

North  
Australian  
Diamonds  
Limited

ABN 86 009 153 119

**Tom Reddicliffe**  
**Executive Director**

**20:20 Diamond Day**  
**Tuesday 29<sup>th</sup> January 2008**

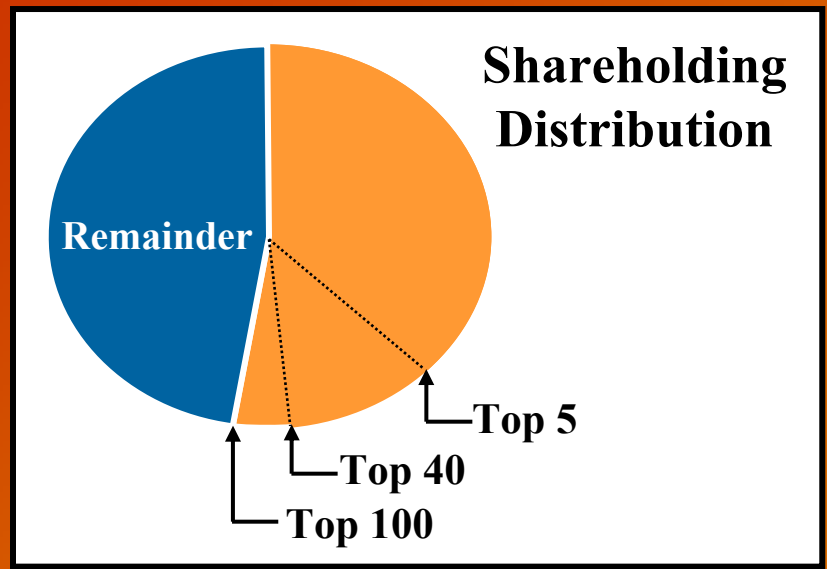


# CORPORATE INFORMATION

- **Incorporated:** 1991
- **Shares Listed:** ASX
- **Code:** NAD
- **Issued Capital:** 1,070 million
- **Unlisted Options:** 17.45 million
- **Market Capitalisation:** A\$20 million

## SHAREHOLDINGS (as at 1<sup>st</sup> January 2008)

- **Top 5 = 28.20%** (1 to 5)
- **Top 40 = 44.26%** (1 to 40)
- **Top 100 = 52.51%** (1 to 100)
- **Total holders = 7,400**

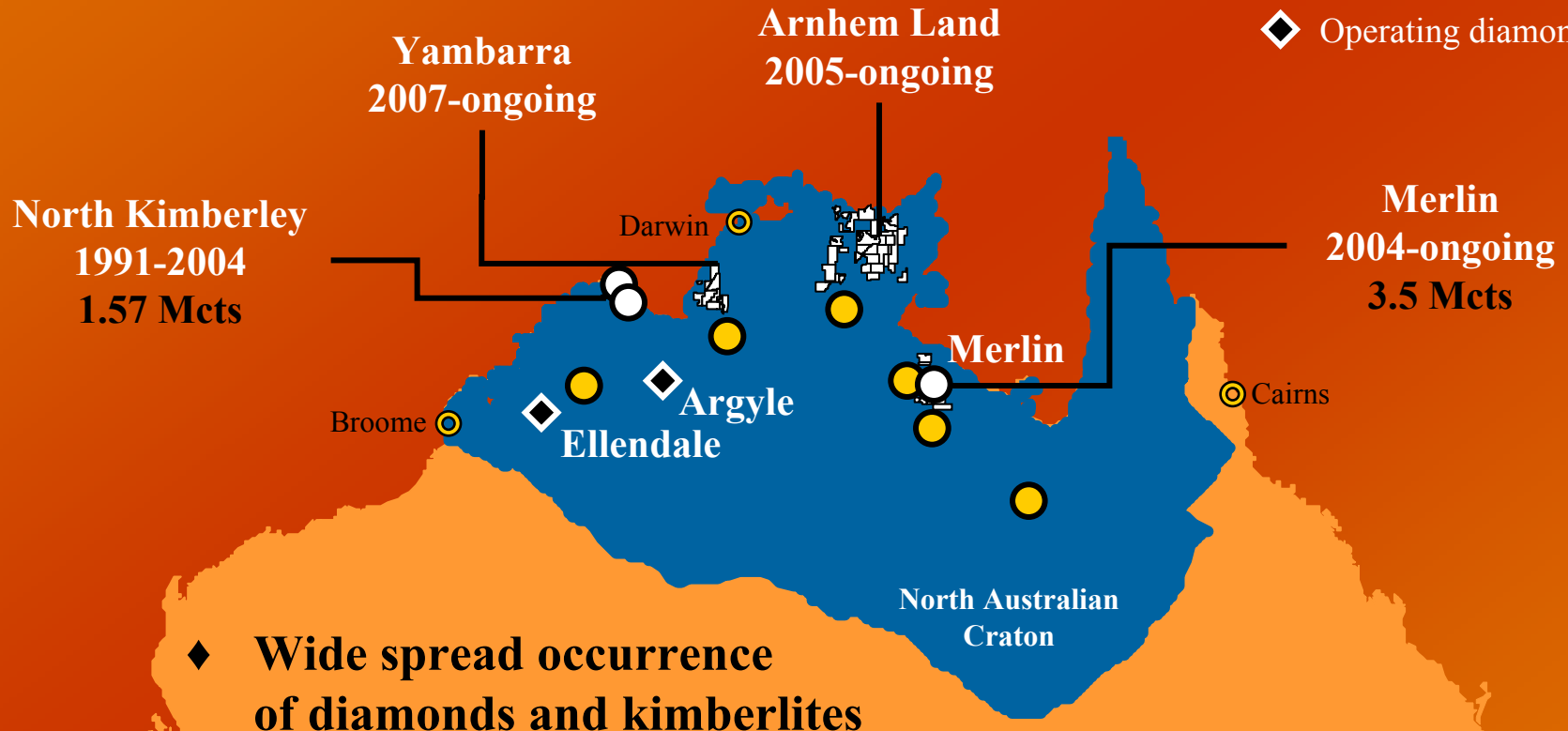




# COMPANY FOCUS

## North Australian Craton

- NADL tenement
- Diamond/kimberlite occurrence
- Significant diamond occurrence
- ◆ Operating diamond mine



