



Flinders Diamonds Limited

A foot in both camps 2007 RIGHTS ISSUE

Diamond exploration on and off the Gawler Craton

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MANAGING DIRECTOR

OUTLINE

Introduction & Corporate
Flinders Ranges Discoveries
New Strategy Gawler Craton Diamonds
Tawana and Tasman JV's

Flinders Diamonds Limited



Corporate Overview

- FDL diversifies its exploration strategy
- New JV's with Tawana and Tasman Resources
- Significant assets from MXR shares and options, CRJ shares, and FMG Royalty, total \$7.7 million
- Rights issue and placement to raise \$5.8 million

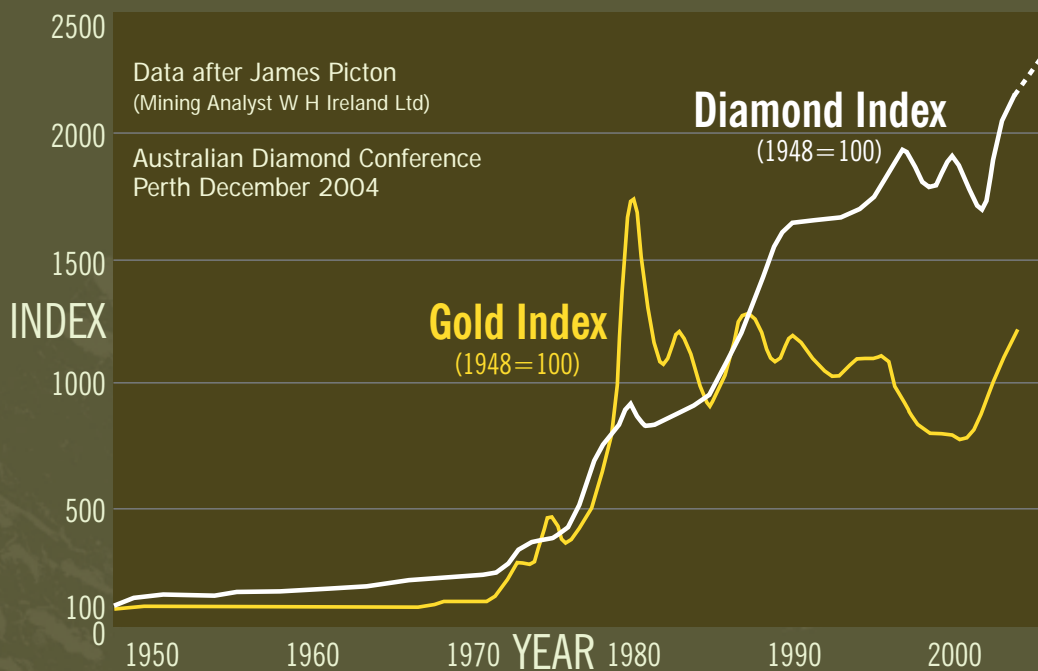


Corporate Structure

Options on Issue	382 million
Shares on Issue	486 million
Recent price	1.2 to 1.5 cents
Market Capitalisation (at 1.35¢)	\$6.6 million
Recent trading volumes average 90 million shares per month	
Top 20 shareholders own 19% of company	



Diamonds market





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Purpose:	To fund new exploration joint ventures with Tawana and Tasman Resources and to further exploration on the current suite of assets	
Details:	486m new shares offered to raise \$5.8m	
	1 new share for every ordinary share held	
	1.2 cents per share	
	Non-renounceable	
	Directors reserve right to place any shortfall	
Timetable:	Record Date	14 May
	Despatch of Prospectus	17 May
	Opening of Offer	18 May
	Closing of Offer	15 June
	Allotment and dispatch of new shares	22 June



Value of Flinders Diamonds Assets

Asset Type	Description	Implied \$ value
7m Maximus Shares	Trading at 38 cents 16/05/07	\$2.66 million
3.5m Maximus Options	Trading at 18 cents 16/05/07	\$0.65 million
1m shares in Copper Range	Trading at 39 cents	\$0.39 million
Iron Ore Royalty from FMG	Total value	\$4.000 million
Total implied Value at 16/05/07		\$7.7 million
Equivalent to 1.54 cents per share		



Exploration/commercial model

Marsfontein Fissure - Northern Cape, South Africa



Reference:
Frieder Reichardt
WDC Perth
November 2005

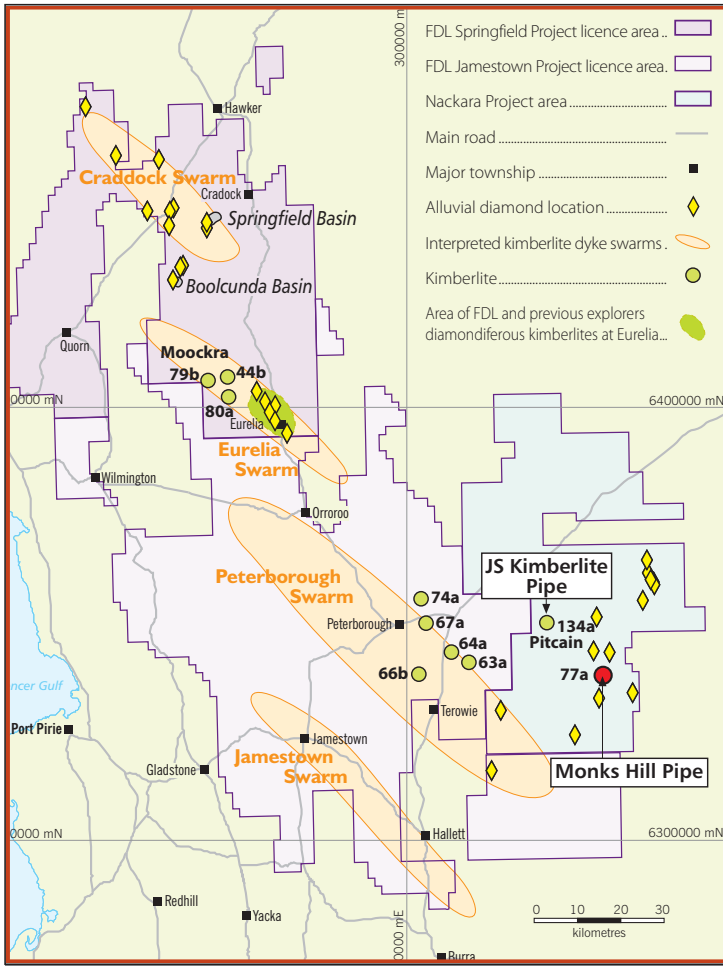
Kimberlite fissure or blow (90x45m) on a kimberlite dyke
Commenced exploration 1993, discovered 1998, mined 1998-2000
Grade 2 carats/tonne, US\$128/carats, revenue US\$246 million

TOTAL CAPITAL RECOVERED IN 3.5 DAYS



Project locations





Flinders Diamonds Limited

Flinders Ranges Kimberlite discoveries

Pre FDL (1973-2003 - 30 years)
64 kimberlites,
6 diamondiferous.

FDL Sept 04 to April 07
Approx 85 kimberlites - 2.5 years
23 diamondiferous (27%)

Kimberlites and lamproites in Australia

Known bodies	677
Diamondiferous (30%)	201
Worthy of evaluation (5%)	30
Economic (1.5%)	10

