



FLINDERS
MINES

IRON ORE UPDATE
Dr Kevin Wills Managing Director

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DISCLAIMER

This presentation contains forward looking statements that are subject to risk factors associated with the exploration and mining industry.

It is believed that the expectations reflected in these statements are reasonable, but they may be effected by a variety of variables which could cause actual results or trends to differ materially.



CAPITAL STRUCTURE/RECENT TRADING

Shares on issue 1,113 million at 5.9.2008
 Listed options on issue 361 million at 5.9.2008 (21M exercised since April)
 exercisable at 10 cents before 29/9/2008 (\$36.1 million)

Recent Trading (past 3 months)

Shares 11-24.5 cents
 Market capitalisation \$122-272 million

Cash in hand \$13 million

Top 5 shareholders million

Citicorp Nominees Pty Ltd	27.4
Matt McLoughlin Pty Ltd	15.0
National Nominees Limited	13.5
Kevin J A Wills	12.0
Kale Capital Corp. Ltd	10.0
	(7%) 77.9

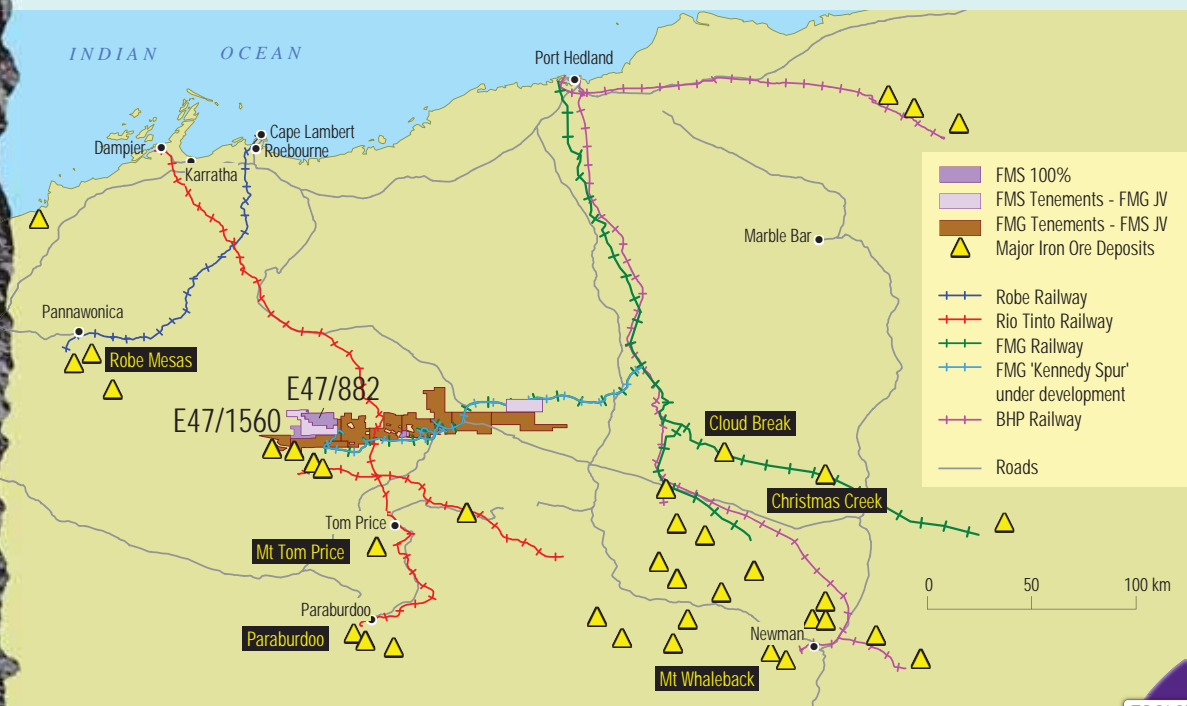


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FMS IN THE PILBARA

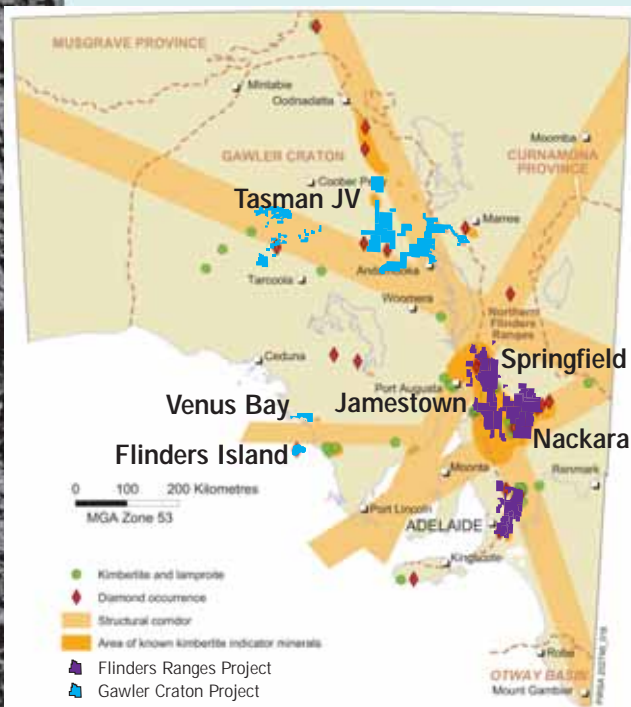
Major iron deposits and infrastructure



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DIAMOND EXPLORATION PROGRAM, SA



