
NEWS

• RELEASE •

FOR IMMEDIATE RELEASE
Monday 3 March 23008

FLINDERS TO RAISE \$14.6M FOR NEW WA IRON ORE AND SA DIAMOND EXPLORATION

A \$14.6 million capital raising has been announced by Flinders Diamonds Limited (ASX: "FDL") as part of a series of developments to better reflect the changing profile of the Company's Australian iron ore and diamond exploration portfolio.

Funds raised will be used primarily to drive a maiden drilling program by mid year on the Company's Hamersley iron ore prospect located in the Pilbara Region of Western Australia.

Under a series of initiatives, Flinders Diamonds today announced:

- An A\$11 million capital raising through a share placement
- \$3.6 million to be raised via a Share Purchase Plan (SPP) offer to existing shareholders
- Name change to Flinders Mines Limited.

The successful \$11 million raising has been achieved through the placement to sophisticated and professional investors of 110 million ordinary shares in Flinders Diamonds at an issue price of A\$0.10 per share.

The Sydney Office of Bell Potter acted as Lead Manager to the issue.

This takes the total number of ordinary shares on issue in Flinders Diamonds to 1084 million.

Flinders Diamonds has also announced plans to raise an additional \$3.61 million through a Share Purchase Plan (SPP) – full details of which will be released shortly.

The proposed SPP will allocate up to 20,000 additional new FDL shares available at 10 cents per share to eligible shareholders.

Funds for Hamersley iron ore project

Flinders Diamonds' Managing Director, Dr Kevin Wills, said the capital raising followed the recent emergence of the Company's highly promising WA iron ore

targets in its wholly owned E47/882 tenement in the Hamersley Ranges and the significance of these targets in relation to other industry projects in the area.

Flinders' Pilbara iron ore target is sandwiched between recent Rio Tinto and Fortescue Metals Group iron ore discoveries, with Flinders now planning a four to six month drilling campaign to assess the target.

The Company made the decision to drill after new information that indicated the newly discovered Rio and FMG mineralisation continues into Flinders Diamonds' Hamersley project area.

A recently-announced Rio discovery, Caliwingina North, is immediately to the north of Flinders' Hamersley project while the FMG discoveries, Serenity and Solomon, abut and lie close to the southeast perimeter of E47/882.

"The new discoveries are major Channel Iron Deposits (CID) and as we are located between them, they quite clearly enhance the prospectivity of our target," Dr Wills said.

"As iron ore prices have recently increased, today's funding initiative is designed to focus urgent exploration activity on the Hamersley project which already is estimated to contain an iron ore target of between 325-390 million tonnes of iron ore.

Ongoing diamond exploration

Dr Wills said the recent emphasis by the market on the Company and its WA iron ore project should in no way be taken to diminish Flinders' determination to discover a major new Australian diamond deposit.

"In fact, we have just completed two major helimag surveys over some of our prospects in the mid north of South Australia and we are now working on analysis of this data," Dr Wills said.

"That survey is in addition to our recent expansion of other South Australian activities onto Flinders Island and the Gawler Craton," he said.

Name Change to Flinders Mines

Shareholders will also be advised shortly of full details for a general meeting to be held in April to include as a key item, a proposed change of name for the Company from Flinders Diamonds to Flinders Mines – to better reflect its broadening scope of exploration commodities.

MEDIA CONTACTS:

Dr Kevin Wills	Flinders Diamonds Limited	0419 850 997
Kevin Skinner	Field Public Relations	(08) 8234 9555 / 0414 822 631
Duncan Gordon	Investor Relations	(08) 8232 8800