



FLINDERS
DIAMONDS

Australian Stock Exchange Announcement

HIGH MICRODIAMOND COUNT IN NEW KIMBERLITE PIPE FROM MONKS HILL AREA IN FLINDERS RANGES PROJECT, SOUTH AUSTRALIA

20 November 2006

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Highlights

- Kimberlite UcoH77a from the Monks Hill area returned 43 microdiamonds from a 7.8 kg sample.
- This result is approximately 10 times higher than that from any previous kimberlite sampling in the Flinders Ranges Project.
- The high microdiamond count is of potential economic significance and additional sampling and geological mapping to confirm the result will be undertaken immediately.

Flinders Ranges Microdiamond Results

Samples UcoH77a and UcoH93a

Flinders Diamonds Limited (FDL) is pleased to announce that results for kimberlite samples sent to Saskatchewan Research Council Geoanalytical Laboratories in Canada for microdiamond analysis in August were received on 18 November. From a batch of twenty five samples of kimberlite from the Flinders Ranges project, two have proved positive for diamonds.

One of the samples obtained from a kimberlite pipe (UcoH77a), recently discovered approximately 25 kilometres

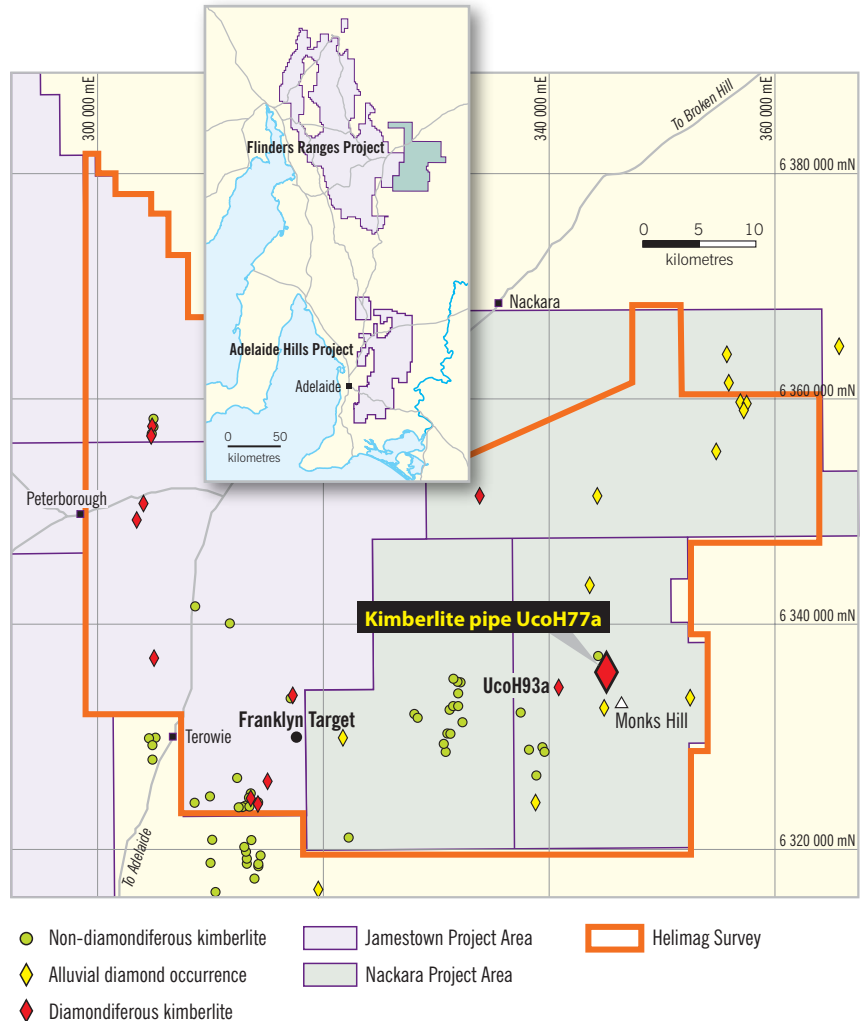


Figure 1 Location of kimberlite pipe UcoH77a.

east northeast of the Franklyn target (Figure 1), returned a high count of 43 microdiamonds from a 7.8 kilogram sample. When normalised to a 20 kg sample weight (which FDL has been previously using) the result equates to 110 microdiamonds per 20 kg. FDL's previous best result was 12 microdiamonds per 20 kg from Kimberlite K2 in the Eurelia area. This result is therefore approximately 10 times higher than anything FDL has

previously recovered from the Flinders Ranges and is of potential economic significance.

