

# FLINDERS DIAMONDS LIMITED

ACN: 091 118 044 ABN: 46 091 118 044

## **Postal Address:**

PO Box 3368  
NORWOOD SA 5067  
Telephone: **08 8362 5900**  
Email: **fdltd@senet.com.au**

## **Premises:**

20 Boskenna Avenue  
NORWOOD SA 5067  
Facsimile: **08 8362 5966**

## QUARTERLY REPORT

### PERIOD ENDING 31 MARCH 2002

#### HIGHLIGHTS

##### SPRINGFIELD PROJECT

- ◆ Gravity Surveys have been completed at the Springfield and Boolcunda Basins.
- ◆ The gravity lows defined are thought to represent the locations of diamondiferous kimberlites under the basins.
- ◆ A seismic survey is being undertaken to pinpoint drill hole locations. This is the first use of a seismic survey for diamond exploration in Australia.
- ◆ Drill testing of three kimberlite targets will commence in May.

##### G2 PROJECT

- ◆ Magnetic and gravity anomalies have been identified. They will be geophysically modelled prior to selection of targets for drill testing of Olympic Dam or Prominent Hill style base metal and gold mineralisation.

#### REVIEW OF OPERATIONS

Since its ASX listing on 20 February Flinders Diamonds Limited has advertised for, interviewed and selected an exploration support team. The company has located, moved into and equipped a modest exploration office in Norwood, South Australia. Fieldwork commenced on the Springfield and Strangways Projects with research and planning undertaken for all other projects.

