



FLINDERS
DIAMONDS

Australian Stock Exchange Announcement

DIAMONDS LOCATED IN PREVIOUSLY UNDETECTED KIMBERLITE DYKES AT EURELIA

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Flinders Diamonds Limited (FDL) has received microdiamond results from five kimberlite samples submitted in October. Two of the 20kg samples contain microdiamonds. Sample 10a contained 2 microdiamonds and sample 41c contained 5 microdiamonds (see Figure 1). Samples 12a, 9k and 29b were negative. Both positive samples were from previously undetected kimberlite dykes.

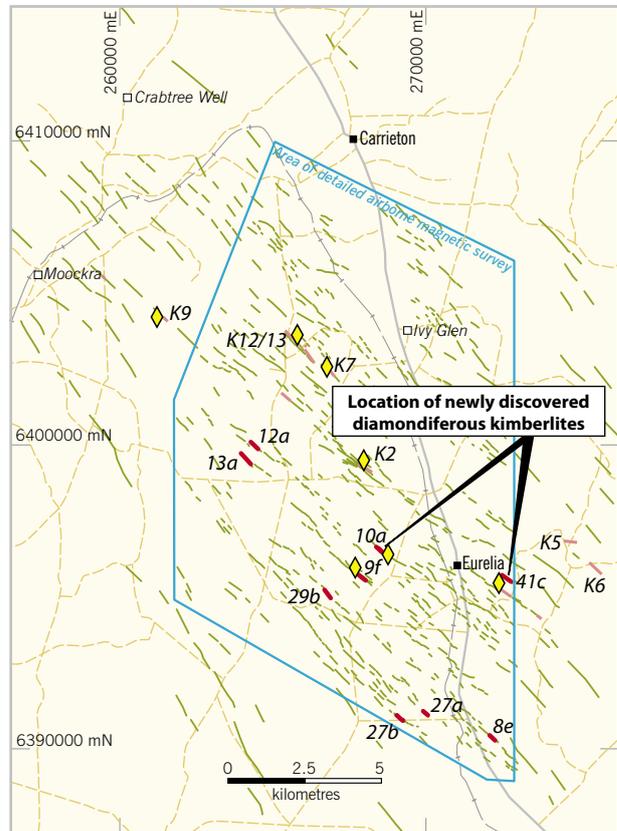
These diamond contents are not in themselves likely to be economic, but the level of 5 microdiamonds per 20 kg is a potentially significant result and further sampling is necessary. The kimberlite rock samples were collected by trench excavation of weathered bedrock and were processed by the caustic fusion technique with a lower cut off size of 0.1 mm.

These results, together with previous information and other recently announced positive microdiamond results, are considered encouraging since they:

- have substantially enhanced the size of the diamond-bearing Eurelia province
- confirm the presence of previously undetected diamondiferous kimberlite dyke arrays over a larger field than previously identified
- confirm the effective use of current exploration techniques in locating previously undetected kimberlites
- highlight the potential for significant new discoveries in the short term

It is well documented that clusters of pipes or dyke arrays located within a kimberlite field can vary significantly in mineral composition and economic potential and can range from being significantly diamondiferous to barren. The recent discovery of diamondiferous kimberlite dykes at Eurelia has shown there may be a significant number of previously undetected diamondiferous kimberlites present and therefore potential for the discovery of an economic diamond resource within the Flinders Ranges Project area.

FDL's use of high resolution airborne and follow up ground magnetics is proving an effective method for locating kimberlite dyke arrays. It is cost effective compared to traditional diamond indicator mineral (DIM) sampling techniques. It can also result in a shorter time interval between identifying and testing new targets.



Kimberlite dyke discovered by FDL..... 9f Diamond location ◆
Kimberlite dyke discovered by Stockdale.. K7
Magnetic features - possible dykes.....

Figure 1 Kimberlite dyke targets in the Eurelia area.

During the last few months work on the project has focused on defining a large number of new targets throughout the Springfield, Jamestown and Nackara tenements that will be tested by either trenching or drilling in the New Year. This work will include the testing of a number of very promising targets located north and northwest of the Eurelia kimberlite field where access has recently been restricted due to cereal cropping. Crop harvesting is currently in progress and all current targets should be accessible for testing in the New Year.

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