- ◆ **Wide spread occurrence of diamonds and kimberlites**
- ◆ **Discoveries in Canada precipitated a rapid decline in exploration activity in the early 1990's**

500 km



# IS CANADA MORE PROSPECTIVE?

500 km

Ellendale  
Fancy yellows  
350,000 cts

Argyle  
Pinks  
19 Mcts

Merlin  
D flawless  
White gems

Gem Diamonds

Rio Tinto

NADL

Acquired by NADL  
in late 2004

North Australian Craton  
1,990,000 km<sup>2</sup>

Australia  
7,700,000 km<sup>2</sup>

- ◆ Diamond mine
- Significant diamond occurrence

- AUSTRALIA**
- ◆ Low political risk
  - ◆ Good infrastructure
  - ◆ Low operating costs
  - ◆ Under explored / not unprospective
  - ◆ Deep weathering poses significant challenges for the use of geophysical techniques

14.5 M cts  
 Jericho : 375,000 cts  
 Ekati : 3 Mcts  
 Diavik : 9.8 Mcts  
 Snap Lake : 1.4 Mcts

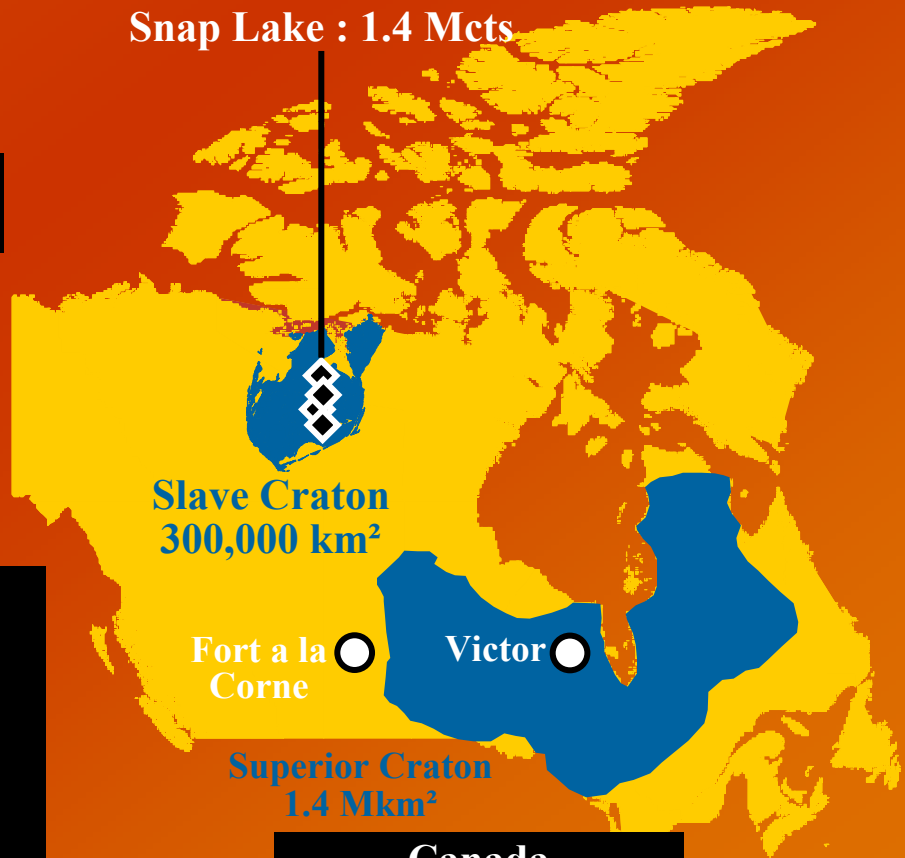
Slave Craton  
300,000 km<sup>2</sup>

Fort a la Corne

Victor

Superior Craton  
1.4 Mkm<sup>2</sup>

Canada  