Lynton Jaques June 2005

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Why magnetics

Stockdale-1979

250
80
50

AGSO-1996

400
80
5

FDL-2003

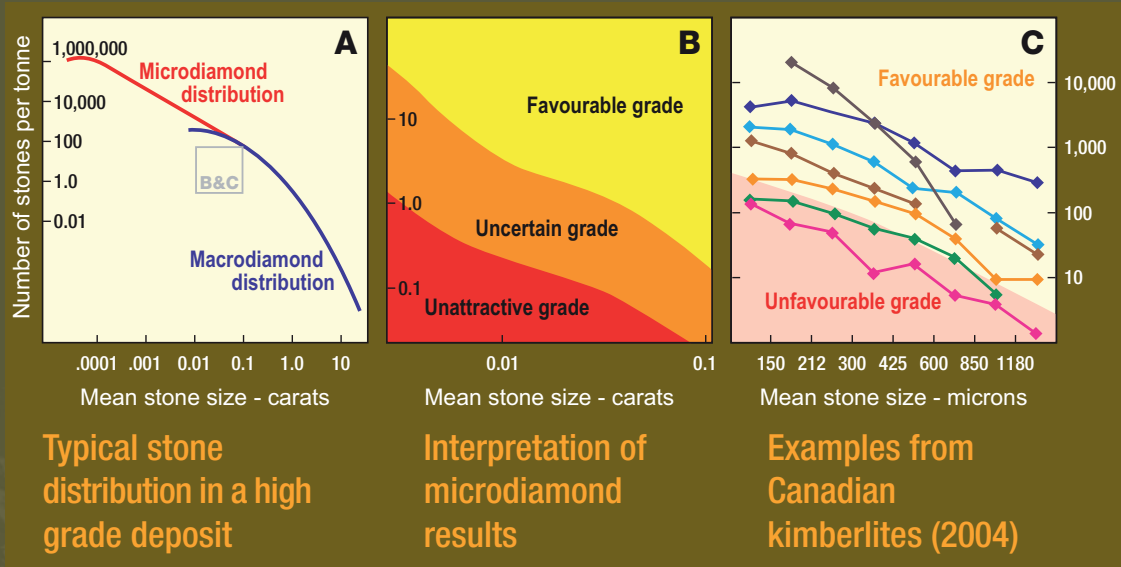
100
40
5

	Line spacing	
	Flying height	
	Reading interval	

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Why microdiamonds



Cost of a 10kg microdiamond determination \$1,500
 Cost of 100 tonne bulk sample approx \$50,000

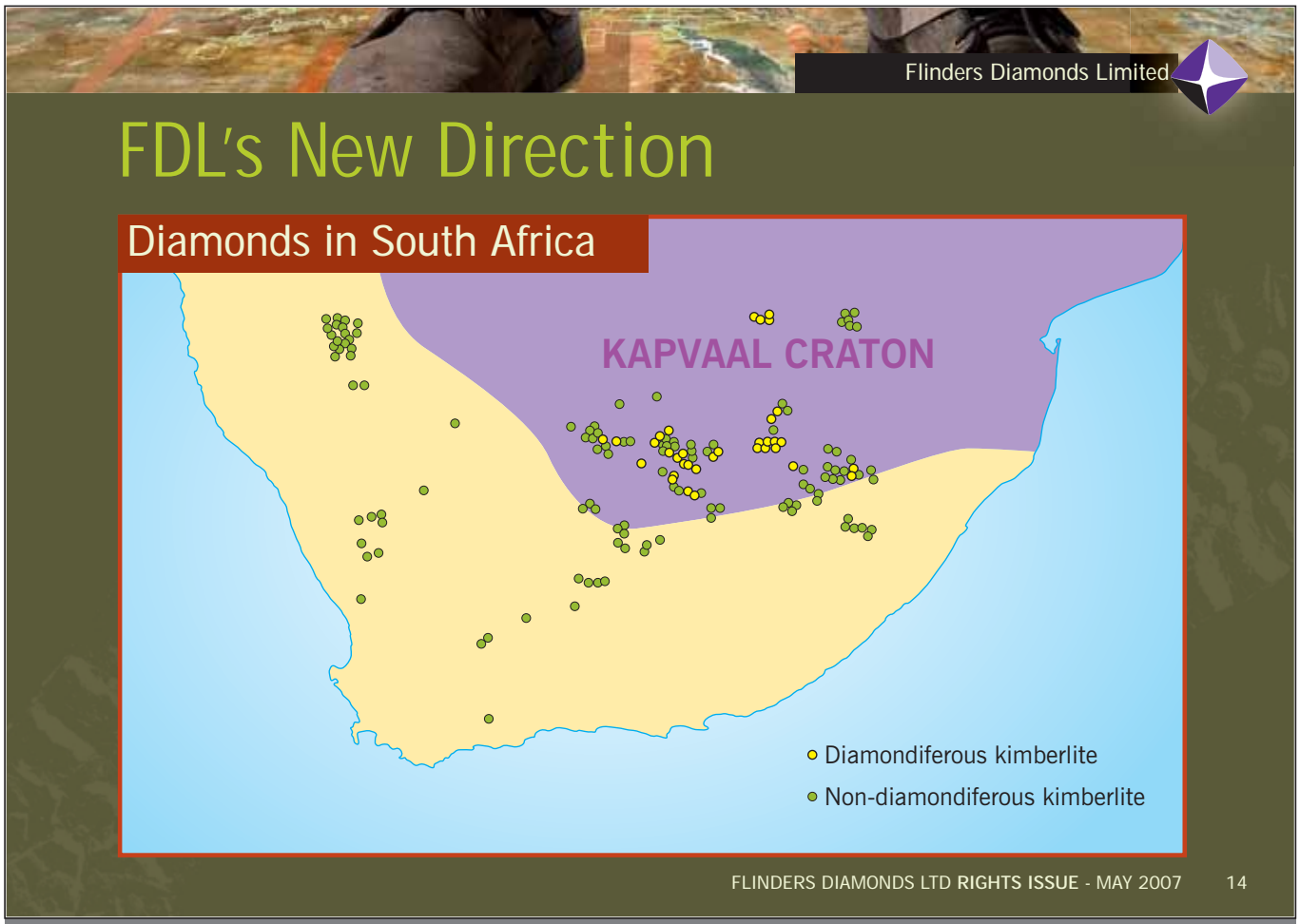
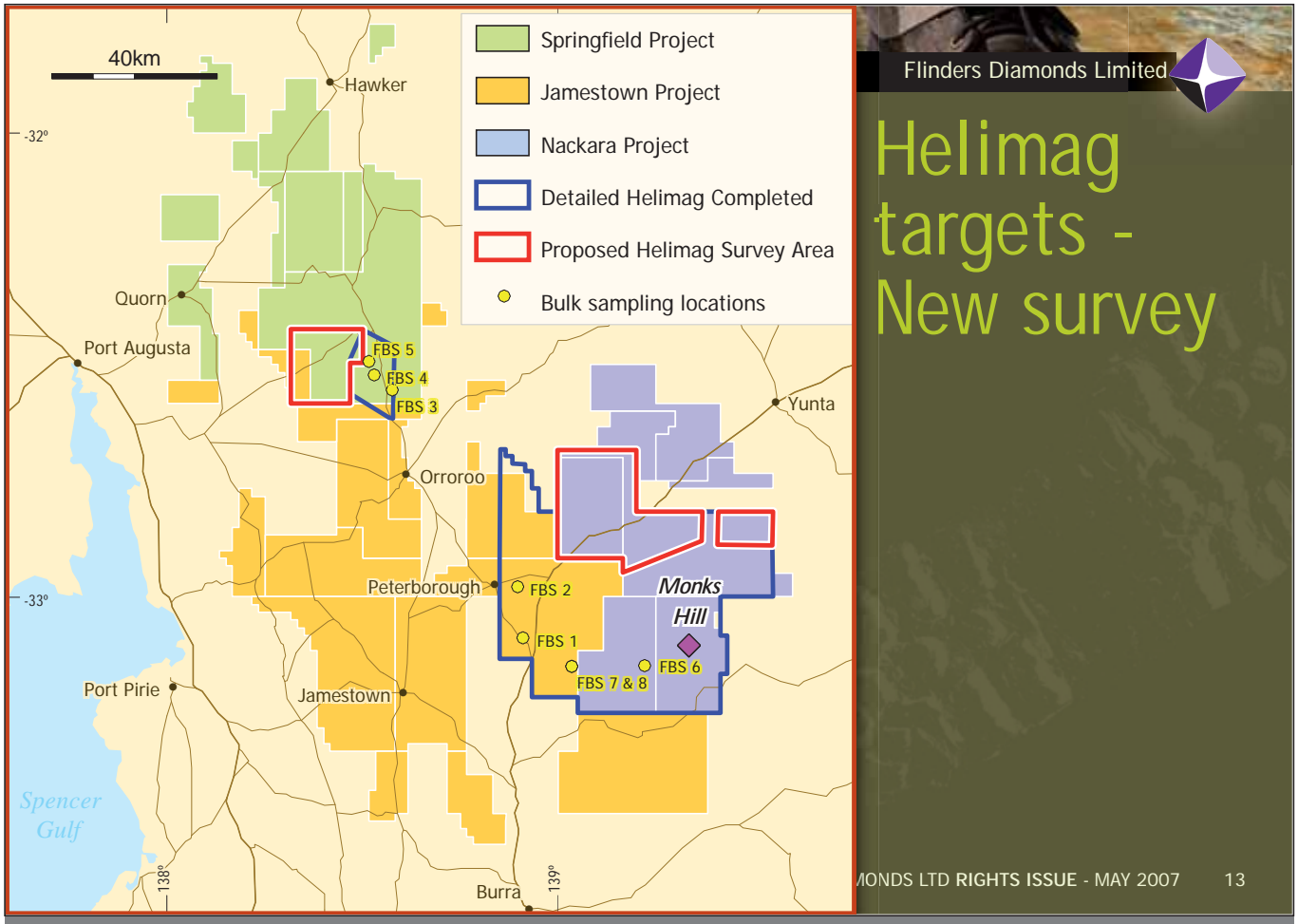
after Chapman and Boxer (2004)



