N E W S

• RELEASE •

FOR IMMEDIATE RELEASE
Monday 26 June 2006

FLINDERS COMMENCES BULK SAMPLING PROGRAM FOR

ECONOMIC DIAMOND GRADES IN SA'S MID NORTH

The potential presence of economic quantities of diamonds has become the subject of the first major bulk sampling program to be undertaken by listed Flinders Diamonds Limited in the mid north of South Australia.

The diamond explorer announced today that eight kimberlite samples weighing 100 tonnes each were now being extracted and treated in a six week program with results due by the end of August.

The program culminates a successful exploration period for Flinders Diamonds this year. Two new kimberlite pipes at least 100 metres across and discovered in recent months, were given priority and rushed into the current bulk sampling schedule.

In the past two years, Flinders Diamonds has located more than 75 new kimberlite bodies – the host rock source for commercial and non commercial deposits of diamonds - with at least 21 so far containing microdiamonds.

The most promising of these have been selected for the bulk sampling program announced today.

"We already known that several of these kimberlites contain diamonds as some were recovered from the earlier 20 kilogram sampling program," Flinders Diamonds' Managing Director, Dr Kevin Wills, said.

"The bulk sampling program is a significant elevation of the process which will determine if this province has the potential to yield viable diamond mining activity," Dr Wills said.

A dense media separation plant able to treat the bulk samples has been located half way between Terowie and Peterborough in the State's mid north.

MEDIA CONTACT:

Dr Kevin Wills **Flinders Diamonds Limited** **(08) 8362 5900 / 0419 850 997**

Kevin Skinner **Field Public Relations** **(08) 8232 1355 / 0414 822 631**

issued through
FIELD PUBLIC RELATIONS PTY LTD ABN 74 008 222 311
231 South Road, MILE END SA 5031
Ph: 08 8234 9555 Fax: 08 8234 9566
admin@fieldpr.com.au

HOW DIAMOND BULK SAMPLING WORKS

The Dense Medium Separation (DMS) plant operates by passing the disaggregated kimberlite particles in the size range of 0.5 to 10 mm through a dense media (ferro-silicon slurry). Heavy particles, which include any diamonds, sink and are collected as a Heavy Mineral Concentrate (HMC). Light particles float and are sent to the tailings pond. The tonnage of kimberlite passing through the plant is weighed so that final diamond numbers and total weights can be reported against weight of kimberlite treated. The amount of HMC produced will vary but is expected to be in the range of 0.1 to 0.5% of material treated, in the range of 100 to 500 kilograms. Once collected, the HMC will be sent to a specialist diamond recovery laboratory in Perth. Here the concentrates are sorted into size fractions and treated by an X-Ray sorting process which recovers individual diamonds. Diamonds have the property of emitting fluorescent light when showered with X-Rays and this identifies their location on a conveyor belt. The diamonds are displaced by a jet of air or a trap door and the final concentrate is checked by hand sorting. It is expected to take from two to three weeks to treat each sample.

issued through
FIELD PUBLIC RELATIONS PTY LTD ABN 74 008 222 311
231 South Road, MILE END SA 5031
Ph: 08 8234 9555 Fax: 08 8234 9566
admin@fieldpr.com.au