



FLINDERS
DIAMONDS

Australian Stock Exchange Announcement

FLINDERS SECURES 100% OF DIAMOND RIGHTS FOR LOBETHAL EL, ADELAIDE HILLS, SA, CONTAINING THE LARGE GEM QUALITY ECHUNGA ALLUVIAL DIAMONDS

24 November 2006

The Manager

Companies Announcements Office

Australian Stock Exchange

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Highlights

- *Flinders Diamonds has negotiated the purchase of the outstanding 25% equity it does not already own in the diamond rights to the Lobethal EL 3215 in the Adelaide Hills, South Australia*
- *The Lobethal EL 3215 contains the Echunga alluvial diamond prospect where the largest gem quality diamonds found in South Australia were located*

TERMINATION OF LOBETHAL AGREEMENT

Flinders Diamonds Limited (Flinders), in conjunction with Maximus Resources Limited (Maximus), have negotiated the purchase of the outstanding 25% equity they do not already own in the Lobethal EL 3215 (Figure 1) for a consideration of 900,000 ordinary shares in Flinders and 1.8 million ordinary shares in Maximus. An 18.75% equity in the diamond rights was purchased from Indo Mines for 675,000 ordinary Flinders shares and a 6.25% equity in the diamond rights was purchased from Statelink Holdings for 225,000 ordinary Flinders Shares.

Previous Lobethal Joint Venture partners Indo Mines Limited (Indo Mines – formerly AKD Limited) and Statelink Holdings Pty Ltd (Statelink) have accepted the combined Flinders and Maximus share offer which results in the termination of a joint venture

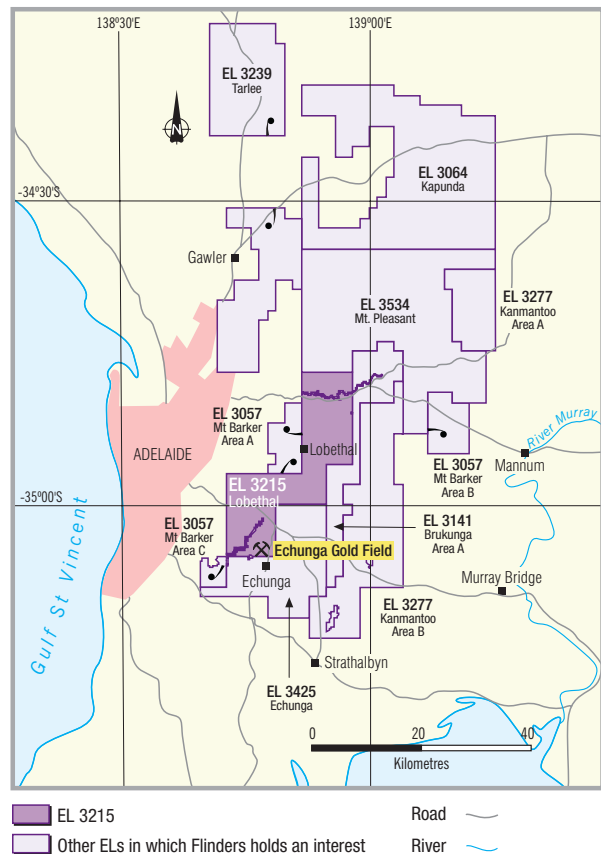


Figure 1 Location of Adelaide Hills licence areas which Flinders Diamonds holds an interest.

which was first formed between Flinders, AKD Limited and Statelink in 2001 to explore for diamonds on EL 3215. A subsequent agreement between Flinders,

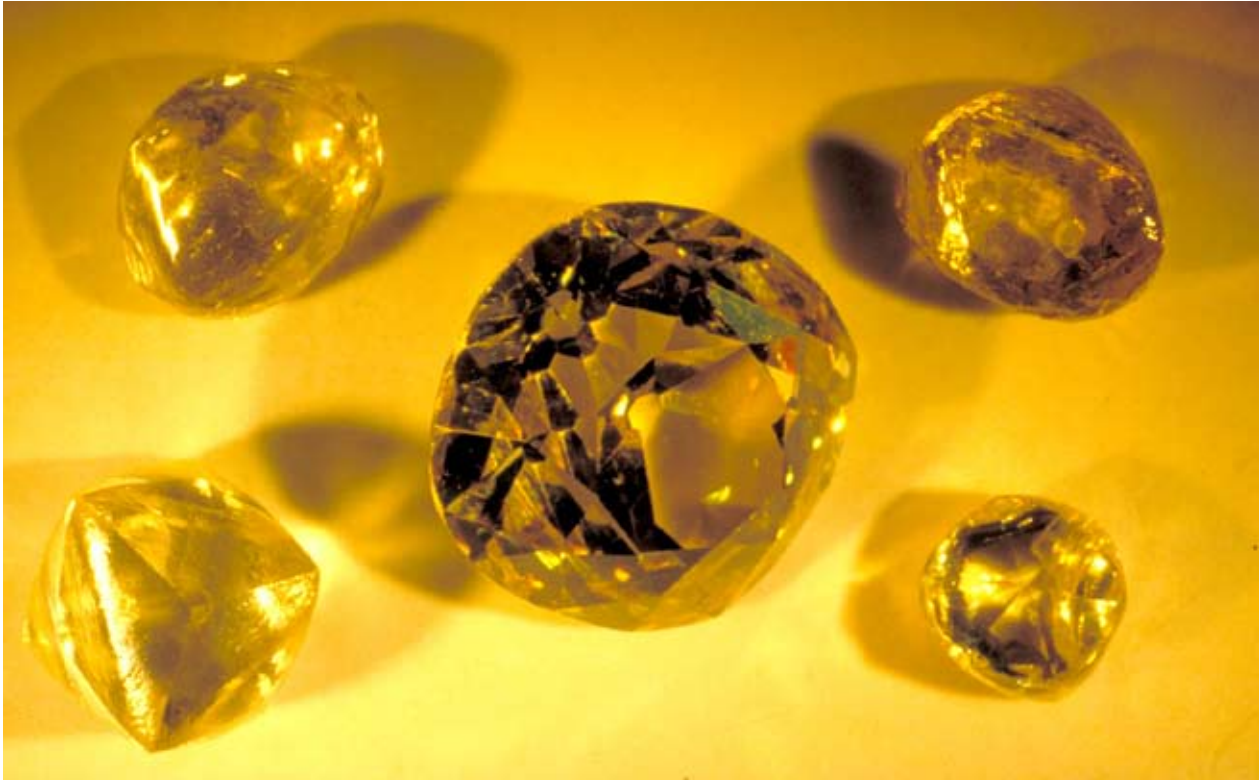


Figure 2 Five gem quality diamonds discovered at Echunga during the 1860s alluvial gold mining. (photo courtesy of PIRSA)

Maximus, Indo Mines and Statelink in 2005 resulted in Maximus commencing exploration for metalliferous minerals. Exploration by Maximus has been successful in delineating an inferred resource of 116,000 tonnes averaging 14.2 grams gold per tonne (53,000 ounces contained gold) beneath the Bird-in-Hand mine.

ECHUNGA ALLUVIAL DIAMOND PROSPECT

The Echunga alluvial diamond prospect is located at the old Echunga alluvial goldfield where large (1 to 5 carat) gem quality diamonds (Figure 2) were discovered as a by-product of alluvial gold mining in the 1860s.

Previous work by Flinders has shown that diamond indicator minerals as well as diamonds are present in the Echunga area. Flinders is currently reviewing all existing exploration data with a view to designing a new exploration Program to try to locate the primary source of the Echunga Diamonds.

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24 November 2006

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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, through his company KJ Exploration Pty Ltd, 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".