



1 July 2008

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

Australian Securities Exchange Announcement

FLINDERS ACQUIRES CHANNEL IRON EXPLORATION TARGET IN HAMERSLEY RANGES FROM CAZALY

HIGHLIGHTS

- *Flinders Mines Limited yesterday completed an agreement with Cazaly Iron Pty Ltd to purchase E47/1560 located 15 kilometres southwest of Flinders' 100% owned E47/882 in the Hamersley Ranges, WA.*
- *E47/1560 totals 44 sq km of ranges and valleys with high potential for channel iron deposits.*
- *Iron ore expert Dr Richard Russell has been contracted to assess the geology and target size potential of the new acquisition.*

ACQUISITION OF E47/1560

Flinders Mines Limited (Flinders) is pleased to announce an agreement with Cazaly Iron Pty Ltd (Cazaly), a 100% owned subsidiary of Cazaly Resources Limited, to purchase Exploration Licence E47/1560 for a total consideration of \$750,000 in cash and \$750,000 worth of Flinders shares. The tenement is a granted exploration licence located about 15 km to the southwest of Flinders Hamersley E47/882 (Figure 1) in Western Australia.

Following a detailed assessment of the geology of the area, Flinders has determined it is highly prospective for both channel and detrital iron deposits which show some similarities to those recently located in E47/882 (by Flinders mapping and sampling) and in E47/1306 (by Fortescue Metals Group drilling).

The location of E47/1506 in relation to other tenements and recent iron ore discoveries is shown on Figure 1. Terrain in the area consists of the

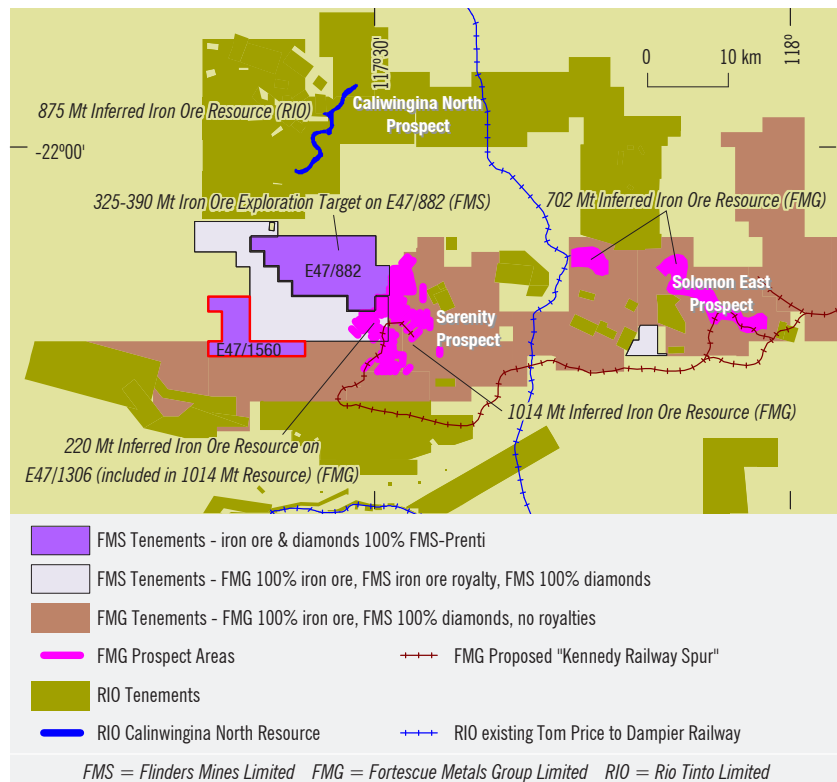


Figure 1 Location of E47/882 and E47/1560, in relation to iron ore deposits and infrastructure in the Hamersley Area.