A single microdiamond was recovered from the second positive sample (UcoH93a). In this instance the kimberlite was recovered from a dyke that appears to be one of a series within the general area which was located approximately 4.5 kilometres south west of the diamondiferous pipe.

Monks Hill Area

Both kimberlite occurrences were targeted from interpretation of FDL's detailed Nackara Helimag survey. Subsequent detailing of the targets with ground magnetics followed by trenching resulted in the discoveries. These techniques are common to FDL's approach to identifying kimberlites and in excess of 80 bodies have been identified over the past 12 months of which 23 have been diamondiferous.

During sampling the diamondiferous pipe was exposed over an 11 metre section within the trench beneath a shallow cover of soil and calcrete. The size of the pipe, which has been exposed at one end of a shallow topographic depression, has not yet been accurately determined. The target gave a classical magnetic dipolar response and based on the ground magnetic data, the pipe may be about 50 metres in diameter, but further work is necessary to confirm this.

Surface diamonds have been reported from the general area suggesting that the area has significant potential to yield additional diamondiferous bodies. Within a ten kilometre square area surrounding the UcoH77a pipe, 27 priority targets (primary dipole or bull's eye targets) and 33 lesser targets have been identified from the Helimag data (Figure 2). These will be actively investigated in the coming months together with a large number of additional targets throughout the Flinders Ranges tenements.

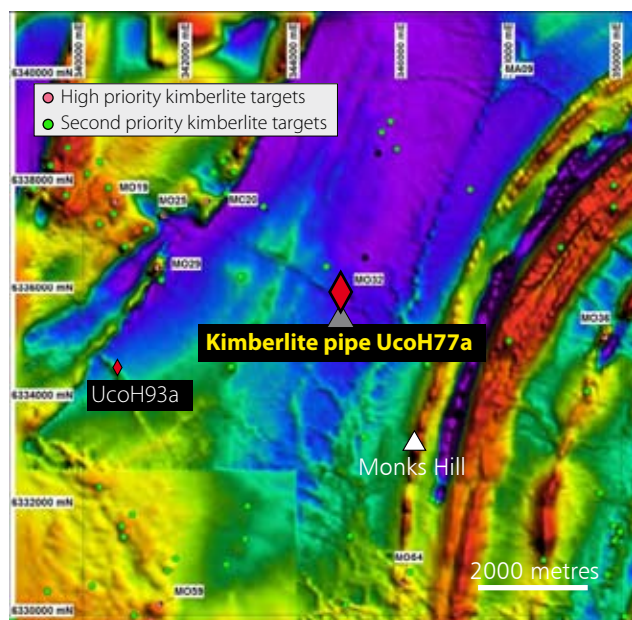


Figure 2 Pipe and fissure targets in the Monks Hill area with the Helimag image in the background.

Confirmatory Work

FDL is planning to immediately carry out further sampling to confirm this discovery with additional samples processed in additional laboratories. New trenches will be excavated to accurately map and sample the body. Once the promising results

are confirmed, the Company has available a DMS bulk sampling plant which is located approximately 35 kilometres from the recent discovery. Bulk sampling may proceed early in the New Year.

Exploration Updates

Hamersley Project, WA

The first cored drill hole testing the Caduceus target has been completed at the Hamersley Project at about 145 metres depth. Drilling difficulties in coring broken rock caused delays and it has been decided to postpone the remainder of the drilling program to 2007 when it is hoped a combined RC/diamond drill rig will be available. The drill hole intersected two zones of clay which are being analysed to determine if they are kimberlite.

Twin Swamps Project WA

An air core drilling program has successfully tested the kimberlite pipe targets at the Twin Swamps project in the Nabberu Basin of Western Australia. Holes were drilled to between 40 and 50 metres depth and bottomed in limestone and dolomite. It has been concluded that the swamp targets at Twin Swamps are not related to kimberlite.

G2 Project SA

The first batch of diamond indicator mineral results has been returned for about half the holes drilled in the August 2006 air core drilling program. Several holes contain diamond indicator minerals which are being confirmed by microprobe analysis. None of the holes to date contain abundant diamond indicator minerals.

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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".