

ASX ANNOUNCEMENT



1 July 2009

Iron Ore Activities Report – No 27

Hamersley Project - Western Australia



highlights

- 152 holes completed since 23rd May 2009 for 5,874m
- 50% of assays received for Ajax (Area A) - intersections in excess of 20m thickness from and near the surface
- Heritage clearance survey completed over E47/1560 with drilling due to commence within a week
- Extensions to BID mineralisation likely in Blackjack (Area B)

Hamersley Tenement E47/882 and E47/1560
Flinders Mines Limited (FMS) 100%

DRILLING STATISTICS

Table 1 2009 completed reverse circulation drillholes in each area.

Target Area	No of Holes	Metres Drilled
Ajax	92	3,180
Blackjack	11	480
Champion	30	1,230
Delta	0	0
Eagle	19	984
Total	152	5,874

Number of samples sent for assay	3,136
Number of assays received to date	762
Number of samples awaited	2,374
List of received assayed intersections in week	Table 2

DRILLING ACTIVITY

Flinders Mines Limited's (ASX:FMS) Hamersley Iron Ore Project in WA comprises several target areas on tenements E47/882 and 1560 (see Figure 1).

Since the previous report on 17th June a total of 621 assays were received for 43 holes at Ajax (Area A). The significant results are presented in Table 2.

Ajax

A total of 92 reverse circulation holes have been drilled at Ajax for a total of 3,180 metres (Fig 2). Geological interpretation of drilling from Ajax suggests that the Exploration Target* of 96 to 103 Mt at 50 -65% Fe is confirmed. It is anticipated that an Inferred Resource estimate for Ajax will be available prior to the end of July.

Laboratory results were received for 43 holes at Ajax. Together with the previously reported results more than 50% of assays have now been received for this area. The majority of the mineralisation in

*Note: These exploration targets are reported according to Clause 18 of the JORC Code. This means that the potential quantity and grade is conceptual in nature and that considerable further exploration, particularly drilling, is necessary before any Identified Mineral Resource can be reported. It is uncertain if further exploration will lead to a larger, smaller or any Mineral Resource.

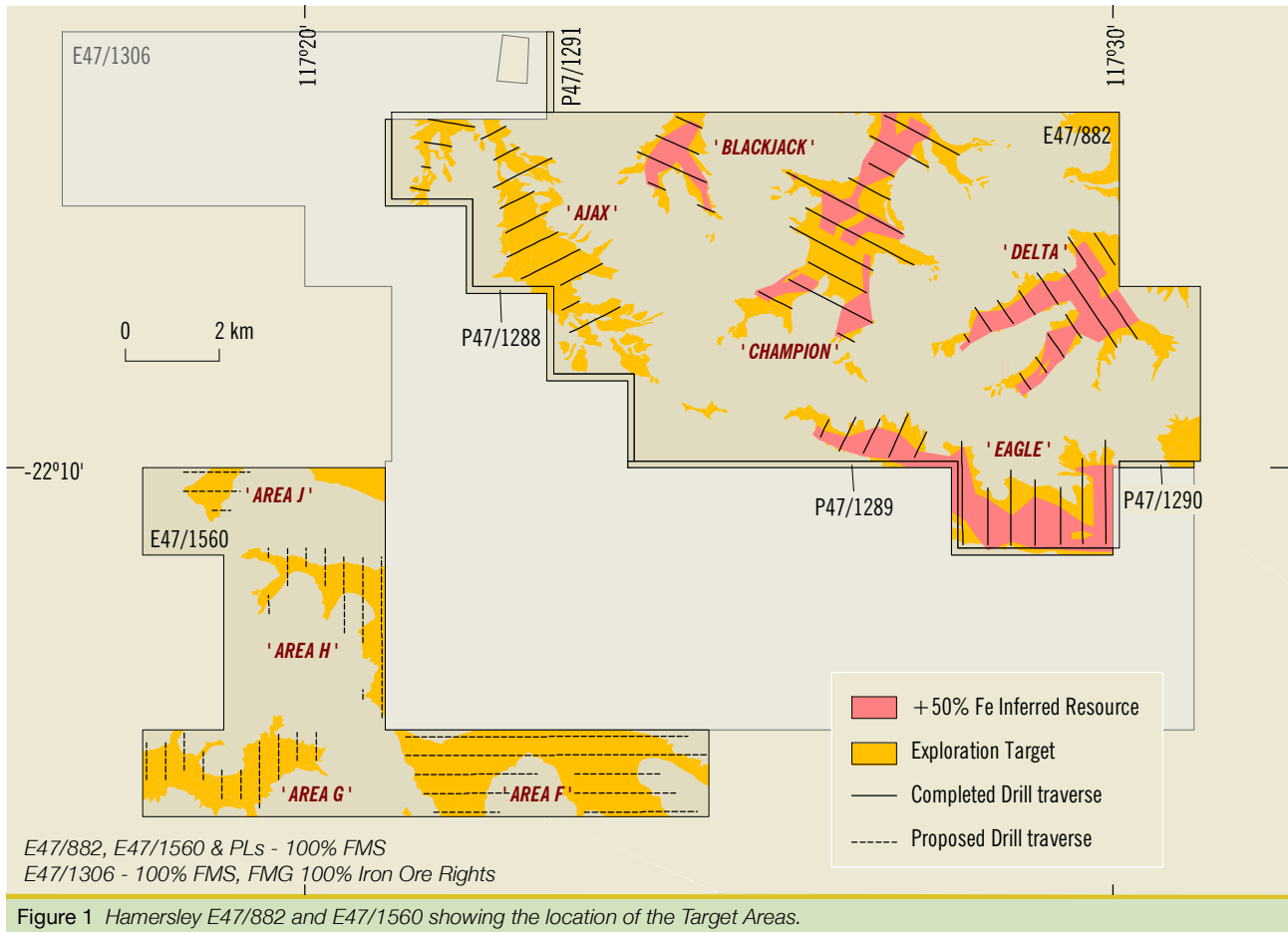


Table 2: List of significant reverse circulation drillhole intersections (assays received).

Hole ID	From (m)	To (m)	Interval (m)	Fe %	Al ₂ O ₃ %	SiO ₂ %	P %	LOI %	Target Area
HRC810	0	14	14	54.45	4.75	12.00	0.05	4.35	Ajax
including	8	14	6	56.49	4.53	7.58	0.06	6.37	
HRC815	8	22	14	55.86	5.95	10.47	0.04	2.72	Ajax
including	14	20	6	58.08	5.97	7.70	0.04	2.33	
HRC819	0	16	16	57.50	3.32	11.88	0.05	1.76	Ajax
HRC820	12	24	12	55.85	5.41	10.63	0.05	3.05	Ajax
HRC821	10	24	12	53.02	6.67	8.90	0.07	7.31	Ajax
HRC826	0	22	22	57.32	2.47	12.63	0.05	1.96	Ajax
including	12	20	8	62.28	1.42	7.06	0.07	1.28	
HRC827	2	26	24	58.99	4.85	7.49	0.05	2.46	Ajax
HRC835	0	8	8	55.30	4.98	6.29	0.10	8.40	Ajax
HRC844	2	20	18	55.31	4.00	11.82	0.05	3.98	Ajax
HRC848	8	26	18	57.79	4.26	10.30	0.05	1.88	Ajax
including	16	24	8	60.64	4.23	6.41	0.05	1.73	
HRC851	4	16	12	56.09	3.48	7.08	0.10	8.35	Ajax

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 Ultratrace Laboratories.
LOI = Loss of ignition.

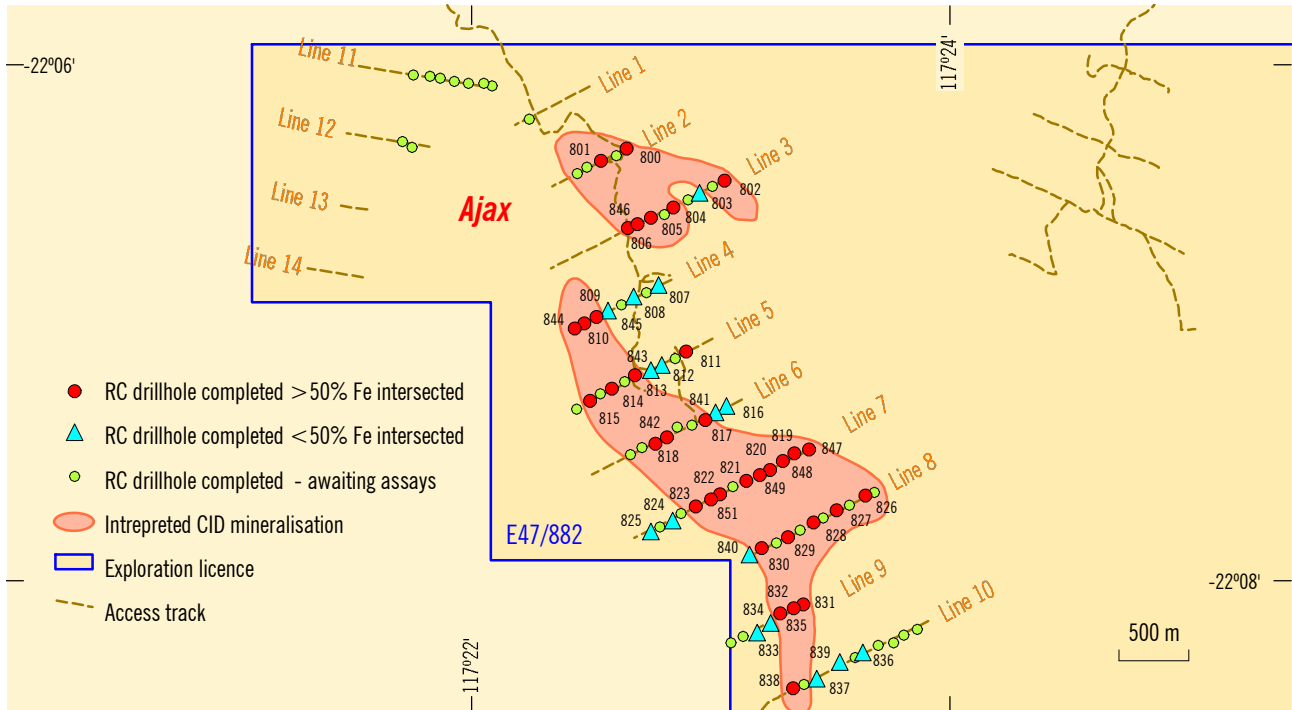


Figure 2 Interpreted CID mineralisation in the Ajax Target Area.

these holes is Channel Iron Deposit (CID). For example, HRC826 and HRC827 intersected 22m@57.3% iron and 24m@59.0% iron respectively. The intersection for HRC826 also contained 8m@62.3% iron, 7.1% silica and 1.4% alumina (Table 2). Only minor Bedded Iron Deposit (BID) has been intersected. For example HRC835 intersected 8m @ 55.3% iron, 6.3% silica and 5.0% alumina from surface and HRC851 intersected 12m @ 56.1% iron, 7.1% silica and 3.5% alumina. The majority of mineralisation in the holes is close to surface with many intersections occurring from surface inferring a mining waste to ore ratio of close to one to one.

Blackjack, Champion and Eagle

A total of 21 additional holes have been drilled at Blackjack, 30 holes at Champion and 19 holes at Eagle. These holes targeted BID mineralisation and regions identified from the drilling in 2008 where drill sections contain open intersections suggesting additional resources are present. Geological interpretation of drilling from Blackjack suggests that known zones of BID mineralisation may be extended and new zones have been identified. Assays are expected for these holes prior to the end of July.

The information in this report that relates to Exploration Results, Mineral Resources and Ore Reserves is based on information compiled by Dr K J A Wills (who is a Fellow of the Australasian Institute of Mining and Metallurgy) and Mr N Corlis (who is a member of the Australian Institute of Geoscientists). Dr Wills and Mr Corlis are employees of Flinders Mines Limited. Both have sufficient experience that is relevant to 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. Dr Wills and Mr Corlis qualify as Competent Persons as defined in the 2004 Edition of the "Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves".

Forward Program

Infill drilling is currently underway at Champion before the rig returns to Ajax to complete a number of lines and infill as a result of the assays that have been returned to date. From there the rig will move to Delta and complete a number of infill holes before moving down to E47/1560 to begin the first pass of drilling for defining an Inferred Resource estimate in this region. Heritage clearances have been obtained on E47/1560 and earthworks are currently underway preparing lines and drill pads ready for this drilling, which is expected to commence within a week.

DR KEVIN WILLS
MANAGING DIRECTOR

For further information please contact:

Kevin Wills on 08 8132 7950 or 0419 850 997
Email: kwills@flindersmines.com

Duncan Gordon - Investor relations on
08 8232 8800 or 0404 006 444
Email: dgordon@adelaideequity.com.au