
NEWS

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1 May 2007

FLINDERS DIAMONDS ANNOUNCES PLANNED \$5.8 MILLION RAISING TO ACCELERATE NEW S.A. DIAMONDS SEARCH

A \$5.8 million non-renounceable rights issue announced today by Flinders Diamonds Limited (ASX : FDL) will provide the main impetus for a new diamonds search in the Gawler Craton region of South Australia.

The fundraising follows yesterday's Flinders Diamonds announcement of "new vision" diamond exploration joint ventures with Tawana Resources and Tasman Resources that will commence in May.

Exploration under the Joint Venture agreements will encompass activities at Venus Bay and Flinders Island in the Southern Gawler Craton, as well as identifying new exploration targets in the Central Gawler Craton.

The Company has already commissioned a helicopter to commence high-resolution helimag surveys within two weeks, with follow-up drilling programs on resulting targets.

Flinders Diamonds said today that it would lodge a prospectus with the Australian Securities Exchange and the Australian Securities Investments Commission for a non-renounceable rights issue to raise up to \$5,837,397 (before expenses) through the issue of 486,449,708 shares on the basis of one new share for each existing share held on 14 May 2007.

The rights issue will not be underwritten, with Flinders Diamonds Directors reserving the right to place any shortfall.

The new diamond exploration joint ventures announced by Flinders Diamonds (Flinders) are:-

- Tawana Resources – Flinders has gained the right to spend \$2 million to earn a 70% interest in highly prospective exploration licences (ELs) at Flinders Island and Venus Bay in the Southern Gawler Craton, and
- Tasman Resources – where Flinders can spend \$750,000 to earn a 70% interest in the diamond rights only in 26 ELs on the Central Gawler Craton.

Flinders Diamonds - already an active diamonds explorer in SA - has successfully developed high-resolution helimag surveys to locate 85 kimberlites (host rocks to diamonds) in the Flinders Ranges.

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The company will continue with its Flinders Ranges diamond exploration where it has recently agreed to purchase the bulk sampling plant it has been using for samples taken from the region.

Key dates for the \$5.8 million Flinders Diamonds rights issue are as follow:-

Announcement of Rights Issue	1 May 2007
Securities quoted on an Ex-basis (shares acquired after this date will not be entitled to participate)	8 May 2007
Record Date (Shareholders appearing on the register at the close of business will be entitled to participate)	14 May 2007
Despatch of Prospectus and Acceptance forms	17 May 2007
Rights Issue Closes at 5pm	15 June 2007

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