
NEWS

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FOR IMMEDIATE RELEASE
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SHAREHOLDERS VOTE OVERWHELMINGLY TO
KEEP EXISTING FLINDERS DIAMONDS BOARD

Shareholders in listed explorer, Flinders Diamonds Limited (ASX code: "FDL") have voted overwhelmingly to retain the Company's current Board, headed by Chairman, Mr Robert Kennedy.

At an extraordinary general meeting in Adelaide today, Flinders Diamonds shareholders wholeheartedly rejected a motion by a small group of shareholders to have their nominees replace Mr Kennedy and fellow Director, Mr Ewan Vickery.

The Board changes were sought by United States-based shareholder, Mr Patric Barry, a former Chairman of Flinders Diamonds.

Today's shareholder rejection ended a two year court action between the Company, Mr Barry and his associates.

The court battle followed Mr Barry seeking the Board changes late in 2002.

Flinders Diamonds subsequently initiated successful court action against the group of shareholders, comprising Mr Barry, Tiger International Resources Inc, Mr Anthony Campbell, Campbell Corporation Pty Ltd and Balance Tax Pty Ltd, in which the court found that the defendants had entered an illegal agreement in breach of the Corporations Act to vote their shares in such a manner as to take control of the Board and the Company

Last week, Flinders Diamonds announced Mr Barry and US-based Tiger International, of which Mr Barry is President, had agreed to pay the Company \$200,000 as part of cost settlements associated with the dispute. Other shareholders in the group had earlier settled with the Company.

"Today's vote brings this unfortunate chapter in Flinders Diamonds' history to a close," Mr Kennedy said after the meeting.

"The Company did not lose sight of its exploration objectives during the past two years and despite the distraction of this matter, has now built a portfolio of substantial and promising diamondiferous acreage in South Australia and Western Australia," he said.

“The Board and management of Flinders Diamonds have been given a mandate in today’s vote to continue to explore these assets with the objective of developing Australia’s next diamond mine.”

During the court actions, the Supreme Court of South Australia found that Mr Barry and others had breached the Takeovers Code and the Substantial Shareholder provisions of the Corporations Act.

Mr Barry’s resolutions, which were soundly defeated when put to today’s shareholder meeting, called for the appointment of Mr Lindsay Hay, Mr Adrian Lungan and Mr John Campbell as new directors of the company and the removal as directors of Mr Vickery, Mr Kennedy and any other director appointed since 15 August 2002.

All resolutions were defeated unanimously on a show of hands. However, the Chairman sought a poll and in every resolution, more than 70% of the votes cast were against the resolutions proposed by Mr Barry, therefore mandating the existing board.

Votes were cast by more than 500 shareholders. Apart from the votes of Mr Barry, Tiger International and a former director, Mr Peter Taylor, only 0.4% of votes were cast by shareholders in favour of the resolutions. The only candidate who is a shareholder, Mr Lindsay Hay, did not bother to vote.

Mr Barry and his proposed candidates for the Board positions did not attend today’s meeting.

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