

15 November 2005

Minerals and Energy - Titles
Dept of Primary Industry, Fisheries and Mines
GPO Box 3000
DARWIN NT 0801

Dear Sir / Madam,

Substitution Exploration Licence Applications – Flinders Diamonds Limited

Please find attached 2 Substitution Exploration Licence applications for the combined areas of EL10364 plus EL22446 and EL22443 plus EL22623 respectively together with a cheque for \$1369.68 covering application and advertising fees for both applications.

Also attached are:

- § Copies of the Flinders Diamonds Limited Annual Report, 2005 and the Maximus Resources Limited Prospectus and Supplementary Prospectus to support details of financial resources and to provide some background into the rationale behind these Substitution Exploration Licence applications.
- § Copies of search certificates from the Land Titles Office which cover the areas of both Substitution EL applications. The circled numbers on Part 11 of both applications refer to the relevant search certificates.
- § Application for a Miners Right for Maximus Resources Limited together with copy of Certificate of Registration and cheque for \$100.

In July 2005 an agreement was signed between Flinders Diamonds Limited (FDL) and Maximus Resources Limited (MXR) assigning FDL's rights to all minerals except diamonds in FDL's Strangways Project in the Northern Territory (and in two FDL projects in South Australia) to MXR. The Strangways Project includes all the above EL's plus EL23592 (Johnnies Reward), Authority A23714 and MLA23903. In the MXR prospectus the area is referred to as the Woolanga Project.

Stock exchange listing of MXR was delayed until October 2005 when MXR successfully raised \$7 million for exploration. MXR has committed to expenditure of \$500 000 over the next 2 years on the FDL Strangways Project.. Before MXR can proceed with exploration the ASX has insisted that the FDL/ MXR agreement is ratified by FDL shareholders. This will take place at an Extraordinary General Meeting of FDL shareholders to be held in Adelaide on 30 November 2005.

FDL and MXR have formulated a best approach to on-going exploration for the Strangways / Woolanga Project and application for these two Substitution EL's forms part of that strategy.

MXR will be the principal operator of the Strangways / Woolanga Project over the next 12 months and plans to concentrate its efforts on a detailed evaluation of the Johnnies Reward copper-gold prospect on EL23592. This will entail gravity, magnetic and EM surveys together with extensive RC and diamond drilling with a minimum expenditure of \$200 000. At the same time MXR will undertake a regional and prospect evaluation of the gold and base metal potential on the two Substitution EL's, as outlined in the attached applications.

Application for the Substitute EL's has also been undertaken to rationalise the areas into a primarily metallic potential EL (combined EL's 22443 and 22623) with secondary vermiculite and diamond targets and a combined metallic / vermiculite potential EL (combined EL's 10364 and 22446) with secondary diamond targets.

FDL and MXR strongly believe that the proposed strategy will lead to an effective evaluation of the mineral potential of the Strangways / Woolanga Project area over the next 3-4 years.

Proposed exploration by FDL / MXR over years 2-3 includes:

- § On-going detailed evaluation of the Johnnies Reward prospect with a further minimum expenditure of \$200 000 in year 2, dependent on results obtained,
- § Detailed evaluation of other gold and base metal prospects on the Johnnies Reward EL and on the two Substitution EL's.
- § Review of vermiculite potential of the project area, a market review of vermiculite and possible evaluation drilling and bulk sampling of known resources.
- § Review of anomalous diamond indicator sites in the project area with follow-up utilising ground magnetic surveys, trenching and drilling, and subsequent microdiamond and indicator analysis. This geophysics-based approach has recently been applied successfully in FDL's Flinders Ranges Project in South Australia, where numerous kimberlite bodies have been delineated (see FDL Annual Report, 2005).

These applications now supercede my letter of 2 November 2005 to Denise Turnbull, Mining Registrar, requesting deferral of area reduction over EL10364.

Please contact me on 08 8362 5900 if you require further information.

Yours sincerely

Warwick Newton
Tenement Manager