



FLINDERS  
DIAMONDS

12 March 2008

## SHARE PURCHASE PLAN

Dear Fellow Shareholder

On 3 March 2008, the Directors of Flinders Diamonds Limited ("Flinders") announced a Share Purchase Plan ("SPP"). The SPP is available to all eligible shareholders who were on the share register on the record date, 3 March 2008. Please find enclosed the SPP offer document and your personalised application form and read these documents carefully if you intend to apply for shares.

The SPP will raise a maximum of \$3.61 million (before costs) through the issue of a maximum of 36,100,000 new fully paid ordinary shares in Flinders ("New Ordinary Shares") at 10 cents per share.

There is a maximum of \$3.61 million of Shares available under the SPP. Accordingly, applications will be accepted on a first come, first accepted basis, or scaled back on a pro-rata basis, as the Company's directors decide. Each offer is made on the same terms and conditions.

The reason for the issue is to fund the Company's iron ore project in the Pilbara region of Western Australia and diamond projects in the mid north region of South Australia.

Each shareholder eligible to participate in the SPP will be entitled to subscribe for either 10,000 (\$1,000) or 20,000 (\$2,000) New Ordinary Shares in the capital of the Company at a cost of 10 cents which is at a 23.25% discount to the daily volume weighted average price of Shares over the five ASX trading days up to and including 28 February 2008 (being the last day of trading before the SPP and Placement were announced).

### **Issue Timetable**

Opening Date for receipt of Applications	12 March 2008
Closing Date for receipt of Applications	25 March 2008
Date of Issue of Shares	2 April 2008
Anticipated Date of Quotation of Shares	2 April 2008

Yours faithfully

**R M KENNEDY**  
Chairman

Flinders Diamonds Ltd  
ABN 46 091 118 044

62 Beulah Road  
Norwood  
South Australia  
5067

PO Box 3126  
Norwood  
South Australia  
5067

telephone 61 8 8132 7950  
facsimile 61 8 8132 7999  
email [info@flindersdiamonds.com](mailto:info@flindersdiamonds.com)  
[www.flindersdiamonds.com](http://www.flindersdiamonds.com)

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# Flinders Diamonds Limited

ABN 46 091 118 044



**Please return completed form to:**  
Computershare Investor Services Pty Limited  
GPO Box 2987 Adelaide  
South Australia 5001 Australia  
Enquiries (within Australia) 1300 556 161  
(outside Australia) 61 3 9415 4000  
Facsimile 61 8 8236 2305  
web.queries@computershare.com.au  
www.computershare.com

Entitlement Number:  
Record Date: 3 March 2008  
Offer Closes: 5pm Adelaide Time 25/03/2008  
Price per Security: A\$0.10

## SHARE PURCHASE PLAN APPLICATION FORM

### IMPORTANT:

This is an important document which requires your immediate attention. If you are in any doubt as to how to deal with this form please consult a professional adviser.

Pursuant to the terms and conditions of the Flinders Diamonds Limited Share Purchase Plan (SPP) contained in the letter to Flinders Diamonds Limited securityholders dated 12th March 2008, Flinders Diamonds Limited is offering eligible securityholders the opportunity to purchase Shares up to a maximum value of A\$2,000.00 per eligible securityholder, subject to a minimum application of A\$1,000.00.

**If you do not wish to purchase additional shares under this offer there is no need to take action.**

By making your payment, you agree to be bound by the Constitution of Flinders Diamonds Limited and agree that the submission of this payment constitutes an irrevocable offer by you to Flinders Diamonds Limited to subscribe for Flinders Diamonds Limited Shares on the terms of the SPP. In addition, by submitting this Application Form you certify that the aggregate of the application price paid by you for:

- the Shares the subject of this Application Form; and
- any other shares and interests in the class applied for by you under the Share Purchase Plan or any similar arrangement in the 12 months prior to the date of submission of this Application Form, does not exceed A\$5,000.00.

### METHOD OF ACCEPTANCE

You can apply for shares and make your payment utilising one of the payment options detailed overleaf.

Flinders Diamonds Limited may make determinations in any manner it thinks fit, in relation to any difficulties, anomalies or disputes which may arise in connection with or by reason of the operation of the SPP whether generally or in relation to any participant or application. Any determinations by Flinders Diamonds Limited will be conclusive and binding on all eligible securityholders and other persons to whom the determination relates. Flinders Diamonds Limited reserves the right to waive strict compliance with any provision of the terms and conditions of the SPP, to amend or vary those terms and conditions and to suspend or terminate the SPP at any time. Any such amendment, variation, suspension or termination will be binding on all eligible securityholders even where Flinders Diamonds Limited does not notify you of that event.

**This offer is Non-Renounceable - no Signature is required**  
**Applications can only be accepted in the name printed on this form**

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Paperclip  
cheque(s)  
here.  
Do not  
staple.