9,900,000 km<sup>2</sup>



approx 200m

Excalibur

Plant site

Launfal

PaISac

Sacramore

Palomides

# Merlin Southern Cluster Pipes

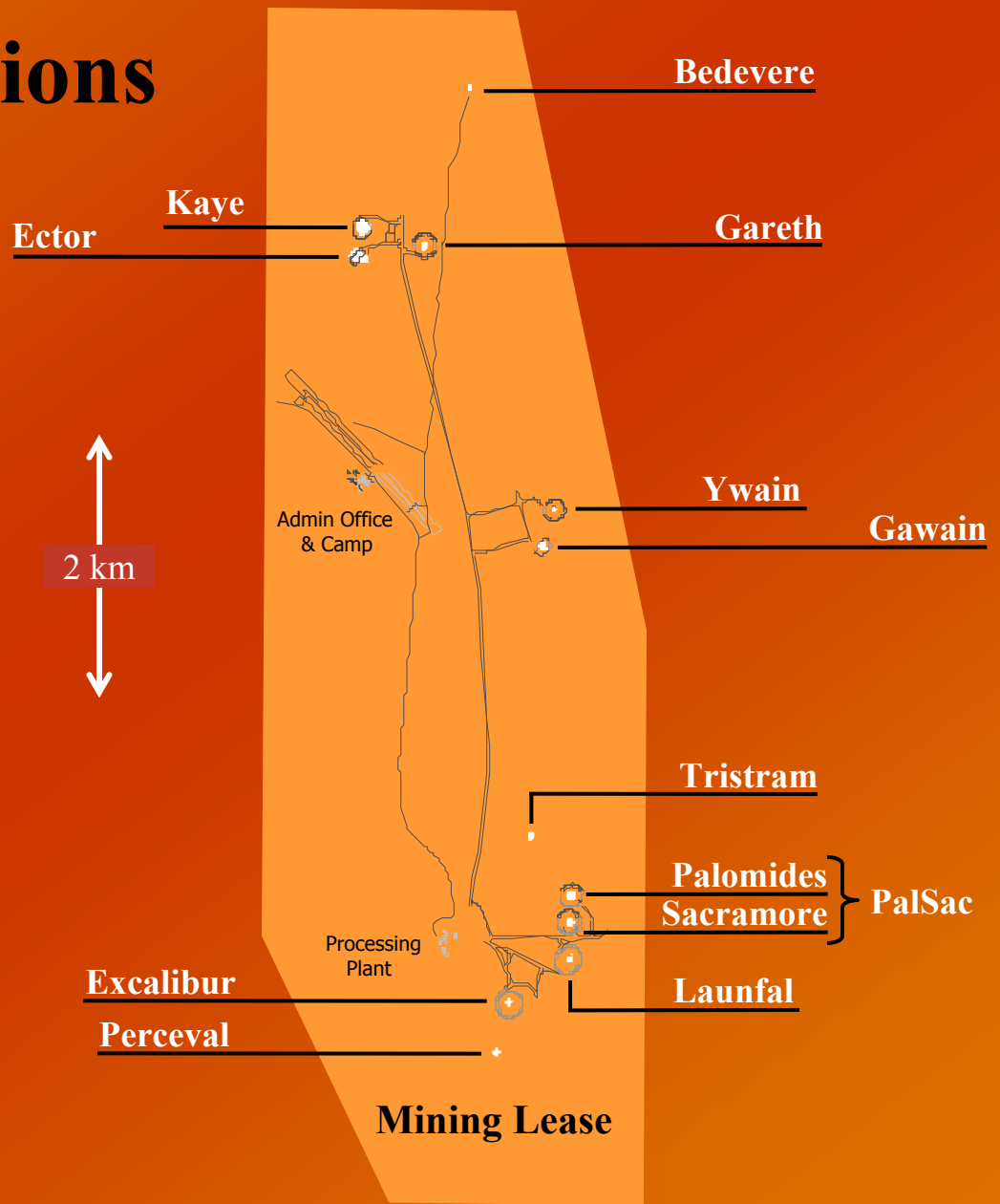




# MERLIN DIAMOND PROJECT

## Pipe Locations

- ◆ 12 diamond bearing pipes
- ◆ Open pit trial mining commenced 1998
- ◆ Grades between 6cpht to 81cpht
- ◆ 19.45 Mt for 3.5 Mcts





# PAST PRODUCTION HISTORY

- ◆ 2.4 Million tonnes
- ◆ 507,000 carats recovered
- ◆ Av. Value US\$108/ct
- ◆ 5 year operation
- ◆ Closed 2003



**10.54ct stone valued at  
US\$48,961 (US\$4,645/ct)**

- ◆ Pits optimised & mined
- ◆ No JORC mining reserve
- ◆ Limited resource drilling



# PAST PRODUCTION HISTORY

After 5 years of trial mining;



Grade

Diamond Value

Size of Resource



Diamond Size Range  
and Quality Known



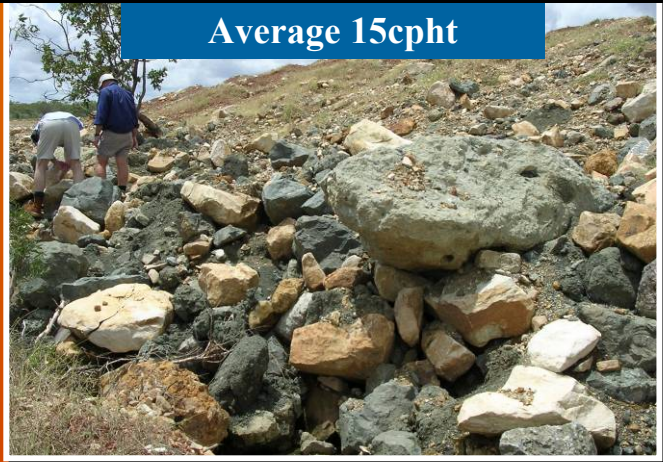
**NADL evaluation commenced 2005**



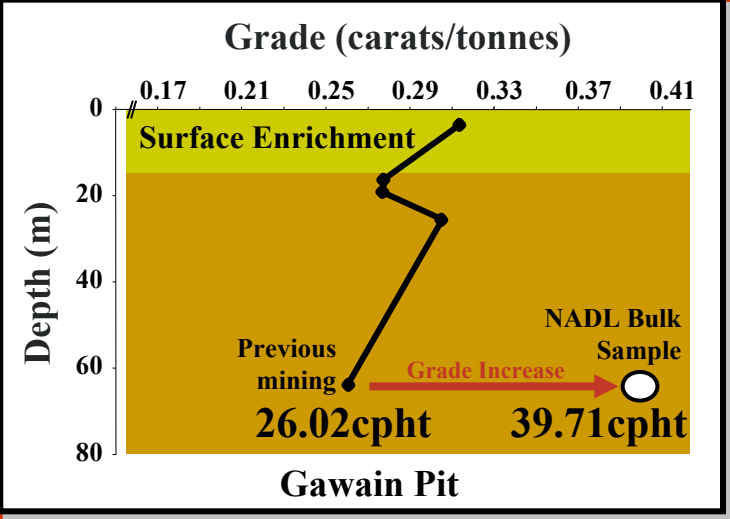
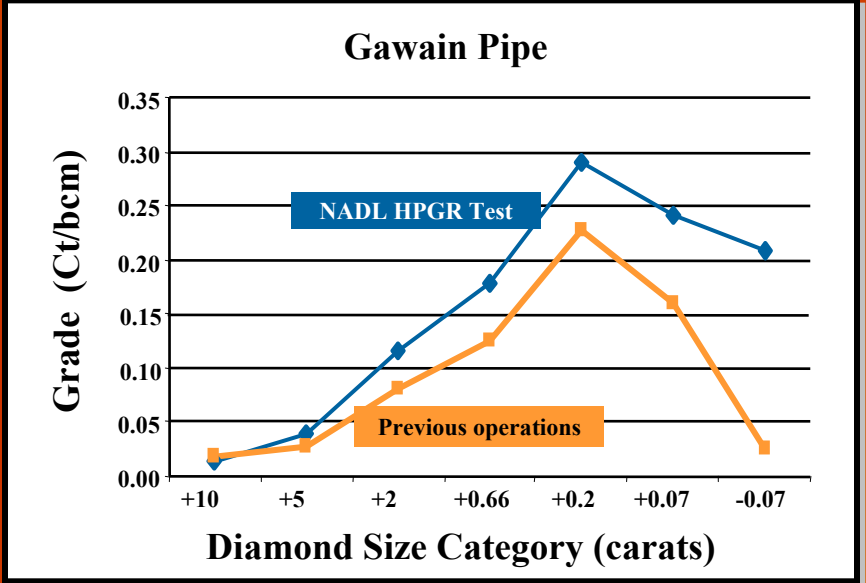
# EVALUATION – Diamond Liberation

