



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

WEEKLY

IRON ORE DRILLING REPORT – No. 13

HAMERSLEY PROJECT, WA



HIGHLIGHTS

HAMERSLEY TENEMENT E47/882 & E47/1560 Flinders Mines Limited (FMS) 100%

- Updated iron ore Exploration Target – 692 to 779 million tonnes at 50-65% iron*
- An additional 28 holes for 1,327 metres were drilled during the week
- Further assay results received for holes in Area E show excellent results with high iron and low deleterious element concentrations
- Based on visual estimates, drilling results in Areas B and C continue to exceed the expectations of the Exploration Target thicknesses and widths

Drilling Statistics

Table 1 Completed Reverse Circulation drillholes in each area.

Target Area	No of Holes	Metres Drilled
Area A	0	0
Area B	21	772
Area C	44	2,273
Area D	67	2,717
Area E	95	5,553
Total	227	11,315

Number of samples sent for assay	6,434
Number of assays received	2,135
Number of assay results awaited	4,299

Note: This table includes previously reported numbers.

Updated Iron Ore Exploration Target

The combined iron ore Exploration Target on tenements E47/882 and E47/1560 has been updated to an estimated 692 to 779 million tonnes at 50-65% iron (Table 2). Dr Richard Russell has reassessed the Exploration Target on E47/882, based on the geology and assay results obtained from the current drilling program. The most recent combined estimate made by Dr Russell was 453 to 555 million tonnes at 45-65% iron, announced on 25th August 2008. In general, Dr Russell considers that the earlier estimates of channel iron deposit (CID) and detrital iron deposit (DID) tonnages in E47/882 were conservative. In particular, Flinders' drill results to date show that the average thickness is greater than previously thought.

*Note: These exploration targets are reported according to Clause 18 of the JORC Code. This means that the potential quantity and grade is conceptual in nature and that considerable further exploration, particularly drilling, is necessary before any Identified Mineral Resource can be reported. It is uncertain if further exploration will lead to a larger, smaller or any Mineral Resource.

List of new iron ore intersections in week Table 3

List of received assayed intersections in week Table 4

Dr Russell carried out an estimate of the Exploration Target on E47/882 in November 2007. The results to date agree with the original model. The thickness of channel iron deposit (CID) in the lower parts of the valleys is the same or slightly thicker than predicted. However, in the upper parts of the valleys the thicknesses are considerably greater than that predicted.

The CID and DID recovered from the drilling has enabled accurate measurements of the density of the material. This more accurate data is due to down hole geophysical density logging. The density of the material is now known to range from 2.6 to 2.8. This density range has been applied to the mineralisation on E47/1560 to provide the combined estimate. In the November 2007 work, the iron grade was estimated to range from 45% to 60%. These conservative values were used because of the uncertainty as to the quantity of silica and aluminium that there may be in the CID. Dr Russell suggests that a range from 50% to 65% is more appropriate based on the iron grades which have been obtained to date from the mineralisation.

Many of the intersections contain zones with elevated alumina, silica and phosphorus. This is typical of these sorts of deposits. This means that not all the CID and DID in the deposits in E47/882 will be direct shippable ore (DSO) grade, without beneficiation.

High iron grades often continue into the bedrock below the CID deposits. Dr Russell believes that this may be

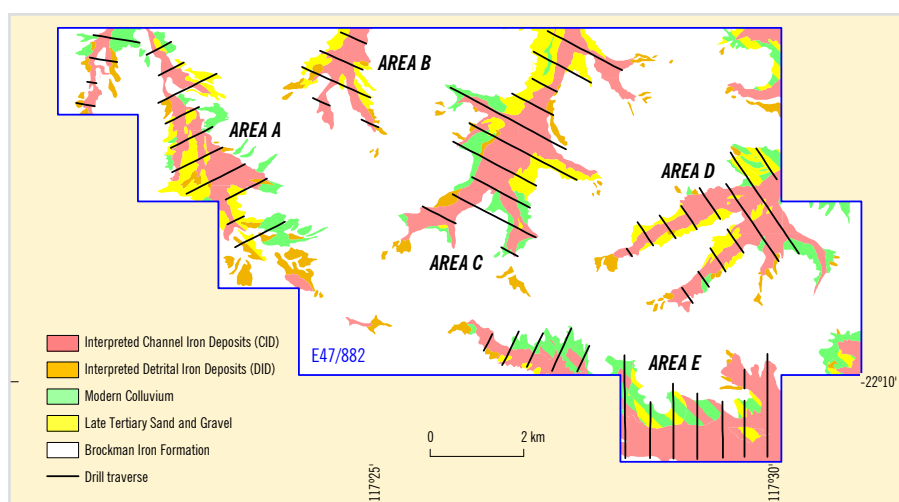


Figure 1 Hamersley E47/882 showing the location of Target Areas.

due to the absorption of iron into the substrata over time from the overlying iron deposit or to a palaeo regolith horizon. The extent of this type of enrichment is not yet known and is not taken into account in this estimate.