**Flinders Diamonds Limited** Please see overleaf for Payment Options

ABN 46 091 118 044



Billor Code: \_\_\_\_\_  
Ref No: \_\_\_\_\_

**I/We wish to purchase:**

10,000 shares or  20,000 shares or  
 A\$1,000.00 **or**  A\$2,000.00

\* These share amounts may be subject to scale-back in accordance with the terms of the SPP.

### Payment Details

Drawer	Cheque number	BSB number	Account number	Cheque amount
				A\$

**Make your cheque or bank draft payable to Flinders Diamonds Limited Share Purchase Plan**

### Contact Details

Please provide your contact details in case we need to speak to you about this Form

**Name of contact person**

**Contact person's daytime telephone number**

# How to accept the Share Purchase Plan

## Payment Details

You can apply for shares by utilising the payment options detailed below. There is no requirement to return this Form if you are paying by electronic means.

By making your payment using either electronic means or by cheque, bank draft or money order, you confirm that you:

- agree to all of the terms and conditions of the Share Purchase Plan as enclosed with this form;

Make your cheque, bank draft or money order payable to Flinders Diamonds Limited Share Purchase Plan in Australian currency and cross it Not Negotiable. Your cheque or bank draft must be drawn on an Australian branch of a financial institution. Please ensure you submit the correct amount. Incorrect payments may result in your application being rejected. Complete cheque details in the boxes provided.

**If paying by cheque, return the Application Form and Cheque, Bank Draft or money order in the envelope provided.**

**Cheques will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques returned unpaid may not be re-presented and may result in your Application being rejected. Paperclip (do not staple) your cheque(s) to the Share Purchase Plan Application Form where indicated. Cash will not be accepted. A receipt for payment will not be forwarded.**

## Contact Details

Enter the name of a contact person and telephone number. These details will only be used in the event that the registry has a query regarding this form.

## Lodgement of Application

If you are applying for shares and your payment is being made by BPAY, you do not need to return this form. Your payment must be received by no later than 5:00 pm Adelaide Time on 25 March 2008. Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment, and should therefore take this into consideration when making payment. It is the responsibility of the applicant to ensure that funds submitted through BPAY are received by this time.

If you are paying by cheque, bank draft or money order, your Application Form must be received by Computershare Investor Services Pty Limited (CIS) Adelaide by no later than 5:00 pm Adelaide Time on 25 March 2008. You should allow sufficient time for this to occur. A reply paid envelope is enclosed for securityholders in Australia. New Zealand holders will need to affix the appropriate postage. Return your Application Form with cheque, bank draft or money order attached.

Neither CIS nor the Company accepts any responsibility if you lodge the Application Form at any other address or by any other means.

## Privacy Statement

Personal information is collected on this form by CIS, as registrar for securities issuers ("the issuer"), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. Your personal information may be disclosed to our related bodies corporate, to external service companies such as print or mail service providers, or as otherwise required or permitted by law. If you would like details of your personal information held by CIS, or you would like to correct information that is inaccurate, incorrect or out of date, please contact CIS. In accordance with the Corporations Act 2001, you may be sent material (including marketing material) approved by the issuer in addition to general corporate communications. You may elect not to receive marketing material by contacting CIS. You can contact CIS using the details provided on the front of this form or E-mail [privacy@computershare.com.au](mailto:privacy@computershare.com.au)

**If you have any enquiries concerning this form or your entitlement, please contact CIS on 1300 556 161.**

This form may not be used to notify your change of address. For information, please contact CIS on 1300 556 161 or visit [www.computershare.com](http://www.computershare.com) (certificated/issuer sponsored holders only).

**CHESS holders must contact their Controlling Participant to notify a change of address**

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## Payment Options:



\_\_\_\_\_  
Biller Code:  
\_\_\_\_\_  
Ref No:  
\_\_\_\_\_

Telephone & Internet Banking – BPAY

Call your bank, credit union or building society to make this payment from your cheque or savings account. More info: [www.bpay.com.au](http://www.bpay.com.au)



**By Mail**  
**Flinders Diamonds Limited**  
**Computershare Investor**  
**Services Pty Limited**  
**GPO Box 2987**  
**Adelaide, South Australia 5001**  
**AUSTRALIA**