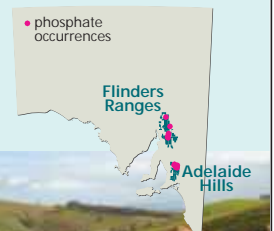
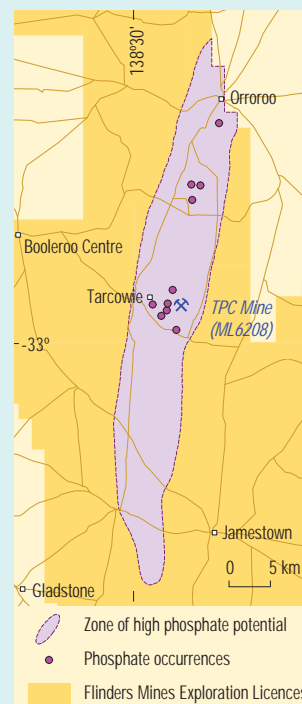
- Flinders Ranges program continuing to find new kimberlites in new areas
- New Program on Gawler Craton using "Postage Stamp" helimag surveys – ready to drill targets
- New geophysical surveys on Flinders Island located new targets to test area with eight diamonds in soil samples
- Diamond Budget 2008/09 \$3m including DMS Plant testing new kimberlites for diamonds



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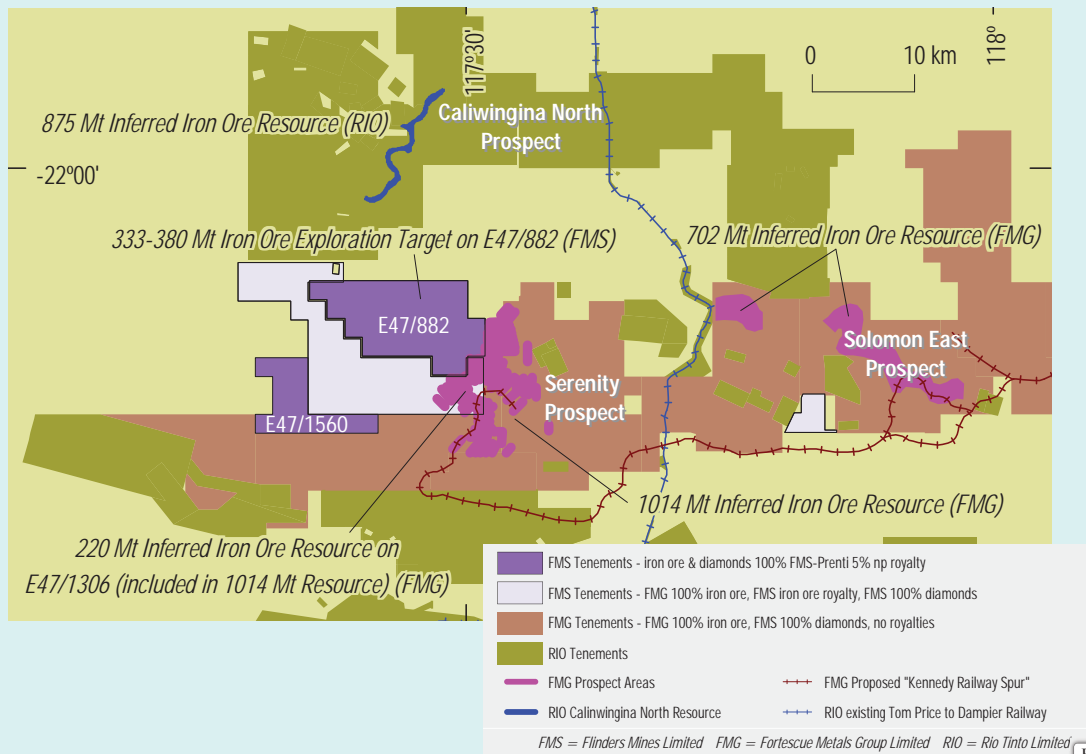
EXPLORATION FOR PHOSPHATE IN SA

- FMS has commenced an exploration program for phosphate in its Flinders Ranges and Adelaide Hills Projects in South Australia.
- Zones of interest up to 66 km long with large numbers of significant phosphate occurrences have been identified in the Orroroo and Adelaide Hills Areas.
- FMS's objective is to locate a phosphate deposit of over 10 million tonnes by an exploration program consisting of soil sampling followed by drilling.
- FMS may seek a JV partner



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IRON ORE DEPOSITS NEAR E47/882 & 1560



