



SHAREHOLDER UPDATE

20th March 2006

Dear Shareholder,

On behalf of the board I am writing to you to provide an update on where the company has been and is going since the last public announcement. No amount of “spin doctoring” can disguise the fact that we have been through a turbulent twelve months. With the CEO’s resigning in October I took on responsibilities as CEO and Managing Director on a caretaker basis until such time as an executive with a mining pedigree could be sourced.

A number of shareholders have telephoned and written to me expressing concerns that I may “jump ship” leaving the Company to founder. I can assure all shareholders that I shall stay on and see the Company through this period of restructuring.

We are confident that the Company is now on the road to recovering shareholder value and has a bright diamond future and we hope you will accompany us on that journey.

Shane M Healy
CEO

SUMMARY

- **Three new diamond concessions acquired**
- **Acquisition consideration £2 m cash and 575 m shares**
- **Valuation of acquisition £11 m (US\$20m)**
- **Exploration subcontracting to CSA Group**
- **Mining operations subcontracting to ITM Mining Limited**
- **New Listing being pursued**
- **Projecto Lapi C9 concession terminated**
- **Greenland JV with Hudson continues**
- **£2.5 m in cash received from December placement**
- **Remainder of £5m placement cancelled**
- **Proposal to re-brand Company**
- **Proposal to consolidate shares**
- **CEO based in London**

NEW ACQUISITIONS

The board is pleased to announce that the Company has acquired a 20% interest in three diamond concessions in Angola for £2 million in cash and the issue of 575 million fully paid ordinary shares. These concessions have alluvial diamond exploration rights with an *explicit* right to a kimberlite exploration license. These concessions differ from the Company's C9 concession in that there is a specific right to a kimberlite license on the new concessions. The C9 license had only an implied right to a kimberlite license. These concessions are on the normal basis of participation; ENDIAMA 51%, Local Partner 14%, NML 35%. The three concessions are:

Luanguinga Concession

The Luanguinga Concession comprises an area of 3,000 km² and lies in the province of Moxico on the southern margin of the Lucapa Fairway. The area is accessible by road from the regional centres of Lumbala n'Guimbo or Luena. CONDIAMA and DIAMANG have both carried out exploration in the area prior to independence and identified alluvial and kimberlite potential.

Samugimo Concession

The Samugimo Concession comprises 3,000 km² and lies in the province of Lunda Sul adjacent to the Moxico boarder with Lunda Sul. It lies within the Lucapa Fairway. The area is accessible from the regional centre of Luene. CONDIAMA and DIAMANG have both carried out exploration in the area prior to independence and identified alluvial and kimberlite potential. This license block is in an area that produced many of UNITA diamonds that fuelled the civil war.

Buenge Concession

The Buenge Concession comprises 3,000 km² and lies in the province of Lunda Nor and is centred on the town of Buenge. It lies north of the Lucapa Graben and may lie on a new diamond fairway that extends from the DRC into Angola. Parallel to the Lucapa Fairway. The concession is part of a major new initiative by ENDIAMA and the Ministry of Mines and Geology.

VALUATION OPINION

An Independent valuation opinion has been sought by the board from Eur. Ing. Dr. Michael H. Smith FIMMM, C. Sci, C.Eng. Economic Geologist. Dr Smith is a Competent Person under the definition. This opinion values 100% of the three concessions at US\$300 million. This values the company's proportion (20%) of the concessions at US20 million (300m x 35% x 20%).

OPERATIONAL PLAN

As a mining and exploration “junior” the Company lacks the resources to acquire depth of mining expertise to fully exploit its assets. In the past the Company has sought to retain its own exploration and mining personnel in house. This has proven difficult in emerging areas such as Angola and in a sector where there is high demand for specialised talent. In view of this the board has sought outside assistance to plug the talent gap.

Exploration

The Company is in discussions with **CSA Group** to carry out its alluvial and kimberlite exploration in Angola. The CSA Group was established in 1984 and comprises a team of over 40 geoscience and engineering professionals, with offices in the U.K., Ireland, Australia and Angola. This core team is supplemented by a network of international associates, together providing technical, due diligence, independent expert and project management services to the international mining industry. CSA has previously completed Independent Reports and Valuations for listings on the London, Dublin, Vancouver, Copenhagen, Luxembourg and Australian Stock Exchanges. CSA Group has Portuguese speaking personnel on the ground full time in Angola with diamond experience. CAS Group currently has twelve diamond projects under management in Angola and a number in the DRG.

Alluvial Mining

The Company is in discussions with **ITM Mining Limited** to carry out its alluvial diamond mining operations. ITM is the longest operating mining company in Angola and produced over 1 million carats in 2004. ITM is the second largest producer of diamonds in Angola after Catoca. One of the most notable features of ITM is its clear understanding of the realities of Angola, which has made it possible for ITM to develop mining activities in remote areas where both working and logistics conditions can be extremely difficult. At present the ITM mining operations provide employment for over 1,500 people, most of whom are Angolans.

PROPOSED OFEX ADMISSION

The board is evaluating the most appropriate exchange on which to list the Company’s stock. The CEO has been in discussions with Ofex executives and has made enquiries with other exchanges with a view to listing. As yet no decision has been made as to which exchange will be selected. It is the intention of the board, as a priority, to list the Company’s shares in the most cost-effective and timely manner.

EXISTING ASSETS

Projecto Lapi (C9 Concession)

It is the board's intention to withdraw from Projecto Lapi. The Company's wholly owned subsidiary Angola Resources Pty Ltd partner in and operators of the concession was ordered to stop operations on the Rio Lapi site by ENDIAMA late in 2005. Application has been made to ENDIAMA for a kimberlite license for C9 without success to date. It is the board's opinion that a kimberlite license for the company on C9 is most unlikely. It has therefore been decided that any further investment in C9 was not the best use of the Company's funds. Indications are that Catoca will assume all diamond rights to the area. The Company's wholly owned mining plant and equipment on C9 will be redeployed at the new concessions.

Greenland

The JV with Hudson Resources of Canada continues and shows promise. Hudson has announced an aggressive diamond exploration plan for 2006 and is optimistic as to the likely success of the project. New Millennium has a 20% free carry agreement with Hudson.

BACKGROUND TO STEPPING DOWN FROM AIM

Suspension from Trading

On 6th December 2005 the Company announced the issue of 1,000,000,000 shares to raise £5 million. As a result of business interruption caused by the Christmas New Year period, just on half of these funds remained outstanding at the commencement of business in January 2006. It is an Accounting Standard requirement that shares may only be allotted on receipt of funds. Consequently the Company allotted shares for those monies received (£2.5 million) and did not allot shares for the outstanding monies. The market may have been of the understanding that 1 billion shares were now in the market and that the Company had received £5 million, both of which were not the case at that time. The Company requested a suspension in trading of its shares just prior to lunch on 6th January 2006. This was sought to allow time to fully inform the market. The Nomad resigned after lunch on that day. As a result the remaining funds were not forthcoming and since de-listing are no longer payable.

De-Listing of Company

The Company's delisting was triggered by the resignation of the Company's Nomad and Broker. Our legal opinion is that we should expand no further on this matter at this time. To appoint a new Nomad and broker, would have prevented the company from being de-listed however it would not have led to the shares being immediately tradable through the market. For this to happen, a full readmission document was required by AIM. Our cost estimates were in the vicinity of



£300,000-£400,000 and taken up to 6 months of the Company's time, under the new regulations which have recently come into effect. The Board decided, on a cost benefit basis, not to reappoint a Nomad thus precipitated the de-listing of the company.

CORPORATE MATTERS

Re-branding

Consultation is being sought as to re-branding the Company. The name *New Millennium Resources* may not properly reflect the Company's emphasis on diamonds. With a view to the past, the Company's future needs may be more achievable and better served by a new name. Re-branding the Company may be a prudent strategy to add shareholder value. Any change of name requires a general shareholders meeting under Australian Corporations Law. Shareholders will therefore be fully consulted should the board consider this a desirable option.

Consolidation of Shares

The Company now has on issue 1,345,845,585 fully paid ordinary shares. The board is considering a consolidation of the stock back to a more manageable number. Any consolidation of shares requires a general shareholders meeting under Australian Corporations Law.

London Operation

The CEO is now permanently based in London. Its proximity to the London capital market and Angola make it a more appropriate base from which the CEO may operate the Company. As the Company is an Australian Incorporated entity, its registered office will remain in Perth.

London
20th March 2006