



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

WEEKLY

IRON ORE DRILLING REPORT – No. 3

HAMERSLEY PROJECT, WA



HIGHLIGHTS

Hamersley Tenement E47/882 Flinders Mines Limited (FMS) 100%

- *Area D intersections to date average 17.3 metres thick – more than double the initial Exploration Target estimate.*
- *Area E intersections to date average 14.3 metres thick, compared to an Exploration Target estimate of 8 metres.*
- *Interpreted area of Channel Iron Deposit (CID) mineralisation in Area E now stands at 4.7 sq km – compared to 4.05 sq km in the original estimate.*
- *Observed thicknesses and areas of CID in Area E to date suggest initial Exploration Targets are likely to be considerably exceeded.*
- *The overburden often contains high-iron gravels suitable for beneficiation – this could add significantly to any future mining output.*

Drilling Statistics

Table 1 Completed drillholes in each area.

Target Area	No of Holes	Metres Drilled
Area A	0	0
Area B	0	0
Area C	0	0
Area D	7	291
Area E	34	2,309
Total	41	2,600

Note: This table includes previously reported numbers.

Number of samples sent for assay	1330
Number of assays received to date	141
Number of samples awaited	1189

Note: This list includes previously reported numbers.

List of new iron ore intersections in week Table 2

List of received assayed intersections in week Table 3

This announcement by FMS is the third in a series of weekly announcements to describe the drilling progress at its Hamersley Project in Western Australia. It is anticipated that weekly announcements will continue until inferred resources are announced at the end of the 2008 calendar year. The announcements will take the form of a template to ensure the information is concise and consistent. Note that over the initial weeks there may be some minor modifications to the format as FMS endeavours to provide the most appropriate layout.

Drilling Activity

Flinders Mines Limited's Hamersley Iron Ore Project in WA comprises five target areas: Areas A, B, C, D and E (see Figure 1).

- Drilling has continued in Area D with another six holes completed on the first line. The CID mineralisation has been intersected in five of these holes, defining a zone of mineralisation of at least 1km across the main channel. The depth to mineralisation is between 10m and 20m, considerably less than in the main channel in Area E. To compare results with Dr Richard Russell's Exploration Target estimates, intersections of CID mineralisation to date range between 12 and 26 metres with an average of 17.3 metres, compared to the original Exploration Target thickness estimate of 8.0 metres.
- In Area E to date, intersections of CID have been encountered in 26 drill holes, with an average thickness of 14.3 metres. This compares with a thickness of 8.0 metres in Dr Russell's estimate.

- In Area E, Dr Russell estimated CID mineralisation covered an area of 4.05 sq km, whereas in Figure 2 the total area to date is 4.7 sq km.
- The implications of the greater average thicknesses and area of Area E observed to date, are that the previously reported Exploration Target is likely to be considerably exceeded.
- A total of 381 assays from 762 metres of drilling are due to be received prior to the next weekly report. These assays are mainly

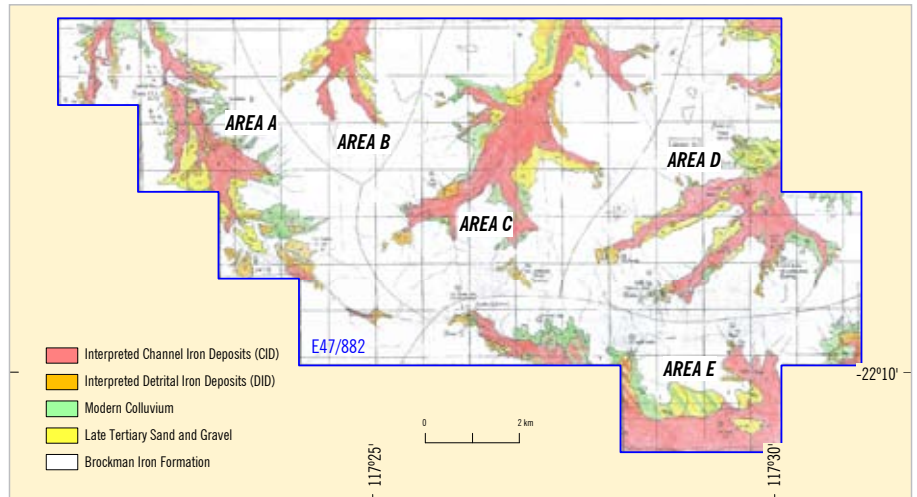


Figure 1 Hamersley E47/882 showing the location of Target Areas.

