



The Manager
Companies Announcements Office
Australian Securities Exchange
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CID IRON MINERALISATION INTERSECTED IN FIRST EXPLORATION HOLE ON FLINDERS MINES' HAMERSLEY PROJECT E47/882, WA



HIGHLIGHTS

- *Eight metres of channel iron deposit (CID) mineralisation intersected in first exploration drillhole.*
- *To accelerate the rate of exploration, two additional drill rigs have been contracted and are estimated to be onsite in about 10 days.*



Figure 1 Drill rig during drilling of HWB1, Hamersley Project E47/882, July 2008.

HAMERSLEY E47/882, Pilbara, WA

Flinders Mines earning 100%

CID mineralisation intersected in first exploration hole

Flinders Mines Limited (FMS) is pleased to announce that RC drilling (Figure 1) has intersected channel iron deposit (CID) mineralisation on the company's Hamersley E47/882 licence, in the Pilbara region of Western Australia.

An 8 m intersection was made at a depth of 50 m in drillhole HRC4, the second drill hole of the program (Figure 2) and the first dedicated exploration drillhole in the current program. The interval from 58 metres to the end of the hole at 90 metres consisted of sediments overlying bedrock. The first hole was drilled as a water bore.

The exploration drill hole, HRC4, part of Flinders Mines' current \$8 million RC drilling program on the Hamersley Project, is located on the easternmost drill line in Area E (Figure 3) — on the channel margin. The 8 m intersection points to greater CID mineralisation

thicknesses being intersected as drilling progresses towards the centre of the channel.

The initial exploration intersection is consistent with consultant Dr Richard Russell's interpretation at this location and confirms an extension of Fortescue Metals Group's Serenity deposit into E47/882.

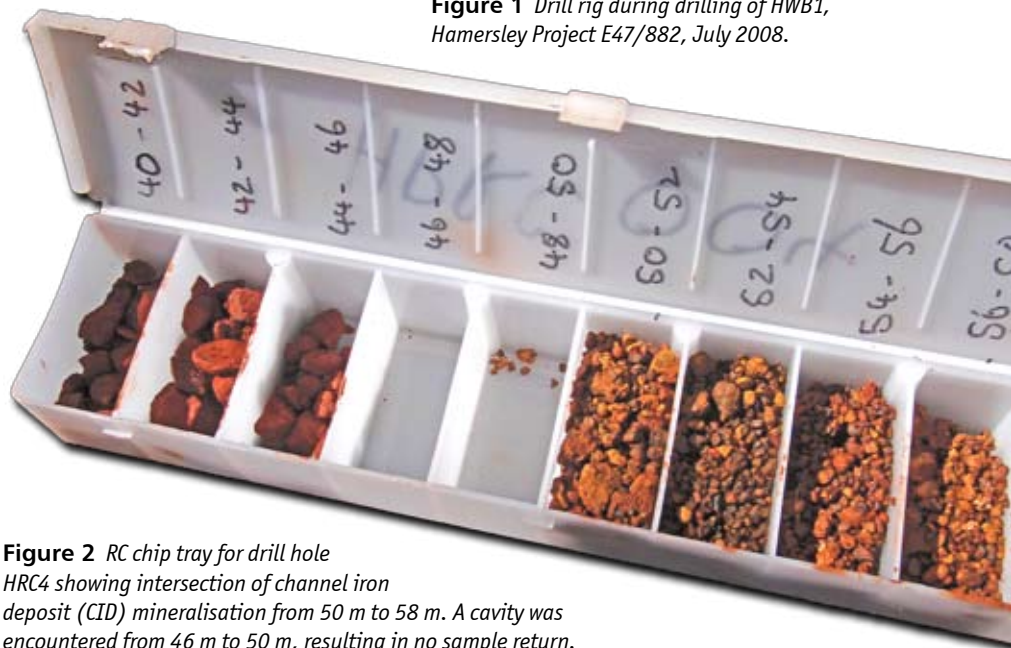


Figure 2 RC chip tray for drill hole HRC4 showing intersection of channel iron deposit (CID) mineralisation from 50 m to 58 m. A cavity was encountered from 46 m to 50 m, resulting in no sample return.