**FLINDERS DIAMONDS LIMITED**  
**ACN 091 118 044**

**SHARE PURCHASE PLAN – OFFER DOCUMENT**

<b>Share Purchase Plan (SPP)</b>	The SPP provides eligible holders of shares in Flinders Diamonds Limited ( <b>Company</b> ) with the opportunity to acquire up to 20,000 additional shares in the Company ( <b>Shares</b> ). There is a maximum of \$3.61 million of Shares available under the SPP. Accordingly, applications will be accepted on a first come, first accepted basis, or scaled back on a pro-rata basis, as the Company's directors decide. Each offer is made on the same terms and conditions.
<b>Eligibility</b>	Registered holders of fully paid Shares at 5:00 pm (Adelaide time) on 3 March 2008 and having a registered address in either Australia or New Zealand are eligible to participate in the SPP ( <b>Eligible Shareholders</b> ).
<b>Issue Price</b>	The price per Share issued under the SPP will be 10 cents each. This price is the same price at which Shares were issued under the share placement announced to ASX Limited ( <b>ASX</b> ) on 3 March 2008 ( <b>Placement</b> ) and is 23.25% lower than the daily volume weighted average price of Shares over the five ASX trading days up to and including 28 February 2008 (being the last day of trading before the SPP and Placement were announced).
<b>Amount to invest</b>	You may apply under one of the alternatives below: <ul style="list-style-type: none"> <li>• 20,000 Shares at a total application price of \$2,000; or</li> <li>• 10,000 Shares at a total application price of \$1,000.</li> </ul>
<b>Indicative timetable*</b>  *Subject to the <i>Corporations Act 2001</i> and the Listing Rules of ASX Limited, these dates may be varied by the directors without prior notice.	Opening Date for receipt of Applications – 12 March 2008 Closing Date for receipt of Applications – 25 March 2008 Date of Issue of Shares – 2 April 2008 Anticipated Date of Quotation of Shares – 2 April 2008
<b>How to apply</b>	If you wish to participate in the SPP you must complete the enclosed Application Form in accordance with the instructions on that Form and return it together with a cheque made payable to "Flinders Diamonds Limited Share Purchase Plan" before the Closing Date. Alternatively, you can participate in the SPP using BPAY (refer to the reverse of the enclosed Application Form for further details).
<b>Rights attached to Shares</b>	New Shares will rank equally with existing Shares on issue at the date of allotment.
<b>Transferring rights</b>	The offer is non-renounceable meaning rights to take up Shares cannot be transferred.
<b>What to do if you receive more than one Application Form</b>	If you receive more than one Application Form, or if you hold Shares in more than one capacity, for example if you are both a sole and joint holder of Shares, the maximum number of Shares you may apply for under the SPP is 20,000.
<b>Other terms, conditions and important notices</b>	Other terms, conditions and important notices relating to the SPP appear on the following page and should be read in full before applying for Shares.

**FLINDERS DIAMONDS LIMITED**  
**ACN 091 118 044**

**SHARE PURCHASE PLAN – OFFER DOCUMENT**

**OTHER IMPORTANT TERMS, CONDITIONS AND NOTICES**

1. You should be aware that the market price of Shares may rise or fall before the Shares are allotted to you under the SPP; therefore, the issue price of Shares under the SPP may exceed or be less than the market price of Shares at the time of allotment to shareholders.
2. Shareholders will be bound by the constitution of the Company and these terms and conditions by accepting the offer to acquire Shares under the SPP.
3. The Company has a broad discretion to accept or reject your application to purchase Shares under the SPP, including (without limitation) if: your Application Form is incorrectly completed or incomplete or otherwise determined by the Company to be invalid; the cheque or money order that you enclose with the Application Form is not made out for the exact amount of the parcel of Shares that you have selected on the Application Form, is dishonoured or has not been completed correctly; or the Company believes that you are not an Eligible Shareholder.
4. The Company may issue to any person fewer Shares than the person applied for under the SPP. No interest will be paid on any application money returned to you.
5. Where a trustee or nominee is noted on the Company's share register as holding Shares on behalf of another person (**Beneficiary**), the trustee or nominee may, in respect of each Beneficiary, apply for a maximum of \$2,000 in Shares. If registered trustee or nominee holdings do not include a named Beneficiary, the maximum number of Shares the trustee or nominee may apply for will be to a value of \$2,000.
6. If you apply to participate in the SPP by completing and returning the Application Form or by using BPay:
  - 6.1 your application, on these terms and conditions, will be irrevocable and unconditional (it cannot be withdrawn);
  - 6.2 you acknowledge that you are an Eligible Shareholder;
  - 6.3 you certify that you have not applied for Shares with an aggregate application price in excess of \$5,000 under the SPP and any similar arrangement in the 12 months prior to your application, even though you may have received more than one offer under the SPP or received offers in more than one capacity under the SPP;
  - 6.4 you acknowledge that you are lawfully permitted to accept the offer to acquire Shares under the SPP and participate in the SPP in accordance with the laws applicable in Australia and any other applicable laws in the jurisdiction in which you and/or the beneficial owner of your Shares are situated.
7. The Company may modify or terminate the SPP at any time. The Company will notify ASX of any modification or termination of the SPP. The omission to give notice of any modification to, or termination of the SPP or the failure of ASX to receive such notice will not invalidate the termination or modification.
8. The Company may, in any manner it thinks fit, settle any difficulties, anomalies or disputes which may arise in connection with or by reason of the operation of the SPP, whether generally or in relation to any participant, application or Shares. The decision of the Company in this respect will be conclusive and binding on all shareholders and other persons to whom that determination relates.