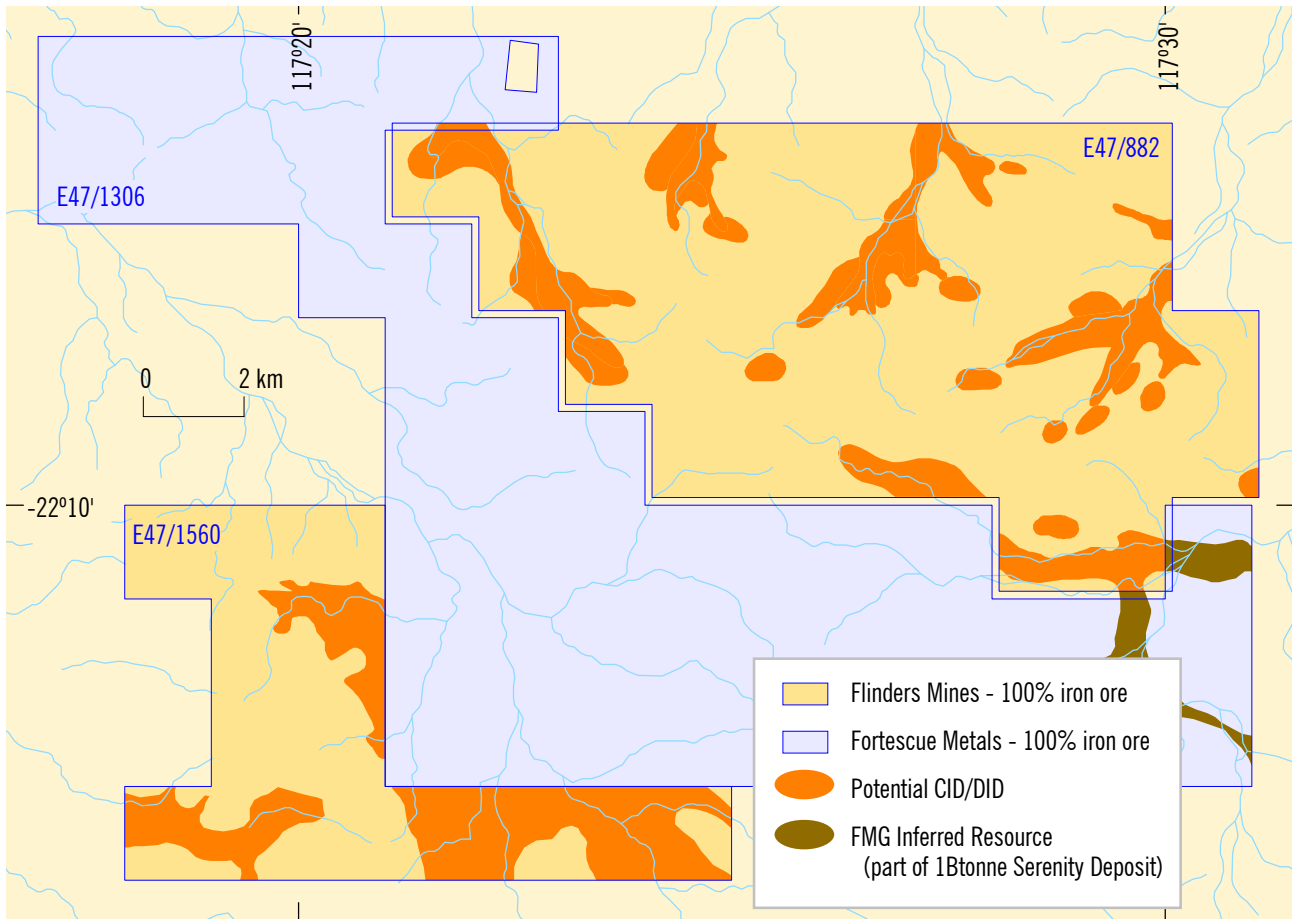


Figure 2 Potential CID/DID areas within E47/882 and E47/1560.

Hamersley Ranges, composed of Brockman Iron Formation, and intervening valleys, often containing channel iron deposits (CIDs). E47/1506 has an area of 44 sq km of which about 16 km sq consists of valley systems and has the potential to host CIDs (Figure 2).

Dr Kevin Wills
MANAGING DIRECTOR
1 July 2008

Flinders has contracted Dr Richard Russell, who carried out similar work on E47/882, to carry out a geological mapping and prospectivity analysis of E47/1560. Dr Russell is not available until early August so the work will be carried out then.

It is anticipated that any target CIDs will be able to be explored by expanding the program planned for E47/882 – commencement of which is imminent.

For further information, please contact:

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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".