DMS plant purchase

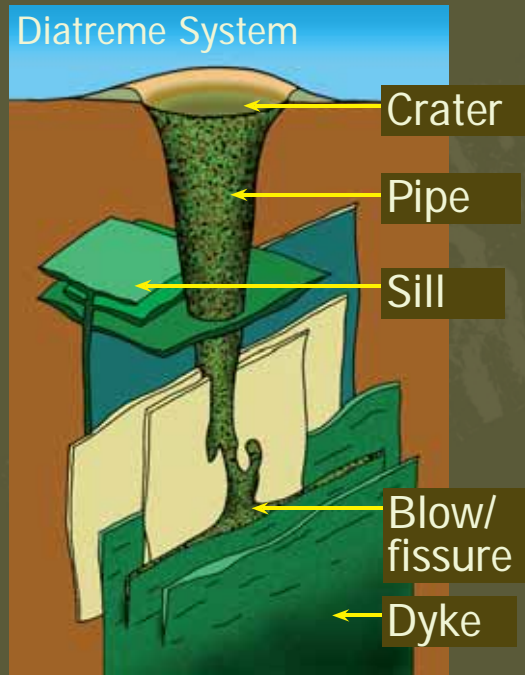
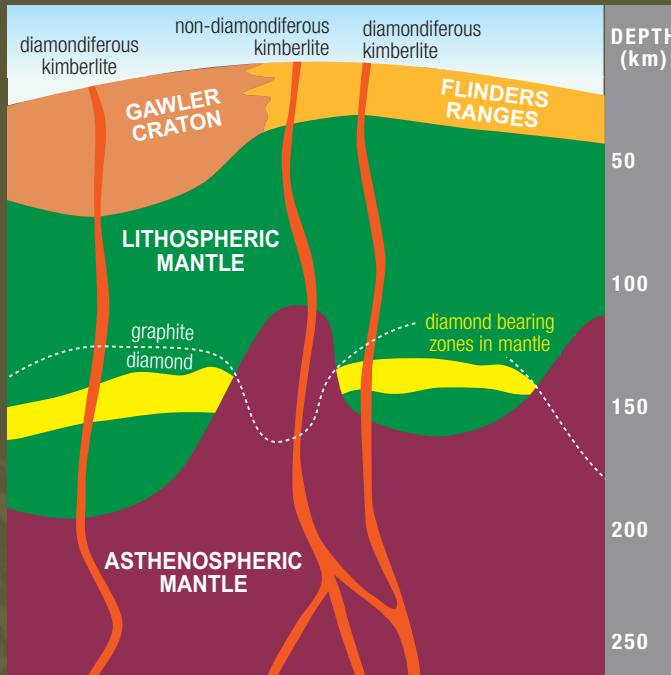
Dense Media Separation plant - March 2007







Why on cratons?



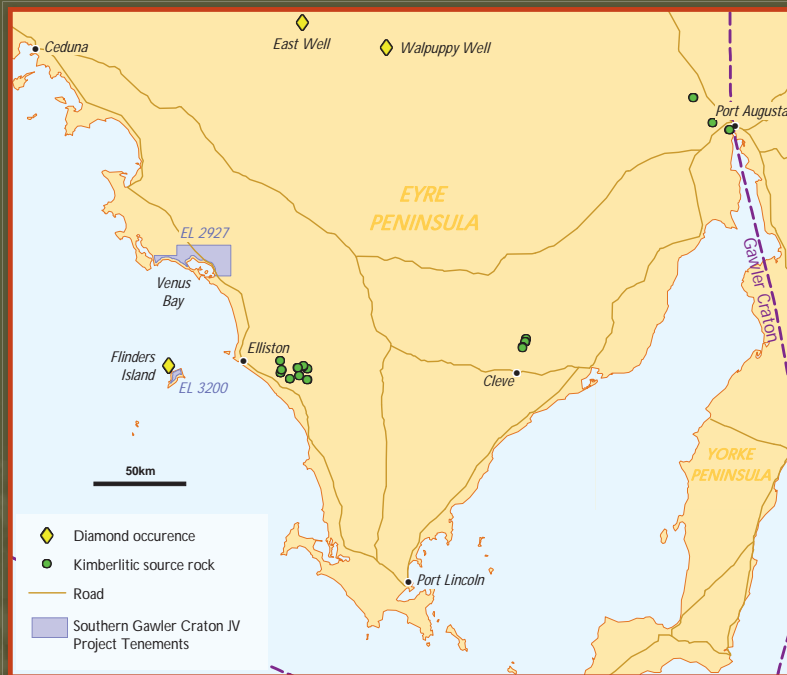
Diamonds on the Gawler Craton



- 28 diamonds
- 11 non diamondiferous kimberlites
- Where are the diamondiferous kimberlites?
- Shallow sedimentary cover



Southern Gawler Craton JV

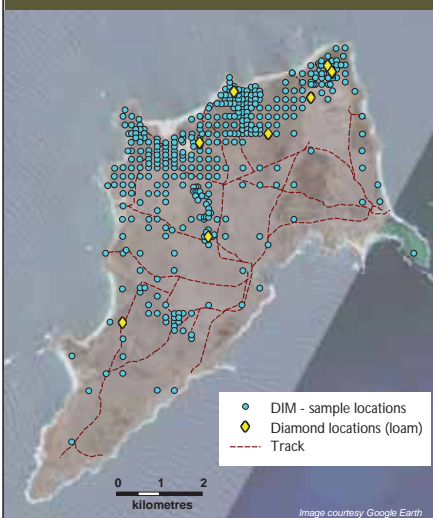


Eyre Peninsula JV with Tawana Resources and Orogenic Exploration

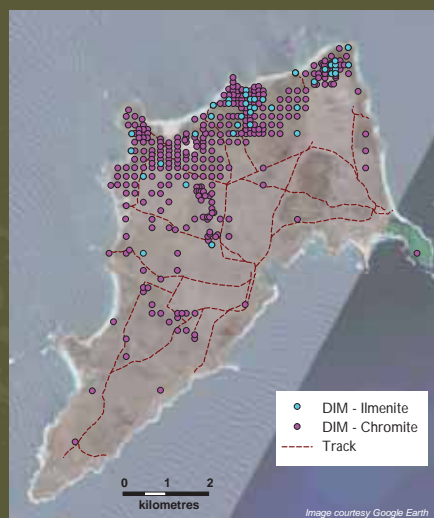
FDL to spend \$2M to earn 70% interest.



