



SUNRISE
DIAMONDS PLC

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NEW GOLD (& Ni-Cu-PGM) PROJECT IN CANADA

- Option Agreement On Long Lake Gold Mine Near Sudbury -

- **Historic production of 57,000 ounces gold from 200,000 tonnes ore at a recovered grade of 9 g/t gold.**
- **Unexploited potential below and adjacent to shallow gold mine workings and in outlying prospects – e.g. 6m @ 13.8g/t gold and 5.7m @ 30g/t gold in past drilling.**
- **Claims also include potential 10km extension to producing Copper Cliff offset dyke system prospective for nickel-copper-platinum group metals.**
- **Exploration to start immediately with drilling planned for summer.**

Sunrise Diamonds plc (“Sunrise” or “the Company”) is pleased to announce that it has secured a three year option agreement to acquire a 100% interest in the previously producing Long Lake Gold Mine located 20km south-west of the City of Sudbury, Ontario (Canada). The claims also cover potential extensions to the currently producing Copper Cliff dyke system at the heart of the World’s most productive nickel-copper mining complex.

The claim block, held under option from well-respected local prospector Gordon Salo, comprises 23 contiguous claims covering 40.3 square km (“the Property”). It has been assembled over a number of years and was recently expanded to include the Long Lake Gold Mine which was previously not open to staking.

Commenting today, the Chairman of Sunrise, Patrick Cheetham said “We are very excited to have been granted an option over the Long Lake Gold Mine. This agreement secures a key objective after a long and intensive search for a new gold project for the Company.”

LONG LAKE GOLD MINE

The Long Lake Gold Mine produced 57,000 ounces of gold from over 200,000 tonnes of ore mined in the periods 1910-1916 and 1932-1939.

The average recovered mill grade was 9 grammes per tonne (g/t) gold and the mine tailings dumps (200,000 tonnes) which remain on site have a reported grade of 2-3 g/t gold indicating an average mine head grade of over 11g/t gold.

Most of the ore mined was extracted from a 50m diameter open glory-hole developed on a plunging pipe-like zone of disseminated gold and strongly sulphide mineralised sedimentary rock down to a depth of just 55m from surface.

Unexploited Potential

Old mine reports highlight that gold ore and waste rock were often visually difficult to distinguish and, today, native gold can be found in material on the mine waste dumps (see photos at http://www.sunrisediamonds.com/longlake_project.html). A mineralised grab sample collected by the Company from the waste pile assayed 8.8g/t gold.

Furthermore, the horizontal limits of mining were reportedly defined by the economic cut-off grades of the day rather than any identifiable geological boundaries. Consequently the Company believes it likely that further gold mineralisation can be defined outside of the existing pit.

For example - a 1937 angled drill hole located just east of the pit returned *15.7m at 3.4g/t gold* from surface. In addition a recent helicopter geophysical programme, which covered the mine and surrounding area, has identified a string of electrical conductors, possibly indicative of gold-bearing metal sulphides, extending from the mine in a north-easterly direction.

During the two periods of historic gold production exploratory mine development extended beneath the glory-hole down to the fourth mine level at 105m vertical depth where, at that time, it was thought the ore-body was displaced by faulting. However, drilling in 1936 encountered high grade ore in several holes in unexploited areas beneath the fault and approximately 25m below the deepest mine workings. The results, which included intersections of *6m @ 13.8g/t gold* and *1.5m @ 30.2g/t gold*, indicate considerable potential to define further high-grade gold mineralisation below the existing shallow workings, as well as beyond the current pit limits.

Since closure in 1939 the mine has been held privately and the past owners have been under no obligation to file details of past exploration work. However field reconnaissance by the Company and an extensive record search has shown that some exploration has taken place in an area 350m south of the mine where old newspaper reports highlight drilling results of *5.7m grading 30g/t gold* in 1973 with follow up results of *4.1m grading 12g/t gold* in 1987. Reporting of work in this outlying area on the Property is incomplete and the significance of these high grade drill intersections remains to be evaluated.

The Company intends to start exploration in and around the Long Lake Gold Mine immediately and expects to carry out diamond drilling this summer season. Work will also be carried out to evaluate the 200,000 tonne gold-tailings resource which remains on site.

COPPER CLIFFS OFFSET – NICKEL-COPPER-PGM POTENTIAL

Since 1883 the Sudbury mining field has accounted for over 25% of the world's total nickel production and new discoveries continue to be made. It is the most productive nickel-mining field in the world with over 1.7 billion tonnes of past production, reserves and resources.

Nickel-copper-and platinum group metals ("PGM") bearing sulphide minerals occur in a 60 km by 27 km elliptical igneous body called the **Sudbury Igneous Complex** ("SIC"). Mineralisation occurs within the SIC as well as in the neighbouring country rocks in close association with breccias and so-called 'Offset Dykes'. These are typically quartz-diorite in composition and extend both radially away from and concentric to the SIC. Nearly half of the nickel ore at Sudbury occurs in breccias and Offset Dykes in the footwall rocks of the SIC.

On the south trending Copper Cliff Offset Dyke, north of the Company's Property, the producing Copper Cliffs South mine and the Copper Cliff North mine have yielded over 200

million tonnes of ore and Vale Inco Limited's Clarabelle Mill, Copper Cliff Smelter and Copper Cliff Nickel Refinery are located in close proximity.

Offset Dykes have become the target of progressively more intense exploration interest in recent years following a number of new discoveries. The latest such discovery on the Copper Cliff Offset dyke was made in 2004 at Kelly Lake, to the south of the existing mines (in the direction of the Company's Long Lake property), where a resource of over 20 Mt at a grade of 3.5% combined nickel and copper and 5 g/t PGM has been reported.

Prospecting operations by the claim holder within the Property have included sampling, petrological studies and limited mapping. This has identified numerous areas with outcropping offset-type dykes. The Property was optioned during 2008 to Australian company Pegasus Metals Limited. At that time the Long Lake mine was privately held and excluded from the Pegasus option.

In 2008 Pegasus Metals carried out a helicopter-borne airborne electromagnetic survey which, identified potential gold targets near to the Long Lake mine as well as a number of conductive targets for nickel-copper-PGM. Ground examination confirmed that at least one such anomaly is associated with an outcrop of an Offset-type dyke. Whilst some follow up ground geophysics was carried out, Pegasus Metals dropped the option during the recent global financial crisis before drill testing any of the anomalies.

"Whilst drilling for gold is our priority at Long Lake, Sudbury is 'elephant country' for nickel-copper-PGM deposits and the nickel targets on the claim block are a real bonus. It's rare to find two such prospective but geologically distinct projects in the one claim block." said Mr. Cheetham.

OPTION AGREEMENT

The Company may acquire a 100% interest in the Property by making staged payments totalling Can\$575,000 over a three year period, by meeting exploration expenditures of Can\$500,000 in that period and by issuing up to 5,000,000 five year share warrants exercisable at 0.675p per share. The vendor retains a 3% NSR on the property of which 2% may be purchased by the Company at any time for the sum of Can\$3 million. Further details are given below.

COMPANY NAME CHANGE

At a meeting of the Board held last Friday it was proposed that the Company should change its name to reflect the Company's broader commodity base. Further information will be given when a name change becomes effective.

Maps showing the location of the project and various illustrations and photographs for the Long Lake project will be available on the Company's website at:
http://www.sunrisediamonds.com/longlake_project.html

For further information see below, or contact:

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The information in this release has been compiled and reviewed by Mr. Patrick Cheetham (MIMMM, MAusIMM) who is a qualified person for the purposes of the AIM Note for Mining and Oil & Gas Companies dated June 2009. Mr Cheetham is a Member of the Institute of Materials, Minerals & Mining and also a member of the Australasian Institute of Mining & Metallurgy.

Further information

Company Background & Recent Strategic Developments

Sunrise Diamonds plc was formed to acquire the diamond exploration interests of Tertiary Minerals plc in 2005. Since then the Company has made a number of new kimberlite discoveries in Finland and expanded its portfolio of diamond exploration interests in Finland. Exploration is continuing and drilling of certain targets is planned for 2010.

In 2009 the Company made a strategic decision to expand its geographical focus as well as its commodity interests and in October 2009 the Company announced an application for an exploration licence in Western Australia prospective for both diamonds and Ni-Cu-PGM (the Cue Project). Exploration for this project is scheduled to start after the grant of the licence which is expected mid-2010.

In September 2009 the Company was awarded an exploration licence in south-west Ireland for the industrial mineral barite (the Derryginagh Project). Past mining of high value filler grade barite and more recent drilling has indicated the potential for a modest scale mining operating that could, in time, produce a valuable cash flow for the Company. Most recently the Company announced promising results from initial metallurgical testwork and product testing and further work is planned.

The option agreement for the Long Lake project now brings a new key gold project for the Company and completes this stage in the strategic development of the Company's project portfolio.

The shares of Sunrise Diamonds plc are traded on AIM (trading symbol "SDS"). At the last closing mid-price of the shares on 4 May, the Company had a market capitalisation of £1.67 million.

Detailed Terms of Agreement – Long Lake Option

The Company has been granted as of 4 May 2010 ("the Effective Date") a three year option to acquire 100% of the Project subject to the arms-length vendor retaining a 3% Net Smelter Return (NSR) Royalty on future mine production.

1. Option:

In order to maintain the option over a period of three years :

(a) The following cash payments are to be made:

- (i) Can\$27,500 on the Effective Date
- (ii) Can\$50,000 within 12 months from the Effective Date
- (iii) Can\$117,500 within 24 months from the Effective Date

(b) Share Warrants are to be issued as follows:

- (i) 2,500,000 Share Warrants on the Effective Date
- (ii) 2,500,000 Share Warrants within 12 months from the Effective Date

Each Share Warrant allows the vendor to buy one new ordinary share in the Company at the mid-market price on the Effective Date on the terms set out below. The issue of share warrants in 1(b)(ii) to be subject to the directors of the Company having sufficient authority from shareholders given at the next Annual AGM or EGM and in the event that the directors are not so authorised the Company will pay the Vendor a cash amount equal to 2.5 million x the price difference between the exercise price and the mid-market price of the shares averaged over the 30 day period prior to the day shareholders withhold such authority.

(c) The following exploration expenditures must be incurred on the Project:

- (i) Can\$100,000 within 12 months from the Effective Date
- (ii) Can\$150,000 within 24 months from the Effective Date
- (iii) Can\$300,000 within 36 months from the Effective Date

2. Exercise of the Option

The Company may exercise the Option within 36 months of the Effective Date and after all of the above option payments have been made, the Share Warrants issued and the above expenditures met, by making a further payment of Can\$380,000.

The Company has made payment under 1(a)(i) above and the Board has authorised the initial issue of warrants in 1(b)(i). It is now committed to the initial exploration expenditure 1(c)(i), but may withdraw from the Option Agreement at anytime thereafter.

3. Exercise of Share Warrants

All Share Warrants will lapse 5 years from the Effective Date and to the extent that they are issued will become exercisable as follows:

(a) 1,000,000 Share Warrants will be exercisable from the Effective Date.

(b) a further 1,000,000 Share Warrants will be exercisable from a date 12 months from the Effective Date provided that the cash payment in paragraph 1(a)(ii) above has been made.

(c) a further 1,000,000 Share Warrants will be exercisable from a date 24 months from the Effective Date provided that the cash payment in paragraph 1(a)(iii) above has been made.

a further 2,000,000 Share Warrants will be exercisable from a date 36 months from the Effective Date provided that the Option has been exercised.

4. NSR Royalty Interest

The Company may at any time after exercising the Option elect to purchase one third of the Vendors retained 3%NSR royalty for Can\$1 million and an additional one-third of the 3%NSR Royalty for an additional Can\$2 million and will retain a right of first refusal to purchase the remaining one-third of the 3%NSR Royalty.