



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

WEEKLY

IRON ORE DRILLING REPORT – No. 12

HAMERSLEY PROJECT, WA



HIGHLIGHTS

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

- An additional 13 holes for 575 metres were drilled during the week
- Excellent assay results returned from Area D confirming high iron and low deleterious element concentrations
- Drilling in Areas B and C continue to return intersections well in excess of the current Exploration Target thicknesses, based on visual estimates

Drilling Statistics

Table 1 Completed Reverse Circulation drillholes in each area.

Target Area	No of Holes	Metres Drilled
Area A	0	0
Area B	13	420
Area C	24	1,298
Area D	67	2,717
Area E	95	5,553
Total	199	9,988

Number of samples sent for assay	5,964
Number of assays received	1,527
Number of assay results awaited	4,437

Note: This table includes previously reported numbers.

List of new iron ore intersections in week Table 2

List of received assayed intersections in week Table 3

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 11, released on 12 November 2008, an additional 13 reverse circulation (RC) holes have been drilled for 575m. An additional 65.9m of diamond drilling was completed. A total of 408 assays were received for 13 holes in Area D and 4 holes in Area E.

Area E

Diamond drilling was completed on HDD1 to a depth of 108.3m. The visual estimates in this drill hole confirm the drill results from drill hole HRC47, drilled at the same location. A second diamond drill hole, HDD2, had commenced at the location of HRC23 (Figure 2).

This announcement by FMS is the twelfth 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.

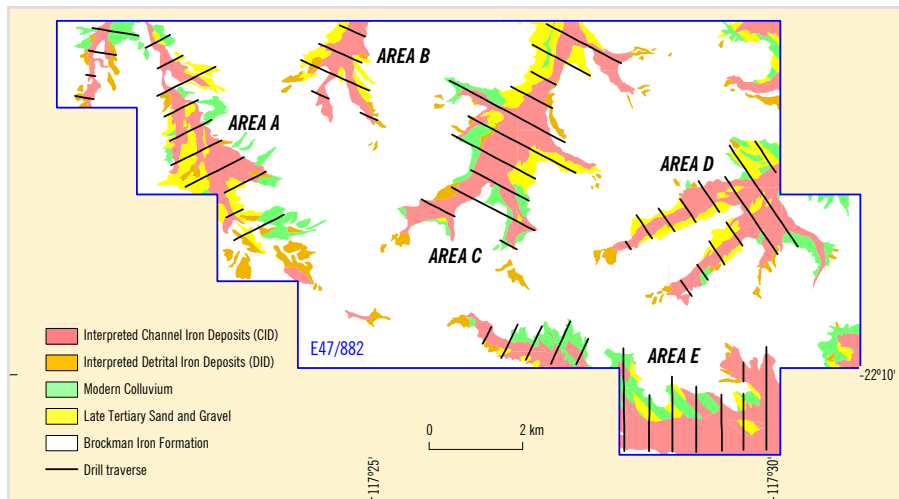


Figure 1 Hamersley E47/882 showing the location of Target Areas.

Drilling Intersections

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

Hole ID	Visual estimate			Target Area
	From (m)	To (m)	Interval (m)	
HRC322	NI			Area C
HRC323	16	36	20	Area C
HRC324	NI			Area C
HRC325	6	18	12	Area C
HRC326	14	28	14	Area C
HRC327	14	46	32	Area C
HRC328	10	40	30	Area C
HRC408	NI			Area B
HRC408A	28	44	16	Area B
HRC409	16	30	14	Area B
HRC410	NI			Area B
HRC411	NI			Area B
HRC412	8	30	22	Area B

NI = Not identified.

Laboratory results were received for four holes in Area E (Table 3). HRC44 defines the boundary of two separate subchannels within the main channel. HRC43 shows continuity of the southern subchannel over at least 400m width, and HRC48 extends the northern channel to over 600m width. HRC47 is a redrill hole designed to improve the sample quality of HRC4, drilled by the initial drilling company. This hole has confirmed the decision to redrill, intersecting 36m of iron mineralisation, compared to 18m in the original hole. Further, the results from HRC47 have returned higher iron

grades and lower concentrations of deleterious elements.

Area D

Assays were returned for 13 holes in Area D (Figure 3, Table 3). The results have confirmed the geological model of thick high grade subchannels within the main channel. Excellent results were returned for several of the holes; 38m at 57.5% iron in HRC209 (including 16m at 61.6% iron), 22m at 56.5% iron (including 16m at 61.3% iron) in HRC209 and 24m at 60.8% iron in HRC219.

