
EXPLORATION UPDATE: NEW LAMPROITE DISCOVERY AS 2006 FIELD SEASON GATHERS MOMENTUM

- **New olivine-rich lamproite pipe, Kimberley 45, discovered to the north west of Ellendale 9 with sampling underway to determine its diamond content.**
- **Wide-diameter drilling at Terrace 5 well advanced with over 500 holes totalling 4,000m completed, highlighting a number of significant gravel deposits.**
- **Additional 200 carats recovered from processing of final samples from Cut 1 and 2, to be added to the 1,500-carat valuation parcel.**
- **Processing of stockpiled material from Ellendale 9 North underway, with 367 carats already recovered from just 15% of the material.**
- **Drilling commences targeting ~50 geophysical targets in the southern part of Blina's tenements with several buried alluvial gravels sampled to date.**

Blina Diamonds NL (ASX: BDI) today announced an update on its 2006 exploration program at the Ellendale Diamond Field, including the discovery of a **new lamproite pipe** near the Ellendale 9 Mine, the progress of large-diameter drilling at the Terrace 5 palaeo-channel, and an update on processing operations and regional exploration.

The 2006 exploration field season is rapidly gathering momentum with early results suggesting an exciting year.

New Lamproite Discovery

Blina is pleased to report the discovery of a new lamproite pipe within the Ellendale Field, **Kimberley 45**, which is located within the Blina-Gravity Diamonds joint venture area¹. The pipe was identified in a shallow pit excavated over a low-amplitude aeromagnetic anomaly. Kimberley 45 is located north west of Kimberley Diamond Company's, Ellendale 9 mine and adjacent to interpreted palaeo-channel structures identified from the Falcon™ survey flown over the area in late 2003.

¹ This is a 50:50 Joint Venture with Gravity Diamonds Limited. Blina manages this Joint Venture.

The newly discovered lamproite body has not yet been adequately defined, but it is olivine-rich and buried beneath 5 metres of aeolian sand. Exploration pitting to define its shape and extent is underway and a bulk sample will be collected to determine its diamond content.

A pitting program to evaluate the palaeo-channel structures within the Blina-Gravity Diamonds joint venture area is also progressing well. This work is targeting possible extensions of the richly-diamondiferous Ellendale 9 North gravels.

Terrace 5 Drilling Program

As announced in the March 2006 Quarterly Report, Blina has commenced an intensive, wide-diameter drilling program within the Terrace 5 palaeo-channel system utilising a Bauer BG20 wide-diameter drilling rig similar to that successfully employed by Kimberley Diamond Company during its resource drilling programs at Ellendale 4 and 9.

This program, which is focused on an area which is now believed to be the headwaters of the Terrace 5 palaeo-channel system, is designed to determine channel structure and gravel distribution beneath the aeolian sand that covers the palaeo-channel. It involves drilling 1-metre diameter holes through overburden and gravels and into bedrock. Detailed logging of the holes and topographic correlation of gravel horizons will generate a 3-dimensional model of channel distribution.

The holes are being drilled on a 250 x 40m pattern upstream of Cut 1, one of two sites within the Terrace 5 system where Blina last year extracted 'run-of-mine' samples for valuation purposes. Over the past 4 weeks, the Company has completed more than 500 holes and 4,000 metres of drilling, with the program now well advanced.

While insufficient data is currently available to enable a detailed interpretation, the early results suggest that the broad Terrace 5 valley sampled at Cut 1 has broken up into a series of smaller upstream tributaries. It appears likely that the smaller tributaries carrying diamonds will carry them at higher concentrations than the broad Terrace 5 channel.

Bulk sampling to determine which of the tributaries carry significant diamond concentrations will commence in the next 3-4 weeks.

Terrace 5 Processing and Valuation Update

DMS processing of the remaining material from the Cut 1 and Cut 2 bulk samples has now been completed following the delays experienced last quarter due to heavy rainfall, although a small amount of concentrate still remains to be sorted for diamonds.

Over **200 carats** of diamonds have been recovered to date from this work and will be added to the 1,500-carat valuation parcel from Terrace 5 reported in the March Quarterly Report. The newly recovered diamonds have an average size of **0.51 carats** with the largest diamond weighing **over 5 carats**.

Terrace 5 diamonds typically have an average stone size of 0.4 carats and it is anticipated that the addition of a further 200+ carats of larger stones may enhance the US\$242/carats valuation already achieved for these goods.

Processing Operations – Ellendale 9 North

With the completion of processing of the Cut 1 and Cut 2 material, Blina's 75 tonne per hour DMS plant has commenced processing stockpiled material from the Ellendale 9 North alluvial area. With about 15% of the 13,500 tonne stockpile processed, Blina has already recovered **367.4 carats of diamonds** with an average size of **0.41 carats**.

Processing of the remaining stockpile material should be completed by the end of June 2006. Blina is awaiting regulatory approval to recommence exploration and mining in the Ellendale 9 North area.

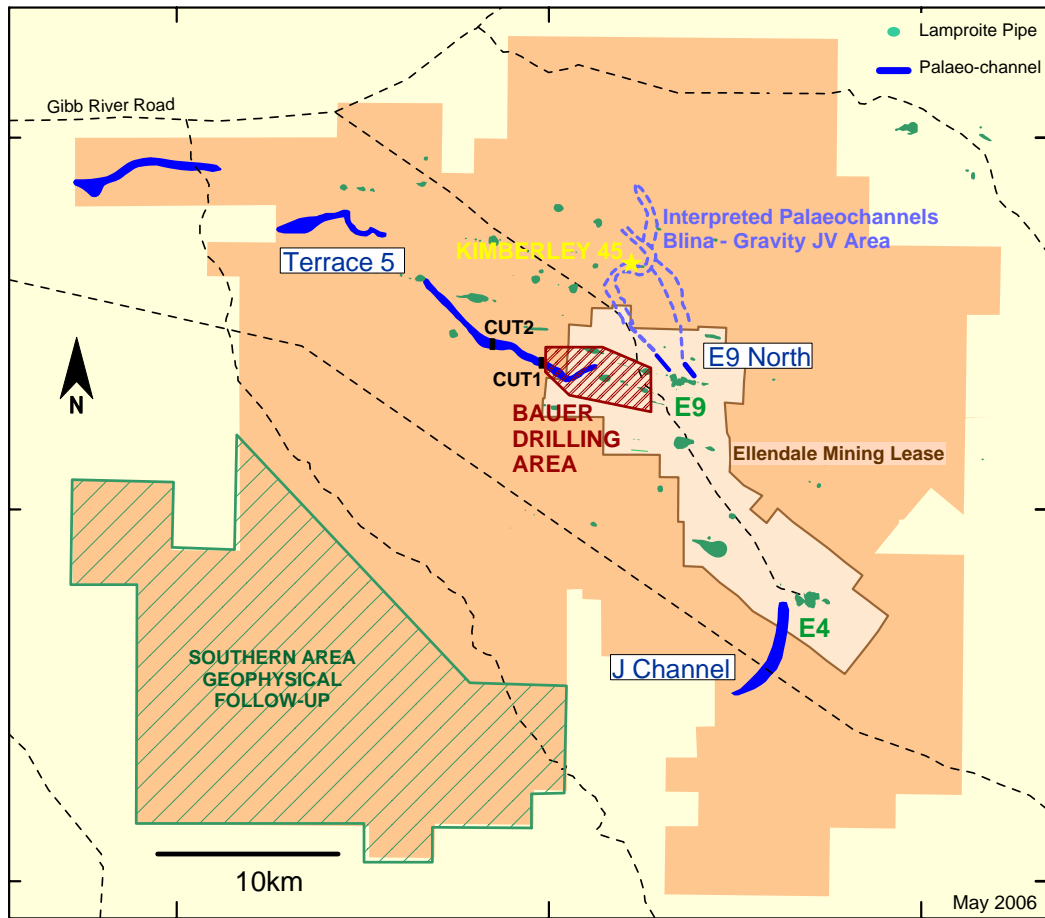
Regional Exploration

Blina has recently commenced an aircore drilling program to test about 50 geophysical targets located in the southern area of the Company's tenements (*see attached map*). To date a number of buried palaeo-gravels have been delineated, although no new lamproites have so far been identified.

Samples of this material have been submitted for heavy mineral separation and identification and, if lamproitic indicator minerals or diamonds are identified, further work will be undertaken.

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BLINA DIAMONDS NL - EXPLORATION OPERATIONS