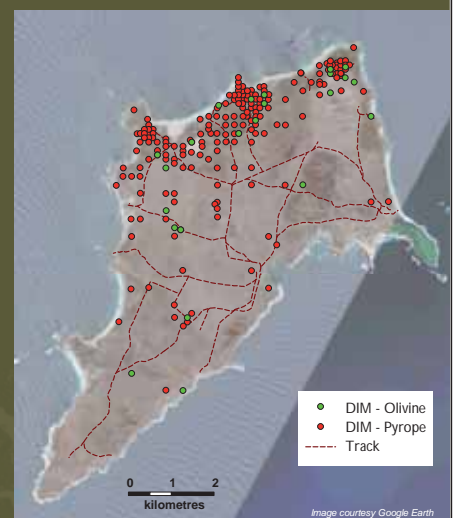
Flinders Island indicator results



Diamond and indicator mineral locations



Ilmenite and chromite locations

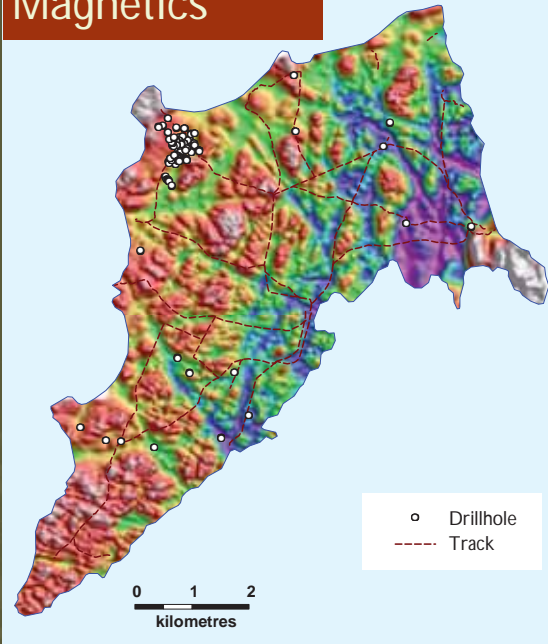


Olivine and pyrope locations

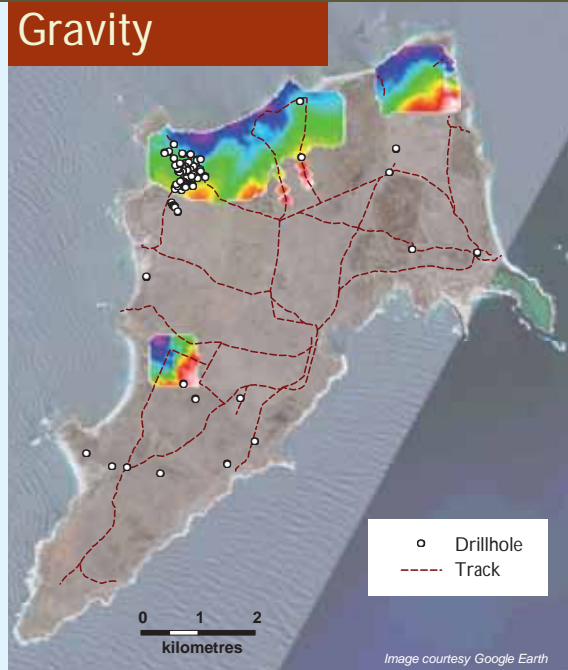


Flinders Island targets

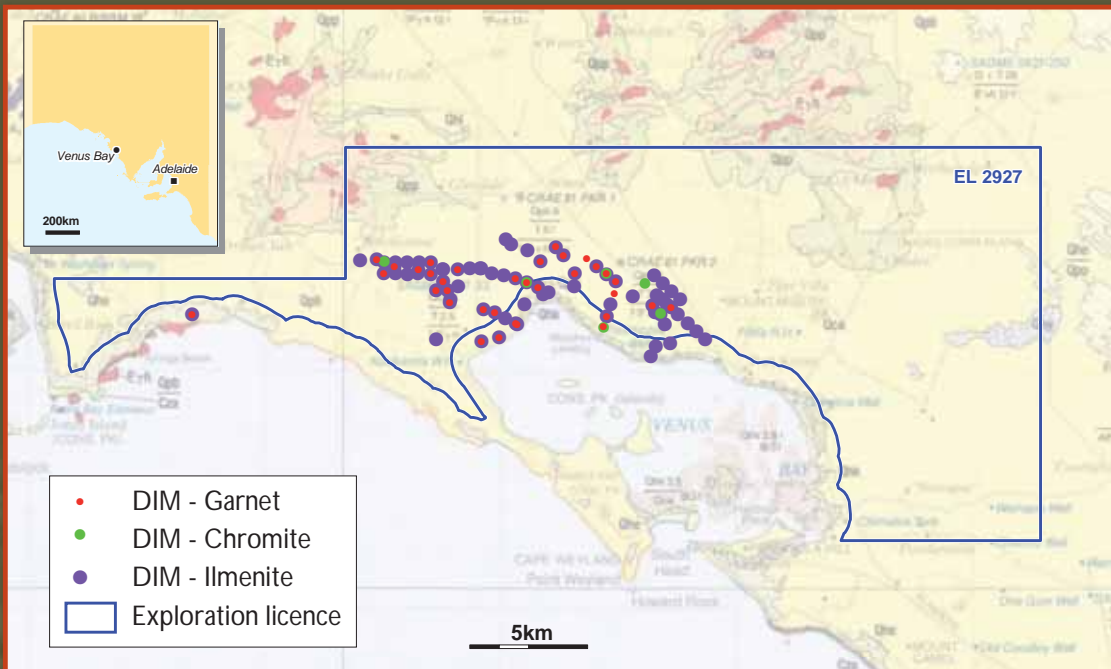
Magnetics



Gravity

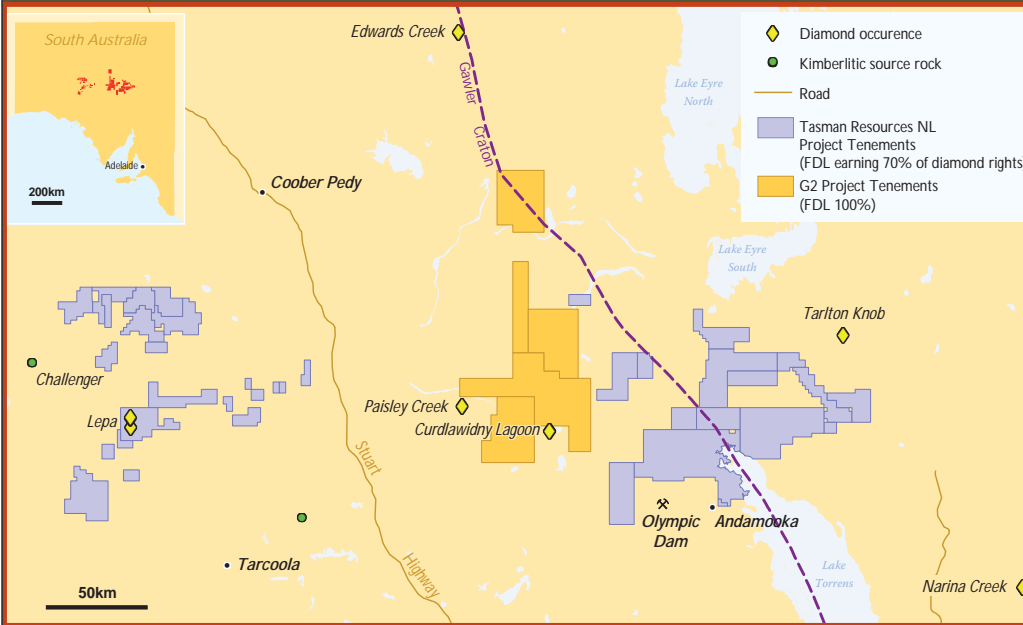


Venus Bay targets





Central Gawler Craton

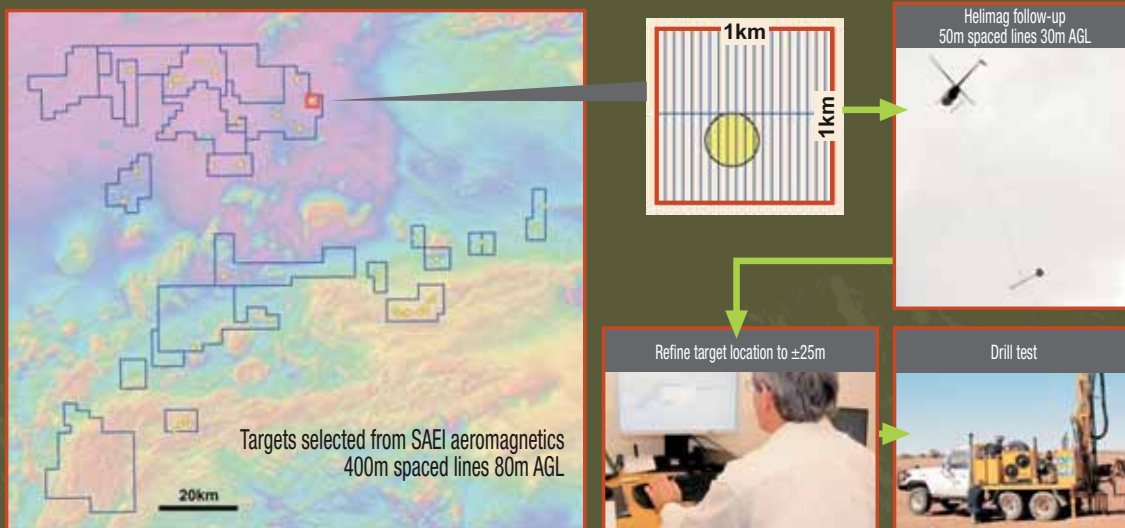


- JV with Tasman Resources
- FDL can earn 70% for \$750,000



Central Gawler Craton JV strategy

Postage stamp Helimag surveys



Target position uncertainty is $\pm 200m$



Use of funds - 2007/08 program & budget

PROJECT	PROGRAM	BUDGET \$000'S
Flinders Ranges	Helimag, trenching, bulk sampling	889
Adelaide Hills	Sampling, trenching	129
Tawana JV	Gravity, magnetics, drilling	364
Tasman JV	Helimag, drilling	241
G2	Helimag, drilling	84
Hamersley	Sampling, drilling	286
Project Generation	Project assessment	112
Administration	Corporate and office administration costs	759
07/08 Total	Program and Budget	2,864
08/09 Total	Program and Budget	3,000
TOTAL	July 2007 to June 2009	5,864



Summary

- Continuing to find new diamondiferous kimberlites in the Flinders Ranges
- Purchasing DMS plant to continue bulk sampling
- New exploration strategy to use helimag to locate kimberlites on the Gawler Craton
- New Joint Ventures with Tawana and Tasman on the Gawler Craton
- 2007 Rights Issue and Placement to raise \$5.8 million