



6 June 2008

The Manager
Companies Announcements Office
Australian Securities Exchange
20 Bridge Street SYDNEY NSW 2000

Australian Securities Exchange Announcement **HAMERSLEY DRILLING EXPECTED TO COMMENCE IN THE THIRD WEEK OF JUNE 2008**

HAMERSLEY E47/882

Iron Ore

100% Flinders Mines

Introduction

Flinders Mines (FMS) is pleased to announce that the first pass reverse circulation (RC) drilling on its iron ore targets is expected to commence during the third week of June 2008. This announcement is an update and subsequently details no material changes to previously disclosed information. The five iron ore targets lie within the Hamersley E47/882 licence, Western Australia (FMS earning 100%)

and are proximal to the known inferred resources of Fortescue Metals Group's Serenity deposit (1,014 Mt) and Rio Tinto's Caliwingina deposit (875 Mt). Aboriginal Heritage surveys have been completed over two of the target areas and drilling contracts are in place for the completion of an initial program of 250 RC drill holes for 20,000 m.

Drilling program and strategy

The project area contains five large targets which all show outcrop evidence of Channel Iron Deposits and Detrital Iron Deposits. The combined exploration target is currently 333 Mt to

380 Mt at 56% iron as determined by consultant Richard Russell (ASX release of 30 April 2008). This campaign of RC drilling is intended to provide sufficient confidence to define all five targets to JORC inferred resource status.

The proposed drilling program is planned to be carried out in three phases. Drilling will initially target the channel areas with wide spaced drilling to achieve a broad understanding of the lateral and vertical distribution of the mineralisation. A second phase of drilling is planned to infill along

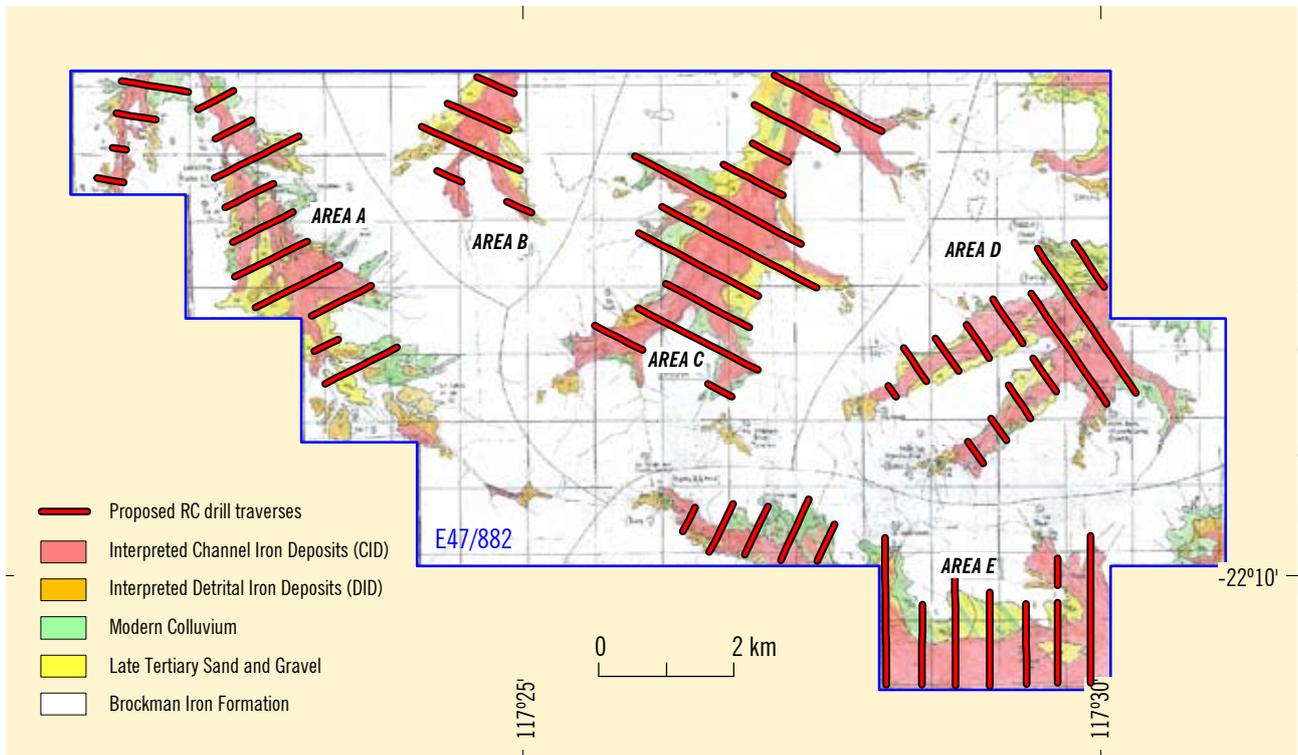


Figure 1 Tenement map showing five iron ore target areas of the Hamersley E47/882 licence and the proposed RC drilling lines.

drill lines to more accurately define higher grade from sub-grade horizons. The third phase will entail infilling between drill lines to allow for sufficient confidence for resource modelling of the deposits to JORC inferred status.

A geophysical drill hole logging truck is currently being constructed to provide dedicated support to the drilling program. The geophysical information collected down hole will improve correlation of mineralised horizons between drill holes as well as provide valuable information such as in-situ density to increase the accuracy of the resource estimates.

Project timing

Heritage clearance surveys were completed in May 2008 for target areas D and E. The Department of Industry & Resources work program approval has taken longer than anticipated, however the final approval is expected to be received by the end of the second week of June 2008.

A revised accurate schedule is now current. It is anticipated that the reverse circulation drill rig will arrive on site in

the third week of June 2008, following the final approvals and clearing of drilling lines. The drill campaign will continue through until the end of 2008 and may be extended pending favourable weather conditions.

Contracts have been secured for Outback Drilling & Exploration to provide the primary rig for the drilling program and SGS has been contracted to provide analytical services using their newly commissioned robotic laboratory designed to streamline mineral sample preparation, and dedicated to the analysis of iron ore. A 20 man Ausco camp is ready and waiting in Karratha for final approvals prior to construction and commissioning onsite. Outback Drilling are registered water bore drillers and will construct bores to provide water for the camp and drilling requirements.

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6 June 2008

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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. Dr Wills is an employee of Flinders Mines Limited. 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".



Figure 2 Aboriginal heritage survey in Area E.