

NEWS

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FLINDERS DIAMONDS IN NEW

FIND IN WESTERN AUSTRALIA

Flinders Diamonds Limited has announced a second project to contain a new diamond find - this time in Western Australia.

The 0.3mm diamond was found during testing of drill samples from the Flinders Diamonds' Hamersley Project (50% interest) in the Pilbara region of Western Australia.

The find follows the diamond and associated pyrope garnets located by the Company at its Boolcunda prospect in South Australia in May this year.

"The latest diamond was recovered from heavy mineral analysis of 10 reverse circulation percussion drillhole samples collected in February last year by Rio Tinto Exploration under a former joint venture agreement with Prenti Exploration Pty Ltd," Flinders Diamonds' Managing Director, Dr Kevin Wills, said today.

"These samples had not previously been tested for heavy minerals and six were positive for diamond indicators at depths from 4-80 metres," Dr Wills said.

Flinders Diamonds joined Prenti to explore the Hamersley Project in May this year in a 50-50 joint venture.

Dr Wills said testing suggested the indicators were in a primary diamondiferous source rock and complete analysis of all samples and concentrates would now be carried out, particularly because of the unusual levels of iron in the samples.

The Company also announced today a two week extension to 14 October, 2003 of its current and well supported \$3 million non-renounceable rights issue, and that expressions of interest had been lodged for a total of 16 million shares of any shortfall.

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