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Hamersley PROJECT HISTORY



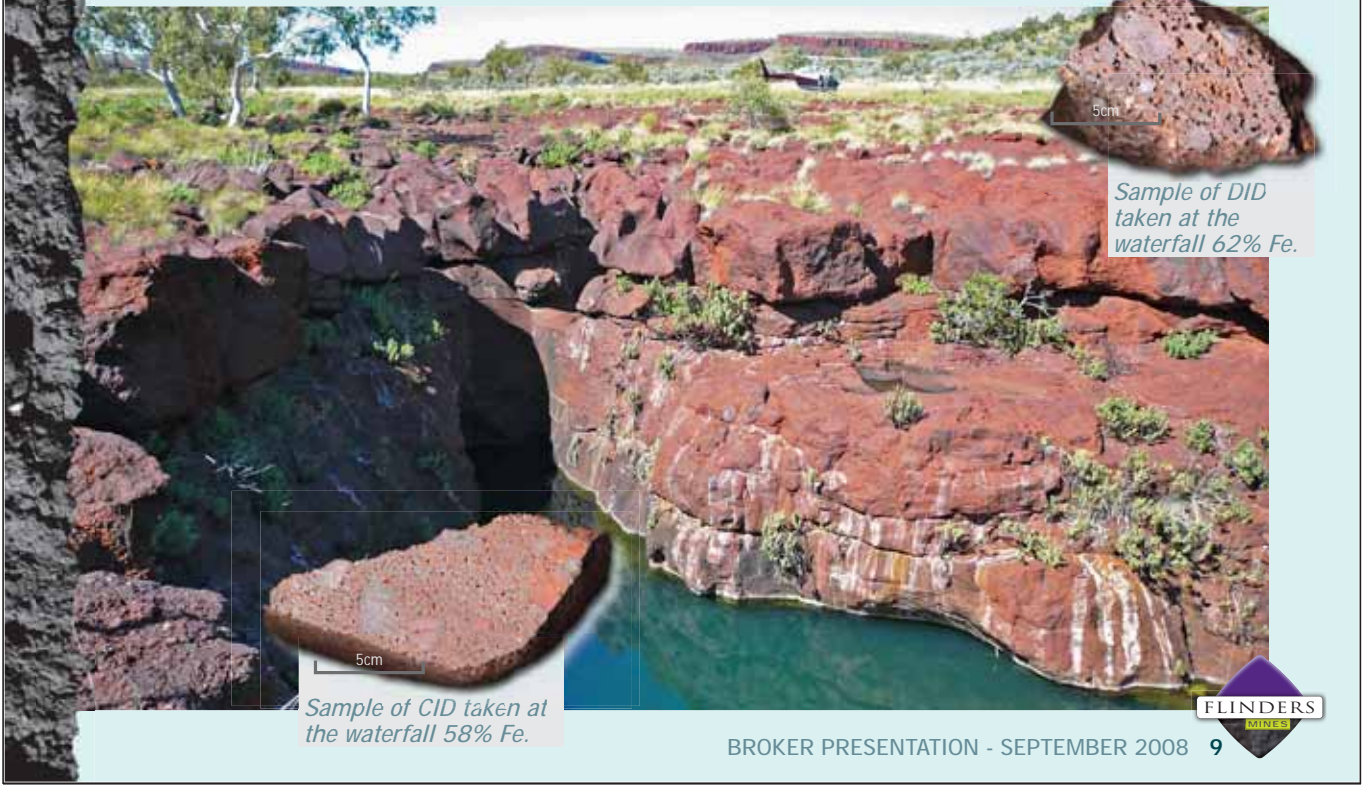
- **May 2003** Diamond exploration commenced when FDL bought 50% of project for \$50,000 from Prenti Exploration Pty Ltd
- **March 2005** Commodity swap JV with FMG – FMG take iron ore rights (except E47/882) with a 1% FOB royalty capped at 8 million tonnes – FDL take diamond rights with no royalty
- **15 & 16 November 2007** FMG announce 1.1 billion tonne Serenity CID Inferred Resource to SE of E47/882 with 220 million tonnes in JV E47/1306
- **22 November 2007** FDL announces Iron Ore Exploration Target on E47/882 of between 333 and 380 million tonnes – FDL decides to change name to FMS and commence exploration for iron ore – share price rises 900%
- **February 2008** Rio Tinto announce 875 million tonne Caliwingina North CID Inferred Resource to north of E47/882
- **July 2008** FMS purchases E47/1560 from Cazaly Resources for \$1.5 m cash and shares – later found to have an iron ore Exploration Target of between 120 and 175 million tonnes (combined 882/1560 target of 453 to 555 million tonnes)
- **September 2008** FMS expenditure now over \$2 million earning 100% of the Prenti JV with Prenti moving to a 5% net profit royalty