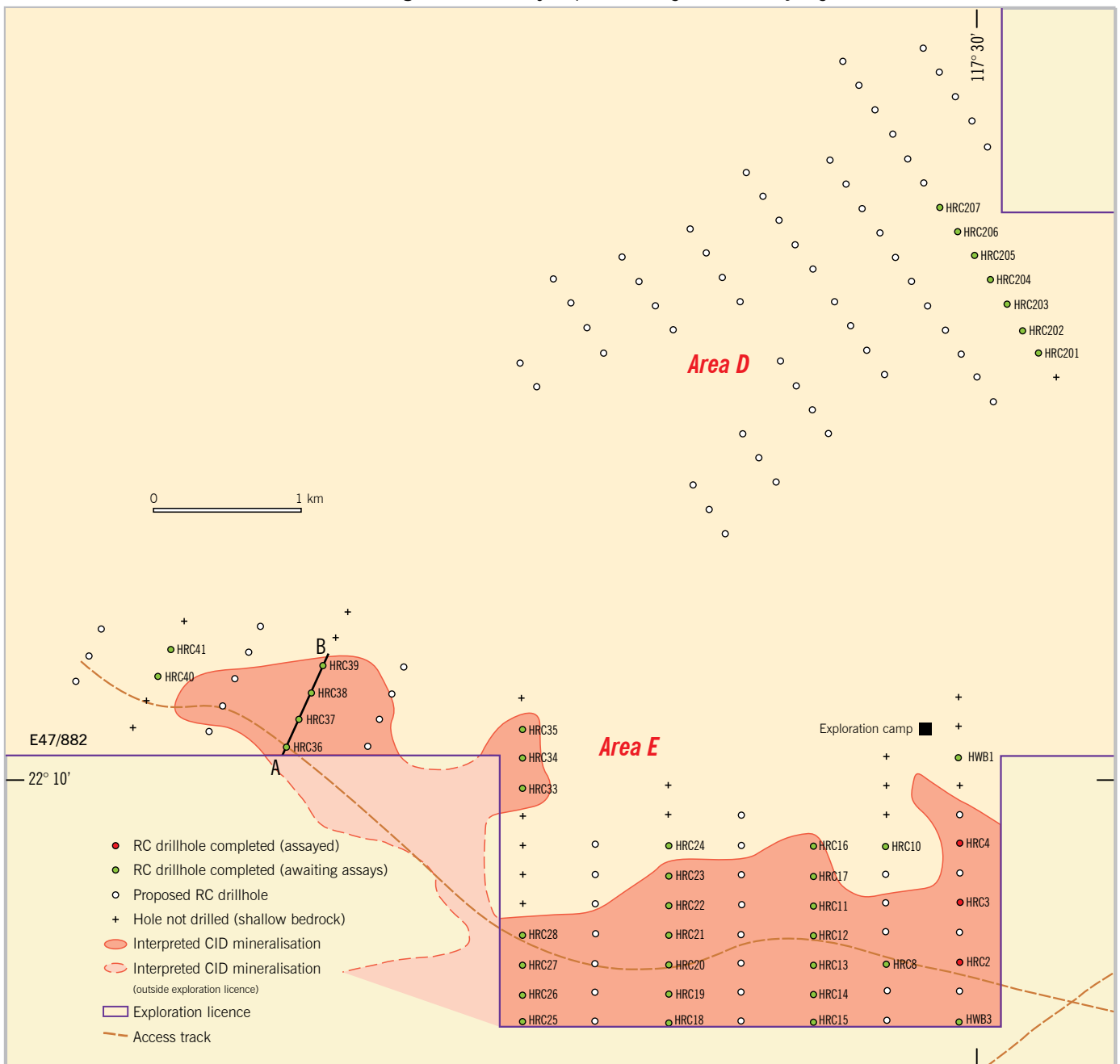


Figure 2 Proposed and completed RC drilling in Areas D and E.

from the southeastern part of Area E.