Iron mineralisation was intersected in HRC210 and HRC211, which were not expected to return any mineralisation over 50% iron. This iron mineralisation is likely to be due to enrichment of the basement rocks.

All the results to date from Area D and the headwaters of Area E exhibit a variable distribution in the iron and deleterious element concentrations, due to changes in mineralogy. This leads to zones of high iron grades and low deleterious element concentrations. In addition, the mineralogy of the lower grade material may lend itself

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
HRC43	56	68	12	53.7	3.5	8.2	0.103	11.8	Area E
	72	76	4	53.4	3.8	8.6	0.103	11.8	
	84	86	12	51.2	4.1	11.1	0.103	11.7	
HRC44	Subgrade								Area E
HRC47	36	72	36	53.9	5.5	11.1	0.054	6.0	Area E
incl	60	72	12	58.5	2.5	4.4	0.091	9.6	
HRC48	30	54	24	52.2	5.1	15.8	0.042	3.4	Area E
HRC201	Subgrade								Area D
HRC208	Subgrade								Area D
HRC209	28	66	38	57.5	3.8	7.4	0.103	6.4	Area D
incl	46	62	16	61.6	1.6	1.6	0.144	8.8	
HRC210A	20	22	2	50.6	5.36	18.7	0.049	2.9	Area D
HRC211	18	36	18	55.7	4.8	9.9	0.072	5.6	Area D
HRC212	28	32	4	53.9	3.8	11.2	0.066	7.3	Area D
	38	40	2	52.4	0.7	17.9	0.088	6.6	
HRC213	0	2	2	51.0	4.3	19.2	0.053	2.7	Area D
HRC214	Subgrade								Area D
HRC215	Subgrade								Area D
HRC216	30	52	22	56.5	3.9	9.9	0.080	4.9	Area D
incl	38	48	10	61.3	2.7	4.5	0.084	4.7	
HRC217	18	34	16	56.1	4.4	12.4	0.055	2.6	Area D
HRC219	8	32	24	60.8	3.5	5.1	0.062	3.4	Area D
HRC220	6	18	12	54.3	3.4	7.6	0.081	11.2	Area D

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.

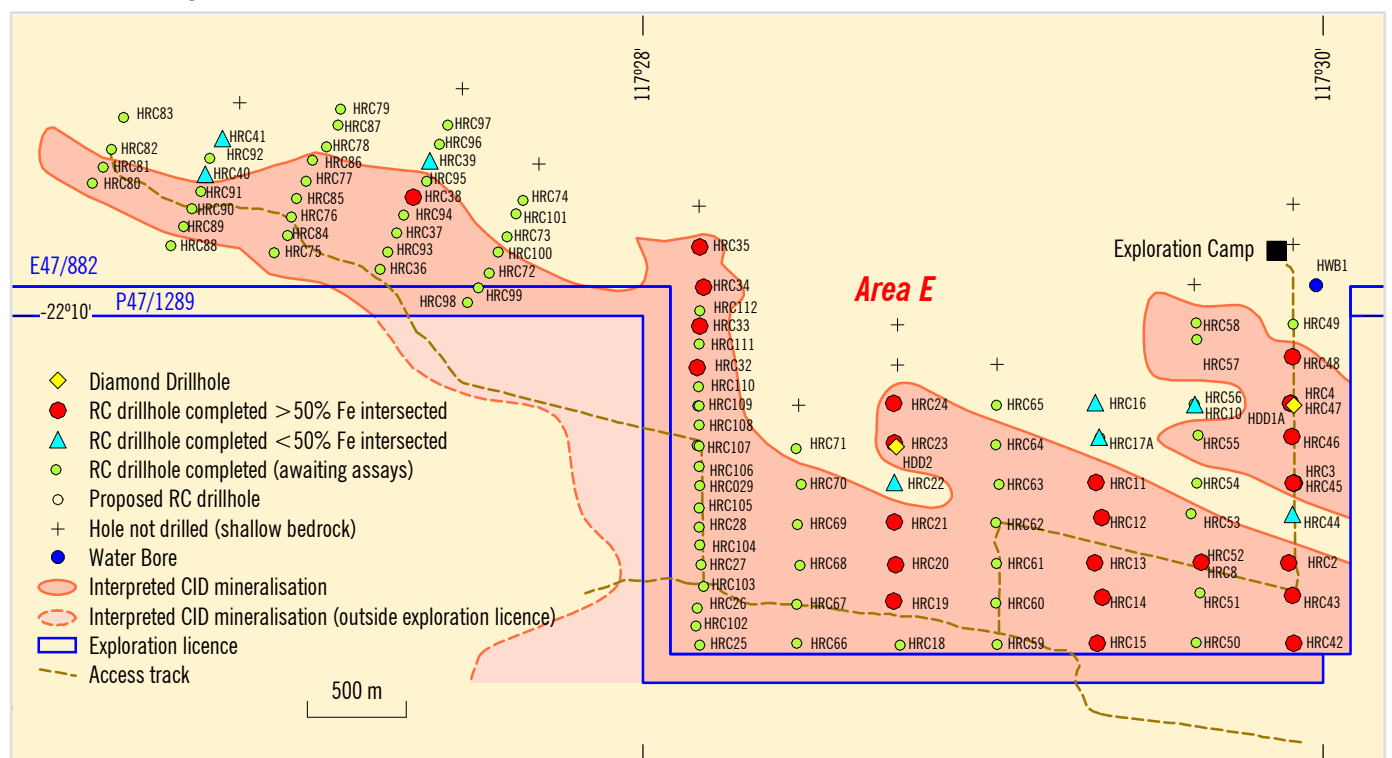


Figure 2 Current Diamond drilling and completed RC drilling in Area E.

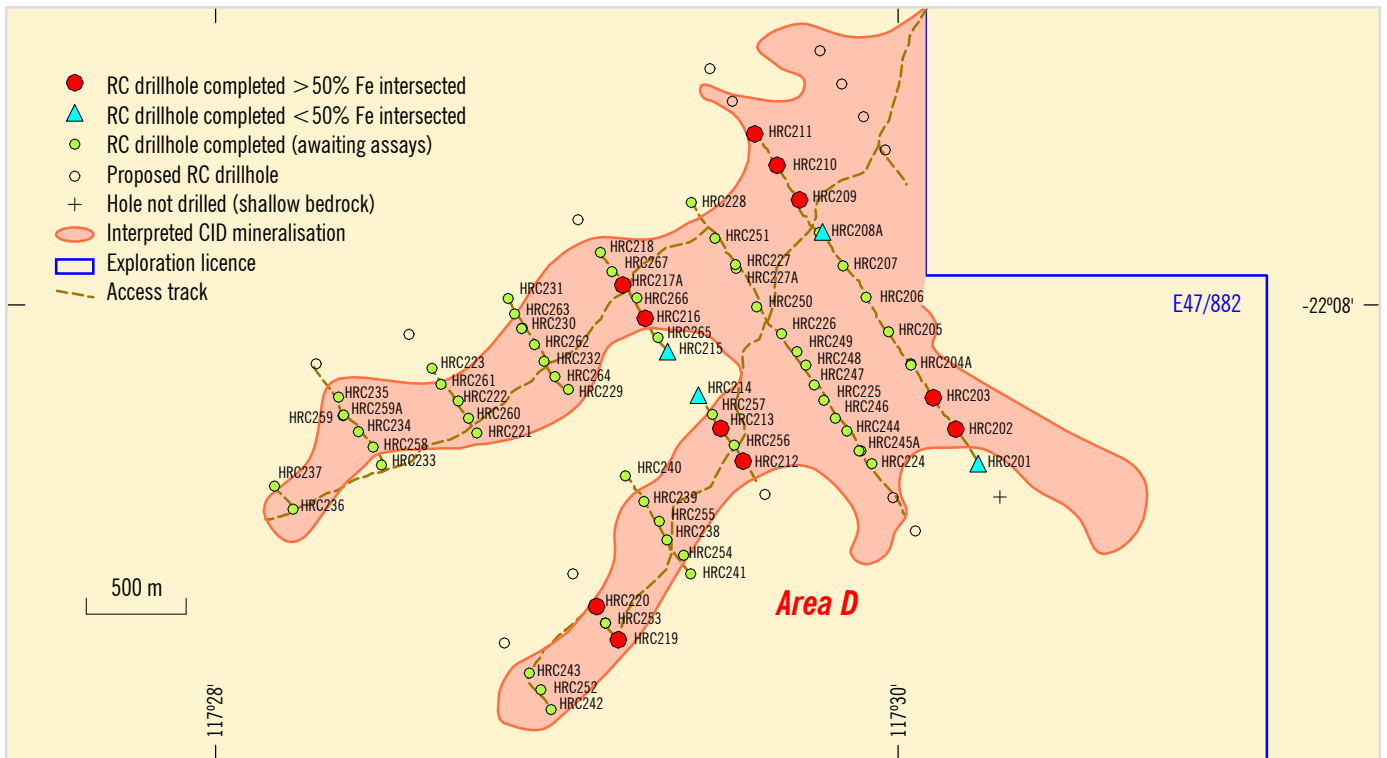


Figure 3 Proposed and completed RC drilling in Area D.

