
NEWS

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FOR IMMEDIATE RELEASE

Thursday 27 March, 2003

N.T. DRILL PROGRAM TO ASSESS SCOPE FOR

AUSTRALIA'S SECOND VERMICULITE MINE

An evaluation program to locate potential resources for what would be only Australia's second vermiculite mine, commenced today in Central Australia.

The program will see nearly 200 short holes drilled by Flinders Diamonds Limited in the Mount Bleechmore area, 100 kilometres northeast of Alice Springs.

Flinders Diamonds discovered the vermiculite-rich area during a diamond exploration program on the Company's Strangways project last October.

The Mount Bleechmore targets are 20 kilometres north of Australia's only producing vermiculite mine operated by Australian Vermiculite Industries (AVI) at Mud Tank.

Vermiculite is used as an artificial hydroponics soil as well as in industrial and manufacturing processes requiring low density and/or heat and electrical insulation.

"The Company intends to maintain its primary focus on diamonds," Flinders Diamonds' Managing Director, Dr Kevin Wills, said today.

"Proving up resources of other commodities from 100%-owned prospects such as Mount Bleechmore, raises the possibility, however, of early revenue for Flinders Diamonds from joint venture, farm-in or royalty-only vermiculite mining while we pursue exploration on our flagship diamond projects."

High quality vermiculite sells for prices in excess of US\$250 per tonne.

In last year's drilling program, Flinders Diamonds discovered locations with more than 50 vertical metres of vermiculite-rich drill cuttings and its host rock, carbonatite.

The Company has since carried out ground gravity and high resolution ground magnetic surveys and has secured access to a recent airborne hyperspectral survey to further identify vermiculite concentrations.

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FIELD BUSINESS SERVICES PTY LTD ACN 008 222 311 ABN 74 008 222 311

ADELAIDE - 201 Hutt Street, SA 5000 Ph: (08) 8232 1355 Fax: (08) 8232 1356

SYDNEY - Level 4, Suite 409, 185 Elizabeth Street, NSW 2000 Ph: (02) 9264 4433 Fax: (02) 9264 3433

admin@fieldpr.com.au

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Dr Wills said the initial evaluation program would consist of up to 200 short vacuum drill holes of between five and 10 metres in length.

They will be drilled on 80 by 40 metre centres, or closer if necessary, to identify bedrock type.

"Preliminary observations from our October 2002 drillholes suggest that the Bleechmore vermiculite contains a high proportion of mica flakes in excess of 2.5 millimetre width," Dr Wills said.

"This proportion and size is essential for a premium vermiculite product.

"If the current program shows promise, resource evaluation drilling will be carried out during the second quarter of 2003."

FOR FURTHER INFORMATION, PLEASE CONTACT:

Dr Kevin Wills, Flinders Diamonds Limited (08) 8362 5900 / 0419 850 997

Kevin Skinner, Field Public Relations (08) 8232 1355 / 0414 822 631

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