



The Manager
Companies Announcements Office
Australian Securities Exchange
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WEEKLY

IRON ORE DRILLING REPORT – No. 10

HAMERSLEY PROJECT, WA



HIGHLIGHTS

HAMERSLEY TENEMENT E47/882 Flinders Mines Limited (FMS) 100%

- An additional 13 holes for 593 metres were drilled during the week
- Encouraging thick, shallow intersections in Area C
- Infill drilling complete in Area D and drilling commences in Area B

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	7	389
Area D	66	2,681
Area E	95	5,553
Total	168	8,623

Number of samples sent for assay	5,096
Number of assays received	1,119
Number of assay results awaited	3,977

Note: This table includes previously reported numbers.

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).

Since weekly Report 9, released on 29 October 2008, an additional 13 holes have been drilled for 593m. The reduced number of holes compared to last week is due to the drilling of a water bore in Area C prior to exploration drilling commencing, and the moving of the second drill rig to Area B from Area D. A total of 172 assays were received for three drill holes.

Infill drilling in Area D has been completed. Drilling has commenced in both Areas B and C. The first diamond drill hole was started in Area E.

This announcement by FMS is the tenth 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 initial 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.

List of new iron ore intersections in week	Table 2
List of received assayed intersections in week	Table 3

Drilling Intersections

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

Hole ID	Visual estimate			
	From (m)	To (m)	Interval (m)	Target Area
HPRC0259		NI		Area E
HPRC0259A	12	18	6	Area E
HPRC0260	16	38	22	Area E
HPRC0261	16	30	14	Area E
HPRC0262	18	42	24	Area E
HPRC0263		NI		Area E
HPRC0305	14	48	34	Area D
HPRC0306	24	40	16	Area D
HPRC0307		NI		Area D
HPRC0308	22	36	14	Area D
HPRC0309	16	44	28	Area D
HPRC0310		NI		Area D
HPRC0311	32	36	4	Area D

NI = Not identified.

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

Hole ID	From (m)	To (m)	Interval (m)	Fe (%)	Al ₂ O ₃ (%)	SiO ₂ (%)	P (%)	LOI (%)	Target Area
HRC19	32	44	12	50.9	6.9	11.4	0.069	9.0	Area E
HRC20	50	52	2	50.4	7.4	9.9	0.041	10.3	Area E
	56	64	8	51.6	5.7	10.5	0.061	10.1	
	68	82	14	56.0	4.0	8.3	0.071	7.9	
HRC21	38	56	18	56.9	3.4	6.1	0.092	9.4	Area E

NB: These intersections are based on an Fe cut-off grade of 50%, with no top cut, and a maximum internal dilution of 2m. Analysis via XRF fusion at SGS Laboratories. LOI = Loss of ignition.

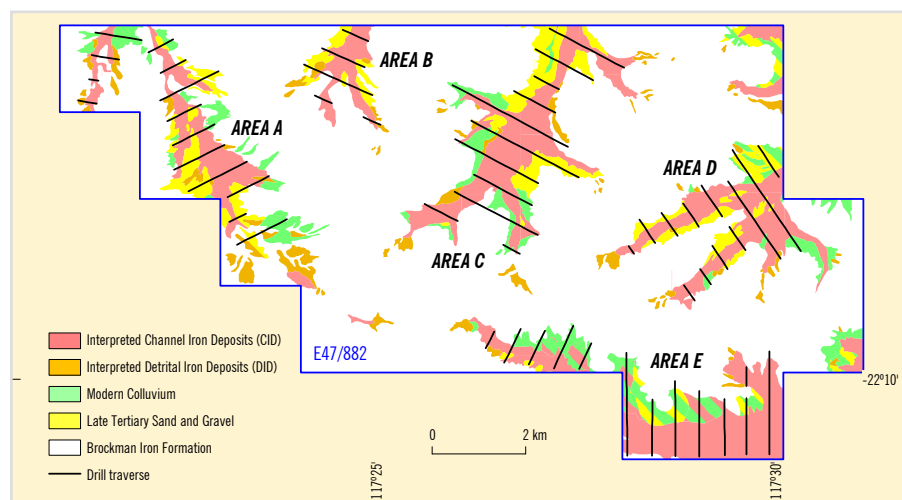


Figure 1 Hamersley E47/882 showing the location of Target Areas.

Area E

The first diamond drill hole of the programme, HDD1, was started on the site of HRC47. The diamond drilling is primarily designed to gain detailed geological knowledge for correlation with the reverse circulation drilling, calibrate the density data collected during down hole geophysical logging and provide initial metallurgical samples. HRC47 intersected good thicknesses of the clay-hosted iron mineralisation and is located near the camp site, facilitating regular calibration of the down hole geophysical tools.

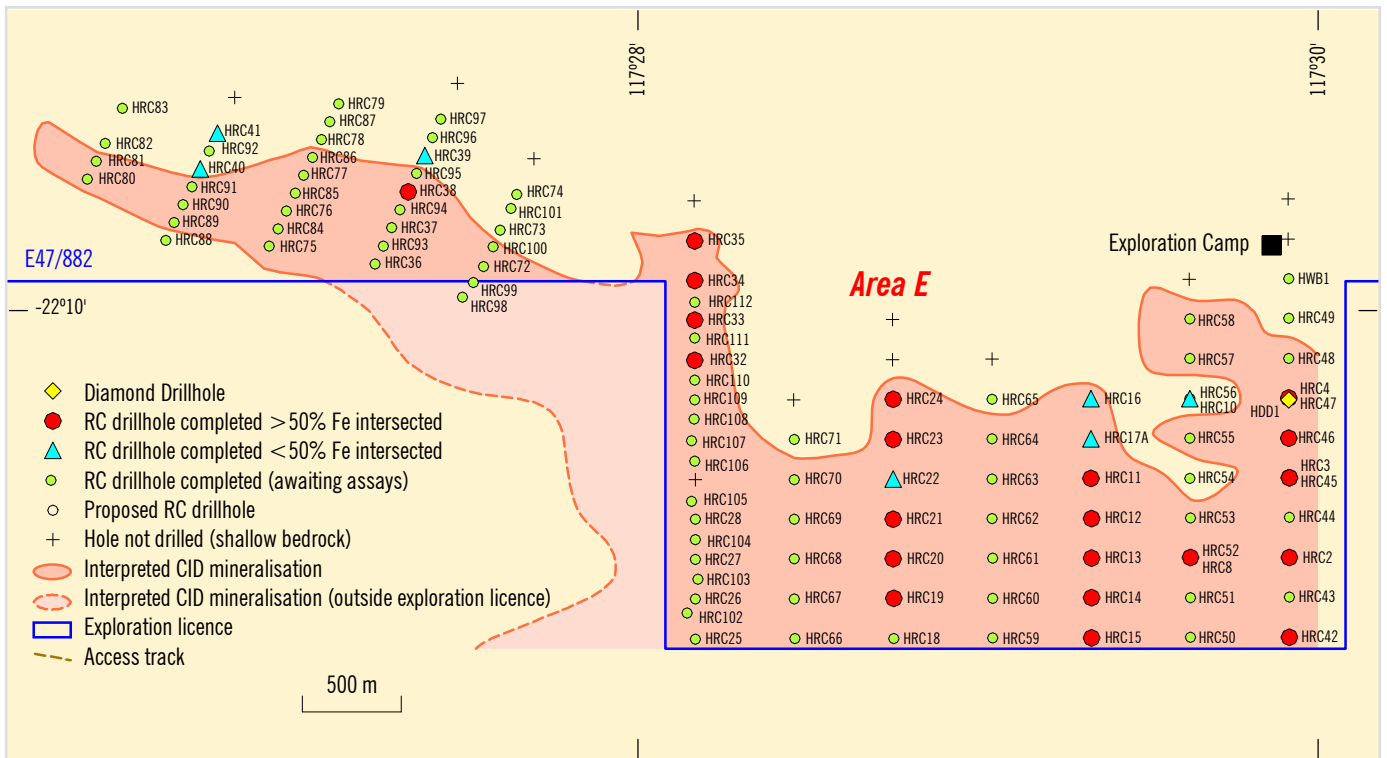


Figure 2 Current Diamond drilling and completed RC drilling in Area E.