- A simplified geological cross-section across the western part of Area E has been drawn to illustrate a three-dimensional view of the CID in this area. This section (Figure 3) shows how the CID mineralisation is present at much shallower depth in the west than in the eastern part of Area E.
- Another feature of the CID mineralisation intersected to date is that both the gravels above the main CID horizons contain highly iron-rich sequences, which may average over 40% iron, composed of fragments of iron ore mixed with other rock types. It is highly likely that, should a mining operation be established, some degree of upgrading or beneficiation of the gravels above the main zones may be viable. Such beneficiation is common with CIDs in the Pilbara, and could be by screening or density concentration – adding significantly to any mining output.

Approvals

- Archaeological clearance for areas A, B and C is planned to commence on Friday 19th September 2008. An earthmoving contractor is on site and able to commence clearing following approval from the archaeological team. FMS has negotiated for a verbal approval for Area C to allow for clearing to commence next week, rather than awaiting the finalisation of the full archaeological clearance report.

Tenements

Nothing to report.



Dr Kevin Wills

MANAGING DIRECTOR

17 September 2008

Drilling Intersections

Table 2: List of visually estimated mineralised iron intersections recorded during the week (assays awaited).

Hole ID	From (m)	To (m)	Interval (m)
HRC201	None Identified		
HRC203	16	42	26
HRC204	20	40	20
HRC205	18	34	16
HRC206	10	24	14
HRC207	12	24	12



Drilling at Area E, Hamersley Project

Table 3: List of RC drillhole intersections (assays received).

Hole ID	From (m)	To (m)	Interval (m)	Fe %	Target Area
No assays received this week					

NB: These intersections are based on an Fe cut-off grade of 50% and a maximum internal dilution of 2m. Analysis via XRF fusion at SGS Laboratories.

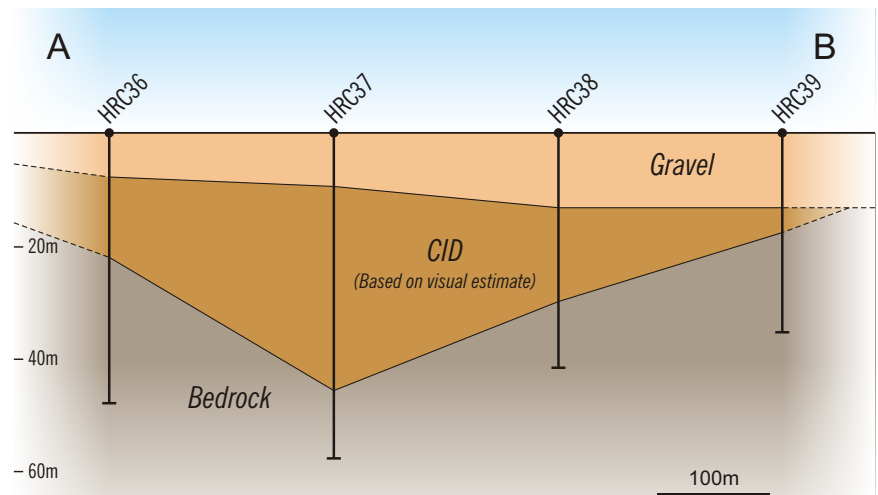


Figure 3 Simplified geological cross-section A-B.

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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 relevant experience in the style of mineralisation and types of deposit under consideration and consents to inclusion of the information in this report in the form and context in which it appears. He qualifies as a Competent Person as defined in the 2004 Edition of the "Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves".