



FLINDERS
DIAMONDS

Australian Stock Exchange Announcement

BULK SAMPLE FOR DIAMONDS COLLECTED FROM MONKS HILL KIMBERLITE PIPE, FLINDERS RANGES, SOUTH AUSTRALIA

16 March 2007

The Manager
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Highlights.

- *Bulk sampling of Monks Hill Kimberlite Pipe completed – 100 tonne sample delivered for diamond processing.*
- *Trenching indicates extension of Monks Hill Pipe to southeast.*
- *Additional kimberlites discovered on Monks Hill trend.*
- *New helimag surveys planned for April in Nackara and Springfield Projects.*

Recent Monks Hill Diamond Results

Flinders Diamonds Limited (FDL) has recently reported positive diamond results from four of five 10kg Monks Hill samples tested at North Australian Diamonds Limited's laboratory in Perth. One of the samples also yielded two macrodiamonds, (Figure 1) one a 1.5 by 1.3 by 1mm twinned dodecahedral stone slightly greyish in colour, and the second an irregular white to yellow diamond measuring 1.45 by 0.8 by 0.8mm in size – probably a fragment from a larger stone.

Additional testing of two 10kg samples from the southern part of the kimberlite did not identify any diamonds. In summary to date, of ten samples from the H77a kimberlite tested, six returned positive and four negative diamond results. Two of the positive results are highly encouraging having indicated potentially economic quantities of diamonds.

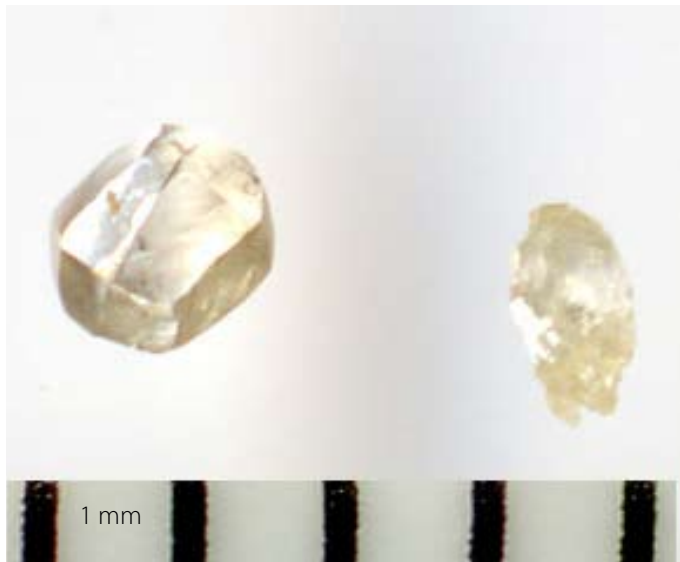


Figure 1 *Two macrodiamonds from 10kg Monks Hill sample*

Monks Hill Kimberlite Trenching

Trenching in February at Monks Hill revealed kimberlite extending to the southeast of the area initially identified (Figure 2). Currently, the area of the pipe is 0.8Ha. It is probable that most of the pipe has been defined. At some point the pipe appears to merge into the main kimberlite dyke. This contact has yet to be identified. However, no further work will be undertaken at Monks Hill until results of the bulk sampling are known.

Trenching has shown the H77a kimberlite body exhibits substantial textural and mineralogical variability. As field work progressed to establish the extent of the kimberlite, and to obtain a better understanding of its diamond potential, at least two phases of kimberlite were located with possibly contrasting diamond concentration.

Monks Hill Bulk Sampling

As previously stated, FDL considers results to date are encouraging, but results on small samples may be variable. Processing a bulk sample at an early stage of the evaluation is considered to be the most rapid method of assessing the potential commerciality of the kimberlite.

Given the variability in results, FDL has urgently advanced its plans to test a 100 tonne bulk sample. This has now been mined, from the locality shown in Figure 3, and transported to the contracted DMS plant located approximately 70 km away by road. Processing is anticipated to commence within the next 3-4 weeks and should be completed by mid April. Concentrate will be sent for diamond recovery by X-ray sorting to recover the diamonds with final recovery by hand sorting with trained observers.

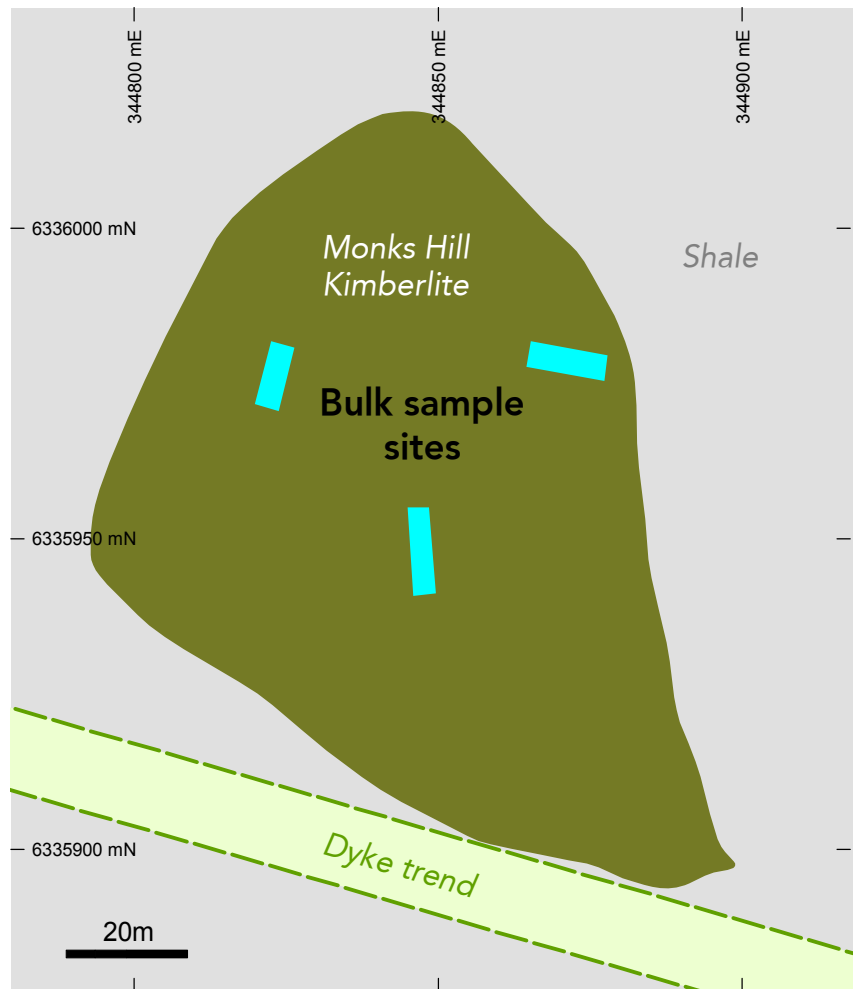


Figure 2 Bedrock geological interpretation of the Monks Hill kimberlite pipe



Figure 3 Rehabilitated bulk sample site at the Monks Hill kimberlite

Additional Kimberlites on the Monks Hill Trend

The dyke-like structure controlling emplacement of the Monks Hill kimberlite pipe has been trenched 1.2 km away from H77a, where kimberlite is also present (Figure 4). In addition, a kimberlite dyke has been found by recent ground magnetic surveys and follow-up trenching at another locality, off the main structure. Samples from both localities are being analysed for microdiamonds. All of the kimberlites found recently in the Monks Hill area by FDL, including H77a, are shown in Figure 4.

Meanwhile, ground magnetic surveys over other identified helimag targets are ongoing with follow-up trenching of promising anomalies planned.

New Helimag Surveys

In order to increase FDL's chances of further kimberlite pipe discoveries, more detailed helimag surveys are anticipated to commence early in April, 2007. Planned survey areas in the Nackara and Springfield project areas are shown in Figure 5. Approximately 10,400 line kms of data will be obtained covering an area of 1,037 sq km. These surveys are designed to follow up encouraging 2006 bulk sample results from the Eurelia area (Springfield) and to the north of Monks Hill, a continuation along a trend line of regolith diamonds.



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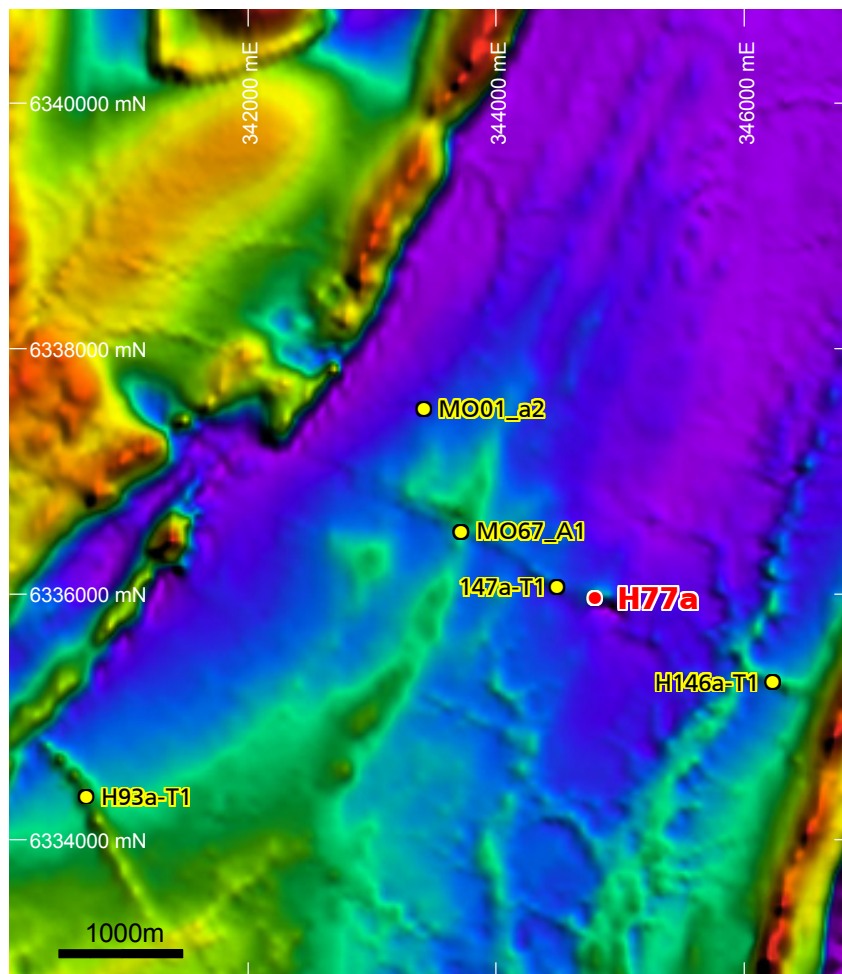


Figure 4 Locations of known kimberlites shown on helimag image of Monks Hill area

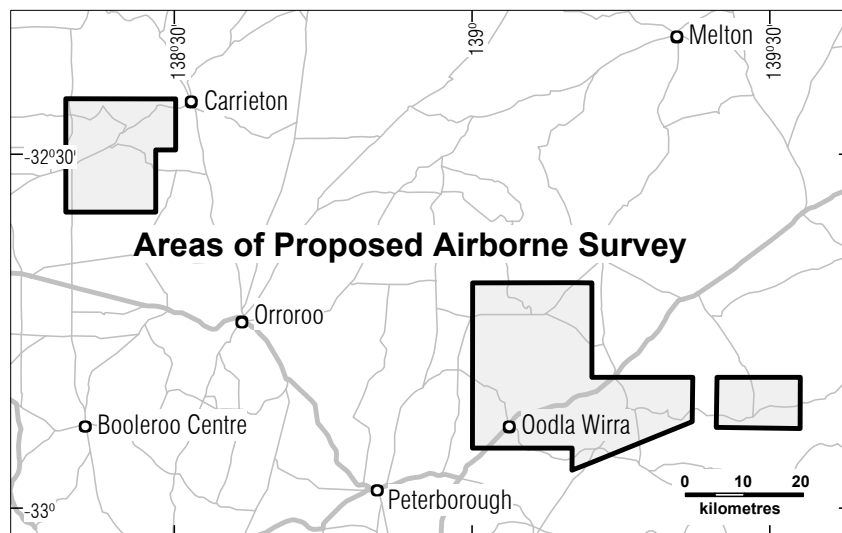


Figure 5 Proposed new helimag survey areas for April 2007

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".