



FLINDERS
DIAMONDS

Australian Stock Exchange Announcement

BULK SAMPLING OF MONKS HILL KIMBERLITE COMMENCES

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

Flinders Ranges Project

A 100 tonne sample from the Monks Hill (H77a) Kimberlite pipe has been extracted and transported to the Heavy Media Separation (HMS) plant located near Terowie (Figure 1).

Trenching and auger drilling has defined the H77a body over a 1.2 Ha area under shallow cover. Laboratory scale testing of 10 small samples has resulted in 6 positive micro diamond (defined as diamonds less than 0.5mm in size) results. One 10 kg sample also yielded two macro diamonds, one a slightly greyish 1.5 by 1.3 by 1mm stone. The other a white to yellow diamond, a fragment from a larger stone, measuring 1.45 by 0.8 by 0.8mm.

It is apparent that while H77a is diamondiferous the distribution of diamonds is quite variable requiring progressively larger samples, from various areas within the pipe, to be processed to determine its potential commerciality. The sample to be processed was obtained from 3 bulldozer cuts at different sites within the body.

The HMS plant (Figure 2) and additional facilities have been re-commissioned over this

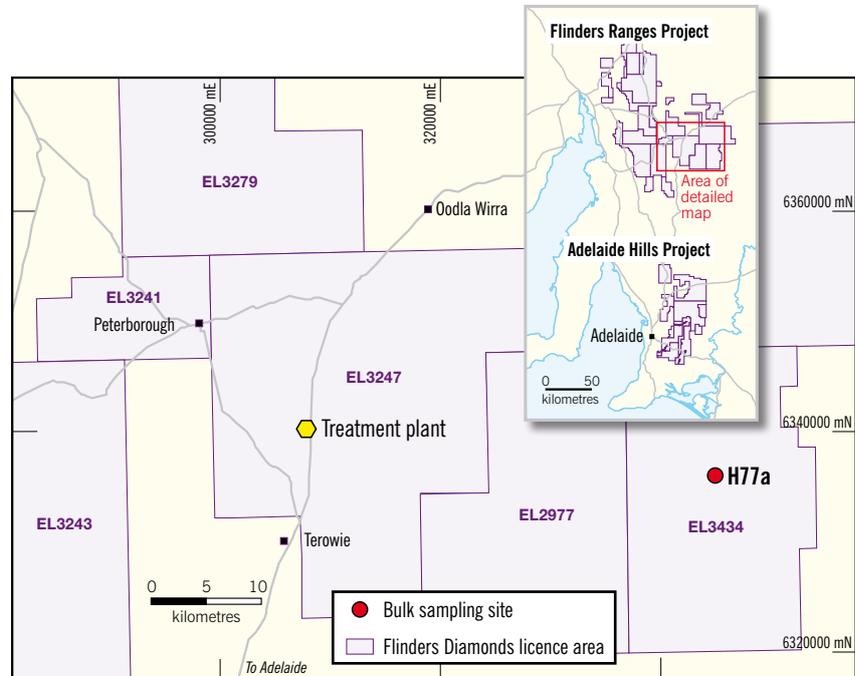


Figure 1 Location of kimberlite H77a and bulk sampling treatment plant.

week. Processing of the bulk sample, due to commence on 30 March, may take up to 7 days. Concentrates from the HMS circuit will be further processed in Perth by a commercial X-ray sorting process followed by hand sorting by professional observers.

H77a is one of over 80 kimberlites found by the Company within its Flinders Ranges Project areas. All have



Figure 2 Bulk sampling treatment plant.

been found beneath cover utilizing a combination of detailed Helimag and ground magnetic surveys, trenching and drilling. Laboratory analysis has identified 23 of these to be diamondiferous.

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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".