



FLINDERS
DIAMONDS

Australian Stock Exchange Announcement

ONE MILLION COPPER RANGE LIMITED SHARES ADDED TO FLINDERS DIAMONDS ASSETS

23 May 2007

The Manager
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Australian Stock Exchange
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Highlights

- *Flinders Diamonds Limited (FDL) issued with one million ordinary shares in Copper Range Limited.*
- *Total implied market value of FDL's share portfolio now \$3.61 million, or 0.74 cents per share.*
- *Estimated future value of iron ore royalty now \$8 million.*
- *These values do not include any allocation for FDL's extensive diamond exploration projects.*

Copper Range Limited Shares

As part of FDL's ongoing policy of remaining strongly focussed on diamond exploration and the search for a diamond mine, it has steadily sold some of its non-diamond assets to build up a portfolio of shares and royalties.

The latest development within this policy has been the farm out of FDL's non-diamond mineral rights in the Flinders Ranges to Copper Range Limited (CRJ), as announced to the ASX on 7 March 2007. FDL has already received \$100,000 in cash as part consideration for the farm out.

The consideration also included one million ordinary shares in CRJ to be issued to FDL within 14 days of receipt of Ministerial approval. Ministerial approval has now been received and the shares have been issued.

FDL has agreed to keep the shares in voluntary escrow for 12 months, unless mutually agreed otherwise with CRJ. On 22 May the shares had an implied value of 37 cents per share or \$370,000.

Flinders Diamonds' Assets

The policy of focussing on diamond exploration has resulted in FDL's accumulation of a portfolio of shares and royalties from the sale of some of the non-diamond assets. The most significant of these assets are listed in the table and described below. The shares currently have an implied market value of \$3.61 million and the iron ore royalty is estimated to be worth \$8 million.

The Company expects to be able to liquidate some of these assets over the next 2 to 3 years. This will provide sufficient funds to supplement funds raised by the current Rights Issue to enable 4-5 years of funding for FDL's active diamond exploration program aimed at creating a major diamond discovery.

These assets do not include any value for FDL's extensive diamond exploration projects.

Current Implied Value of FDL's Share and Royalty Assets

Asset Type	Description	Implied \$ Value
1m shares in Copper Range Limited	Trading at 37 cents per share 22/05/07	\$0.370 million
7m shares in Maximus Resources Limited	Trading at 37 cents per share 22/05/07	\$2.590 million
3.5m Options in Maximus Resources Limited	Trading at 18.5 cents per share 22/05/07	\$0.648 million
Total implied value of shares at 22/05/07		\$3.608 million
Iron Ore Royalty from FMG	Estimated total value at current iron ore prices	\$8.00 million
Total estimated value of royalty at 22/05/07		\$8.00 million

Maximus Resources Limited Shares and Options

In an ASX announcement dated 27 April 2005, FDL outlined an agreement with Maximus Resources Limited (MXR) whereby FDL sold the non-diamond mineral rights in three projects for seven million vendor shares and 3.5 million options in MXR. The projects were the Adelaide Hills and G2 projects in South Australia and the Strangways Project in the Northern Territory. Maximus listed on 26 October 2005, and the securities are held in escrow until 26 October 2007. At the MXR share and options prices of 37 cents and 18.5 cents respectively on 22 May 2007, the shares and options have implied market values to FDL of \$2.59 million and \$648,000 respectively.

Fortescue Metals Group Limited Royalty

FDL began exploration of the Hamersley Project in Western Australia in a joint venture with Prenti Exploration Pty Ltd announced to the ASX on 2 June 2003. FDL later announced a commodity swap agreement with Fortescue Metals Group Limited (FMG) on its Hamersley Project tenements on 31 March 2005. In this agreement, FMG has access to FDL's iron ore mineral rights and FDL has access to FMG's diamond mineral rights on eight exploration licences located about 70 km north of Mount Tom Price in the Pilbara. After FDL has earned 100% of the Hamersley JV, it is also entitled to a capped royalty on the first 8 million tonnes of ore mined from the tenements. This royalty is estimated at \$8 million from current FOB iron ore prices and may change significantly if iron ore prices vary in future. FMG has located a significant iron-ore resource on FDL's Mulga Downs exploration licence, which is part

of FMG's Chichester Range Project. As the project area is close to FMG's proposed rail route it is possible that FDL will receive its royalty in the early years of FMG's operations.

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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".