DID	Surface of ramp in north of Area 'E'	59.3	4.47	6.33	0.098	2.42
S14	DID	Half way down DID profile, ramp in north Area 'E'	61	2.87	4.73	0.106	2.74
S15	Biscuit Canga	Canga below DID on ramp at the head of central creek, Area 'D'.	56.4	2.28	3.05	0.225	11.5
S16	DID	High grade DID immediately overlying S15	64.4	1.36	1.23	0.1	2.88
S17	DID	High grade DID on edge of ramp, northern creek, Area 'D', Vauncelot prospect.	62.5	2.86	3.13	0.087	2.29
S18	DID	Palaeochannel to the south of 'Iraklis' prospect	63.7	2.82	2.77	0.098	1.72
S19	CID/DID	Palaeochannel at the head of the south channel, Area 'D'.	64.2	2.17	3.51	0.102	0.57
Average			59.6	3.59	4.76	0.106	4.3

Table 1 Channel Iron, Detrital Iron and Canga samples collected from E47/882 on 16 & 17 April, 2008.

NB Canga is a variety of DID, Fe = iron, Al₂O₃ = alumina, SiO₂ = silica, LOI = Loss on Ignition

the sampling of 19 outcrops of mostly DID (16) and some CID (3), which were considered to be typical of the main secondary iron types in the licence area. The samples were assayed at the SGS Australia Pty Ltd laboratory in Perth and results were received by Flinders Mines in Adelaide on 20 May 2008. Flinders asked Dr Russell to assess the results and his report is given below.

The actual assays are reproduced in Table 1 and sample locations shown on a copy of Dr Russell's new geological map in Figure 1. An example of one of the sites for samples S11 & 12 is shown in Figure 2 and an example of the DID and CID rock types from the site of S1 to S4 is shown in Figure 3.

Consultant's Report by Dr R. Russell

"The results of the samples collected during field reconnaissance in E47/882 on the 16th and 17th April have been returned from the laboratory. The samples are rock chips taken from outcropping detrital iron formation (DID) and channel iron formation (CID). None of them represent subsurface drill samples. The outcrops sampled were widespread in the licence area (Figure 1). The intention was to cover all types of

outcrop in all the prospective areas of the lease. It must be noted that the outcrops of detrital iron deposit (DID) and channel iron deposit (CID) are small and are thought to represent only the exposed edges of much larger CID and DID deposits that may lie under superficial cover in the valley floors (as shown by Figure 2). The drilling planned by Flinders Mines will be the best way to properly evaluate these undercover deposits.

The laboratory results obtained from the rock chip samples are encouraging. The average iron grade of all the 19 samples taken in E47/882 is 59.64%. The samples contain a low proportion of the deleterious minerals, silica and alumina. The levels of phosphorus are also relatively low, which is a further favourable outcome. The iron content compares favourably with the average grade of 56% Fe announced by Fortescue Metals Group (ASX Release, 15th November 2007) for the CID in Serenity Valley which adjoins E47/882 to the southeast. They also compare favourably with the average grade of 56.9% Fe in CID from Rio Tinto's Caliwingina North deposit located about 10km north of E47/882 (ASX Release, 7th February 2008).

The results strongly suggest that the major CID system discovered by Fortescue Metals in Serenity Valley extends into the southern parts of the Flinders licence area. Furthermore, the wide distribution of positive samples in the valleys in the northern parts of E47/882 suggest that high grade DID's and CID's probably also occur in the major northward-orientated valleys in the licence area.

All the samples were taken from outcrop and are generally not representative of the vertical section of iron in the project area. However, the samples S2 to S4 and S8/S9 were taken at intervals down cliffs of CID/DID outcrop in 'Area A'. These cliffs are, in effect, vertical sections. The samples therefore give some indication of the variation of iron content with depth. It is significant that both sets of samples (S2 to S4 and S8/S9) returned consistent high-grade iron results averaging about 58% Fe. Although these samples represent only small tests on the edge of the system in 'Area A', the results do suggest that high iron grades may be consistent throughout the profile in the major deposits lying undercover in the rest of the licence area."

R. Russell 22 May 2008



Figure 2 The upper edge of the DID ramp at the western edge of Area E – samples S11 & 12 are from this outcrop where the section is about 12 metres thick.

Forward Program

Flinders is preparing to commence drilling in Area E as soon as possible, probably within the next two to three weeks. A RC drill rig has been contracted, Heritage clearance surveys are nearly complete and DOIR approval of the work program is expected near the end of May.

Dr Kevin Wills
 Managing Director
 23 May 2008



Figure 3 Photo of typical DID sample at left and CID sample at right from the site of samples S1 to S4 where the section is at least 8 metres thick to the water level (see Figure 3 in Flinders ASX Release dated 30.04.08).

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The information in this report that relates to Exploration Results, Mineral Resources and Ore Reserves is based on information compiled by Dr K Wills who is a fellow of the Australasian Institute of Mining and Metallurgy. He has more than five years of relevant experience in 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. He qualifies as Competent Persons as defined in the 2004 Edition of the "Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves".