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# NEWS

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FOR IMMEDIATE RELEASE  
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## FLINDERS DIAMONDS BOARD TO CONTEST FORMER CHAIRMAN'S CHALLENGE

Flinders Diamonds Limited says it will vigorously defend a challenge to the Board by a former Chairman of the Company - American-based Mr Patric Barry.

The Company made the announcement in an advice mailed out to shareholders today, which also announced that Flinders Diamonds would go ahead with a start this month to its planned drilling program, despite Mr Barry's request for a spill of the Board.

Shareholders will vote on October 15 at a special general meeting in Adelaide on a request by Mr Barry to replace two of the three current Board Directors, Chairman, Adelaide accountant, Mr Bob Kennedy and Adelaide lawyer, Mr Ewan Vickery, with three Perth-based nominees.

The other Board member, the Company's Managing Director, Dr Kevin Wills, has been excluded from Mr Barry's request.

"The Board is advising shareholders this week to reject Mr Barry's request as not being in the best interests of the Company," Dr Wills said.

"Of particular concern is Mr Barry's proposal to change the direction of the Company by sourcing income-producing projects," he said.

"This was not the purpose for which Flinders Diamonds raised capital in its IPO leading to the Company's listing in February this year on the ASX.

"Mr Barry's challenge will therefore be vigorously resisted.

"The Company will continue to pursue its exploration objectives as set out in the prospectus."

Dr Wills said commencement of the Company's target drilling program on its flagship Springfield project in South Australia, is paramount to the future of Flinders Diamonds as one of the new breed of junior explorers opening up new diamond mine opportunities in the Australian precious gems sector.

**FOR FURTHER INFORMATION: Please contact**

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