



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

WEEKLY

IRON ORE DRILLING REPORT – No. 2

HAMERSLEY PROJECT, WA



HIGHLIGHTS

Hamersley Tenement E47/882 Flinders Mines Limited (FMS) 100%

- *First pass drilling over Area E now complete.*
- *First drillhole in Area D intersects 16 metres of channel on deposit (CID) mineralisation.*
- *Excellent shallow CID intersections about 20 metres thick in western part of Area E.*

Drilling Statistics

Table 1 Completed drillholes in each area.

Target Area	No of Holes	Metres Drilled
Area A	0	0
Area B	0	0
Area C	0	0
Area D	1	78
Area E	34	2,309
Total	35	2,387

Note: These numbers include previously reported numbers.

Number of samples sent for assay	1102
Number of assays received	141
Number of samples awaited	961
List of new iron ore intersections in week	Table 2
List of received assayed intersections in week	Table 3

Drilling Activity

- Drilling has been completed to a 1,000 m by 200 m drilling pattern in Area E, with one drill rig commencing infill to 1000 m by 100 m.
- Drilling of the interpreted main channel has shown that it continues along the southern boundary of Area E.
- Drilling in the far western part of Area E has delineated an exciting new zone of possible CID mineralisation associated with a sedimentary unit consisting of hematitic pisolites. These sediments have been intersected in seven drill holes over a minimum strike length of 1.5 km and across channel width of approximately 400 m. The sediments have been intersected as shallow as 2 m from surface and vary from 14 to 39 metres thick. Visual inspection of this material indicates very high hematite content, potential for effective beneficiation and free-dig mineability.
- Drilling has commenced in Area D with a single hole completed by week's end intersecting a zone of CID mineralisation 16 metres thick.

This announcement by FMS is the second in a series of weekly announcements to describe the drilling progress at its Hamersley Project in Western Australia. It is anticipated that weekly announcements will continue until inferred resources are announced at the end of the 2008 calendar year. The announcements will take the form of a template to ensure the information is concise and consistent. Note that over the initial weeks there may be some minor modifications to the format as FMS endeavours to provide the most appropriate layout.

- A steady flow of assays is expected in the following weeks. Delays have occurred due to laboratory turnaround issues. The laboratory has commenced utilising laboratory facilities outside of Perth and anticipates bringing turnaround back to 2–3 weeks from the current 4–5 weeks, whilst maintaining quality standards.

Approvals

Archaeological clearances for areas A, B and C are due to start in mid-September. An earthmoving contractor is scheduled to start preparing drill sites immediately following approval from the archaeological team.

Tenements

Nothing to report.



Drilling at Area E, Hamersley Project, 23 August 2008.

Drilling Intersections

FMS have modified the following table (Table 2) to provide greater clarity.

This table provides a visual estimate of mineralization in each hole as determined by the geologists on site.

Table 2: List of visually estimated iron ore intersections during the week (assays awaited).

Hole ID	From (m)	To (m)	Interval (m)
HWB21	22	44	22
HWB22	14	20	6
HRC23	8	18	10
HRC24	None identified		
HRC33	8	26	18
HRC34	8	24	16
HRC35	2	26	24
HRC36	8	22	14
HRC37	7	46	39
HRC38	6	29	23
HRC39	None identified		
HRC40	None identified		
HRC41	None identified		
HRC202	34	50	16

For further information please contact:

Kevin Wills
on 08 8132 7950
or 0419 850 997
Duncan Gordon – Investor Relations
on 08 8232 8800
or 0404 006 444
Email: kwills@flindersmines.com.au

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".

Table 3: List of RC drillhole intersections (assays received).

Hole ID	From (m)	To (m)	Interval (m)	Fe %	Target Area
No assays received this week					

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.

Dr Kevin Wills
MANAGING DIRECTOR
10 September 2008

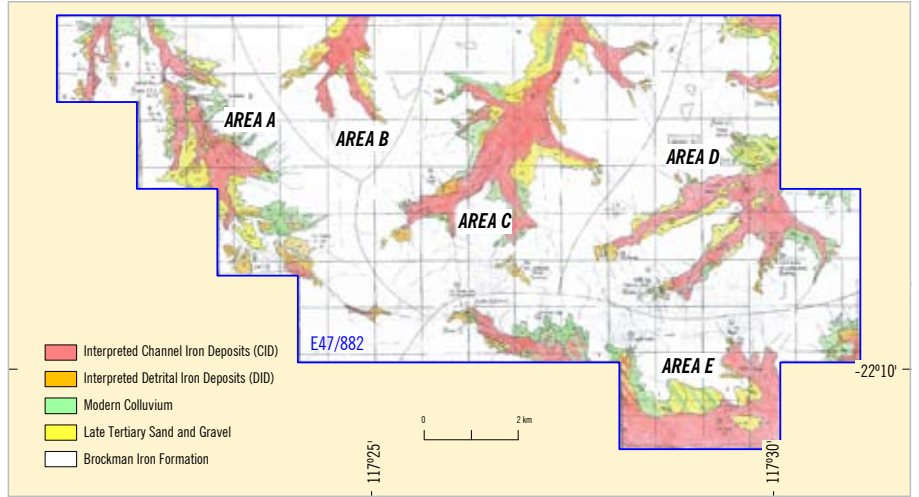


Figure 1 Hamersley E47/882 showing the location of Target Areas.

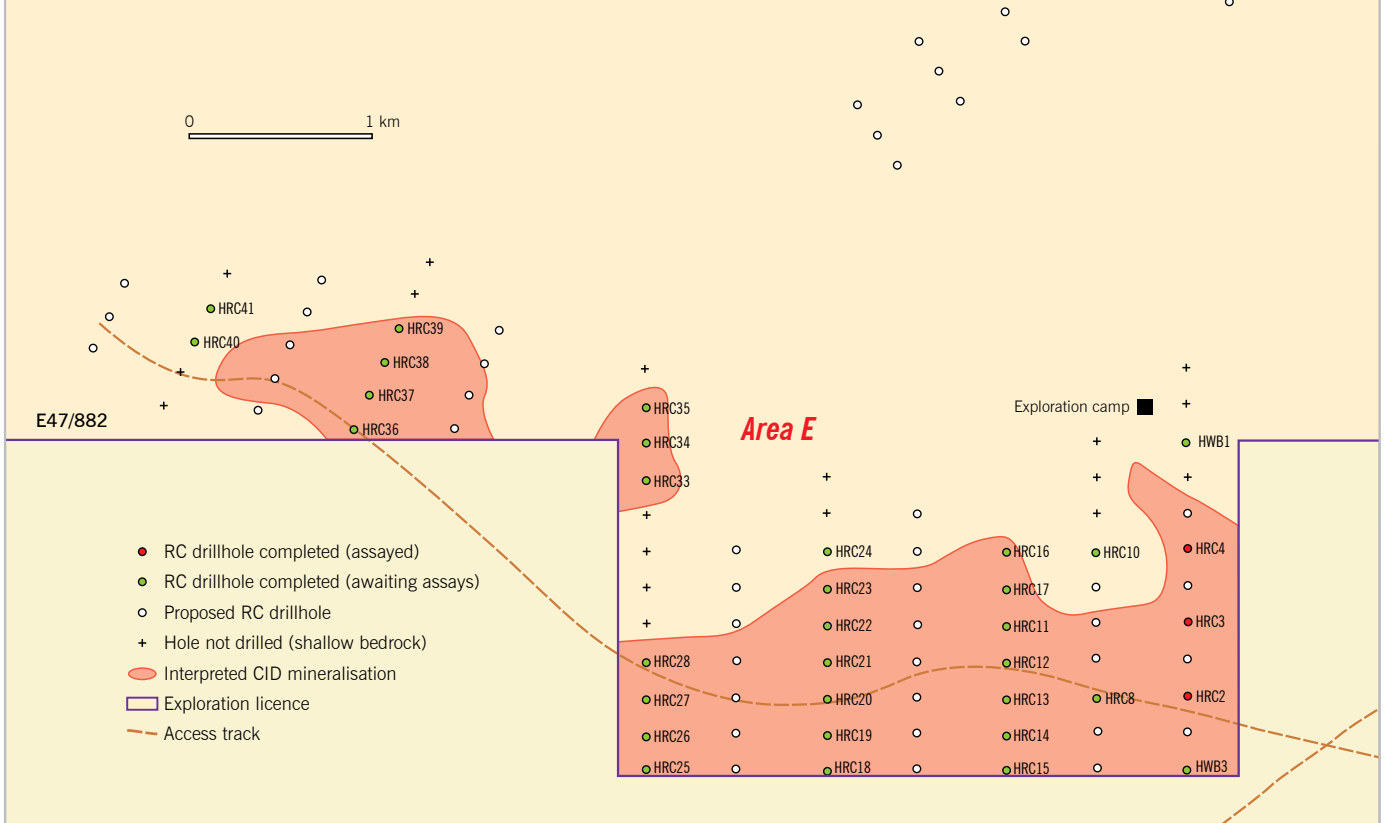


Figure 2 Proposed and completed RC drilling in Area E.