## No primary crushing

**Sizer rejects: mined but not processed**



Average 15cpht



**Application of HPGR technology leads to 41% average increase in grade**

HPGR = High Pressure Grinding Roll



# EVALUATION – Diamond Recovery

## 19% Merlin diamonds low/non fluorescing

Application of optical sorting & magnetic separation technology



X-ray rejects: submerged in pit



Large diamonds recovered:  
17.19cts  
14.21cts  
10.91ctc  
10.27cts



Optical sorter : 13,000cts recovered



Average price achieved for yellows  
US\$1,454/ct

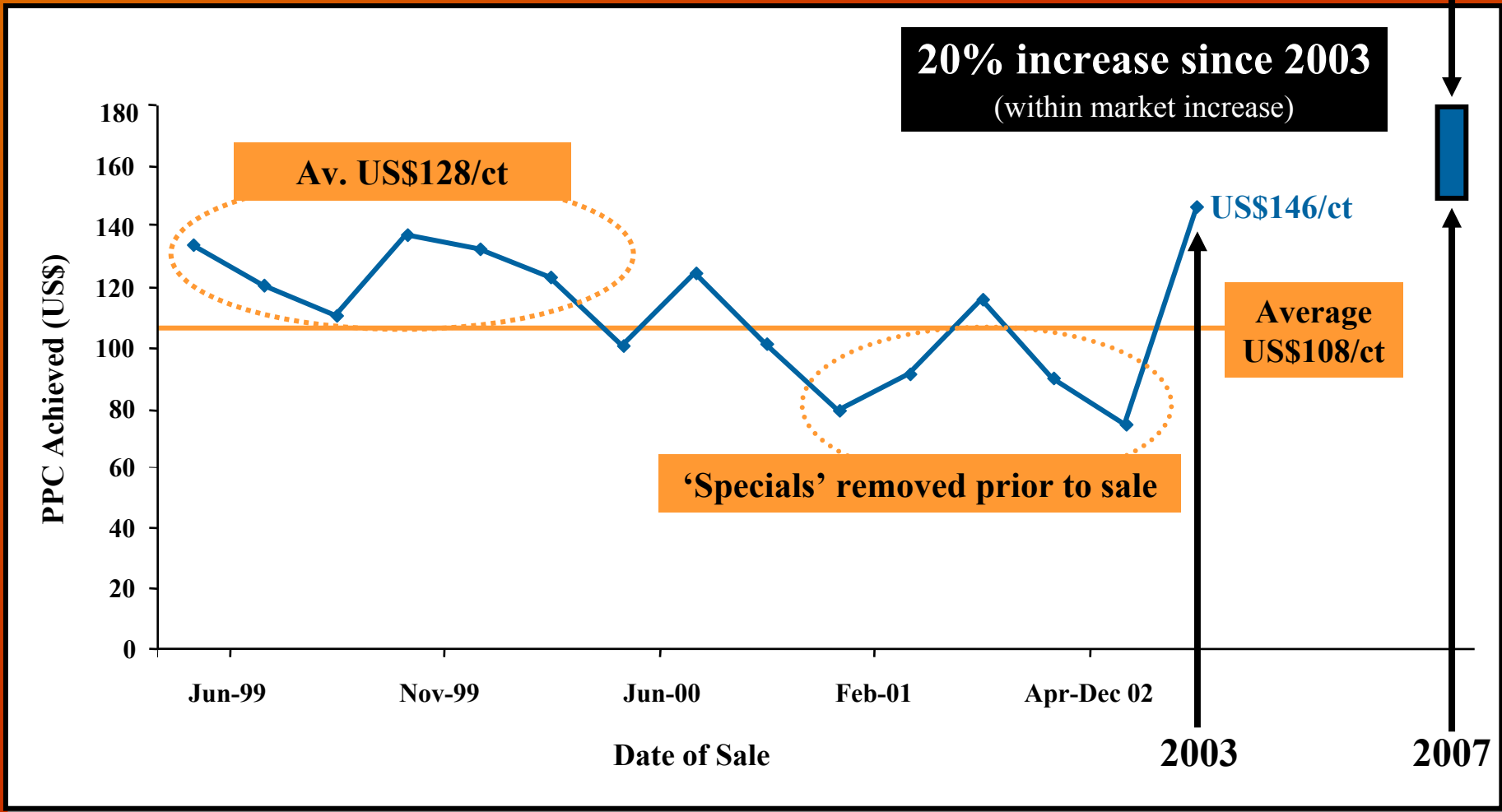
‘Yellow’ gem diamonds in x-ray rejects



# EVALUATION – Diamond Value

## History of Sales

**NADL Sales : US\$150-180/ct**  
(2006 / 2007 Sales)





# POTENTIAL MINING PROJECT

Evaluation results achieved to date demonstrated:

- ◆ Improved grades
- ◆ Improved recoveries
- ◆ Improved diamond values

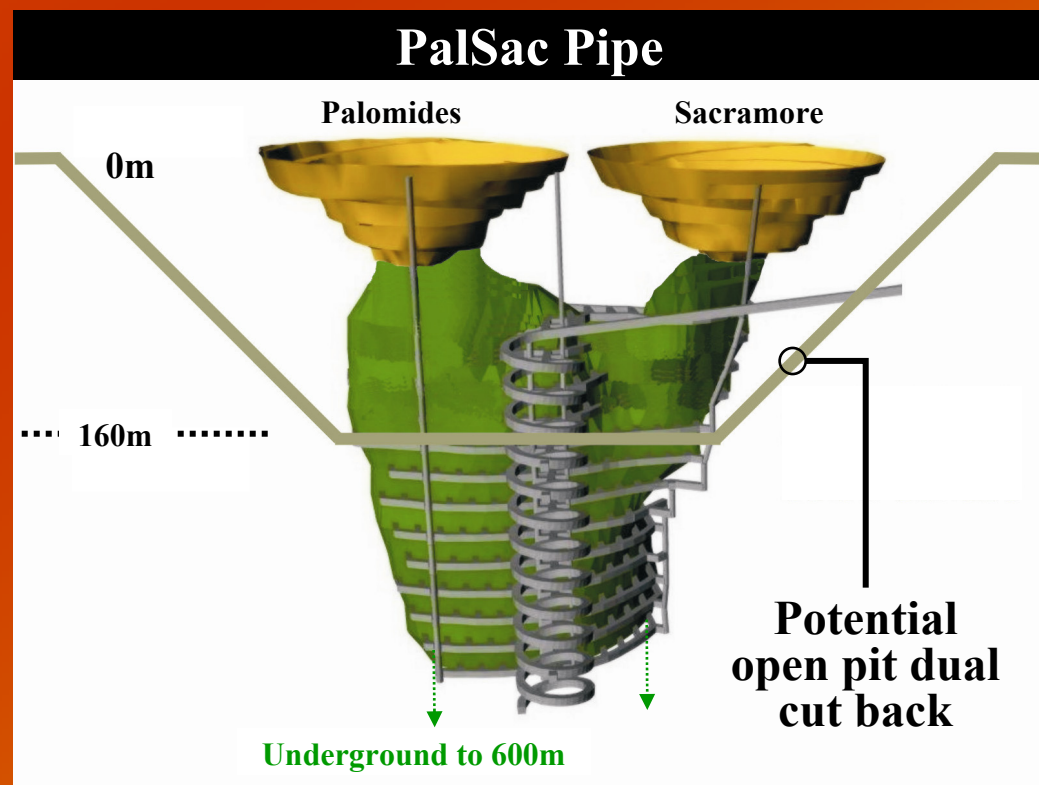
Potential Revenue (gross)  
US\$60-70 M per annum

Operating costs ~ US\$100/ct

A large scale, long term mining project is potentially viable

Requirement:

- ◆ Resources to underpin 1.4 M tonne operation producing 400,000 carats annually

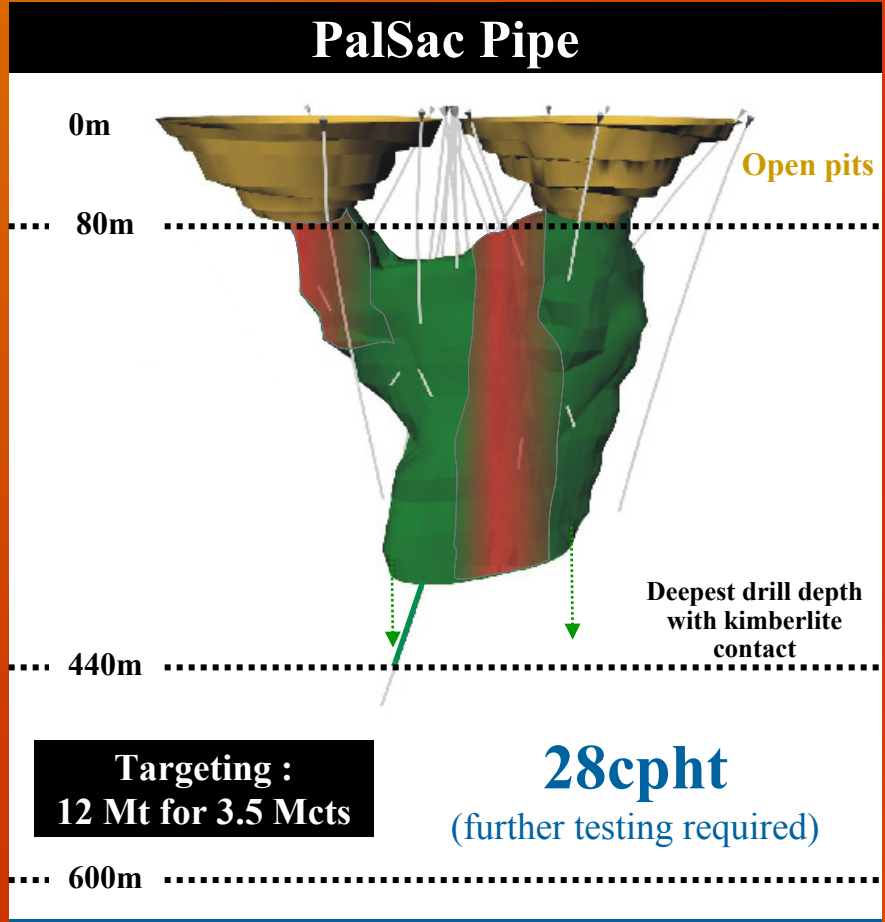




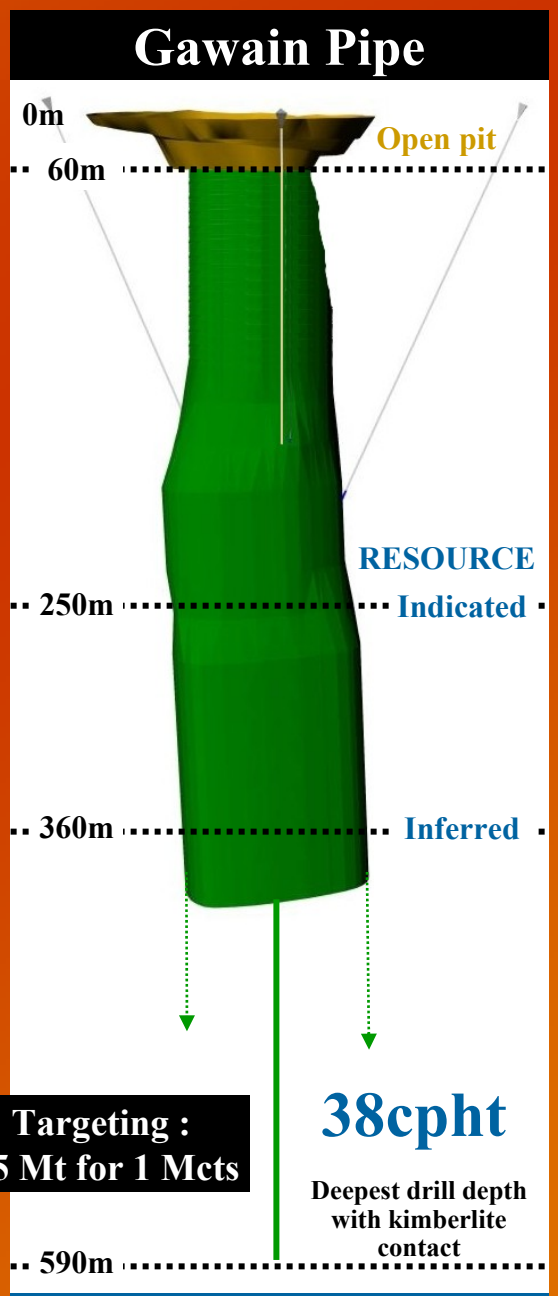
# EVALUATION

## Resource Definition

2,400m drilled in late 2007, drilling to recommence in February



Current Indicated and Inferred Resource  
6.7 M tonnes for 1,346,000 carats



Current Indicated Resource  
1 M tonne for 420,000 carats



# WAY FORWARD

**2004**

**Evaluation Work**



**2006**

**Trial Production**



**2007**

**Resource Drilling**



**2009?**

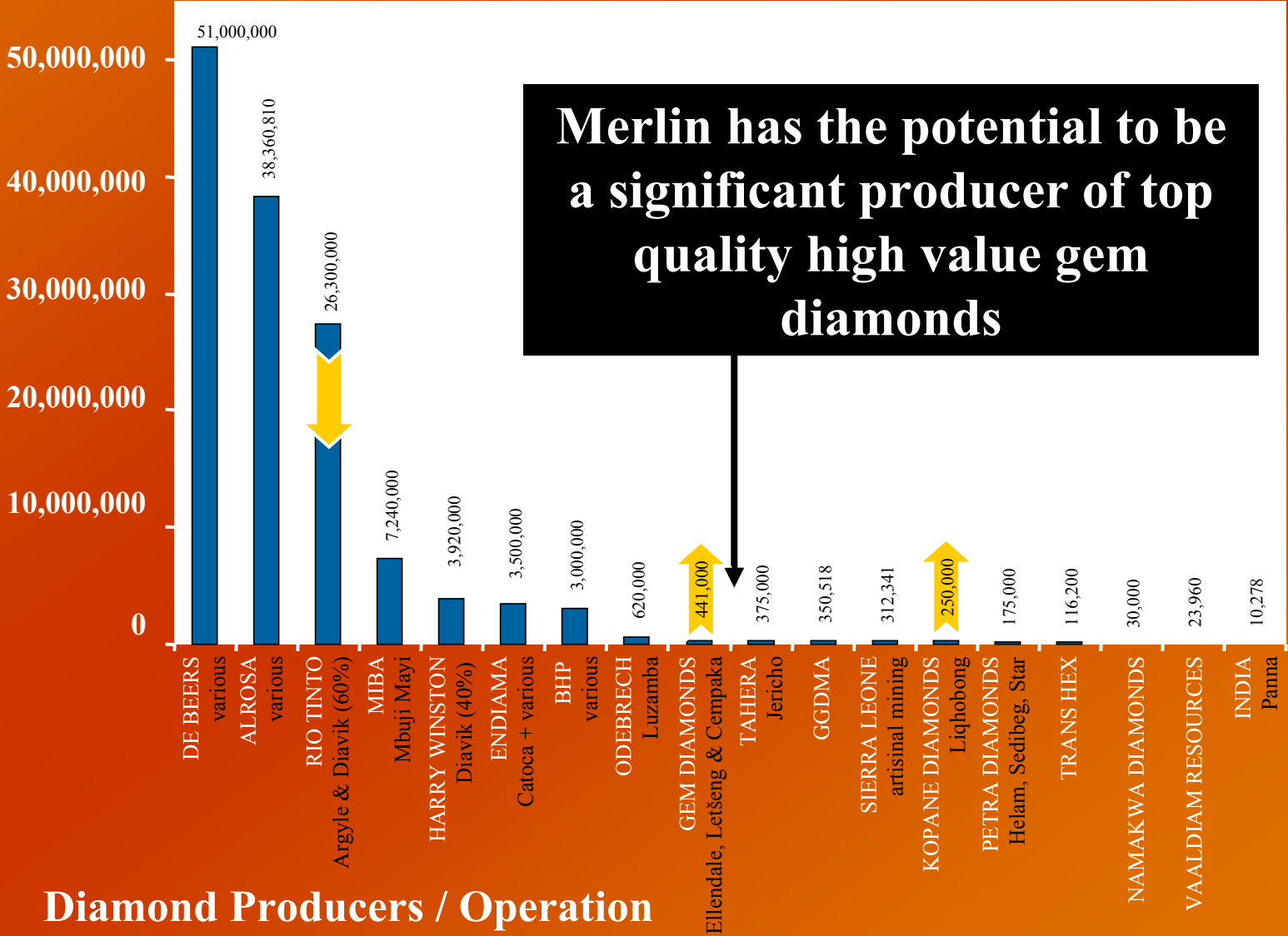
**Feasibility Study**

**Decision to Mine**



# MERLIN FUTURE POTENTIAL

Total Production in Carats / Year



Merlin has the potential to be a significant producer of top quality high value gem diamonds