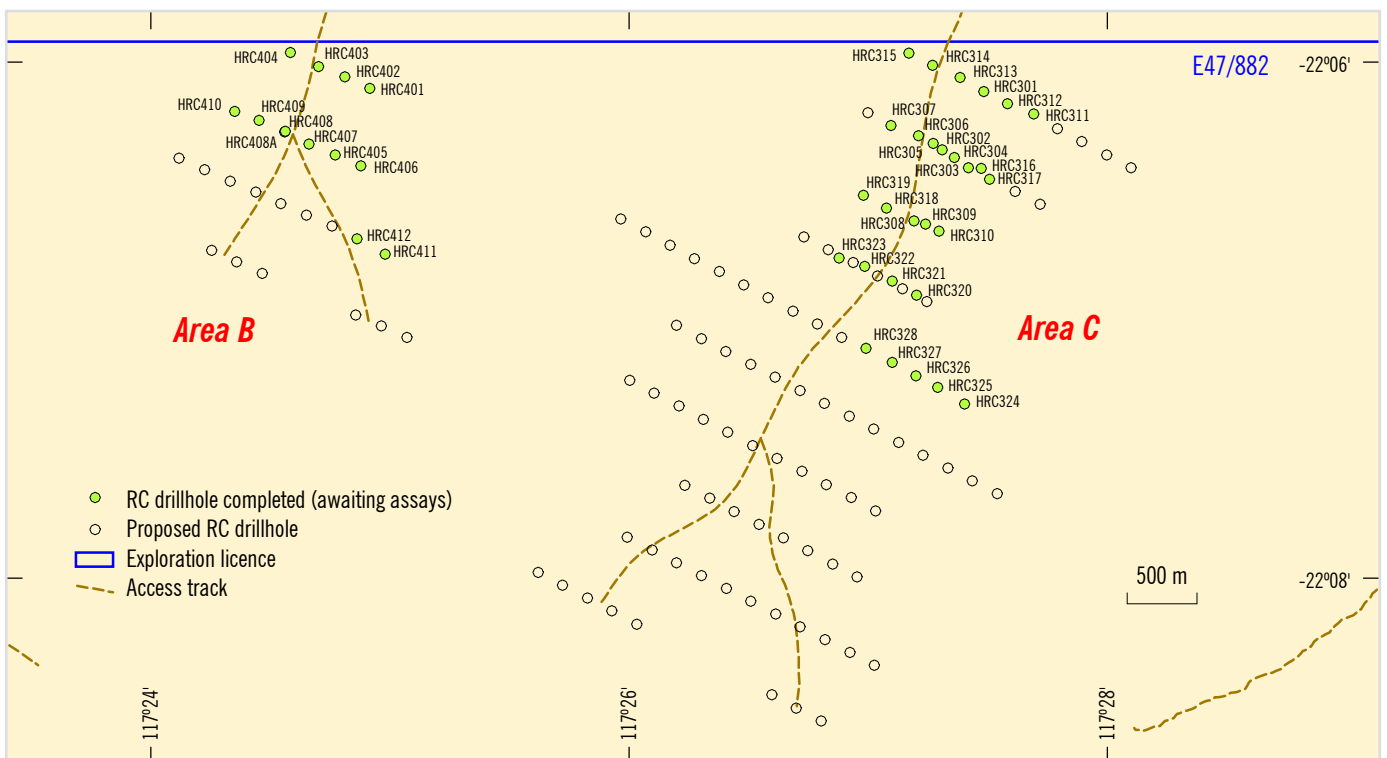


Figure 4 Proposed and completed RC drilling in Areas B and C.

to cheap beneficiation processes such as screening or gravity separation. The mineralogical variability, in combination with potential large tonnages, provides many positives with respect to ore blending and mining options. This is very encouraging given that only a quarter of the submitted assays have been returned from the laboratory.

Area C

Drilling in Area C intersected good thicknesses of iron mineralisation. Three of the five intersections recorded visual estimates for iron mineralisation of at least 20m thickness (Figure 4, Table 2).

Area B

Phase one drilling (500m by 200m) in Area B continues to intersect good thicknesses of iron mineralisation. The best intersection was in drill hole HRC412, where 22m of visually estimated iron mineralisation was intersected at a shallow depth of 8m (Figure 4, Table 2).

Logistics

Nothing to report.

Tenements

Nothing to report.



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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".