
NEWS

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ENCOURAGING PILBARA ASSAY RESULTS FOR MAIDEN

FLINDERS MINES DRILLING ON HAMERSLEY PROJECT

First assay results from drilling on Flinders Mines Limited's (ASX: "FMS") Hamersley iron ore project in Western Australia show consistency with the Company's previous forecasts.

FMS said today that the first reverse circulation drilling on its Hamersley E47/882 licence in the WA Pilbara had produced encouraging results from the Area E target.

"The results indicate good widths of channel iron deposit (CID) mineralization and continuity of Fortescue Metals Group's Serenity deposit into E47/882," FMS said.

"The grades of iron and concentrations of deleterious factors (aluminum, silica, phosphorus and loss on ignition) are comparable with those in the Serenity deposit," the Company said.

"All of these intersections are on the eastern most drill line adjacent to the Serenity deposit."

Dr Kevin Wills, FMS Managing Director, said the Company remained on track to return JORC compliant inferred resources for all of the five Hamersley target areas before the end of the current calendar year.

Dr Wills said the thickness of CID intersected by the maiden FMS drilling program was greater than the average estimated for the Company's entire Hamersley exploration target as previously defined by independent expert, Dr Richard Russell.

[As previous reported, Dr Russell has outlined a targeted resource of between 333 million tones and 380 million tonnes for the 100%-owned FMS E47/882 licence area.]

Dr Wills said further exploration drilling in the current RC program continued to intersect CID mineralization on the Area E licence area.

"Five additional drill holes have been completed with all holes intersecting CID except for a single drill hole, and the geology in these holes is consistent with the interpretation by Dr Russell," he said.

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New iron ore target for former Cazaly licence area

Flinders Mines also today announced the result of an independent review by Dr Russell on the Company's 100%-owned E47/1560 licence area acquired recently from Cazaly Resources.

Dr Wills said the review had outlined an exploration target of between 120 million tonnes and 175 million tonnes of iron ore averaging 45% to 60% iron for E47/1560.

"Planning for drilling on E47/1560 will commence once a thorough assessment of Dr Russell's report is complete. A works program will be submitted as soon as possible to the West Australian Department of Mines to provide sufficient time to carry out Native Title clearance and the earthworks," Dr Wills said.

"Providing all approvals are obtained in a timely manner, some reconnaissance drilling may comment on E47/1560 prior to the end of 2008."

Combined iron ore target 453-555 million tonnes

Dr Wills said the combined exploration target for FMS' two main Hamersley licence areas is therefore estimated to be between 453 million tonnes and 555 million tonnes of iron ore averaging 45% to 60% iron.

"It is emphasised that, although based on the best available local experience this exploration target in E47/882 and 1560 is conceptual in nature and there has been insufficient exploration carried out to estimate a Mineral Resource," he said.

"It is also therefore uncertain whether further exploration will result in a larger, smaller or any Mineral Resource."

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Competent Person Statement

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".

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