
NEWS

• RELEASE •

FOR IMMEDIATE RELEASE
Tuesday November 25, 2008

FIRST W.A. IRON ORE JORC RESOURCE FOR FLINDERS MINES BY FIRST QUARTER '09

A maiden JORC-compliant resource estimate is expected by the end of the March quarter next year for an iron ore project being developed in Western Australia's Hamersley province by Adelaide-based Flinders Mines Limited ("FMS").

Shareholders in the cashed-up Flinders Mines were told at the annual general meeting in Adelaide today that as a result of the equities crisis, the Company had completed a review of its iron ore, diamond and phosphate exploration and development project priorities going forward.

"Our Hamersley iron ore project is clearly our number one priority and I expect that we will be in a position to determine our first Inferred Resource by the end of the first quarter of 2009," Flinders Mines Chairman, Mr Robert Kennedy, told shareholders.

"Any need to seek further near-term development capital for Hamersley will depend on the outcome of deliberations once Flinders Mines has received all assay results and had them reviewed by our technical staff.

"One issue for us is that out of 6,434 Hamersley samples sent for assay to date, results for only 2,135 have so far been received.

"On that basis, we have resolved as part of our project overhaul, to review Hamersley at the close of the current drilling program to evaluate the alternatives for its earliest possible progression to a fully JORC compliant resource."

The two licence Hamersley project includes E47/882, surrounded to the northwest by Rio's new Caliwingina North iron ore discovery and Fortescue's Serenity discovery on the south and southeast perimeters of the tenement.

This part of the project area comprises five known Channel Iron Deposits (CID) targets A to E. Ongoing drilling is intersecting good CID mineralisation over thicker than expected intervals and with intersections generally in the 50-65% iron range.

Flinders Mines also has an interest in a second nearby iron ore prospective block, E47/1560, which features seven current drill targets.

The Company is currently undertaking an \$8 million drilling program across its Hamersley iron ore acreage.

Upgraded potential iron exploration target

The Chairman's comments coincided with an announcement by Flinders Mines today of an expansion in the total potential exploration target for E47/882 and E47/1560.

Independent geologist, Dr Richard Russell, updated the Exploration Target* based on the new exploration results.

Dr Russell estimated a 40-53% increase in the total exploration target for Hamersley of now between 692 million tonnes and 779 million tonnes. This compares with the previous estimate of a total range of between 453 million tonnes and 555 million tonnes.

Mr Kennedy said the new estimate is based on drilling and some assay information "so is therefore much more reliable than the previous estimate".

"In general, the mineralisation is about twice as thick as previously estimated," he said

Sufficient forward capital

Mr Kennedy also told shareholders that Flinders Mines remained well financed, with a cash position as of last Friday (21 November) of \$16.8 million.

"This is sufficient capital to pursue all of our projects to planned stages," Mr Kennedy said.

"As a result of the project review, however, we have pared the budget for our diamond exploration in South Australia to a level that will allow Flinders Mines to continue to explore, but at a much reduced pace.

"Similarly, across our phosphate projects near Jamestown north of Adelaide and in the Adelaide Hills, we are undertaking only low cost soil sampling and mapping exploration programs at this stage, with a view to locating a phosphate deposit in the order of 10 million tonnes."

*(*Exploration Targets are partly conceptual and further exploration may or may not define a Mineral Resource.)*

MEDIA CONTACT:

Dr Kevin Wills Flinders Diamonds Limited 0419 850 997

Kevin Skinner Field Public Relations (08) 8234 9555 / 0414 822 631