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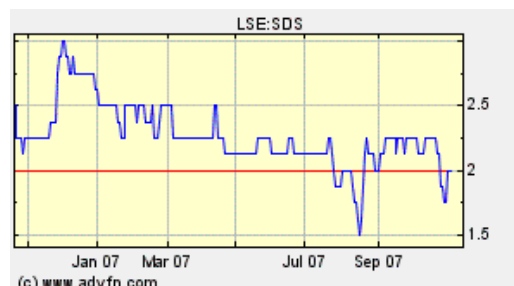
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Sunrise Diamonds Ltd Suomi Surprise

2.00p

01/11/2007



Sunrise Diamonds Ltd (Sunrise, AIM:SDS) has completed the initial drilling on three of the kimberlites known in the area of the 75% JV option with Nordic Diamonds. It will take some time before the results of the sampling program are known, however positive news is already coming from this program.

Pipe 14, previously thought to have a roughly circular surface area of 0.35 hectares, has been shown to have the potential to be almost double the size and has the further potential to be proved even larger. This is due to a step-out drill hole intersecting kimberlite and forcing a re-interpretation of the modelled structure from a carrot-shaped kimberlite pipe to an elongated kimberlite dyke.

Pipe 14 is one of the structures drilled this season for a 200kg sample so Sunrise doesn't need to sample it any further at this point, but should the samples return with positive results the Company has already said that it intends to delineate its full extent.

Pipe 14's size was previously estimated by examining its geophysical response. This discovery has posed the question "how many more targets in the database show a similar geophysical response and have they had enough attention yet?" One of the advantages that Sunrise Diamonds has is exclusive access to the BHP Billiton diamond exploration database which covers the majority of Finland's portion of the Karelian Craton. Sunrise has contracted a specialist geophysical consultant to help answer the question.

Two other 200kg samples have successfully been taken and dispatched for processing and analysis. The results from all three pipes (10, 14, & 17) are expected in 2 to 3 months.

Exploration is on-going on Sunrise's tenements with the results of geochemical sampling in 9 target areas expected by the end of the year. Further winter drilling is also expected where pre-designated targets are under lakes.

We note with interest that the GTK, Finland's geological survey and one of Sunrise's prime contractors, recently advertised for more analytical staff to man its laboratories. Surely another sign if it were needed that the resources sector in Finland is hotting up.

Share Price: 2.00p

12m High: 3.42p

12m Low: 1.5p

Market Cap: £2.8m

Shares in Issue: 139m undiluted
169m fully diluted

Gearing: nil

Cash at the Bank: £0.6m

EPIC Code: SDS

SEDOL No: B075Z68

Sector: Mining

Market: AIM

Broker and Nomad:

Ruegg & Co Ltd

PR: City of London PR Group plc

Website:

www.sunrisediamonds.com

Analyst: Ian Falconer

Detail of Progress

As diamond watchers will know kimberlites are best known as carrot-shaped intrusions with a circular or near circular outcrop at surface. Other geometric forms of kimberlite are however possible with the kimberlite dyke being the best known amongst these forms. Probably the best known diamondiferous kimberlite dyke is extracted at De Beer's Snap Lake Mine in Canada.

Why is this relevant? Sunrise Diamonds believes that one of the three kimberlites that it recently took a 200kg sample from (Pipe 14) may be a dyke rather than a classic carrot shaped body.

Why does this matter? The previous aerial extent of the body was given as 0.35 hectares based upon its geophysical signature. Knowing that the geophysical signature does not necessarily show the limits to the outcrop of the body increases the potential size of the body greatly. The step-out drill hole that found kimberlite beyond the geophysical boundary shows that the aerial extent of the body is probably double that previously assumed and remains open in the direction of that hole.

Sunrise Diamonds have already taken a 200kg sample from this body so no further drilling is warranted until that sample is processed and the results known.

What this does mean for the forward program is that the data and assumptions upon which drilling had been planned and targets prioritised may need to be re-assessed. There may be some tell-tale signs in the existing data that help Sunrise further prioritise its drill targets. It wouldn't mean that the targets are any more likely to hold economic diamonds, but they may be larger than previously thought and so have the potential for larger volumes of kimberlitic material. If there are diamonds present in that material the grade may vary across the body. Simply put, a larger body requires more attention before it can be ruled out as uneconomic once it has been shown to contain diamonds.

Sunrise has sent its full database over to Canada for that re-assessment by its geophysical consultants and hopes to have the review completed in time to add new drill targets to this winter's drilling.

Diamond Market News

News from China continues to be upbeat with the Secretary General of the Chinese Diamond Administration, speaking at a conference in Antwerp, reporting that the dragon economy's diamond trade would be worth between \$1.2 and \$1.3bn next year. Total value was predicted to rise to \$2.5bn by 2010. De Beers predicts that its own sales in China will grow by 12-13% in 2007 and reports that diamonds are now bought by 40% of women getting married there (the tradition of the man buying the ring obviously hasn't caught on).

The Secretary General also spoke of China's desire to become a leading power in the diamond cutting and polishing industry in its own right, a course that will set it against the established centre for low value-high volume trade in Mumbai. India's diamond processing industry is reported to employ around 1 million people, so we can expect some robust defence coming from the sub-continent. It is unlikely that much of the highest value trade going through Antwerp would be attracted away from that particular centre, at least in the short to medium term.

The Paydirt World Diamond Conference in Perth has thrown up some notable data with average diamond prices predicted to test the \$100/ct mark in 2008, up from the current \$90/ct average and probably more than offsetting the predicted continuing decline in the value of the greenback. Global diamond sales were reported to have increased in 2006 by 6% to \$72bn.

Perhaps the most significant development on the demand side coming to light over the last few months is the increase in retail demand coming from India itself with most states reporting 20+% rises in sales this year.

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