
MEDIA RELEASE

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SOLID RESPONSE TO FLINDERS DIAMONDS

RIGHTS ISSUE - CHAIRMAN

Flinders Diamonds Limited has received a solid response to its \$3 million rights and options issue, the Company's Chairman, Mr Robert Kennedy, told shareholders at today's annual meeting in Adelaide.

"This will enable the company to pursue its search for economic diamond deposits by drill testing a series of Kimberlite pipe exploration targets defined by recent work," Mr Kennedy said.

"As set out in the rights issue prospectus, Flinders has 17 such targets at "drill ready" stage and it is proposed to test 14 of these in this current December quarter of 2003," he said.

Mr Kennedy said the one-for-one rights issue, with a free attaching option, will be fully subscribed after receipt of shortfall application and will raise approximately \$3m.

"Shareholders were also offered the opportunity to take up any shortfall and I advise that - excluding directors who are prevented from participating in any shortfall by operation of the ASX rules without shareholder approval - a further 5.3m shares and \$265,000 have been applied for," Mr Kennedy said.

Mr Kennedy said Flinders Diamonds' exploration success to date was in line with the stated objective of the company.

"It is clear that not only has the company pursued its exploration tenements along the G2 corridor but has also sought further prospective tenements to add to what is in real estate terms "the most desirable location." he said.

"Our latest area, in joint venture with Prenti Exploration Pty Ltd in the Pilbara Craton of WA, is providing some exciting exploration results the latest of which were announced only two days ago."

Mr Kennedy said the past year had been a difficult period for the company to continue its exploration work whilst it was involved in litigation.

"Only last Friday we were again before the Court with an application by the Appellants Tiger International Resources Inc, Patric Barry, Anthony Campbell, Campbell Corporation Pty Ltd and Balance Tax Pty Ltd who sought a declaration from the Supreme Court that they each were entitled to exercise the voting rights attached to shares in the company previously registered in their names but which vested in the Australian Securities and Investments Commission by order of the Supreme Court on 12 June 2003," he said.

Chairman's Address

"The Appellants sought this declaration so that they would be permitted to attend and vote at the AGM of the company.

"Justice Bleby dismissed the application saying that the Appellants' argument was without substance.

"The Appellants were ordered to pay the company's costs of the application."

Mr Kennedy said "The company expects to commence drilling at Boolcunda on Friday and at Skeleton Flat next week. We look forward to positive results."