



FLINDERS  
DIAMONDS

11 September 2007

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

Dear Sir / Madam

ISSUE OF SHARES TO COMPLETE RIGHTS ISSUE & SHORTFALL SALES, \$5.8 MILLION RAISED  
(Refer Appendix 3B dated 1 May 2007)

The shortfall has now been completely sold and a total of \$5.8 million has been raised under the rights issue and associated shortfall.

The company is now in a strong position to continue its exploration program, including

- the ongoing Heli-mag survey in the Flinders Ranges area
- testing of targets identified during the Heli-mag survey
- new work on Flinders Island and on the Gawler Craton
- purchase of a Dense Media Separation Bulk Sampling Plant
- further work on the Hamersley project in Western Australia

Details of shares issued,

1. 29,036,170 ordinary fully paid shares pursuant to the prospectus were allotted on 10 September 2007.
2. Confirm securities were despatched into the uncertificated accounts on 10 September 2007.
3. Confirm that issuer sponsored statements, CHES confirmation advices were despatched to security holders on 10 September 2007.
4. Confirm that there are now 972,889,415 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