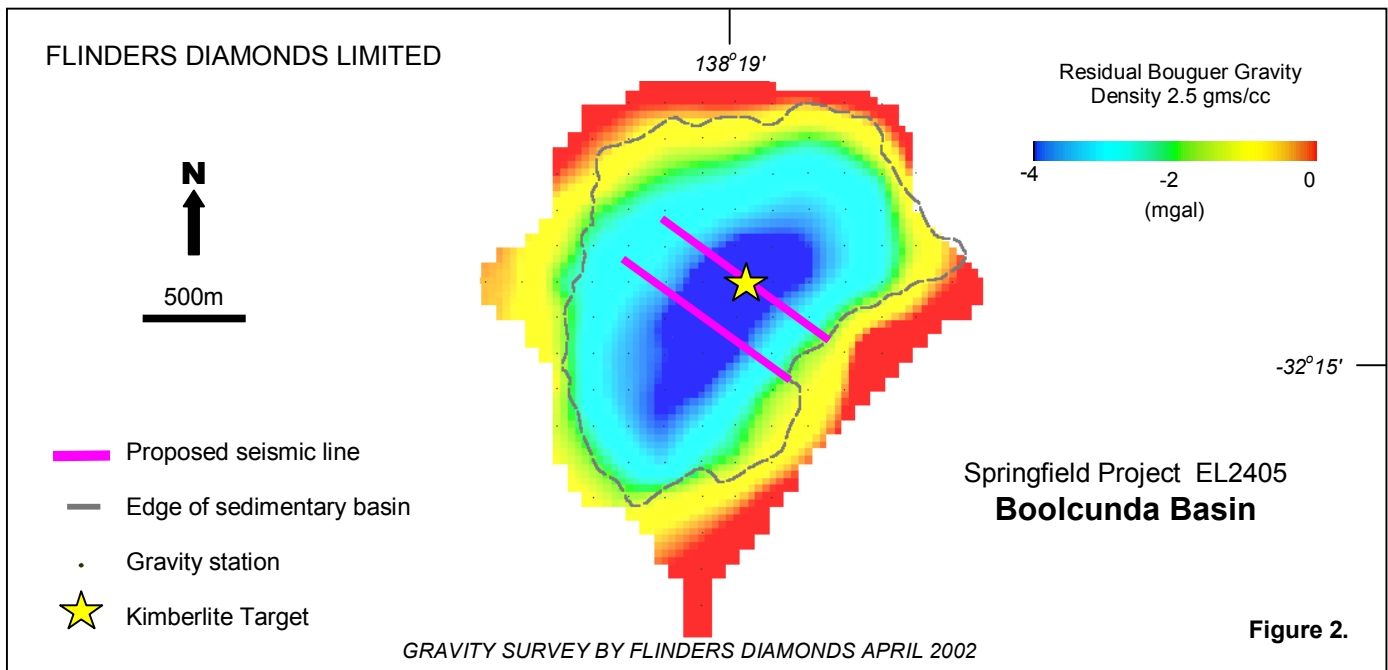
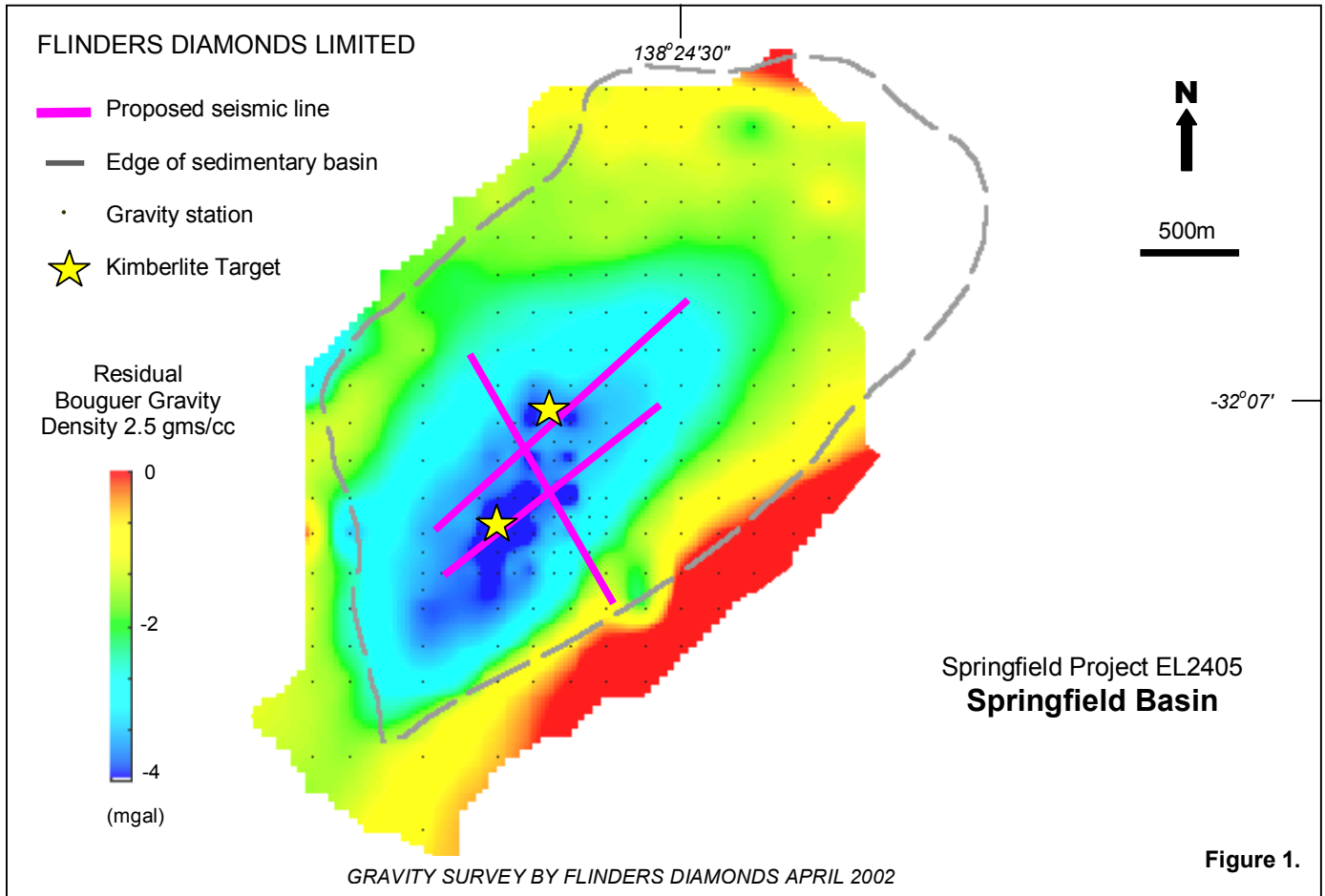
#### SOUTH AUSTRALIA

##### SPRINGFIELD PROJECT

The Springfield and Boolcunda sedimentary basins are located about 30 and 45 kilometres respectively south of Hawker on EL 2405 in the Flinders Ranges of South Australia. Flinders Diamonds believes the basins represent in-filled volcanic craters formed by kimberlite volcanic eruptions during the Permian and Triassic Periods between about 250 and 230 million years ago.

