



FLINDERS
DIAMONDS

Australian Stock Exchange Announcement

FLINDERS DIAMONDS PURCHASES A HEAVY MINERAL BULK SAMPLING PLANT TO ASSIST ITS FLINDERS RANGES AND GAWLER CRATON DIAMOND EXPLORATION PROGRAMS

29 June 2007

The Manager

Companies Announcements Office

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Highlights

- *FDL agrees to purchase bulk sampling plant*
- *Seventeen new kimberlites being tested for diamonds*



Figure 1 Bulk sampling Plant 21 during recent operations near Terowie. From right, kimberlite is loaded into the hopper via a front-end loader – then in the central trommel the kimberlite is washed and disaggregated. It then passes to the DMS (Dense Media Separation) section on the left and the heavy mineral concentrate is collected in white plastic buckets. The concentrate is then processed by laboratory x-ray sorting for diamond recovery.

Flinders Ranges Project Update

Purchase of Bulk Sampling Plant

Flinders Diamonds Limited (FDL) has recently executed an agreement with NTF Mineral Processing Pty Ltd (NTF) which allows for purchase of NTF's Plant 21 for heavy mineral bulk sampling. The plant is shown during recent operations near Terowie in Figure 1. The plant will be used to determine the diamond contents of new kimberlites discovered in FDL's Flinders Ranges and Gawler Craton exploration programs.

The agreement includes a \$40,000

non-refundable deposit and payment of the balance of \$185,000 before 31 October 2007, making a total purchase price of \$225,000.

Between 1 July and 31 October, NTF may use the plant on other jobs, or if NTF does not have a need for the plant it can be used by FDL. At the end of the transition period, NTF will ensure that the plant is in as good condition as at the date of the agreement.

The plant is currently in good

condition as illustrated in Figure 1 and has been used by FDL in its recent kimberlite bulk sampling activities. It is located on a site with good access and an adequate water supply for future bulk sampling. The plant has treated kimberlite at between 3 and 5 tonnes per hour with a 0.5mm minimum screen size. Flinders believes that this acquisition will make its future bulk sampling more cost effective and enable work to be carried out at a time of FDL's choosing.

Future Kimberlite Evaluation Strategy

Apart from more cost effective and timely work, FDL is planning to use the plant for mini bulk samples in the less than 10 tonne range to check for the presence of diamonds and to provide more representative heavy mineral concentrates from new kimberlites discovered. This will reduce the long delays of up to 5 months experienced in 2006 waiting for microdiamond determinations.

Due to the highly suitable site and central location, FDL will be able to truck samples to the treatment site from anywhere on its Flinders Ranges Project Area. FDL will search for and employ an experienced full time operator to maintain and operate the plant, if necessary at other locations.

New Kimberlite Diamond Content Determinations

FDL has recently assessed its kimberlite discoveries over about the last year since 1 March 2006. During this period a total of 310 identified airborne magnetic anomalies have been followed up with ground magnetic surveys. After these surveys a total of 93 targets we tested by a combination of excavator trenches and auger drillholes. This resulted in a total of 38 kimberlite discoveries, including 21 dykes or fissures, 13 pipes and 4 sills.

Of the 38 kimberlites located 21 have been tested for microdiamonds with two positive results (Figure 2). There are 17 outstanding new kimberlite samples which have recently been sent to a professional laboratory for microdiamond analysis as an assessment of potential diamond content. The location of these kimberlites is shown on Figure 2. The 17 samples are from 11 dykes, 4

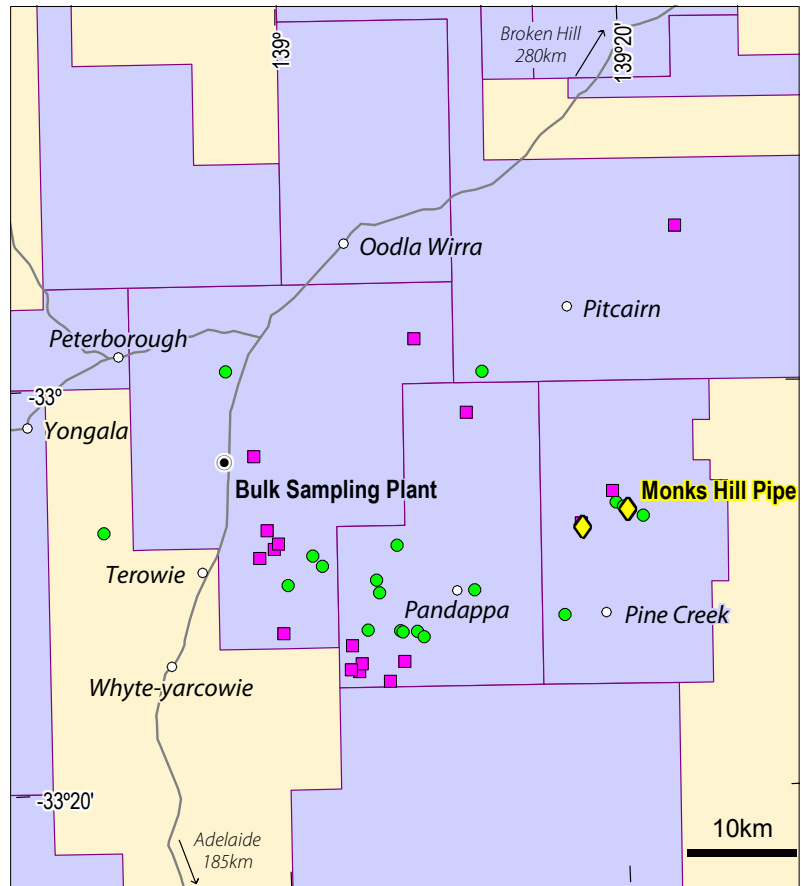


Figure 2 Location of kimberlites discovered in the Flinders Ranges Project since 1 March 2006.

pipes and 2 sills.

Diamodiferous, non-diamodiferous and kimberlites under current investigation are shown separately. Any new kimberlites with interesting microdiamond results will be tested for macrodiamonds with the recently acquired Plant 21.

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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".

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