



FLINDERS  
DIAMONDS

## Australian Stock Exchange Announcement

### **ONE FOR ONE NON-RENOUNCEABLE RIGHTS ISSUE**

1 May 2007

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

The Directors of Flinders Diamonds Limited (Flinders) (ASX Code FDL) announce a Rights Issue to fund its ongoing exploration program in the Flinders Ranges and its new direction, Diamond Exploration on the Gawler Craton.

Flinders will lodge a prospectus with the ASX & ASIC for a non-renounceable rights issue to raise \$5,837,397 (before expenses) through the issue of 486,449,708 shares on the basis of one new share for each existing share held on the record date at an issue price of \$0.012 each.

The prospectus will be available on both the Company's ([www.flindersdiamonds.com](http://www.flindersdiamonds.com)) and the ASX ([www.asx.com.au](http://www.asx.com.au)) websites.

Applications for shares under the Rights Issue must be made using an application form that accompanies a copy of the prospectus.

The Record Date for the Rights Issue is 14 May 2007.

The Rights Issue will not be underwritten, the Directors reserve the right to place any shortfall.

#### **KEY DATES**

Announcement of Rights Issue	1 May 2007
Securities quoted on an Ex-basis (shares acquired after this date will not be entitled to participate)	8 May 2007
Record Date (Shareholders appearing on the register at the close of business will be entitled to participate)	14 May 2007
Despatch of Prospectus and Acceptance forms	17 May 2007
Rights Issue Closes at 5pm	15 June 2007

The above dates are indicative only and, subject to the Corporations Act and the Listing Rules, the Directors reserve the right to change any of the above dates without notice.

For further information please contact: Dr Kevin J A Wills  
Managing Director  
Telephone (08) 8362 5900  
Email [kwills@flindersdiamonds.com.au](mailto:kwills@flindersdiamonds.com.au)

# Appendix 3B

## New issue announcement, application for quotation of additional securities and agreement

*Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.*

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003, 24/10/2005.

Name of entity

FLINDERS DIAMONDS LIMITED

ABN

46 091 118 044

We (the entity) give ASX the following information.

### Part 1 - All issues

*You must complete the relevant sections (attach sheets if there is not enough space).*

- |   |  |  |
|---|--|--|
| 1 | +Class of +securities issued or to be issued   | ORDINARY FULLY PAID SHARES                                     |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued  | UP TO A MAXIMUM OF 486,449,708<br>(FINAL NUMBER TO BE ADVISED) |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | ORDINARY FULLY PAID SHARES                                     |

+ See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

---

<p>4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> <li>• the date from which they do</li> <li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li> <li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li> </ul>	<p>YES</p>						
<p>5 Issue price or consideration</p>	<p>\$0.012</p>						
<p>6 Purpose of the issue          (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>PURSUANT TO A 1 FOR 1 PRO-RATA          NON-RENOUINCEABLE RIGHTS ISSUE</p>						
<p>7 Dates of entering +securities into uncertificated holdings or despatch of certificates</p>	<p>NO LATER THAN 22 JUNE 2007</p>						
<p>8 Number and +class of all +securities quoted on ASX (including the securities in clause 2 if applicable)</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Number</th> <th style="text-align: left;">+Class</th> </tr> </thead> <tbody> <tr> <td style="text-align: left;">972,899,416</td> <td style="text-align: left;">FULLY PAID ORDINARY SHARES</td> </tr> <tr> <td style="text-align: left;">381,653,978</td> <td style="text-align: left;">10 CENT OPTIONS EXPIRING 29-9-08</td> </tr> </tbody> </table>	Number	+Class	972,899,416	FULLY PAID ORDINARY SHARES	381,653,978	10 CENT OPTIONS EXPIRING 29-9-08
Number	+Class						
972,899,416	FULLY PAID ORDINARY SHARES						
381,653,978	10 CENT OPTIONS EXPIRING 29-9-08						

---

+ See chapter 19 for defined terms.

9	Number and <sup>+</sup> class of all <sup>+</sup> securities not quoted on ASX (including the securities in clause 2 if applicable)	Number	<sup>+</sup> Class
		4,025,000	1.7 CENT OPTIONS EXPIRING 20-3-2012
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	N/A	

## Part 2 - Bonus issue or pro rata issue

11	Is security holder approval required?	NO
12	Is the issue renounceable or non-renounceable?	NON-RENOUNCEABLE
13	Ratio in which the <sup>+</sup> securities will be offered	1 FOR 1
14	<sup>+</sup> Class of <sup>+</sup> securities to which the offer relates	ORDINARY SHARES
15	<sup>+</sup> Record date to determine entitlements	14 MAY 2007
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	N/A
17	Policy for deciding entitlements in relation to fractions	N/A
18	Names of countries in which the entity has <sup>+</sup> security holders who will not be sent new issue documents  <small>Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.</small>	ONLY SHAREHOLDERS WITH REGISTERED ADDRESSES IN AUSTRALIA AND NEW ZEALAND ARE ELIGIBLE TO PARTICIPATE
19	Closing date for receipt of acceptances or renunciations	15 JUNE 2007

+ See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

---

20	Names of any underwriters	N/A
21	Amount of any underwriting fee or commission	N/A
22	Names of any brokers to the issue	N/A
23	Fee or commission payable to the broker to the issue	N/A
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders	N/A
25	If the issue is contingent on +security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	17 MAY 2007
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	N/A
28	Date rights trading will begin (if applicable)	N/A
29	Date rights trading will end (if applicable)	N/A
30	How do +security holders sell their entitlements <i>in full</i> through a broker?	N/A
31	How do +security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	N/A

---

+ See chapter 19 for defined terms.

- 32 How do <sup>+</sup>security holders dispose of their entitlements (except by sale through a broker)?
- 33 <sup>+</sup>Despatch date

### Part 3 - Quotation of securities

*You need only complete this section if you are applying for quotation of securities*

- 34 Type of securities  
(tick one)
- (a)  Securities described in Part 1
- (b)  All other securities  
Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

### Entities that have ticked box 34(a)

#### Additional securities forming a new class of securities

*Tick to indicate you are providing the information or documents*

- 35  If the <sup>+</sup>securities are <sup>+</sup>equity securities, the names of the 20 largest holders of the additional <sup>+</sup>securities, and the number and percentage of additional <sup>+</sup>securities held by those holders
- 36  If the <sup>+</sup>securities are <sup>+</sup>equity securities, a distribution schedule of the additional <sup>+</sup>securities setting out the number of holders in the categories  
1 - 1,000  
1,001 - 5,000  
5,001 - 10,000  
10,001 - 100,000  
100,001 and over
- 37  A copy of any trust deed for the additional <sup>+</sup>securities

---

<sup>+</sup> See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

---

**Entities that have ticked box 34(b)**

38 Number of securities for which  
 +quotation is sought 

--

39 Class of +securities for which  
 quotation is sought 

--

40 Do the +securities rank equally in all  
 respects from the date of allotment  
 with an existing +class of quoted  
 +securities?

If the additional securities do not  
 rank equally, please state:

- the date from which they do
- the extent to which they  
 participate for the next dividend,  
 (in the case of a trust,  
 distribution) or interest payment
- the extent to which they do not  
 rank equally, other than in  
 relation to the next dividend,  
 distribution or interest payment

--

41 Reason for request for quotation  
 now

Example: In the case of restricted securities, end of  
 restriction period

(if issued upon conversion of  
 another security, clearly identify that  
 other security)

--

	Number	+Class
42 Number and +class of all +securities quoted on ASX ( <i>including</i> the securities in clause 38)		

---

+ See chapter 19 for defined terms.

**Quotation agreement**

- 1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.
- 2 We warrant the following to ASX.
  - The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
  - There is no reason why those +securities should not be granted +quotation.
  - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.  
Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
  - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
  - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:



Date: 1 MAY 2007

Print name: Richard W C Willson - Company Secretary

=====

---

+ See chapter 19 for defined terms.