



FLINDERS  
DIAMONDS

17 March 2005

The Manager  
Company Announcements Office  
Australian Stock Exchange Limited  
20 Bridge Street  
SYDNEY NSW 2000

## RIGHTS ISSUE

I am pleased to announce on behalf of the Board the following:

### 1. One for One Rights Issue

Today the Company lodged with the ASIC and ASX, its prospectus for a non-renounceable Rights Issue to raise approximately \$3.675 million.

The Prospectus will be dispatched to shareholders on 5 April 2005. A copy of the Prospectus is available for review on the ASX website ([www.asx.com.au](http://www.asx.com.au)) as well as on the Company's website ([www.flindersdiamonds.com](http://www.flindersdiamonds.com)).

### The Offer closes on 29 April 2005

The net proceeds from the Rights Issue will be used as working capital to finance the exploration and development of tenements in the Company's existing portfolio as well as to look for new opportunities in acquiring proven or producing assets to which the Company can add value through technical enhancements.

The key terms of the Rights Issue are as follows.

- The Company is offering to shareholders registered at the close of business on 31 March 2005, 1 new share for every share then held.
- Each new share is offered at an issue price of 2.5 cents.
- The Rights Issue is not underwritten but the Directors reserve the right to place any shortfall within three months of the close of the Rights Issue.

Please refer to the Prospectus for full details of the Rights Issue.

### Summary of Key Dates

Announcement of Rights Issue	17 March 2005
Securities quoted on an ex-basis*	23 March 2005
Record Date* to determine entitlements to New Shares	31 March 2005
Despatch of Prospectus and Acceptance Forms	5 April 2005
Last day for acceptance and payment in full	29 April 2005
New Shares quoted on a deferred basis*	2 May 2005
Allotment and dispatch by the Company of holding statements for New Shares	6 May 2005

\* "Securities quoted on an ex-basis" means any shares traded from this date will not carry the right to shares in the rights issue;

"Record Date" is the date used to determine the shareholders that will be entitled to participate in the rights issue. Shareholders appearing on the register of members on the record date will be entitled to take up rights in the rights issue; and

"quoted on a deferred basis" means any settlement between this date and the despatch date in which there is an obligation to settle on a trade date plus three business days basis, is deferred until the despatch date.

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The dates set out above are indicative only and, subject to the ASX Listing Rules, may be varied by the Directors without prior notice.

## 2. Capital Consolidation

The Directors also give advance notice that a meeting of shareholders of the Company will be convened to consider resolutions to approve a one for four capital consolidation. The capital consolidation is proposed to assist the Company with the efficient management of its capital.

It is proposed that the meeting of shareholders to consider the capital consolidation will be held on 11 May 2005. At the meeting, shareholders may exercise voting rights attaching to new shares issued under the Rights Issue, provided they remain registered as holders of those new shares at least until 9 May 2005. Formal notice of the meeting will be sent to shareholders in due course.

## 3. Bonus Options

The Prospectus lodged by the Company today also relates to an issue of Bonus Options, the key terms of which follow.

- If the Capital Consolidation is approved by shareholders, those shareholders registered on the register of members of the Company on 17 June 2005, will be issued one Bonus Option for every two shares then held.
- Bonus Options will be issued for no consideration.
- The exercise price for each Bonus Option will be the amount which is equal to the average sale price, weighted by volume, of shares in the Company traded on ASX over the five business days ending on 16 June 2005, inclusive.
- The Company will apply for the Bonus Options to be quoted on ASX in accordance with the Corporations Act and the ASX Listing Rules.

Please refer to the Prospectus for full details of the issue of Bonus Options.

I urge you to support the Rights Issue and Capital Consolidation which will enable your Company to move closer to the commercialisation of its early discoveries.

Yours sincerely



Robert Kennedy  
Chairman