

17 December 2003

The Manager
Company Announcements Office
Australian Stock Exchange Limited
Level 4
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam,

**PHILLIPS RANGE JV, KIMBERLEY REGION, WA - FALCON™ SURVEY FOLLOW-UP
DIAMOND MINES AUSTRALIA PTY LTD EARNING UP TO 60%**

Gravity Capital Limited, as manager of the Phillips Range JV, is pleased to announce positive results from heavy mineral analysis of samples gathered during September and October. The joint venture is between Diamond Mines Australia Pty Ltd ("DMA") (40% owned by Gravity Capital), Thundelarra Exploration Limited and BHP Billiton. DMA is sole funding exploration and can earn up to 60% in the project.

The exploration programme was designed to test gravity anomalies identified from the Falcon™ airborne gravity survey completed during July and August of 2003. In addition to the established prospectivity of the known Aries district and Persephone valley area for diamondiferous kimberlites, the recent exploration has identified two new areas, remote from Aries, with strong unexplained gravity features and new significant kimberlitic indicator mineral occurrences.

At the **Elgin 1** gravity target in the Police Valley, 10 kilometres north of Aries, drainage sampling has recovered a kimberlitic pyrope garnet, potentially derived from one of the identified Falcon™ targets, in a zone of limited outcrop. This is the first recovery of this diagnostic indicator mineral from the Police Valley which has yielded a range of other kimberlitic indicators from prior exploration. It is considered significant because garnets sourced from the Aries district pipes are rare and only recovered in streams in close proximity to Aries.

At the **TGB** gravity target seven kilometres west of Aries, the combined gravity, magnetic and photo-feature has returned one confirmed kimberlitic chromite from a weakly developed drainage.

Effective drill testing of these targets was not practicable during the 2003 field season so that follow-up of these and several remaining unresolved or inaccessible targets will commence early in the 2004 field season.

Yours faithfully,



Phillip Harman
Managing Director

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