According to the Global Emplacement Model (GEM) that Flinders is applying, kimberlites will be located under the deepest part of each basin which would coincide with a volcanic vent inside each crater. These kimberlites are thought to represent the primary source of the 196 diamonds recovered to date at Springfield and the two diamonds located from Boolcunda.

Flinders work on these targets has been designed to locate the deepest parts of each basin by the application of geophysical techniques. Initially, gravity surveys have been carried out. These have produced distinct areas of low gravity which at each basin are thought to correspond to the likely thickest accumulation of low-density sediments and location of diamondiferous kimberlites under each basin. Gravity images of each basin, together with the location of current postulated kimberlite targets are shown in the Figure 1 and Figure 2 below.



In order to confirm and pinpoint these targets Flinders Diamonds has commenced work for a seismic survey over the gravity low areas as shown on the diagrams. This use of seismic surveys is the first known use of the seismic technique as part of a diamond exploration program in Australia.

Results of the seismic work are expected to be available early in May. Thereafter it is planned to drill test two locations at the Springfield Basin and one at Boolcunda. Drilling will be by RC Percussion pre-collared holes with diamond-drilled tails. Total depth is anticipated to be in the range of 400 to 600 metres. Drilling of the three holes is expected to be completed during the June quarter.

Elsewhere on the Springfield Project there are several other high-priority kimberlite targets to follow up. These include five "KA" series targets within five kilometres of the Springfield Basin and a cluster of three magnetic anomalies at Eurelia near the southeast corner of the Springfield Project area.

The "KA" series targets consist of clusters of positive "on-source" kimberlitic indicator minerals under areas of shallow cover. These targets were defined by Tiger International Resources Inc in 1999 and have since been awaiting follow up exploration.

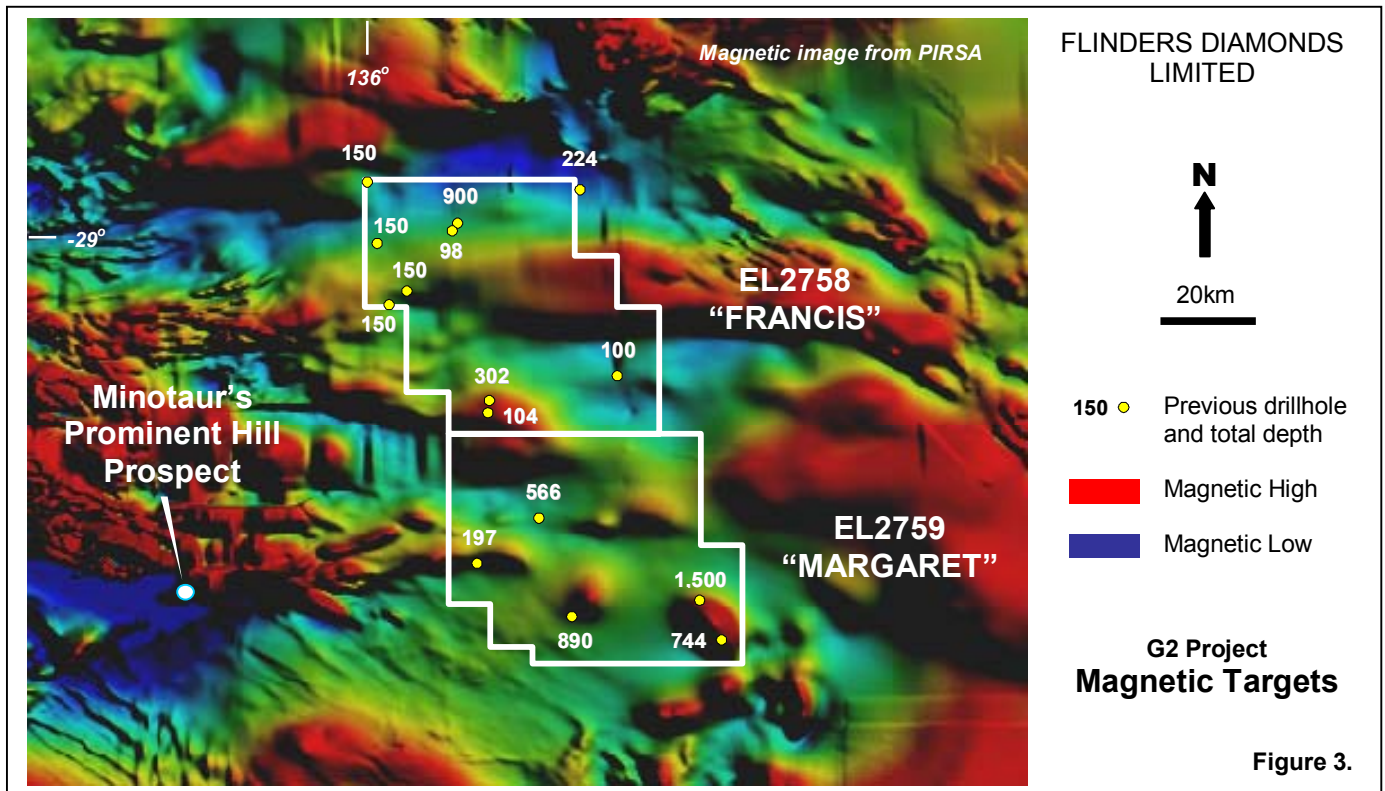
The Eurelia magnetic anomalies were defined by a recent AGSO (Geoscience Australia) airborne magnetic survey. The anomalies, which are covered by shallow alluvium, lie within an area containing diamondiferous kimberlite dykes that were located by Stockdale Prospecting Ltd in the late 1970's. The new targets are thought to represent possible diamondiferous kimberlite pipes overlain by shallow cover. A total of 163 diamonds were previously recovered from Stockdale's bulk sampling of Eurelia Kimberlite dykes.

**G2 PROJECT**

Flinders Diamonds G2 Project is located about 150 kilometres east of Coober Pedy and 50 kilometres east of Minotaur's Prominent Hill discovery in the far north of South Australia.

In view of the importance of the Prominent Hill discovery for base metals and gold, Flinders' is temporarily focussing on an evaluation of the base metals potential of the G2 project area before attention is turned to the diamond potential.

The review has identified at least eight magnetic anomalies that have been the subject of previous exploration for base metals or coal. Previous explorers have drill tested these targets to depths of between 150 and 1500 metres (See Figure 3). Holes have generally not intersected basement, though the holes drilled for coal were not designed to.



Flinders has engaged a geophysical consultant to review both the regional magnetic and gravity data and to estimate modelled depths to basement. Any targets which are sufficiently shallow will be subjected to new ground gravity and magnetic surveys prior to selection of possible drill targets.

**ADELAIDE HILLS PROJECT**

A review of previous exploration and establishment of a results data base has been carried out. Field exploration is expected to begin in the June quarter.

## **NORTHERN TERRITORY**

### **STRANGWAYS PROJECT**

The Strangways Project covering an area of 1800 square kilometres is located about 100 kilometres northeast of Alice Springs at the intersection of the transcontinental G1, G2 and G3 Gravity Corridors.

Previous diamond exploration in the region was reviewed and a reconnaissance field visit made to the area. An area of extensive base metal (zinc, copper and lead) and phosphorous stream sediment anomalies in the Mt Bleechmore vicinity was inspected. Regolith mapping and follow up drainage sampling are planned for the June quarter.

## **WESTERN AUSTRALIA**

### **SKELETON FLAT**

The Skeleton Flat Project consists of ELA 80/2547 located about 65 kilometres northwest of Halls Creek in the diamond prospective Kimberley Region of Western Australia. Previous exploration has located two diamond localities which are thought to be derived from a 37 hectare geomorphological anomaly. The feature is represented by vegetation, topographic, magnetic and kimberlitic indicator anomalies.

