



FLINDERS
DIAMONDS

31 August 2007

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

Dear Sir / Madam,

ISSUE OF SHARES PURSUANT TO THE SHORTFALL OF THE RIGHTS ISSUE
(Refer Appendix 3B dated 1 May 2007)

Flinders Diamonds is pleased to announce,

1. 56,333,333 ordinary fully paid shares pursuant to the prospectus were allotted on 31 August 2007.
2. Confirm securities were despatched into the uncertificated accounts on 31 August 2007.
3. Confirm that issuer sponsored statements, CHES confirmation advices will be despatched to security holders on 31 August 2007.
4. Confirm that there are now 943,853,245 ordinary fully paid (listed) shares on issue.
5. Confirm that there are 381,653,978 listed options with an exercise price of 10 cents and expiry date of 29 September 2008 on issue.
6. Confirm that there are 4,025,000 unlisted options with an exercise price of 1.7 cents and expiry date of 20 March 2012 on issue.

Yours faithfully,

Richard W C Willson
Company Secretary