



FLINDERS
DIAMONDS

15th November 2006

Dear Shareholder,

This letter contains additional information relating to Resolution 3 contained in the Notice of Annual General Meeting dated 30th October 2006.

3. **Directors Remuneration**

To set at \$300,000 the maximum level of Non-Executive Directors remuneration. This is an increase of \$100,000 from the current maximum level of Non-Executive Directors remuneration of \$200,000.

Voting Exclusion

In accordance with the ASX Listing Rules, the Company will disregard any votes cast on resolution 3 by any director of the Company and their associates.

However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Proxies

Any proxies previously lodged will remain valid or if you wish to change your proxy please contact our share registry, Computershare, on 1300 556 161. The proxy form sent with the original Notice of Meeting remains the form to use if you wish to vote via proxy.

Yours Sincerely,

Richard W C Willson
Company Secretary