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WEEKLY

IRON ORE DRILLING REPORT – No. 22

HAMERSLEY PROJECT, WA



HIGHLIGHTS

HAMERSLEY TENEMENT E47/882 Flinders Mines Limited (FMS) 100%

- *Significant thickness of BID mineralisation (which was first not included in original Exploration Targets) continue to be intersected under the channels containing CID. Many BID zones remain open in several directions.*
- *Drill hole extensions in Area D increase intersections of BID mineralisation*
- *30m of DSO mineralisation intersected in Area B, within 10m of the surface*
- *Future Hamersley Project Reports to be bi-weekly.*

Drilling Statistics

Table 1 Completed Reverse Circulation drillholes in each area.

Target Area	No of Holes	Metres Drilled
Area A	0	0
Area B	34	1,208
Area C	103	5,027
Area D	67	3,011
Area E	97	5,793
Total	301	15,039

Number of samples sent for assay	8,167
Number of assays received	7,052
Number of assay results awaited	1,115

Note: This table includes previously reported numbers.

List of significant assayed intersections received in week Table 2

This announcement by FMS will be the last in the current series of weekly announcements to describe the drilling progress at its Hamersley Project in Western Australia. With the reducing number of assay results, bi-weekly announcements will continue until further notice.

Inferred Resources

Data and geological interpretation for Area E has been sent to Golder & Associates for resource estimation. Geological modelling has commenced on Area B. FMS is waiting for final assays for Area C to commence geological modelling.

Drilling Activity

Flinders Mines Limited's Hamersley Iron Ore Project in WA comprises five target areas: Areas A, B, C, D and E (see Figure 1). Within the last week, a total of 704 assays were received for 2 holes in Area E, 9 Holes in Area D, 22 holes in Area C and 5 holes in Area B (see Figures 2-4). Thirteen of these represent extensions to existing holes drilled. The significant results are presented in Table 2.

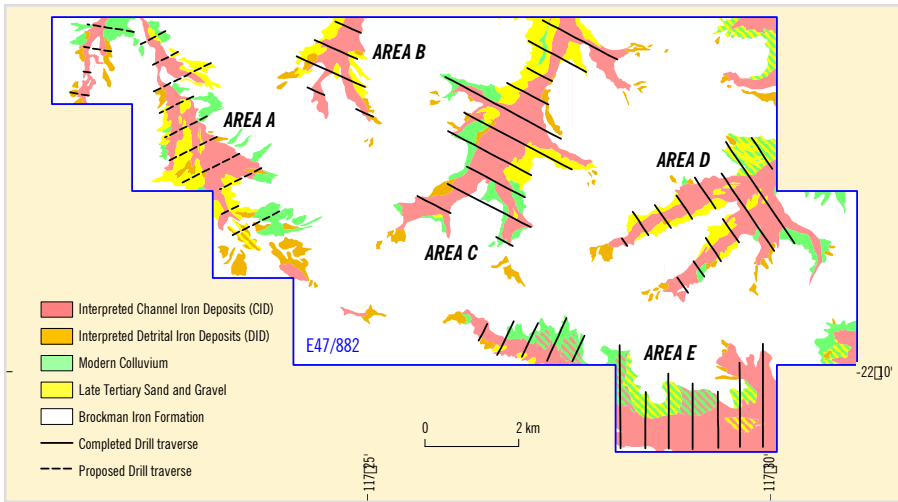


Figure 1 Hamersley E47/882 showing the location of Target Areas.



Area E

Assays were received for 2 holes in Area E (see Figure 2). Both of these were infill holes drilled in locations where further information was required. HRC113 intersected 14m of BID mineralization at 56.3% iron, 4.1% alumina and 5.3% silica within a wider 20m zone at 55.3% iron. This confirms the continuity and grade of mineralization previously intersected in adjacent holes HRC14 and HRC15.

Area D

During the drilling for CID mineralisation several holes were stopped in BID mineralisation, which was not recognized at the time of drilling. Consequently, extensions to these holes were drilled towards the end of the drilling program. Assays for 9 of these extensions have now been received (see Figure 3). In 5 of the 9 extensions no significant addition to the previously reported intersection was observed. However, in hole HRC208A a further 8m of BID mineralisation was intersected at 58.8% iron, 2.7% alumina and 3.1% silica. Together with

Drilling HRC 229 in Area D, 5 October 2008.

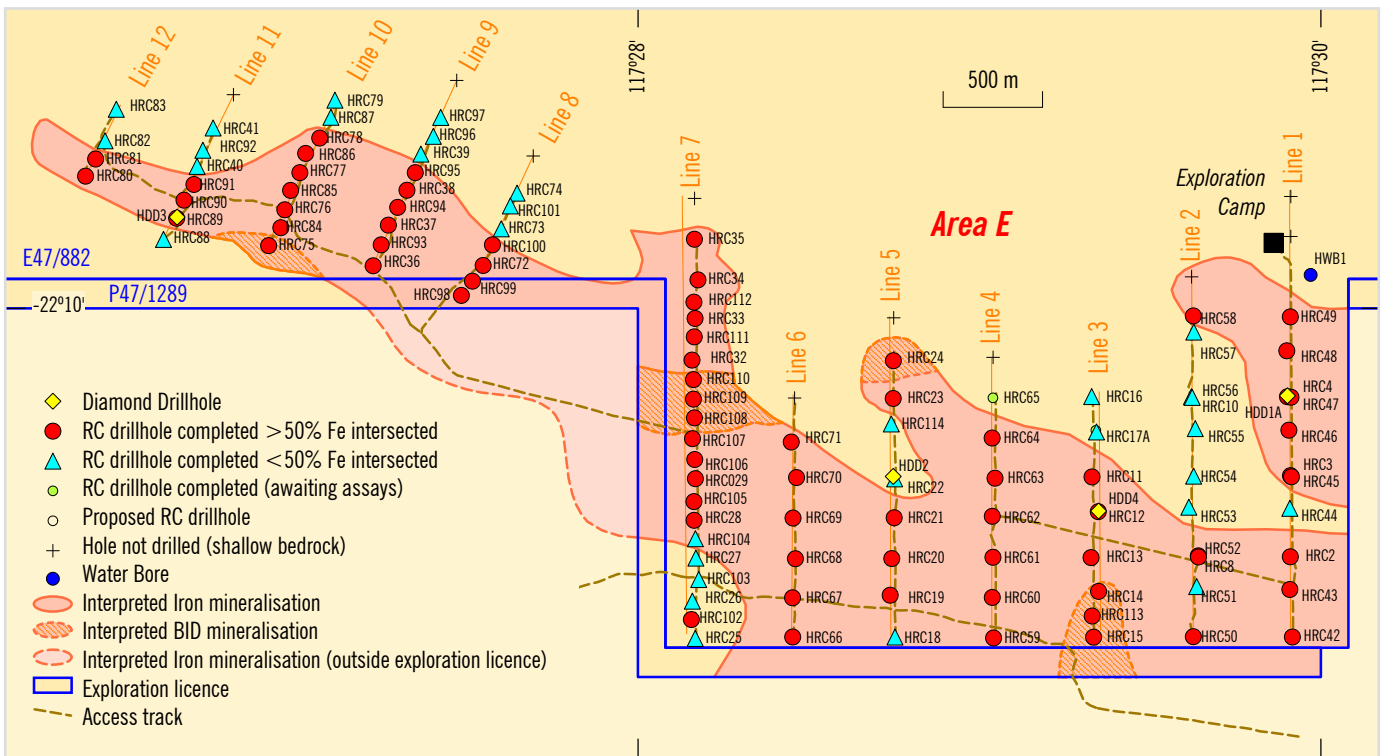


Figure 2 Completed RC drilling in Area E.

Drilling Intersections

Table 2: List of significant RC drillhole intersections (assays received).

Hole ID	From (m)	To (m)	Interval (m)	Fe (%)	Al ₂ O ₃ (%)	SiO ₂ (%)	P (%)	LOI (%)	Target Area
HRC113	44	64	20	55.3	4.5	7.0	0.05	9.0	E
HRC208A ext	66	74	8	58.8	2.7	3.1	0.18	9.1	D
HRC211 ext	36	42	6	56.6	4.0	5.9	0.11	8.4	D
HRC227A ext	60	66	6	53.9	4.5	11.0	0.07	6.4	D
HRC251 ext	30	40	10	56.1	3.6	4.9	0.10	10.7	D
HRC364	10	24	14	58.3	3.4	9.6	0.07	2.0	C
HRC365	10	22	12	58.4	2.6	8.6	0.09	3.6	C
HRC371	10	26	16	57.1	3.7	4.1	0.09	9.8	C
HRC374	12	26	14	56.2	5.5	9.7	0.06	3.6	C
HRC397	22	42	20	57.4	3.7	5.9	0.08	7.7	C
HRC398	28	46	18	56.3	4.6	8.8	0.07	5.3	C
HRC411 ext	18	24	6	54.1	2.2	12.3	0.11	7.5	B
HRC426	10	40	30	59.8	2.2	2.6	0.12	8.8	B

NB: These intersections are based on an Fe cut-off grade of 50%, with no top cut, and a maximum internal dilution of 2m. Analysis via XRF fusion at SGS Laboratories. LOI = Loss of ignition.

the previously reported results, the total intersection for this hole becomes 20m from 54m at 56.9% iron, 3.2% alumina, 4.9% silica and 9.8% LOI. Similarly, extensions for holes HRC211, HRC227A and HRC251 have increased the reported intersections by 6m, 6m and 10m, respectively.

Area C

Laboratory results were received for 22 holes in Area C, 2 of which were extensions to previously drilled holes (see Figure 4). BID mineralization was intersected in drill hole HRC371 and HRC397. HRC371 intersected 16m at 57.1% iron, 3.7% alumina and 4.1%

silica from 10m below the surface. Good thicknesses of CID mineralization were also intersected with drill holes HRC364 and 365 returning assays of 58.3% and 58.4% iron over 14 and 12m respectively. Similarly, the CID intersection for drill hole HRC398 is 18m at 56.3% iron.

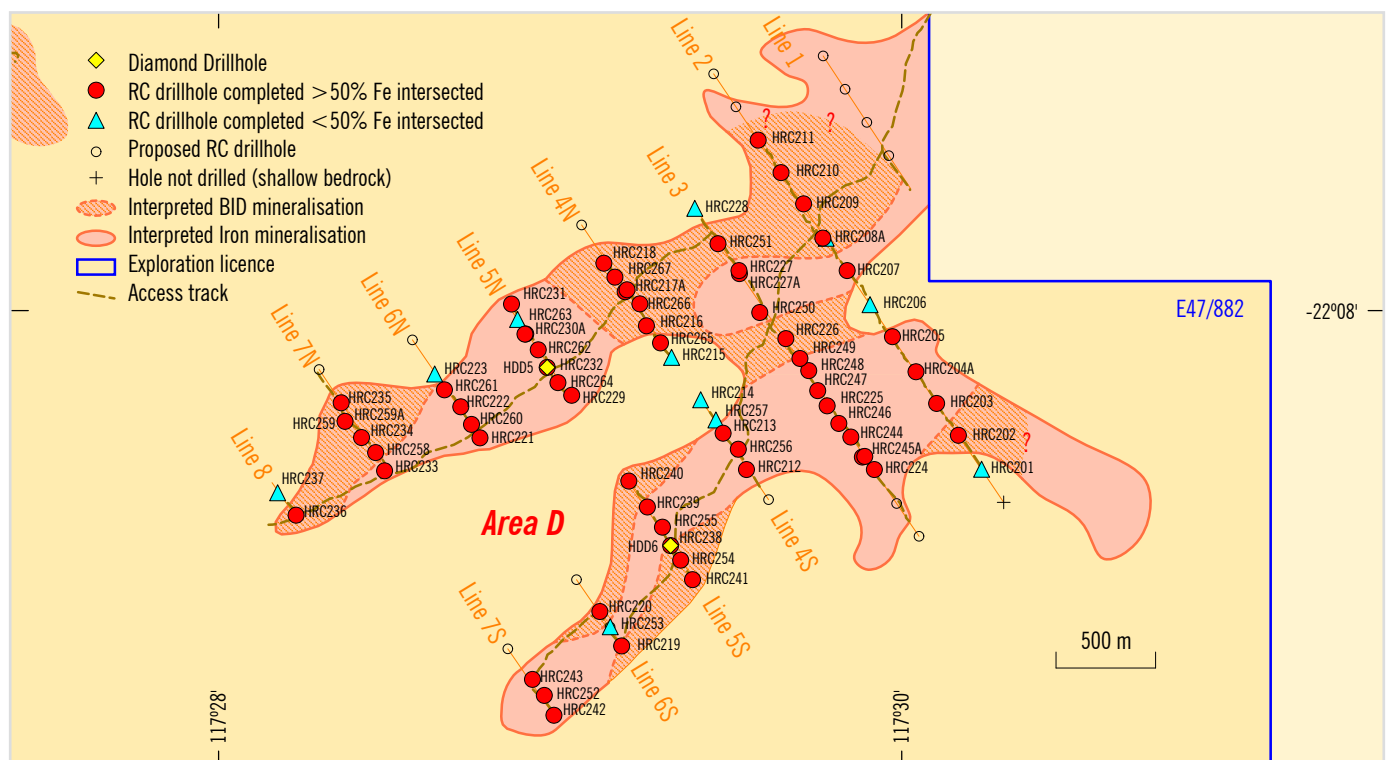


Figure 3 Proposed and completed RC drilling in Area D.

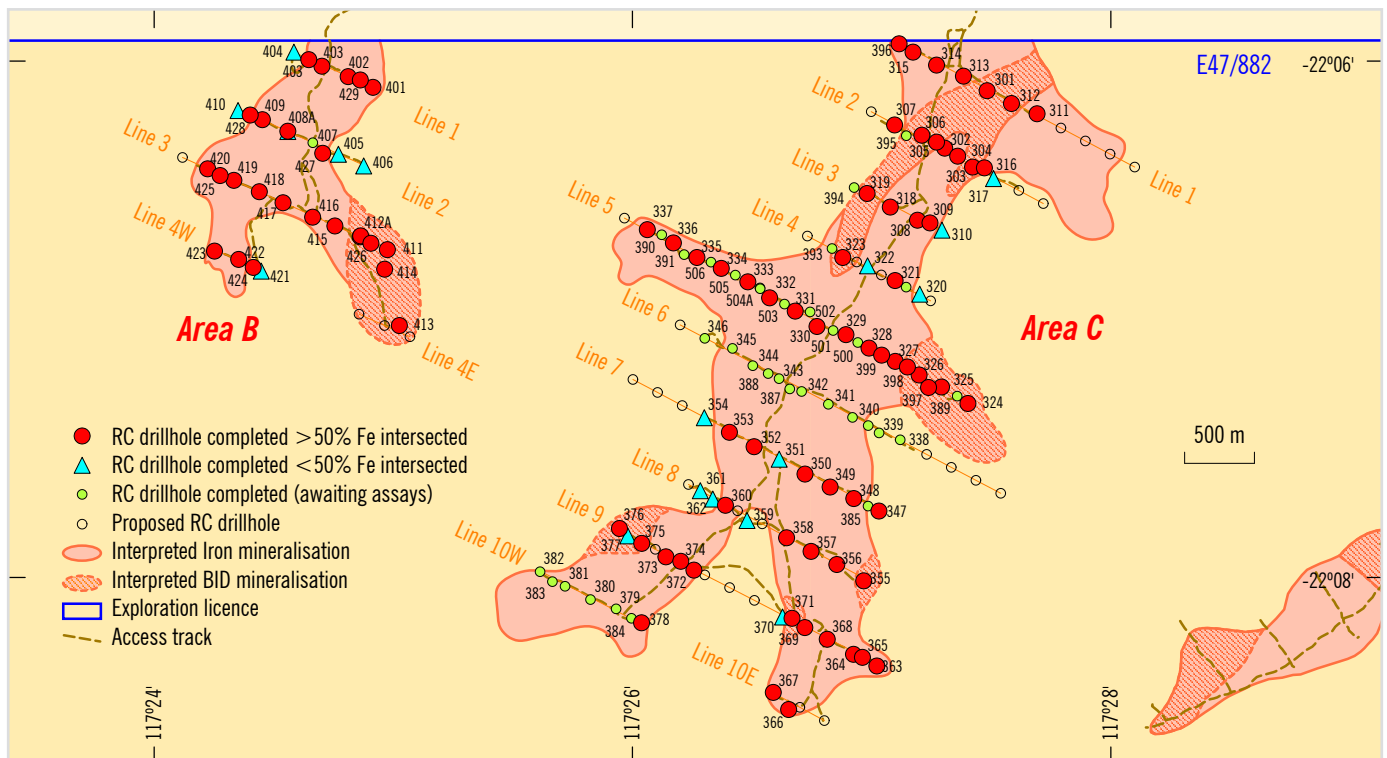


Figure 4 Proposed and completed RC drilling in Area B and C.

Area B

Assays were received for 5 holes in Area B (see Figure 4). Good thicknesses of combined BID/CID mineralisation continue to be identified, with drill hole HRC426 intersecting 30m at 59.8% iron, 2.2% alumina and 2.6% silica, 10m from the surface. Assays for an extension to drill hole HRC411 have increased the size of the intersection by 6m. The total intersection for HRC411 is now 18m at 54.9% iron from 6m below the surface.

Logistics

Detailed geological mapping continues on E47/882.

Tenements

Nothing to report.



Drilling HRC 242 in Area D, 11 October 2008.

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MANAGING DIRECTOR

25 February 2009

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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".