



FLINDERS
DIAMONDS

Australian Stock Exchange Announcement

EXCITING NEW KIMBERLITE TARGETS FROM PETERBOROUGH HELIMAG SURVEY

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The Manager

Companies Announcements Office

Australian Stock Exchange

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HIGHLIGHTS

- A 48 hectare kimberlite pipe target located at Franklyn
- 25 kimberlite pipe targets located in Porcupine Ladder Zone
- 6 new kimberlites located in recent trenching program

Peterborough Helimag Survey

Results

As part of the Flinders Ranges diamond exploration program in South Australia a new helimag survey is being flown in the Peterborough area. The survey commenced on 17 March and is likely to be completed by 21 April. The Flinders Ranges Project area is shown in the inset to Figure 1 and the Peterborough Helimag survey area on Figure 1.

Some new detailed data from an area just east of Terowie is shown on Figure 2. Preliminary interpretation of this area has identified about 60 kimberlite dyke targets and 12 kimberlite pipe targets as shown on Figure 2a. One of the kimberlite Pipe targets, named the Franklyn target, has dimensions of about 1000 metres north-south and 600 metres east-west and is about 48 hectares in size. If it is confirmed as a kimberlite it will be by

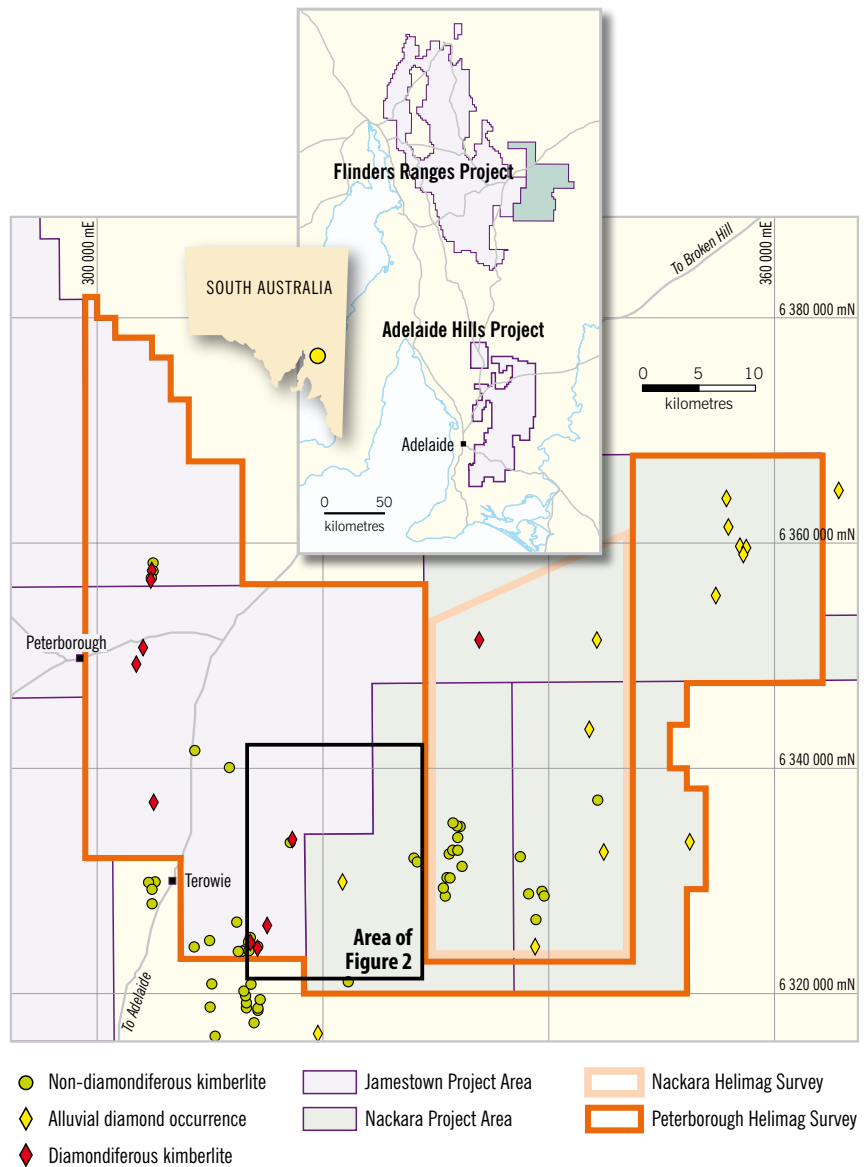


Figure 1 Location of the Peterborough Helimag Survey.

far the largest kimberlite located in the project area to date. These targets are in areas of interpreted shallow cover which can be tested by excavator trenches. This work is planned to commence just after Easter.

Another area of interest on Figure 2a has been called the "Porcupine Ladder Zone" after the Porcupine Range of hills which traverses the area. The zone contains at least 25 identified kimberlite

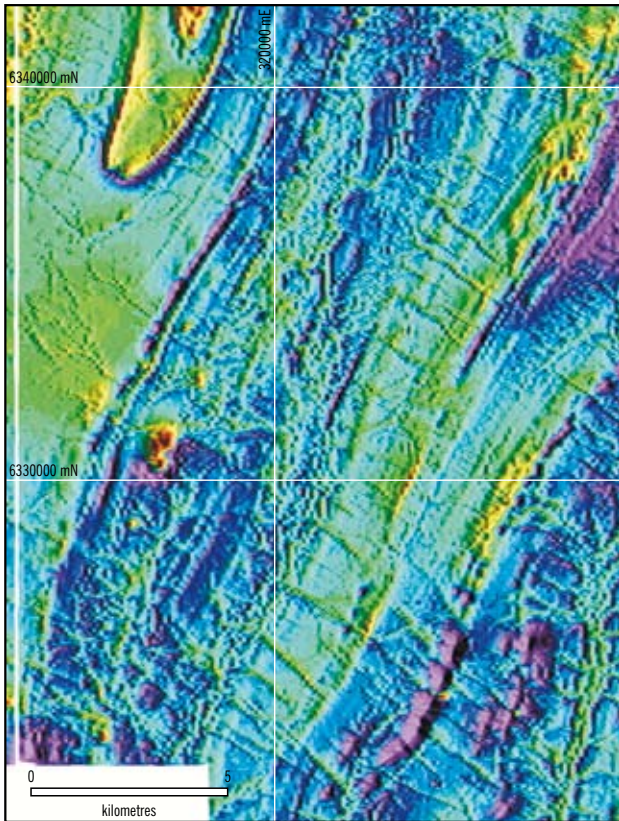


Figure 2a Helimag image from Peterborough Survey Area.

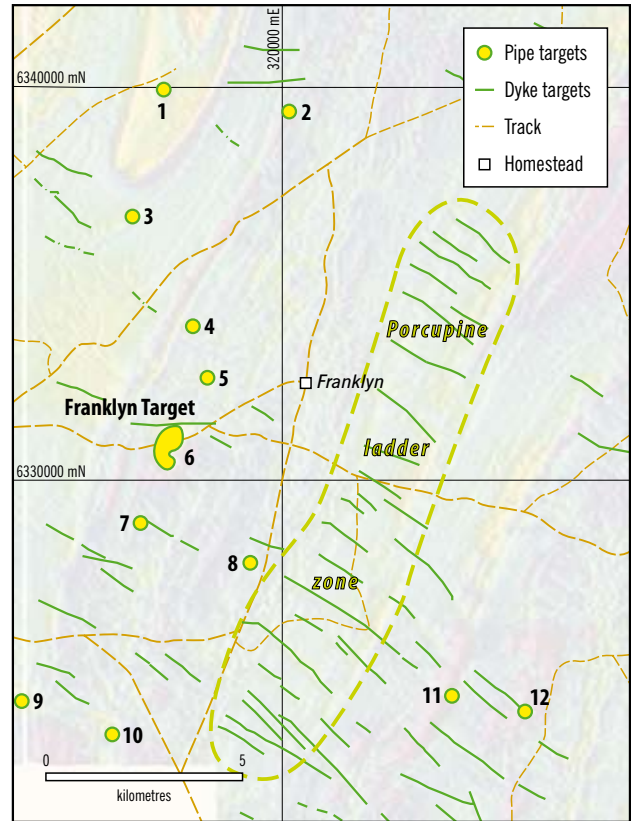


Figure 2b Kimberlite targets in the Franklyn Area.

dyke targets arranged like the “rungs on a ladder”.

When the new survey is complete Flinders Diamonds will have 100 metre line spaced helimag coverage over an area about 65 kilometres east-west and 45 kilometres north-south or about 3000 square kilometres. The new data is very high density and quality enabling the location of features with subtle geophysical expressions that could not be seen on previous surveys.

New Kimberlites Located

In the recent kimberlite trenching program carried out between 15 March and 9 April, a total of six new kimberlite bodies were discovered. The program involved trench testing of 19 ground magnetic targets from the Nackara helimag survey. The six kimberlites consisted of two pipes, two dykes and two sills. In addition three more possible kimberlites were identified but require further chemical analysis for confirmation.

Bulk Sampling Program and Expanded Team

Flinders Diamonds is currently expanding the scope of its Flinders Ranges diamond exploration program and the size of its exploration team. The new team will consist of three groups, one for ground magnetics, one for trenching and one for bulk

sampling. Bulk sampling of the most microdiamond rich kimberlites located to date is programmed to commence in June.

Dr Kevin Wills
Managing Director

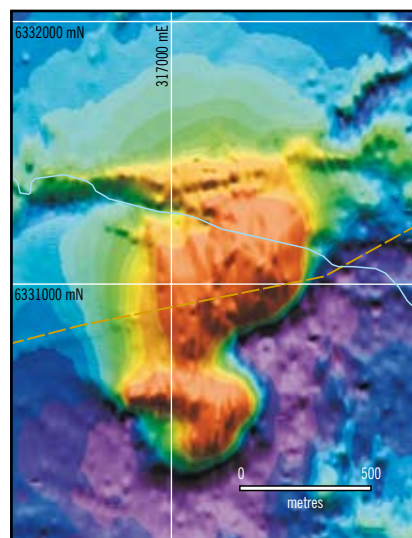


Figure 3 25 metre line-spaced data over the Franklyn kimberlite pipe target.

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The information in this report that relates to Exploration Results, Mineral Resources and Ore Reserves is based on information compiled by Dr K Wills who is a Fellow of the Australasian Institute of Mining and Metallurgy and acts as a geological consultant to Flinders Diamonds Limited. Dr Wills has more than five years relevant experience in the style of mineralisation and types of deposit under consideration and consents to inclusion of the information in this report in the form and context in which it appears. He qualifies as Competent Person as defined in the 2004 Edition of the “Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves”.