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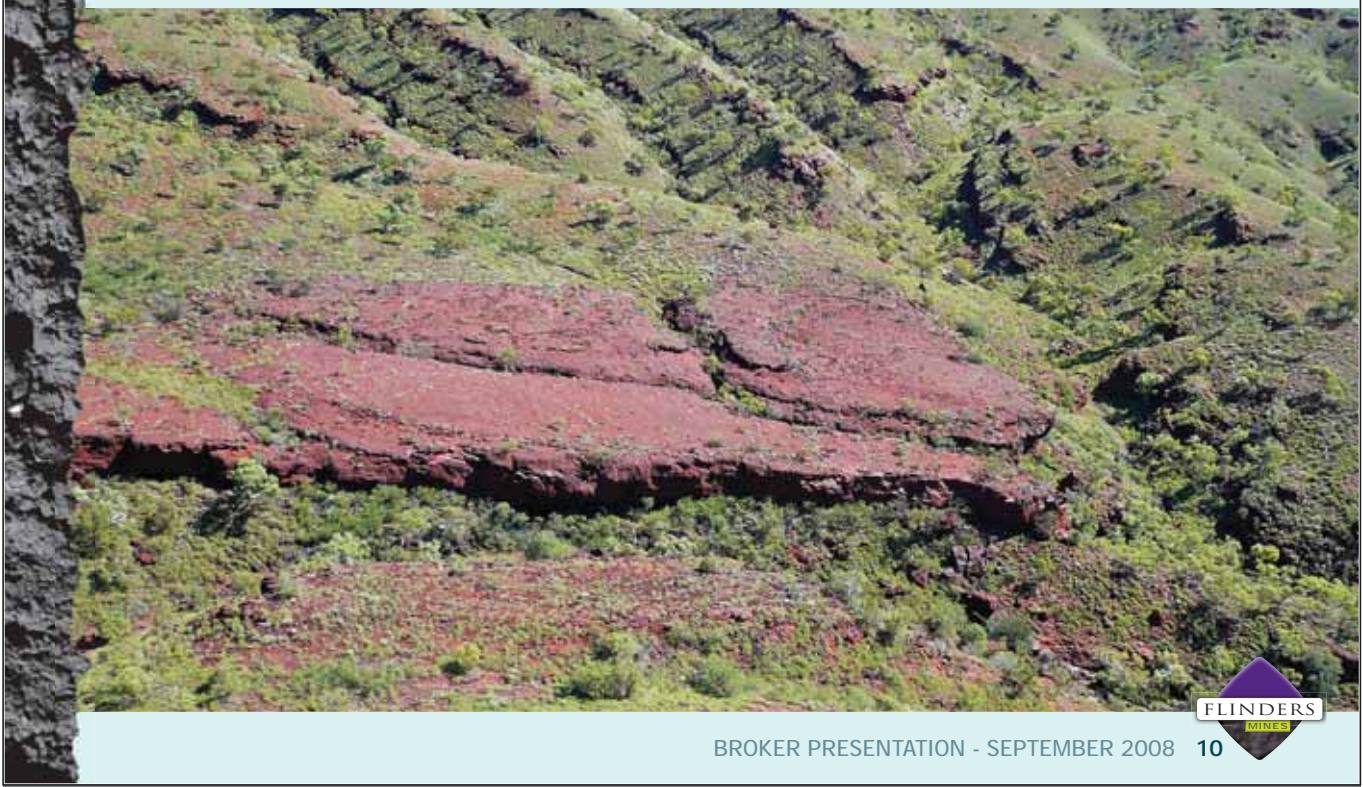


OUTCROPPING DID & CID - AREA A

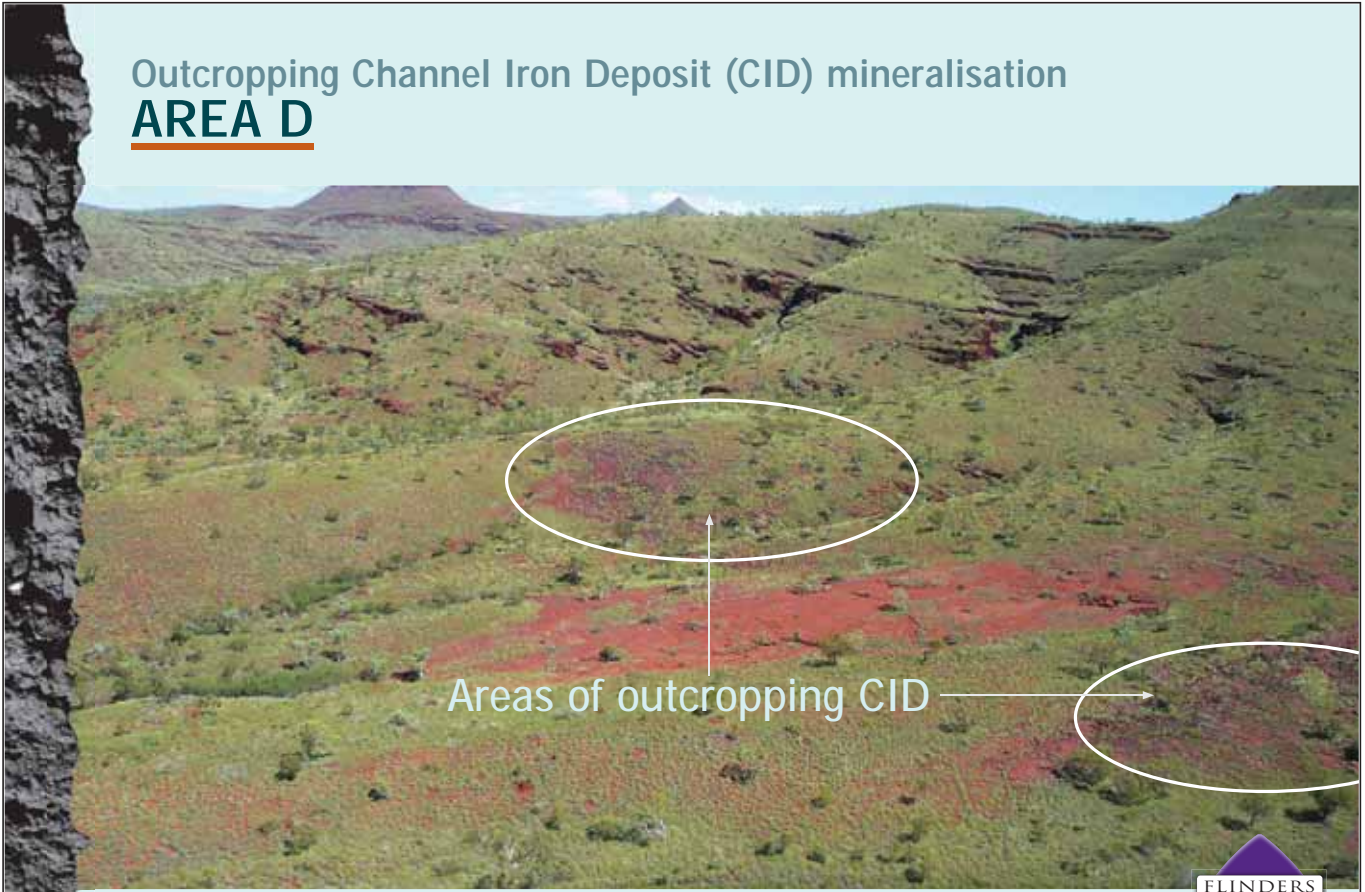
2m of DID overlying 8m (to water) of CID - Area A waterfall



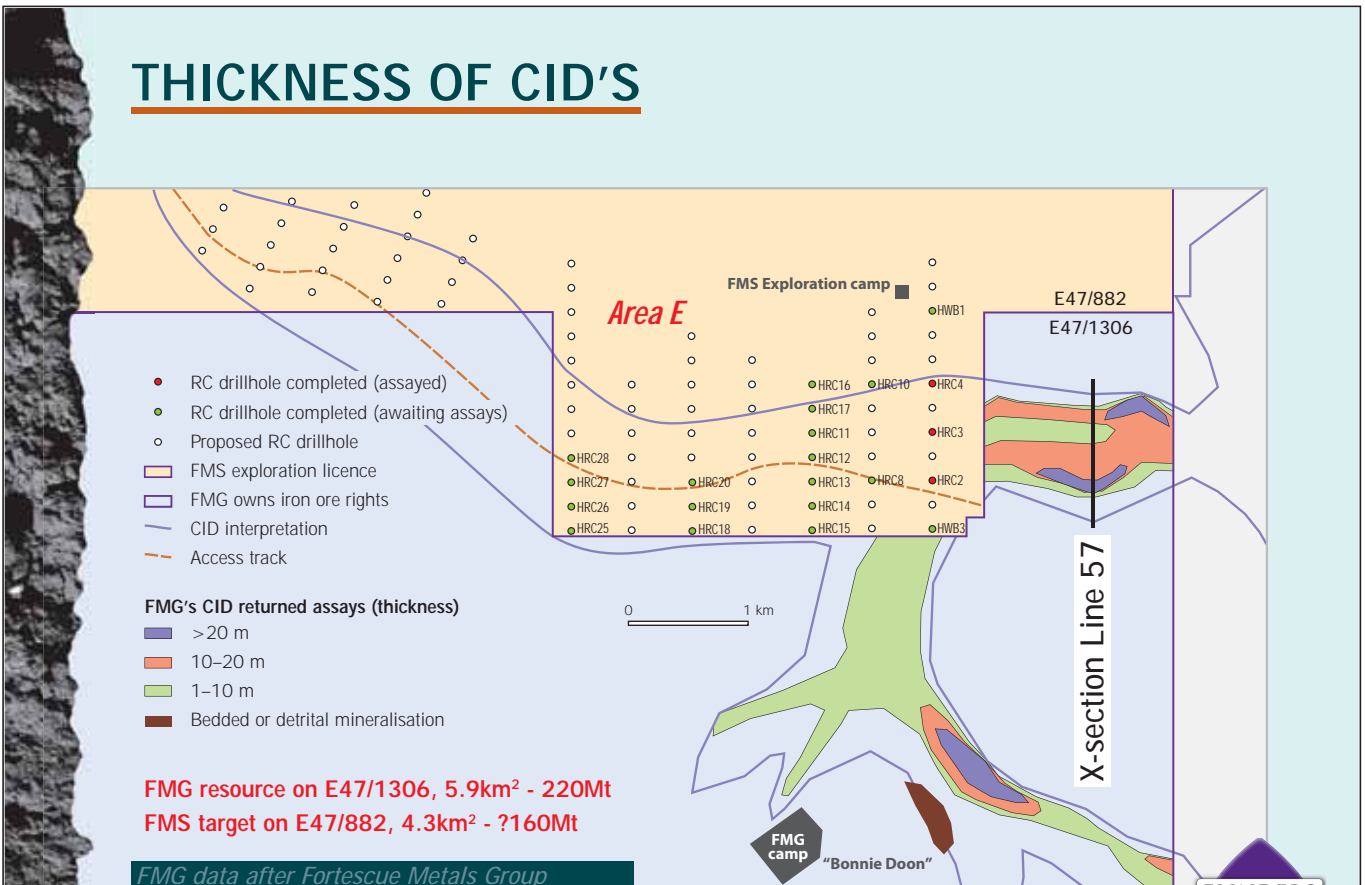
Outcropping Detrital Iron Deposit (DID) mineralisation AREA C



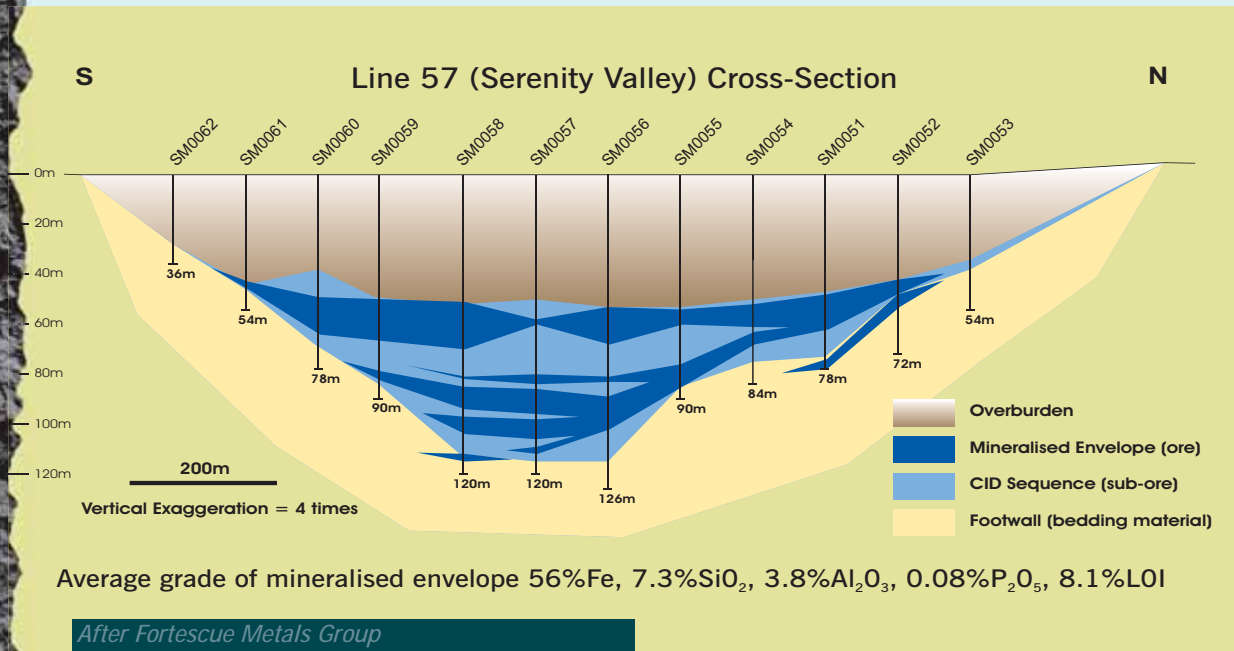
Outcropping Channel Iron Deposit (CID) mineralisation **AREA D**



