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

## Australian Securities Exchange Announcement **CLARIFICATION – DIAMONDS NOT CONTAINED IN SA PROSPECT**

### **CLARIFICATION**

- *Additional analysis following announcement of diamonds in exploration samples on 26 June confirms that diamonds are not present.*
- *SEM analysis reveals diamond-like crystals were florencite – a hydrated rare earth aluminium phosphate.*

### **NON-CONFIRMATION OF DIAMONDS REPORTED ON 26 JUNE**

On 26 June, Flinders Mines Limited (Flinders) reported what it thought was a new diamond discovery from the Nackara Helimag survey in the area about 40 km northeast of Peterborough in South Australia. It was stated at the time that “Much work, including verification of the results, is necessary before the true significance of the discovery is known”. Additional analytical work has now been completed with the result that the original diamonds have not been confirmed. During SEM (secondary electron microscope) analysis the presence of: O, Al, P, Ce and La was measured semi-quantitatively and the unknown mineral was determined to be florencite  $(\text{Ce, La})\text{Al}_3(\text{PO}_4)_2(\text{OH})_6$ .

Two of the 10 grains thought to be diamonds are shown in Figure 1. The pseudo-cubic crystal shape of florencite can easily be confused with the common octahedral shape of diamonds. Flinders Diamonds Pty Ltd has put in place new procedures involving SEM analysis to avoid misidentification of diamonds in future. This will mean slight delays in reporting of diamond results while an independent check on the presence of diamond is carried out.



**Figure 1** Two of the ten florencite crystals previously thought to be diamonds.

While the lack of verification of the presence of diamonds is disappointing, Flinders remains confident that it is exploring in a well mineralised province and that future discoveries of diamondiferous kimberlites remain likely.

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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. Dr Wills is an employee of Flinders Mines Limited. He has more than five years of relevant experience in the style of mineralisation and types of deposit under consideration and consent to inclusion of the information in this report in the form and context in which it appears. He qualifies as Competent Persons as defined in the 2004 Edition of the “Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves”.