



FLINDERS
DIAMONDS

Australian Stock Exchange Announcement

FLINDERS DIAMONDS ENTERS AGREEMENT WITH COPPER RANGE LIMITED TO EXPLORE FOR BASE AND PRECIOUS METALS IN ITS FLINDERS RANGES PROJECT, SOUTH AUSTRALIA

7 March 2007

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

Summary

Flinders Diamonds Limited (FDL) has entered an agreement to divest 90% of its base and precious metal rights in its Flinders Ranges Project to Copper Range Limited (CRL) for a consideration of \$100,000 cash and 1,000,000 ordinary shares in CRL. FDL's diamond rights and exploration programs will continue and are not affected by the agreement with CRL.

The Agreement

Flinders Diamonds (FDL) has entered an agreement whereby CRL has the right, subject to Ministerial consent, to explore for base and precious metals over an area of approximately 8585 sq km in the Flinders Ranges (Figure 1).

FDL will continue to actively explore for diamonds within the same licences however FDL shall gradually dilute its interest in any base and precious metal rights within the tenements.

Upon signing of the agreement CRL shall pay \$100,000 to FDL, and issue 1,000,000 ordinary CRL shares to FDL within 14 days after receipt of Ministerial approval.

The earn-in agreement provides for CRL expenditure of \$2.25M over a period of 3 years on exploration for base and precious metals with a minimum expenditure of \$750,000 per annum. CRL shall earn a 50% interest in the

base and precious metals rights after the expenditure of \$1.0M and a 90% interest once it has spent \$2.25M. CRL may withdraw from the agreement at any time after a minimum expenditure of \$750,000.

Once CRL has acquired a 90% interest, FDL will retain a free carried interest through to completion of a bankable feasibility study. At this stage FDL may elect to contribute 10% to the development costs of a mine, and retain its 10% interest, or it may elect to transfer its interest to CRL and receive a 1.5% NSR royalty.

Benefits of the Agreement

FDL is committed to maintaining a focus on diamond exploration throughout South Australia and other Australian States as new opportunities arise.

The Directors however have been aware of the potential for other types of mineralization within the Company's licences and recognize the positive benefits of joint ventures.

The agreement with CRL introduces a company with both the expertise and resources to explore the tenements for base and precious metals while providing significant benefits in the event of a discovery within this highly prospective copper province.

Copper Range has engaged two North American copper experts, Dr Rod Kirkham and Dr Jon Thorson, who reviewed the discovery potential of the Adelaide Fold Belt. Both consultants commented on the geological similarities to major copper provinces, notably the famous Zambian Copper Belt, and expressed the view that the Adelaide Fold Belt has excellent potential for discovery of world-class copper deposits.

Dr Kevin Wills
Managing Director

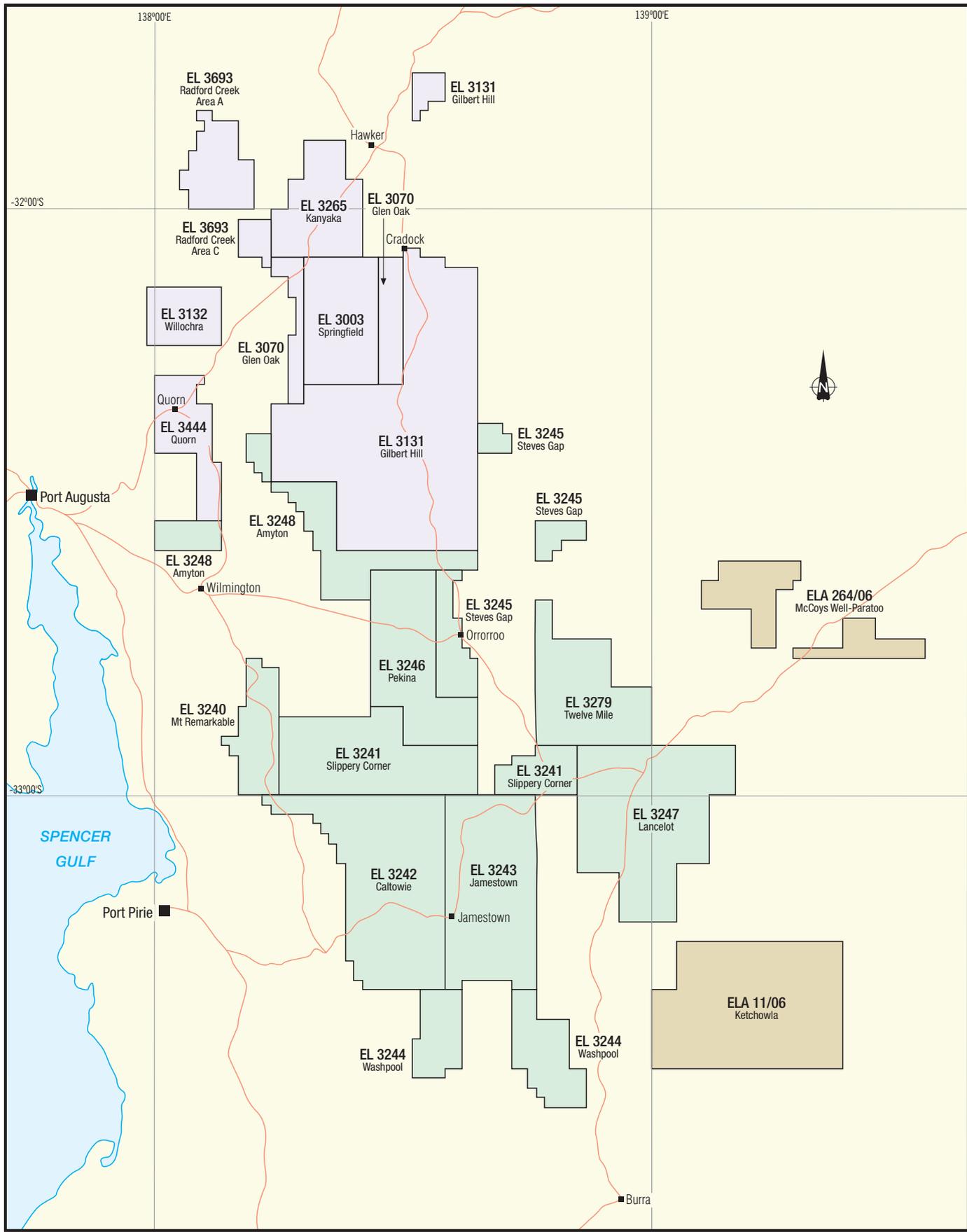
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The information in this report that relates to Exploration Results, Mineral Resources and Ore Reserves is based on information compiled by Dr K Wills who is a Fellow of the Australasian Institute of Mining and Metallurgy and, through his company KJ 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".



- Springfield exploration licences
- Jamestown exploration licences
- Nackara exploration licences

SOUTH AUSTRALIA
FLINDERS RANGES PROJECT
 COPPER RANGE LIMITED AGREEMENT

Location of FDL Tenements
 7 March 2007

Lambert Conical Projection

FLINDERS DIAMONDS
 Author
 Drafted R K Young
 Project Flinders
 Date 7 March 2007
 Scale 1 : 1 000 000
 File No. FLDRG 24.fhd

Figure 1