



FLINDERS
DIAMONDS

Australian Stock Exchange Announcement

SIX NEW DIAMONDIFEROUS KIMBERLITES CONFIRM EXPANSION OF FLINDERS RANGES DIAMOND PROVINCE IN SOUTH AUSTRALIA

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HIGHLIGHTS

- *Six of nine kimberlites discovered in February 2005 gave positive microdiamond results*
- *Expansion of primary diamond host rock province increases economic potential*

RESULTS

Following a trenching and drilling program in February 2005, Flinders Diamonds Limited (ASX:FDL) has received laboratory microdiamond results for nine 20 kg samples of newly discovered kimberlites. Kimberlite host rocks are confirmed by the presence of kimberlitic indicator minerals in all samples. Kimberlite locations are shown on Figure 1, with actual numbers of microdiamonds in brackets as follows: 44b (1), 66b (3), 67a (2), 74a (1), 79b (1), 134a (1). Kimberlites from sites 63a, 64a and 80a contained no microdiamonds. Positive results were obtained from four dykes (44b, 66b, 67a, and 79b), one sill (74a) and the JS Kimberlite Pipe (134a).

Note: Dykes are usually thin vertical sheets, sills are horizontal sheets and pipes are vertical carrot-shaped bodies of kimberlite. Microdiamonds are diamonds with a long dimension of less than 0.5 mm.

IMPLICATIONS

These encouraging results confirm that Flinders Diamonds has developed a cost-effective method for locating new diamondiferous kimberlites. Currently at least 170 magnetic targets have been recognised for ongoing evaluation and FDL expects more diamond-bearing kimberlites, containing variable quantities of

diamonds, to be located. The new diamondiferous kimberlite results have expanded the area containing primary diamond host rocks into the Horseshoe Range area, well to the northwest of previous discoveries, and to a new area between Terowie and Peterborough, where dykes 66b and 67a contained 3 and 2 microdiamonds respectively (Figure 1).

As there is normally a strong correlation between the concentration of microdiamonds and macrodiamonds in a kimberlite, FDL will carry out macrodiamond determination via bulk sampling if some higher microdiamond contents are recovered. From their observed width and strike extent, the potential tonnage of most of the recently discovered diamondiferous kimberlites is likely to be sufficient to sustain a mining operation; though drilling in each case would be necessary to prove this. As many more kimberlites are likely to be discovered, the Flinders Ranges exploration program has developed into a search for a kimberlite with an economic diamond grade.

FUTURE PROGRAM

Future activities include another phase of trenching, this time of about 20 targets, commencing on 21 April. Also, two new high-resolution airborne magnetic surveys totalling approximately 37,000 line kilometres are planned to commence in May. These surveys, called Mookra and Peterborough (Figure 1), are expected to provide data to locate the numerous kimberlite targets that are suspected, but which cannot be clearly identified in the existing reconnaissance-scale regional data.

Dr Kevin Wills
Managing Director

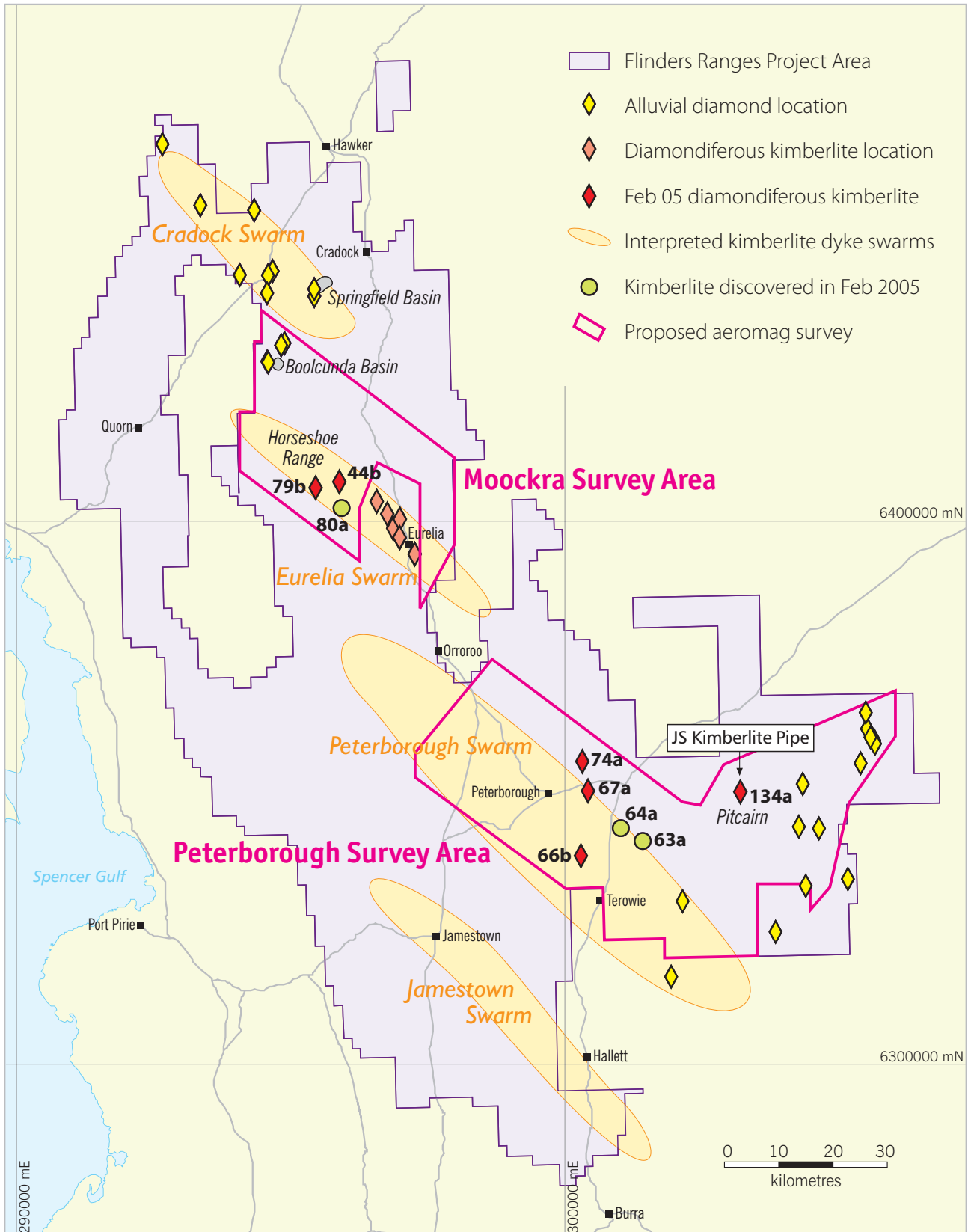


Figure 1 Location of diamondiferous kimberlites discovered in February 2005.

The information in this report has been compiled by Dr K J A Wills who is a Fellow of the Australasian Institute of Mining and Metallurgy and is bound by and follows the Institute's codes and recommended practices. He has a minimum of 5 years experience in the types of activities being reported.

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