THICKNESS OF CID'S

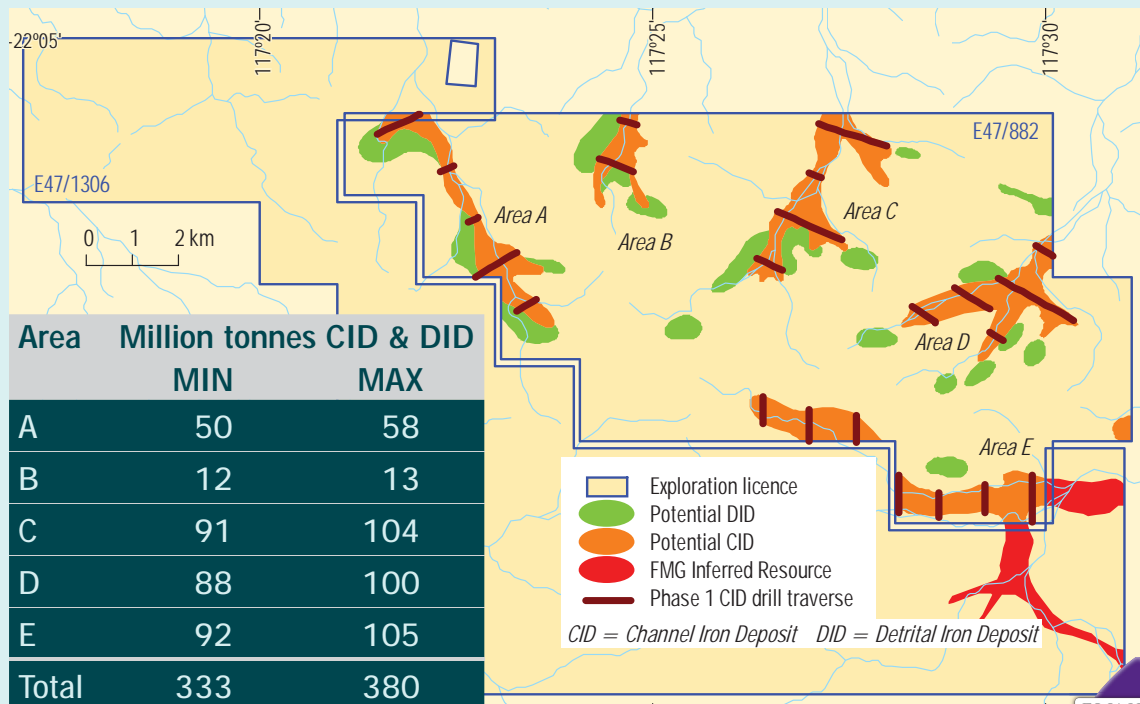


SERENITY LINE 57 CID CROSS SECTION



IRON ORE EXPLORATION TARGET ON E47/882

Data from Dr R Russell



Target is partly conceptual and further exploration may or may not define a Mineral Resource



E47/882 ASSAYS FOR FIRST CID INTERSECTIONS

Hole	From	To	Interval	Fe	SiO ₂	Al ₂ O ₃	P	LOI
HRC2	56	66	10	56.7	3.5	5.7	0.120	9.0
HRC3	42	46	4	50.1	4.7	21.0	0.040	1.7
	56	68	12	53.6	4.2	7.7	0.090	10.8
HRC4	58	68	10	55.2	4.1	7.4	0.070	8.9
	76	84	8	50.0	4.8	12.5	0.100	10.7
Weighted average of CID from similar depth			10.7	55.1	3.9	7.0	0.097	9.6
Grades of the Serenity deposit (FMG)				56.0	7.3	3.8	0.081	8.1

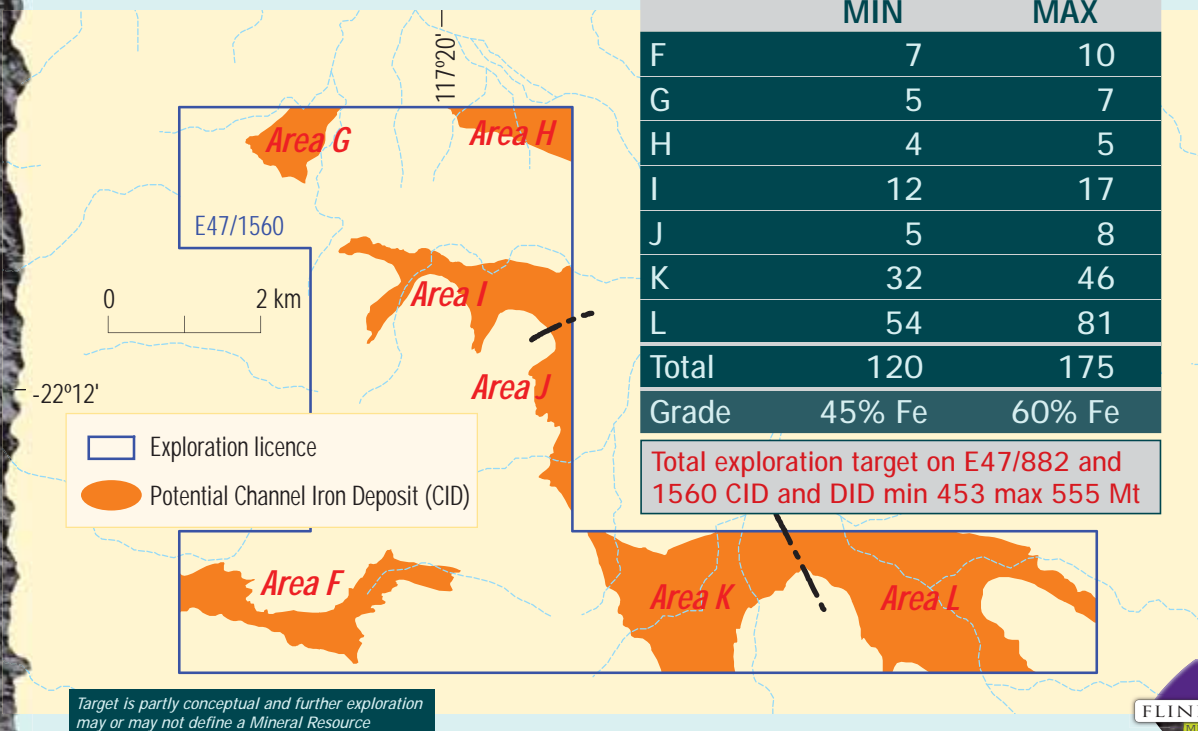
NB: These intersections are based on an Fe cut-off grade of 50% and a maximum internal dilution of 2m.
Analysis via XRF fusion at SGS Laboratories.
LOI – Loss on ignition