Drilling Activity

Flinders Mines Limited's Hamersley Iron Ore Project in WA comprises six target areas: Areas A, B, C, D, E and E47/1560 (see Figure 1).

Since Weekly Report 12, released on 19 November 2008, 28 reverse circulation (RC) holes were drilled in Areas B and C totalling 1,327 m, and 69.1 m of diamond drilling has been completed. A total of 608 assays were received for 18 holes in Area E and two holes in Area D.

Area E

Diamond drilling was completed on HDD2 located at HRC23 to a

depth of 50 m. HDD2 was drilled primarily for geophysical purposes and no mineralised intersections were encountered. Drilling started on a third diamond drillhole (HDD3) located at HRC12 (Figure 2). HDD3 is expected to confirm approximately 20 metres of mineralisation encountered in the drilling of HRC12.

Laboratory results were received for 18 holes in Area E. HRC49 extends the northern channel to over 800 m in width (up 200 m from last week's report) with 20 m at 54.0% iron. In the southeastern portion of Area E drill hole HRC50 intersected 12 m at 52.1% and HRC52 (redrill hole) intersected 16 m at 51.0% iron. Subgrade results for holes HRC51 and HRC53-57 confirm the existence of two separate subchannels in the eastern portion of Area E.

HRC60, HRC61 and HRC62 also

Table 2: Estimates of combined tonnage of CID and DID on E47/882 & E47/1560.

AREA	Area (Km ²)	Thickness Estimate (metres)	Volume (million m ³)	Upper Tonnage Estimate (million tonnes) SG 2.8	Lower Tonnage Estimate (million tonnes) SG 2.6
E47/882					
Area A	2.45	15	36.75	103	95.6
Area B	0.95	15	14.25	40	37
Area C	3.95	15	59.25	166	154
Area D	3.73	13	48.49	135.8	126.1
Area E	4.05	15	60.75	170	158
E47/1560				164	121
TOTAL CID/DID				779	692

Drilling Intersections

Table 3: 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
HRC329	12	36	24	C
HRC330	10	40	30	C
HRC331	22	46	24	C
HRC332	14	38	24	C
HRC333	8	18	10	C
HRC334	6	30	24	C
HRC335	6	24	18	C
HRC336	NI			C
HRC337	6	28	22	C
HRC338	NI			C
HRC339	NI			C
HRC340	20	28	8	C
HRC341	18	40	22	C
HRC342	12	32	20	C
HRC343	NI			C
HRC344	12	30	18	C
HRC345	18	22	4	C
HRC346	NI			C
HRC347	NI			C
HRC348	14	22	8	C
HRC413	NI			B
HRC414	NI			B
HRC415	12	30	18	B
HRC412A	8	32	24	B
HRC416	4	8	4	B
HRC417	6	8	2	B
HRC418	12	34	22	B
HRC419	12	34	22	B

NI = Not identified.

returned excellent assay results – 42 m at 58.1% iron (including 10 m at 60.4% iron) in HRC60; 18 m at 52.7% iron in HRC62. Subgrade assay results were received for holes HRC25-27 in the southwestern portion of Area E; however, assay results for HRC28 and HRC29 show 4 m at 51.4% iron and 20 m at 52.1% iron, respectively to the north of HRC25-27. These results have confirmed the existence of a basement high in this part of Area E which dips steeply to the north.

Area D

Results were returned for two holes in Area D. Twenty metres of mineralisation at 60.1% iron was intersected in HRC218 and 18 m at 54.4% iron in HRC221. Both of these holes are on the edge of interpreted CID mineralisation in the northern headwaters of Area D which suggests that the lateral width of mineralisation is wider than anticipated.

Area C

Twenty RC holes totalling 975 m were drilled during the week in Area C.

Eight of the 14 holes recorded visual estimates for iron mineralisation of at least 20 m in thickness. The best intersection was found in HRC330 where a visual estimation of 30 m was recorded starting at a depth of 10 m below the surface.

Area B

Phase one drilling (500 m by 200 m) in Area B is almost complete. The best intersection was in drill hole HRC412A, where 24 m of visually estimated iron mineralisation was intersected at a shallow depth of 8 m.