Diamond Producers / Operation



# ROUGH DIAMOND VALUE

Mine

**Gem quality, large diamonds drives Merlin diamond value**





# MERLIN PROJECT

## Merlin evaluation remains on track

- ◆ **High value white diamonds**
  - Producer of high value D flawless gems
  - Producer of large diamonds - largest stone recovered 104.73cts
- ◆ **Merlin evaluation remains on track**
  - Targeting 14.5 Mt for 4.5 Mcts
  - Resource drilling to recommence February, completed 2008
  - Feasibility studies 2008/2009
- ◆ **Prospective orbit tenements**
  - Evidence of additional pipes



**10.60ct stone sold for US\$153,170 (US\$14,450/ct)**



# MERLIN EXPLORATION

- NADL tenement
- Merlin mining lease
- Major drainage
- Bulk sample

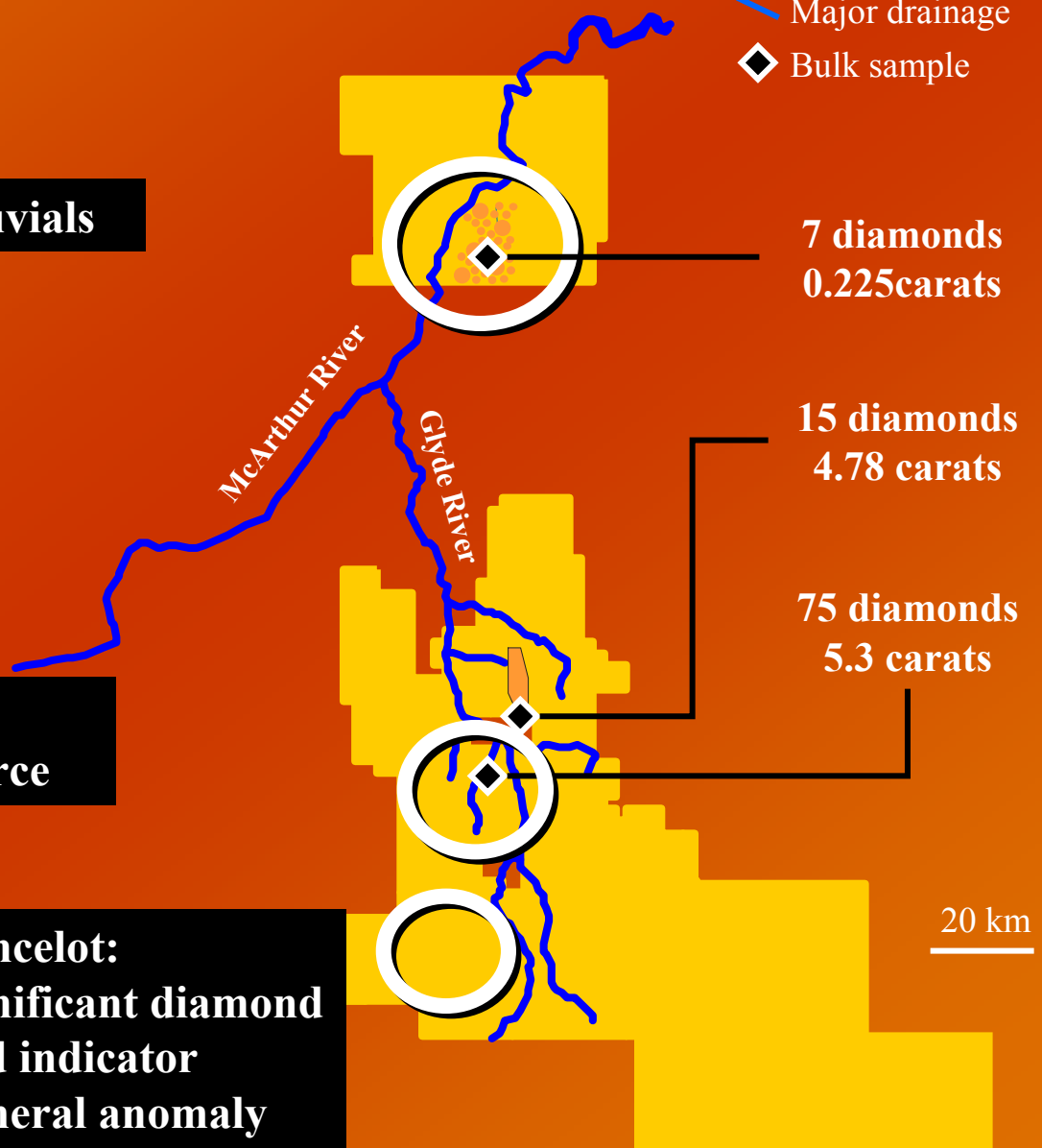
## Borroloola: diamond bearing alluvials