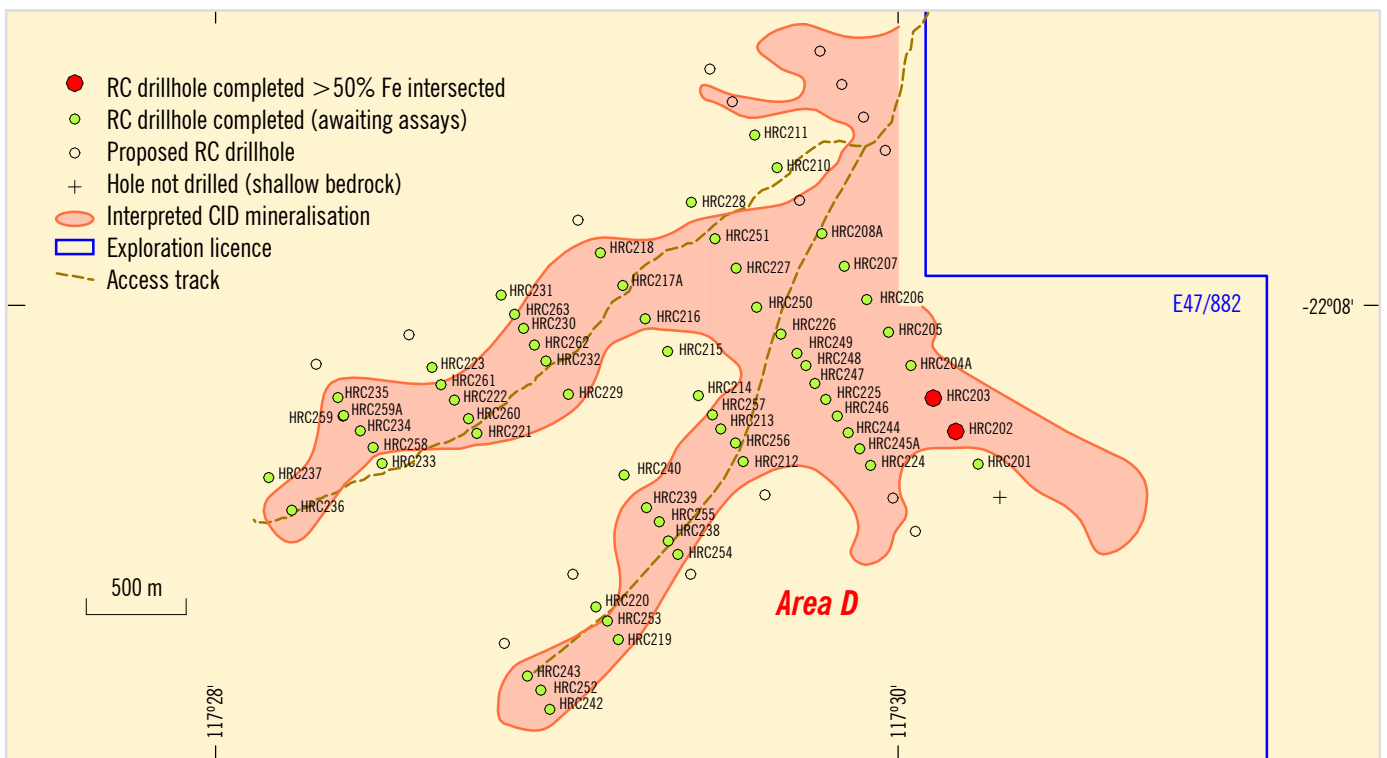


Figure 3 Proposed and completed RC drilling in Area D.

Assays were returned for three drill holes in Area E. HRC19, 20 and 21 are all located in the centre of the main channel. As anticipated, on the southern side of the channel, HRC 19 and 20 intersected clay-hosted iron mineralisation and on the northern side of the channel HRC21 intersected 18m of pisolitic hematite iron mineralisation

at a grade of 56.9% iron.

Area D

Infill drilling (500m x 100m) was completed in the narrow headwaters of Area D. The drilling intersected good thicknesses of mineralisation (visually estimated) and has confirmed the location of the margins of the

mineralisation. The drill rig from Area D was moved to Area B during the week.

Area C

Drilling in Area C has commenced on the first three lines at the northern end of the channel. Although the channel is narrow in this part of Area C, the visual estimates from this drilling are very

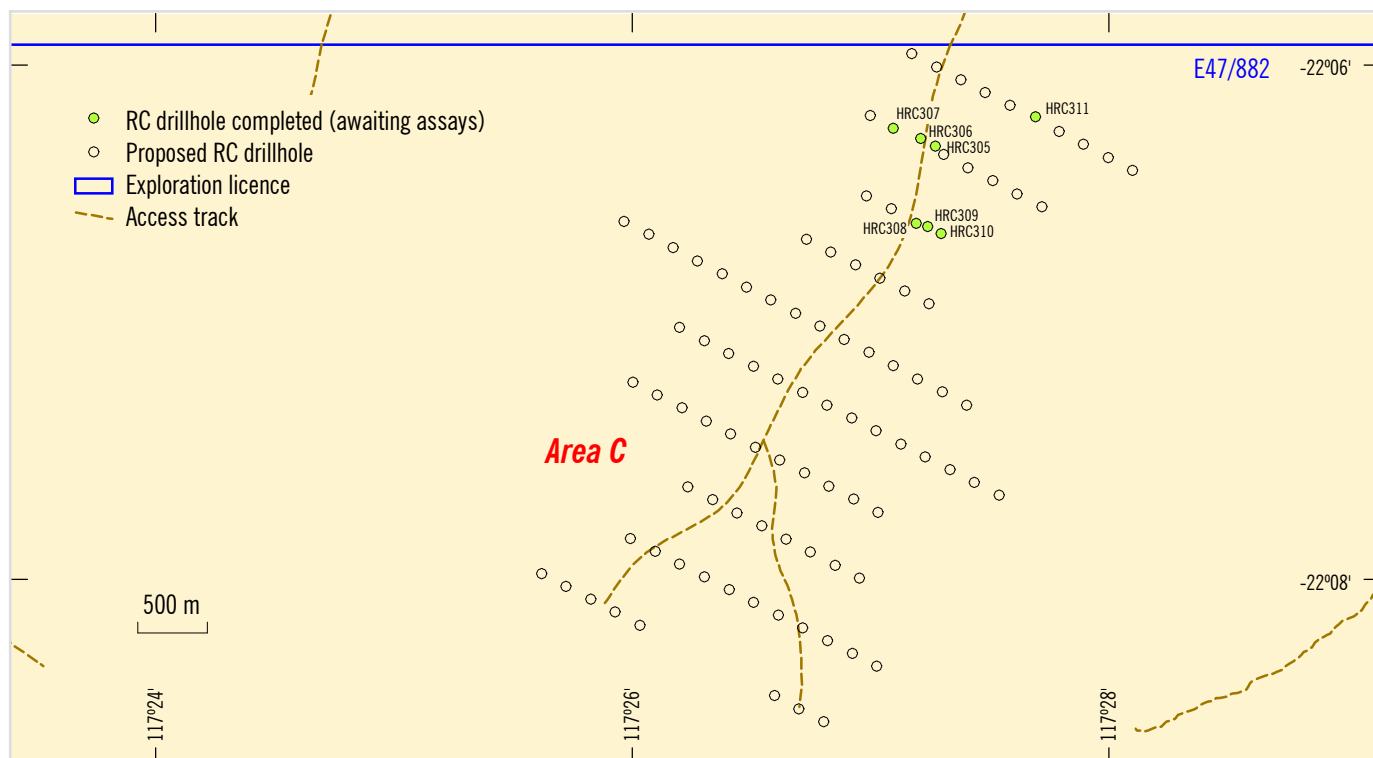


Figure 4 Proposed and completed RC drilling in Area C.

encouraging with 34m of mineralisation intersected in HRC305 from 14m and 28m of mineralisation in HRC309 from 16m depth.

Logistics

All access tracks and drill pads in Area 5 have now been completed. Approvals for the new access track into Area A are awaited. The timing will dictate whether drilling commences in Area A during the December 2008 quarter or the March 2009 quarter.

Tenements

Nothing to report.

Dr Kevin Wills

MANAGING DIRECTOR

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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".