Table 4: 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
HRC28	14	18	4	51.4	5.1	13.14	0.06	8.3	E
HRC29	32	52	20	52.1	7.6	11.719	0.04	5.8	E
HRC49	20	40	20	54.0	4.7	13.69	0.05	4.2	E
HRC50	58	70	12	52.1	5.0	8.17	0.10	12.2	E
HRC52	42	58	16	51.0	5.9	13.68	0.07	7.2	E
HRC58	22	36	14	53.3	3.4	12.03	0.07	7.9	E
HRC60	46	88	42	58.1	3.3	5.34	0.11	8.2	E
incl	54	64	10	60.4	3.1	3.04	0.07	7.5	E
incl	78	88	10	60.4	2.3	3.89	0.18	7.3	E
HRC61	38	40	2	50.2	4.9	20.4	0.04	2.4	E
incl	44	46	2	51.8	7.4	13.8	0.04	3.5	E
HRC62	32	50	18	52.7	6.0	13.2	0.05	5.0	E
HRC218	4	24	20	60.1	2.0	1.43	0.13	10.4	D
HRC221	10	28	18	54.4	3.9	12.28	0.05	5.7	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.

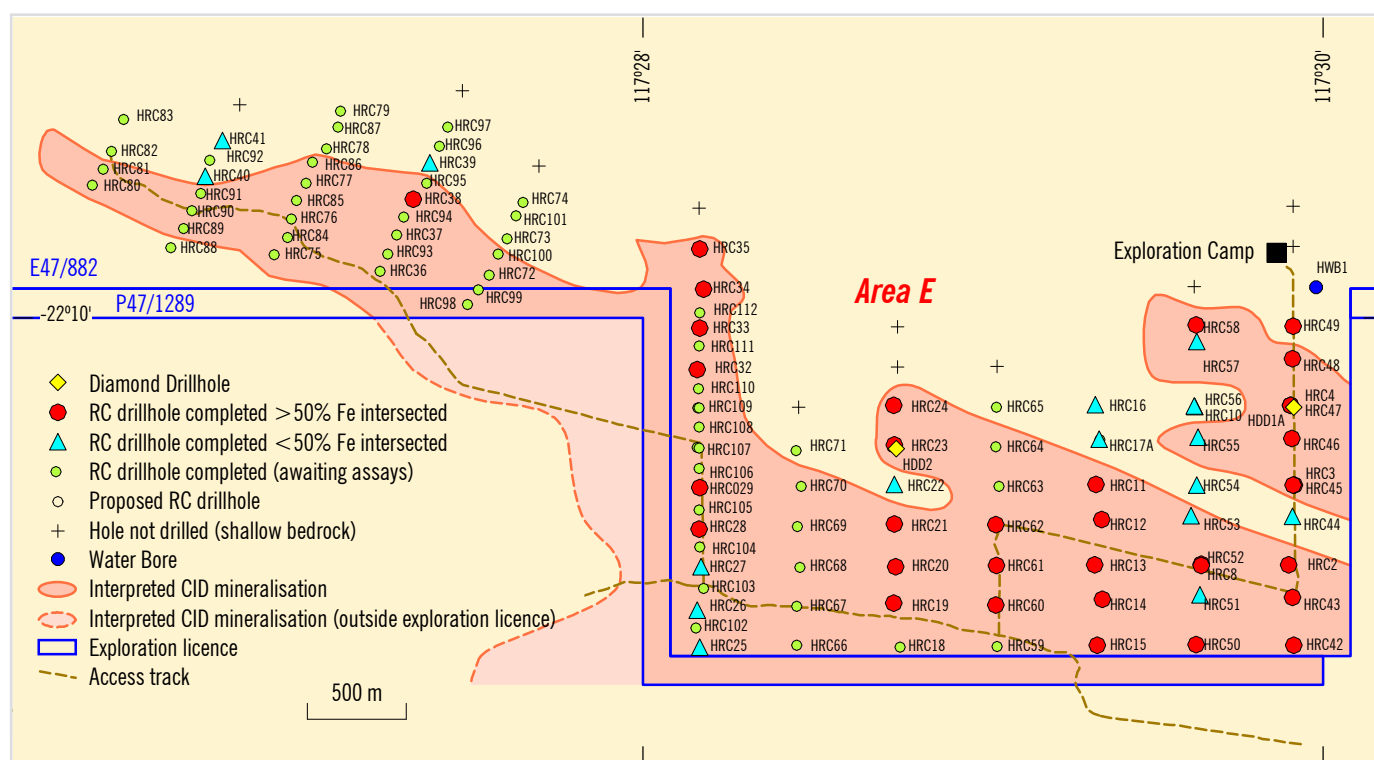


Figure 2 Current Diamond drilling and completed RC drilling in Area E.

Logistics

Nothing to report.

Tenements

Nothing to report.

**Dr Kevin Wills**

MANAGING DIRECTOR

25 November 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 and Dr R Russell who is a Member 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".