



FLINDERS
DIAMONDS

Australian Stock Exchange Announcement

NEW DIAMONDIFEROUS KIMBERLITE LOCATED BULK SAMPLING PROGRAM BROUGHT FORWARD TO COMMENCE 1 JUNE

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

HIGHLIGHTS

- *New kimberlite with three microdiamonds located in Nackara area*
- *Peterborough helimag survey to commence on 13 March*
- *Kimberlite bulk sampling program brought forward to commence on 1 June*

Flinders Ranges Project

Microdiamond results have been received for four new kimberlite samples discovered in December 2005. One of these samples from the Calcutteroo Area, located about 25km east of Terowie, contained 3 microdiamonds of variable size. Two stones were yellow and one was white. This is an encouraging result, justifying more work in the area. This brings the total number of diamondiferous kimberlites discovered since September 2004 to 21 from 54 new kimberlites. At least five of these kimberlites are considered to have microdiamond contents sufficient to justify bulk sampling.

Peterborough Helimag Survey

A contract has been agreed to commence the next high-resolution helimag survey in the Peterborough and



Figure 1 NTF's bulk sampling plant on a previous job in 2004.

Nackara areas on 13 March, 2006. This survey will involve 17,000 line kilometres at a line-spacing of 100 metres. It is expected that the survey will identify several hundred additional kimberlite targets, including many kimberlite pipe targets. The data should be available for follow up ground magnetic surveys in April.

Kimberlite Bulk Sampling

A contract has been accepted to commence a kimberlite bulk sampling program in the Peterborough area on about 1 June. A photograph of the Plant to be mobilised from Perth is shown, courtesy of the owners NTF Mineral Processing Pty Ltd, in Figure 1. This plant is expected to treat kimberlite at a rate of about 3 to 4 tonnes per hour and to recover macrodiamonds in the size range of 1 to 10 millimetres. It is planned to treat ten 100-tonne

samples from the most interesting microdiamond results returned to date.

These contracts indicate a significant development in Flinders Diamonds ongoing exploration program for diamonds in the Flinders Ranges.

Dr Kevin Wills
Managing Director

For further information please contact:
Phone: 1300 559 564
Mobile: 0419 850 997
Email: kwills@flindersdiamonds.com

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 and acts as a geological consultant to Flinders Diamonds Limited. Dr Wills has more than five years relevant experience in the style of mineralisation and types of deposit under consideration and consents to inclusion of the information in this report in the form and context in which it appears. He qualifies as Competent Person as defined in the 2004 Edition of the "Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves".