



FLINDERS
DIAMONDS

Australian Stock Exchange Announcement

Nackara helimag survey completed – new kimberlite targets located

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The Manager
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20 Bridge Street
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Helimag Survey

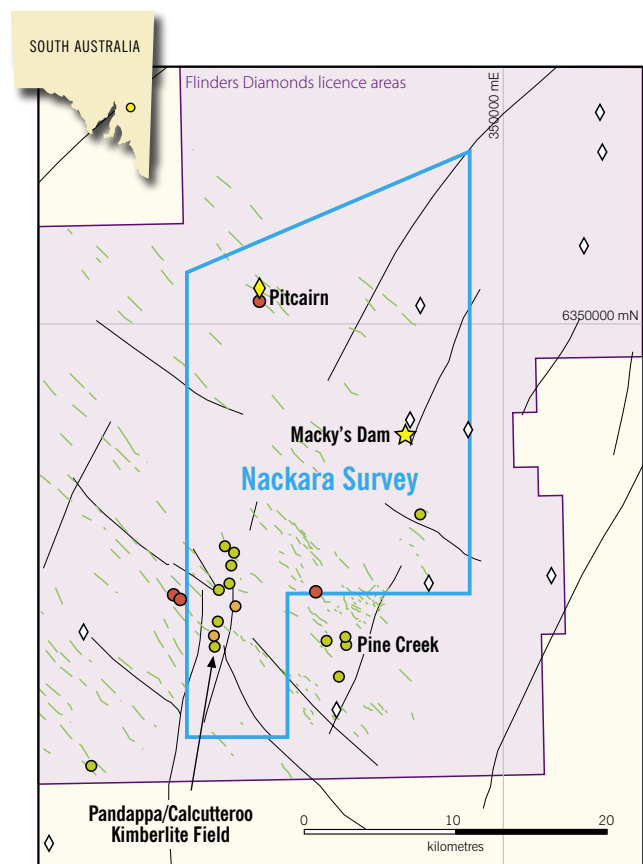
Flinders Diamonds Limited (ASX:FDL) completed helimag surveying of the Nackara Area (Area 2) on 20 July (Figure 1).

A total of 5,361 line km were flown at an average sensor height of 25 m, providing coverage over 515 sq km at 100 m line spacing. An image of the completed high resolution survey data in its raw form is shown in Figure 2. The data is currently undergoing post processing for differential correction and micro levelling.

FDL have decided to postpone helimag surveying in the Peterborough area (Area 1) until the current cropping season ends when the area becomes accessible for ground follow up.

Helimag Results

The fine detail shown in the new data will enable FDL to identify kimberlite pipes and dykes that have a magnetic response. Initial assessment of the data has highlighted numerous pipe-like features as well as the strong linear targets interpreted as probable kimberlite dykes. A number of the new kimberlite pipe and dyke targets are shown in Figure 2. Target features will undergo systematic ground magnetic follow up prior to trenching or drilling in order to confirm kimberlites and obtain samples for diamond testing.



Previous Explorers	FDL Results
● Kimberlites (non diamondiferous)	● Kimberlites (non diamondiferous)
◇ Diamond location unsourced	● Kimberlites discovered April/May 2005
— Interpreted structures	◇ Diamondiferous kimberlite
★ Diamond indicator mineral anomaly	— Kimberlite targets
	□ Helimag 100m spacing survey

Figure 1 Location of Helimag Survey.

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The benefit of the new high resolution data compared to previous aeromagnetic coverage is highlighted by the definition of a small cluster of previously identified kimberlite pipes in the Calcutteroo area, shown in Figure 2. The pipes are not visible in previous aeromagnetic survey data but are clearly visible in the new high resolution survey. FDL believes that identifying these types of signatures and associated structural controls will be extremely useful for recognising new kimberlite occurrences. Similarly, the JS Kimberlite Pipe excavated in the Pitcairn area in February is clearly apparent in the new data (see Figure 2) with additional untested pipe-like targets also clearly visible.

Forward Program

Work is currently in progress to process and interpret the data. Kimberlite targets will be identified for ground follow up. Initially FDL will prioritise kimberlite pipe and larger dyke targets.

Ground magnetic surveying has commenced over a number of circular pipe-like features in a structurally complex zone south of Macky's Dam. Early indications from the field suggest these features have the right magnetic response to warrant follow up testing as potential pipes.

The Macky's Dam region is being given early priority due to the presence of numerous diamond occurrences and intensive indicator mineral anomalies identified by previous explorers for which no source has yet been identified.



Dr Kevin Wills
Managing Director

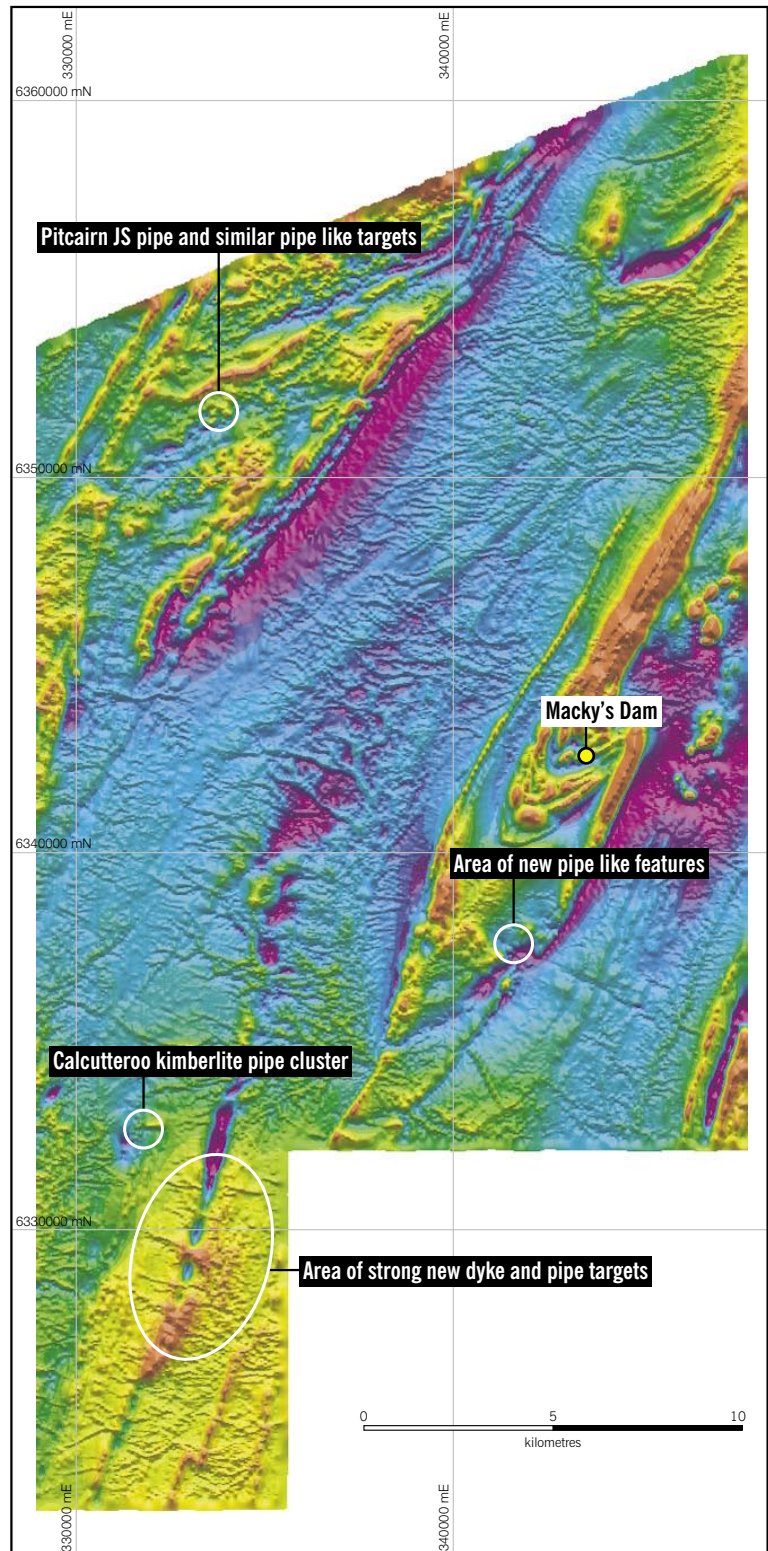


Figure 2 Nackara Helimag Survey magnetic image with selected examples of kimberlite pipe and dyke target areas annotated.