Work to progress the granting of title and achieving access rights is underway. Flinders expects that the target can be drilled in the northern dry season during the December quarter of 2002.

## **FINANCE**

At 31 March the company had available funds of \$3.16 million consisting of a term deposit of \$3 million and \$160 000 in a trading account.

Exploration expenditure by the company during the March quarter was \$92 000 and, in view of the seismic survey and drilling at Springfield, forecast expenditure for the June quarter is \$500 000.



Kevin JA Wills  
Managing Director

24 April 2002

The information in this report has been compiled by KJA Wills who is a Fellow of the Australasian Institute of Mining and Metallurgy and who is bound by and follows the Institute's codes and recommended practices. He has a minimum of five years experience in the types of activities being reported.

Enquires should be directed to Kevin Wills, Managing Director on (08) 8362 5900 or 0419 850 997.

Tenement Schedule Attached

## FLINDERS DIAMONDS LIMITED

## SCHEDULE OF TENEMENTS AT 31 MARCH 2002

PROJECT	TENEMENT NUMBER	TENEMENT NAME	AREA (Sq km)	REGISTERED HOLDER/APPLICANT	FDL'S INTEREST %
<b>SOUTH AUSTRALIA</b>					
Adelaide Hills	EL 2585	Lobethal	341	AKD Ltd & Statelink Holdings Pty Ltd	FDL earning 75%
Adelaide Hills	EL 2663	Kanmantoo	685	Kelaray Pty Ltd, J F Allender, AF Le Brun & I P Youles	FDL earning 75% of diamond rights
Adelaide Hills	EL 2739	Echungua	385	Flinders Diamonds Ltd	100%
Adelaide Hills	EL 2786	Mt Pleasant	719	Flinders Diamonds Ltd	100%
<b>Sub Total Adelaide Hills</b>			2130		
Springfield	EL 2405	Springfield	340	J F Allender, A F Le Brun & Inca Resources Pty Ltd	FDL earned 70% , earning up to 75%
Springfield	EL 2656	Kanyaka	297	Flinders Diamonds Ltd	100%
Springfield	EL 2464	Glen Oak	592	J F Allender, A F Le Brun & Inca Resources Pty Ltd	FDL earned 70%, earning up to 75%
Springfield	EL 2738	Partacoona	12	Flinders Diamonds Ltd	100%
Springfield	EL 2535	Willochra	1466	Flinders Diamonds Ltd	FDL earned 70%, earning up to 75%
Springfield	EL 2536	Gilbert Hill	2345	Flinders Diamonds Ltd	FDL earned 70%, earning up to 75%
Springfield	EL 2718	Quorn	470	Flinders Diamonds Ltd	100%
<b>Sub Total Springfield</b>			5522		
Leigh Creek	EL 2770	Tom Hill	226	Flinders Diamonds Ltd	100%
G2	EL 2758	Francis	2485	Flinders Diamonds Ltd	100%
G2	EL 2759	Margaret	2489	Flinders Diamonds Ltd	100%
<b>Sub Total G2</b>			4974		
<b>NORTHERN TERRITORY</b>					
Strangways	MCS 227	Johnnies Reward MC	17.5ha	Flinders Diamonds Ltd	100%
Strangways	MLA 23420	Johnnies Reward South	37.80	Flinders Diamonds Ltd	100%
Strangways	MLA 23421	Johnnies Reward North	34.70	Flinders Diamonds Ltd	100%
Strangways	EL 10364	Mud Tank	340	Tennant Creek Gold (NT) Pty Ltd	
Strangways	EL 22443	Strangways	973	Flinders Diamonds Ltd	100%
Strangways	EL 22446	Alcoota	218	Flinders Diamonds Ltd	100%
Strangways	EL 22623	Phlogopite	145	Flinders Diamonds Ltd	100%
<b>Sub Total Strangways</b>			1817		
<b>WESTERN AUSTRALIA</b>					
Skeleton Flat	ELA 2547	Skeleton Flat	33	L Field & N J Towie	FDL earning up to 85%

Abbreviations: EL Exploration Licence Ha Hectares  
 ELA Exploration Licence Application MCS Mineral Claim South  
 FDL Flinders Diamonds Limited MLA Mineral Lease Application