
NEWS

• RELEASE •

For immediate release
Tuesday 10 May 2005

NEW BONUS ISSUE IN RESTRUCTURED

FLINDERS DIAMONDS CAPITAL RAISING

Flinders Diamonds Limited (ASX code: "FDL") is to offer a new two-for-five bonus option package under a restructure announced today of its current capital raisings.

The options have an exercise price of five cents and if fully taken up, would raise up to A\$1.72 million by 17 June next year.

The diamond explorer introduced the new offer after its current one-for-one rights issue raised A\$768,000 for ongoing exploration work in South Australia and Western Australia.

This has added 30.8 million ordinary shares to Flinders Diamonds share register for a total of 177.9 million shares on issue. The 116 million shortfall shares within the issue will remain on offer at 2.5 cents each until 17 June this year.

"We have take-up interest in the shortfall but the closeness of our current on-market share price and the issue price under the shortfall opportunity, makes it difficult to predict the pace of any take-up over the next four weeks," Flinders Diamonds' Managing Director, Dr Kevin Wills, said today.

"Work is progressing on our flagship Flinders Ranges and Hamersley diamond projects and we will re-assess after June 17, how best to allocate overall proceeds from the issue," Dr Wills said.

Flinders Diamonds has scrapped plans for a proposed share consolidation and associated bonus issue, in light of the rights issue result.

MEDIA CONTACTS:

Dr Kevin Wills
Flinders Diamonds Limited
(08) 8362 5900 / 0419 850 997

Kevin Skinner
Field Public Relations
(08) 8234 9555 / 0414 822 631