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# NEWS

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FOR IMMEDIATE RELEASE  
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### **FLINDERS DIAMONDS' WELCOMES**

#### **POTENTIAL S.A. DISCOVERY**

Flinders Diamonds Limited (ASX code "FDL") has made what it says could be a potentially economic diamond discovery in South Australia's mid north.

However, the Company today warned that additional sampling from the area near Peterborough was required before the economic significance could be determined.

The potential discovery was announced in a project update today in which Flinders Diamonds also reported:

- The identification of 8 new kimberlite pipe targets at Nackara, northeast of Peterborough, and
- A diamondiferous kimberlite exploration success rate now the highest in Australia in 30 years

"Laboratory tests from a single sample weighing one kilogram taken from our 61D prospect, less than 10 kilometres east of Peterborough, contained five microdiamonds," Flinders Diamonds' Managing Director, Dr Kevin Wills, said today.

"In the diamond exploration business, this is potentially an economic result which we are required to report," Dr Wills said.

"However, at the same time, we are urging some caution against generating any expectation other than at this point, it is a good result from a single sample and which reinforces the increasing success in this area of our diamond exploration model.

"On that basis, we have elected to run two additional samples from the same trench, through laboratory testing, to achieve a truer interpretation of the site's diamond-bearing potential.

"These results, from approximately 8 kilogram samples, should be available within six weeks or before Christmas."

Dr Wills said that while the five microdiamond discovery was pleasing, the Company was being cautious as the results could be caused by small nodules containing large numbers of diamonds.

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“Another larger sample, of about 20 kilograms, taken from the same trench, returned a negative result,” he said.

The revealing one kilogram sample was among five of eight samples which returned positive results after being submitted for laboratory analysis in August from trenching operations in an area stretching northeast from Peterborough to Nackara.

### **Increasing exploration success**

Dr Wills attributed the Company’s increasing success at locating kimberlites – the host rock for diamonds – to a decision to switch its exploration strategy to one based on airborne and ground magnetics.

“We have now located 20 diamondiferous kimberlites in SA in just 12 months – which from our research, is the highest discovery rate in Australia since the Ellendale, Western Australia discovery in 1976,” Dr Wills said.

“Clearly, the Peterborough region is yielding sufficient kimberlitic indicators for Flinders Diamonds to switch our primary attention to this province from our earlier focus around Springfield and Boolcunda, further to the northwest.

“As a result, we have put further exploration work at Springfield/Boolcunda on hold.

“We are confident that our exploration modelling is now right for this emerging mid-north region and that with some further fine-tuning, Flinders Diamonds can further increase its kimberlite discovery rate.”

About 25 targets in the Peterborough-Nackara area are awaiting trenching or drilling with a further 75 targets identified on airborne magnetic data, ready for follow-up ground magnetic surveys.

A second helimag survey of the Peterborough area is planned, following the initial such survey by Flinders Diamonds in June this year.

Helimag surveys allow the generation of information about ground conditions at just one metre width intervals – a data density 30 times more intense than conventional surveys. Results can be available within 24 hours of actual flying, allowing earlier decisions on field follow-up even while the survey is still in progress.

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