



FLINDERS  
DIAMONDS

## Australian Stock Exchange Announcement

### **MONKS HILL KIMBERLITE PIPE AND FLINDERS RANGES EXPLORATION UPDATE.**

21 February 2007

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

#### **Highlights.**

- *Further microdiamonds and two macrodiamonds recovered from Monks Hill (H77a) Kimberlite Pipe.*
- *Preparations are underway to Bulk Sample the H77a kimberlite during fourth quarter.*
- *Two new kimberlites found in the vicinity of Monks Hill.*

#### **Monks Hill Diamond Exploration Results.**

This preliminary report has been prepared while diagrams are being drafted for a more complete report. Positive microdiamond results have been received for four of five samples, each of approximately 10 kg in weight, recently tested at North Australian Diamonds Limited's laboratory in Perth. In addition two macrodiamonds (diamonds greater than 0.5 mm in size) were recovered from one of the diamondiferous samples from which 3 microdiamonds were also recovered.

Microdiamonds have now been recovered from six of the eight samples tested from the H77a

kimberlite. Two samples tested returned negative results. When normalized to a 20 kg sample weight, the positive results range from 110 microdiamonds in the initial sample analysed, to results of 2, 3, 4, 6 (plus 2 macrodiamonds) and 8 from latter samples. The 2 macrodiamonds recovered from one of the most recent samples, although regarded as encouraging, have not been included as recovered microdiamonds in the above record.

The larger of the macrodiamonds is a 1.5 by 1.3 by 1 mm twinned dodecahedral stone, slightly greyish in colour and containing a few inclusions. It shows evidence of dissolution and some abrasion. The second stone is a 1.45 by 0.8 by

0.8mm irregular shaped fragment of a larger diamond. The stone is off white to light yellow in colour.

As previously noted, substantial variability in microdiamond, and macrodiamond, contents within kimberlite pipes is common. The number of microdiamonds recovered from small samples, initially tested to determine if a particular kimberlite is diamondiferous, may give a wide scattering of results. While the Company considers that the results obtained thus far are encouraging they do advise that the results are inconsistent and only indicate the potential commerciality of the kimberlite.

To obtain a better understanding of the H77a kimberlite the Company will collect more samples for microdiamond determinations and treat a more representative bulk sample of approximately 120 tonnes. FDL has a DMS plant standing-by located 70 km away at Terowie. Due to recent heavy rains in the area, and the availability of the plant operating personnel, it is not anticipated that the trial will commence prior to the April-June quarter. In the interim drilling and trenching will continue to further define the extent of the kimberlite.

**Ground Magnetic Surveys.**

Magnetic surveying of a large number of targets, identified from the Helimag Surveys, is continuing. This activity is mainly concentrated to the north and northeast of Monks Hill. Fifteen targets have recently been sufficiently detailed for trenching and/or drilling as soon as ground conditions allow. Two new kimberlites, recently identified in the Monks Hill area, are also currently being evaluated.



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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, through his company KJ Exploration Pty Ltd, 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".