

26 May, 2010

The Manager (Companies), Australian Stock Exchange, Sydney

Dear Sir,

DRILLING PROGRESS, BINGARA DIAMONDS BULK SAMPLING

Testing of the potentially diamond bearing pelletal claystone at Bingara is now well under way.

Large diameter percussion drilling at Bingara has been continuing for the past two weeks, with ten 25 cm diameter holes to a depth of 60 metres finished. Sampling and restoration has been completed on two sites, and two of four planned holes have been completed on the third site. Restoration on the first site has been completed. Drilling of the remaining six holes will resume in a week's time, when the drillers return from their allocated roster.

About 60 tonnes of crushed pelletal claystone, extracted from the drilling is now stored in one tonne bags. Most of these have been transported to the Company's Copeton plant for processing. The Company has acquired equipment to further mill the drill cuttings before processing of the samples at Copeton. This is planned to commence early next week, with initial results available shortly afterwards.



Ten inch Percussion Drilling in Progress

For further information contact:

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Yours faithfully,

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