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IRON ORE EXPLORATION TARGET ON E47/1560

Data from Dr R Russell



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FMS'S GEOPHYSICS LOGGING TRUCK

Density | magnetics | gamma | hole diameter | conductivity



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FMS CAMPSITE

nearing completion 8 August 2008



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E47/882 HAMERSLEY IRON ORE PROGRAM FY 2008/09

	2008		2009	
	Q3	Q4	Q1	Q2
Infrastructure setup	■			
Drilling - Phase 1 Resource outline - Phase 2 Infill along lines - Phase 3 Infill between lines	■	■		
Inferred resource estimate		■		
Scoping study		■		
Indicated resource drilling			■	■
Pre-feasibility study				■

250 RC holes
20,000 metres



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HAMERSLEY IRON ORE BUDGET FY 2008/09

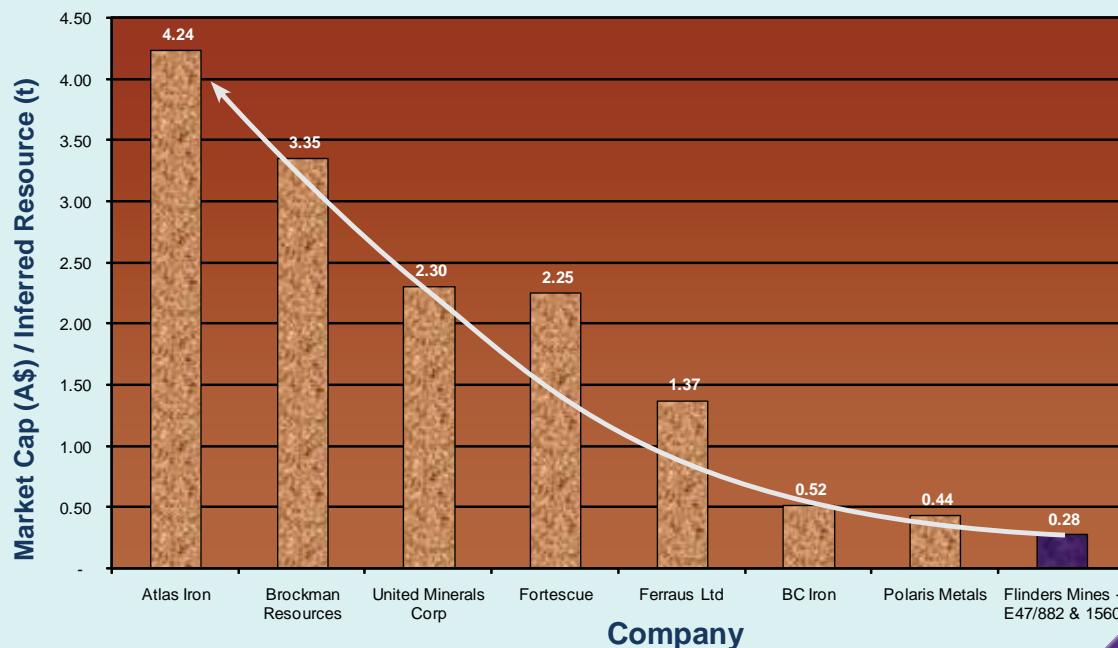
	2008		2009	
	Q3 \$	Q4 \$	Q1 \$	Q2 \$
Heritage surveys & technical studies	200,000	200,000		
Infrastructure - Track access - Camp	150,000	300,000 350,000	100,000 100,000	100,000
Personnel	200,000	400,000	400,000	400,000
Drilling - Drilling to inferred - Met holes	1,100,000	2,200,000 500,000	750,000 250,000	1,300,000 500,000
Assays/logistics	200,000	350,000	350,000	350,000
Scoping	30,000	120,000	310,000	230,000
Sub total	1,880,000	4,420,000	2,260,000	2,880,000
Total				\$11,440,000



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MARKET CAPITALISATION (A\$) PER RESOURCE OR TARGET TONNE Pilbara hematite deposits

Resource and Exploration Targets include Pilbara hematite projects only



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FORWARD PROGRAM MILESTONES

- Q4 2008 – Estimate and Report drill Inferred Resource
- Q1 2009 – Scoping Study/additional drill program approvals
- Q2/Q3 2009 – Estimate and Report drill Indicated Resource/Probable Reserve
- Q2/Q3 2009 – Pre-feasibility Study

Please visit our website at www.flindersmines.com

The information in this PRESENTATION 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 of relevant experience in the style of mineralisation and types of deposit under consideration and consent to inclusion of the information in this report in the form and context in which it appears. He qualifies as Competent Persons as defined in the 2004 Edition of the "Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves".



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