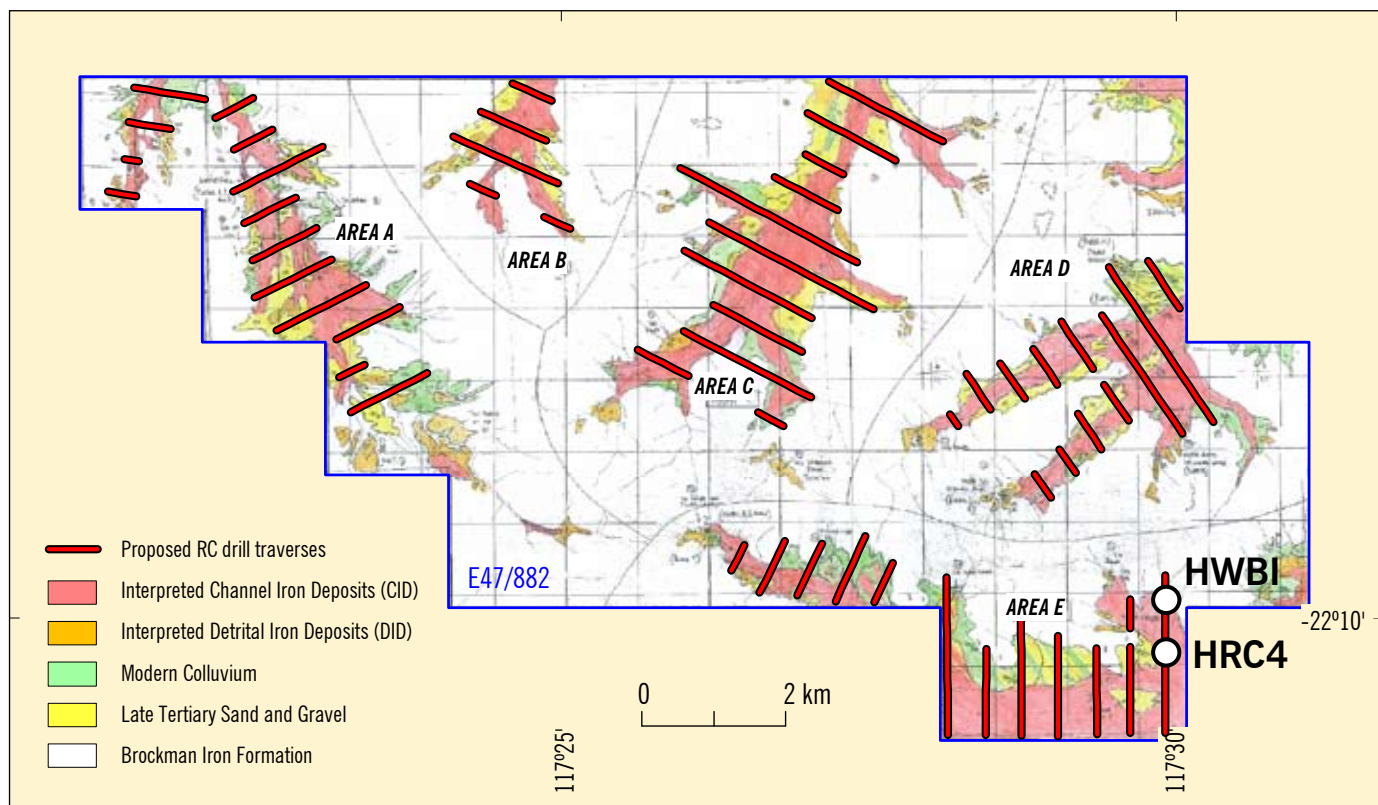


Figure 3 Hamersley E47/882 showing drill traverses, water bore HWB1 and RC drillhole HRC4.

Water Bore

As mentioned, the first drill hole of the program, HWB1, was a water bore to supply water for the camp and to be used for dust suppression during drilling. Adequate water supply was not achieved in this hole and FMS chose to select a location further towards the centre of the channel at the proposed drill site HRC4. This drill hole intersected CID mineralisation and has sufficient water flow to supply the necessary camp and dust suppression water. Consequently, HRC4 is currently being converted into a water bore prior to continuing with further exploration holes.

Current Drill Rig

The drill rig currently on site has encountered several mechanical issues upon start up and during drilling. The design and power of the drill rig has also proved to be less than inadequate for this style of mineralisation. Successful drilling of CID mineralisation requires a drill rig and crew with a minimum of experience to combat the sometimes difficult nature of materials associated with the CID mineralisation. Consequently, FMS has decided to hire additional drill rigs to bring the program back on track.

Additional Drill Rigs

The addition of another two drill rigs will increase the rate of exploration at the Hamersley Project.

The additional two drill rigs have been contracted from separate companies and it is anticipated the rigs will be on site within about 10 days. These drill rigs are modern and powerful, and combined with the drilling experience within the companies, FMS expects the drilling schedule to come back on track and still anticipates returning JORC compliant inferred resources for all five target areas prior to the end of the 2008 calendar year.

Campsite Construction

Campsite construction at the Hamersley Project is well underway and due for complete commissioning in the next two to three weeks. Drill site preparation has been completed for Area E, and all of the proposed drill lines and drill holes in Area D have been flagged in preparation for clearing.

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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".

Dr Kevin Wills
 MANAGING DIRECTOR
 25 July 2008