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ASX Announcement

Manager of Company Announcements
ASX Limited
Level 6, 20 Bridge Street
SYDNEY NSW 2000



North
Australian
Diamonds
Limited

ABN 86 009 153 119

By E-Lodgement

CORE ANALYSES CONFIRM DIAMONDS AT DEPTH

- **The analysis of drill core from PalSac pipe confirms diamonds at depth.**
- **The consistent fine diamond content at depth indicates likelihood of a commercial diamond grade at least matching previous mined grades.**
- **The deep core samples regularly have a greater fine diamond content than the near surface pit sample.**
- **Sacramore pit is dewatered in preparation for the taking of larger minibulk samples.**

Following the completion of the recent drilling program on PalSac diamond pipe Australian diamond explorer North Australian Diamonds Limited ('NADL') has analysed drill cores to assess the continuity of diamond content of the pipe particularly at depth.

Drilling

Two deep drill holes for a combined 1241.9 metres have been completed on PalSac pipe in 2008. This drilling has confirmed the depth extent of the pipe to at least 750m below surface and provided sufficient core samples to enable analyses to test the homogeneity of the fine diamond content within the pipe. The areal extent of the pipe at 438m below surface is approximately 1ha.

Core Analyses

To date three samples have been completed. Details are as follows;

Sample Type	Pit	Drill Core		
Sample Number	07-011-002	08-015-001	08-015-002	08-015-003
Drill hole No	pit	NMPS-001	NMPS-002	SMPL-023
Drill Interval Metres		362.93-380.0	374.36-392.63	441.8-481.45
Depth below surface	30mtrs	361mtrs	381mtrs	411 mtrs
Sample Volume m ³	0.078	0.050	0.053	0.049
[mm ²]	st	st	st	st
2.35				
1.470			1	
1.150				
0.820			1	
0.600	1	1	2	1
0.425	2	3	6	4
0.300	15	25	31	27
0.212	60	73	100	93
0.140	358	495	537	529
0.106	403	442	326	332
Total	839	1,039	1,004	986
Total Commercial (+0.8mm)	-	-	2	-
Total Macro (-0.8+0.425mm)	3	4	8	5
Total Micro (-0.425)	836	1,035	994	981

Results

The samples were processed through the company's Mineral and Diamond Recovery Laboratory facility located in Wangara, WA, with the samples being processed by means of crushing, acid digestion and caustic fusion.

The fine diamond recoveries have demonstrated good consistency between samples indicating the likelihood of a consistent commercial diamond grade for this breccia phase of the diamond pipe. The breccia phase of the pipe represents some 80% of the pipe volume.

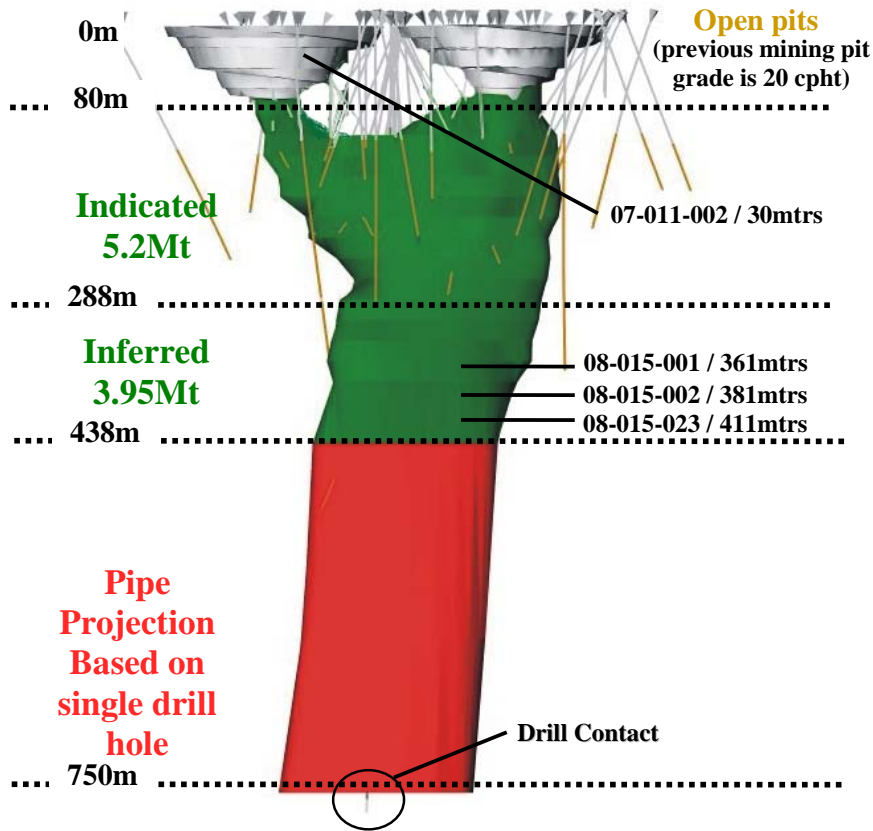
The absolute commercial diamond grade will not be established until these core sample analyses are correlated with the results from analysis of larger samples to be excavated from the open pits and the results of previous mining operations¹. In this respect the Sacamore pit has been dewatered in preparation for the taking of the larger minibulk samples. However there is no evidence in the results to suggest the grade at depth is less than the grades experience during the mining of the pit in 2000-2002.

Resource

An assessment of the PalSac resources (ASX/NADL, 29 April, 2008) based on this new drilling information is 9.17 million tonnes. This resource is from base of the Palomides and Sacamore open-pits to 438m below surface.

The combined 'Indicated' and 'Inferred' resource for PalSac and Gawain pipes is 10.8 million tonnes.

PalSac Pipe



cpht = carats per one hundred tonne

For further information please contact:

John Hopkins / Tom Reddicliffe
Chairman / CEO

North Australian Diamonds Limited

Tel: +61 8 9221 3355

Fax: +61 8 9221 1730

Em: info@nadel.com.au

Web: www.nadel.com.au

¹The use and extrapolation of micro and fine diamond content to interpret commercial diamond grade is imprecise and cannot be done with confidence unless the relationship of fine diamond occurrence to commercial diamond occurrence is fully understood. In the case of Merlin the commercial diamond size-frequency distribution is fully understood for most of the pipes under investigation, while the relationship to fine diamond content is under investigation.

Tom Reddicliffe, a full time employee of the company, has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Tom Reddicliffe consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.