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The Manager
Companies Announcements Office
Australian Securities Exchange
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Australian Securities Exchange Announcement

\$8 MILLION PILBARA DRILLING PROGRAM UNDER WAY FOLLOWING WA GOVERNMENT APPROVAL

Flinders Mines Limited (Flinders) is pleased to advise that reverse circulation (RC) drilling has commenced yesterday on the Company's Hamersley E47/882 licence in the Pilbara region of Western Australia. This is part of an \$8 million program to assess a target containing numerous indications of significant channel iron deposit (CID) mineralisation.

Commencement of RC drilling follows final approval received from the WA Department of Industry and Resources on Wednesday 2 July 2008 for an initial program of 250 RC drill holes for 20,000 m.

A complete team of 10 Flinders staff and contractors have been hired to manage two drill rigs. A fly-camp has been established for an initial operations base. Building approvals from the Ashburton Shire were received on Friday 4 July 2008, allowing mobilisation of a 20-person Ausco camp from Karratha. The newly constructed camp will be fully catered, have office facilities, a

25,000 litre onsite diesel fuel tank and a broadband satellite system for communications and IT.

The earthmoving (Goodwork Holdings) and drilling (Outback Drilling) contractors are camping onsite. Site preparation has commenced with the existing access track into Area E cleared to allow access to both the camp and drill lines. All of the proposed drill lines and drill holes in Area E have been flagged for clearing.

The drilling has commenced on a water bore to supply camp water and water for dust suppression during drilling. The commencement of drilling was delayed by several days due to minor mechanical issues on the drill rig and the time taken to transport spare parts to site. Commencement of exploration drilling will follow in Area E to determine the nature, extent and thickness of the mineralisation. The remaining four areas will be subsequently drilled in two phases before Flinders determines inferred

resources for all five areas during the final quarter of 2008. Although the anticipated commencement date of drilling has been delayed, a second drill rig will be contracted to make up for the lost time. The first of the drill samples will be dispatched to the laboratory (SGS) in Perth in the next two weeks, with weekly dispatches thereafter. It is expected that the first results will be received early in August 2008.

The building of a dedicated geophysical logging truck is expected to be completed in four weeks. A temporary portable logging system for measuring density has been mobilised to site and will be used in the interim until the truck arrives onsite.

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MANAGING DIRECTOR
7 July 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".