## Tintagel: unsourced alluvial diamonds alludes to primary source



**Lancelot:**  
significant diamond  
and indicator  
mineral anomaly





# EXPLORATION AREAS

## Focus on the North Australian Craton

- NADL tenement
- Aboriginal Land

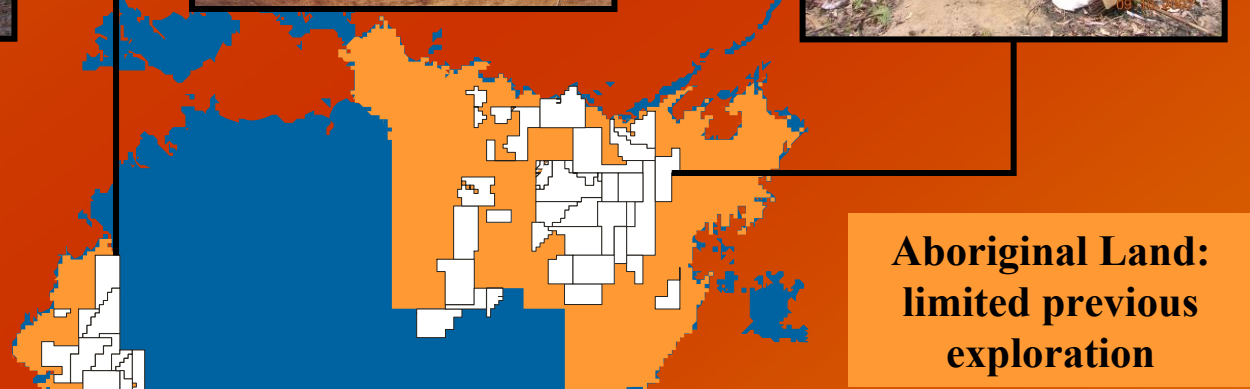
### North Kimberley Project



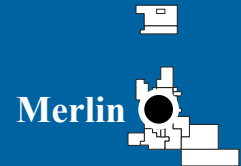
### Yambarra Project



### Arnhem Land Project



NADL Tenement Interest  
= 36,600 km<sup>2</sup>





# POSITIONED FOR GROWTH

- ◆ **5 million carats resource  
Merlin/Kimberley**
- ◆ **Potential revenues from the  
100% owned Merlin  
Diamond Mine**
- ◆ **Experienced technical team  
with long term presence on  
the North Australian Craton**
- ◆ **Large prospective land  
package in excess of 36,000  
km<sup>2</sup>**
- ◆ **Holds 25% of ASX listed  
Top End Uranium Ltd**

**Jungiila Bunajina**



**Australia's Largest Diamond  
104.73cts  
Recovered from Merlin  
Valued at US\$525,000 (2002)**

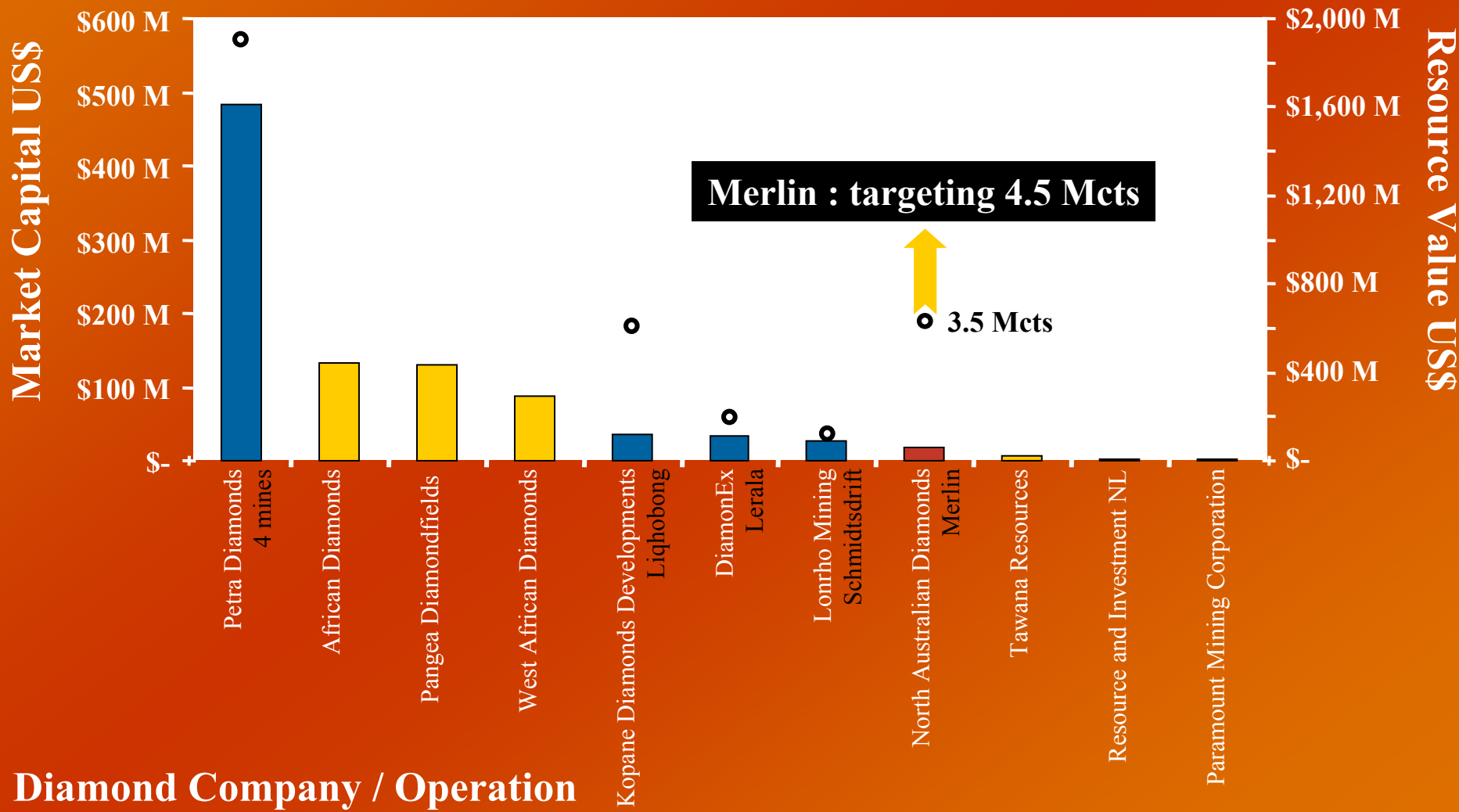


# NADL vs. PEERS

## Africa

# Market Cap v Resource Value

- Producer
- Evaluation
- Explorer
- Resource value



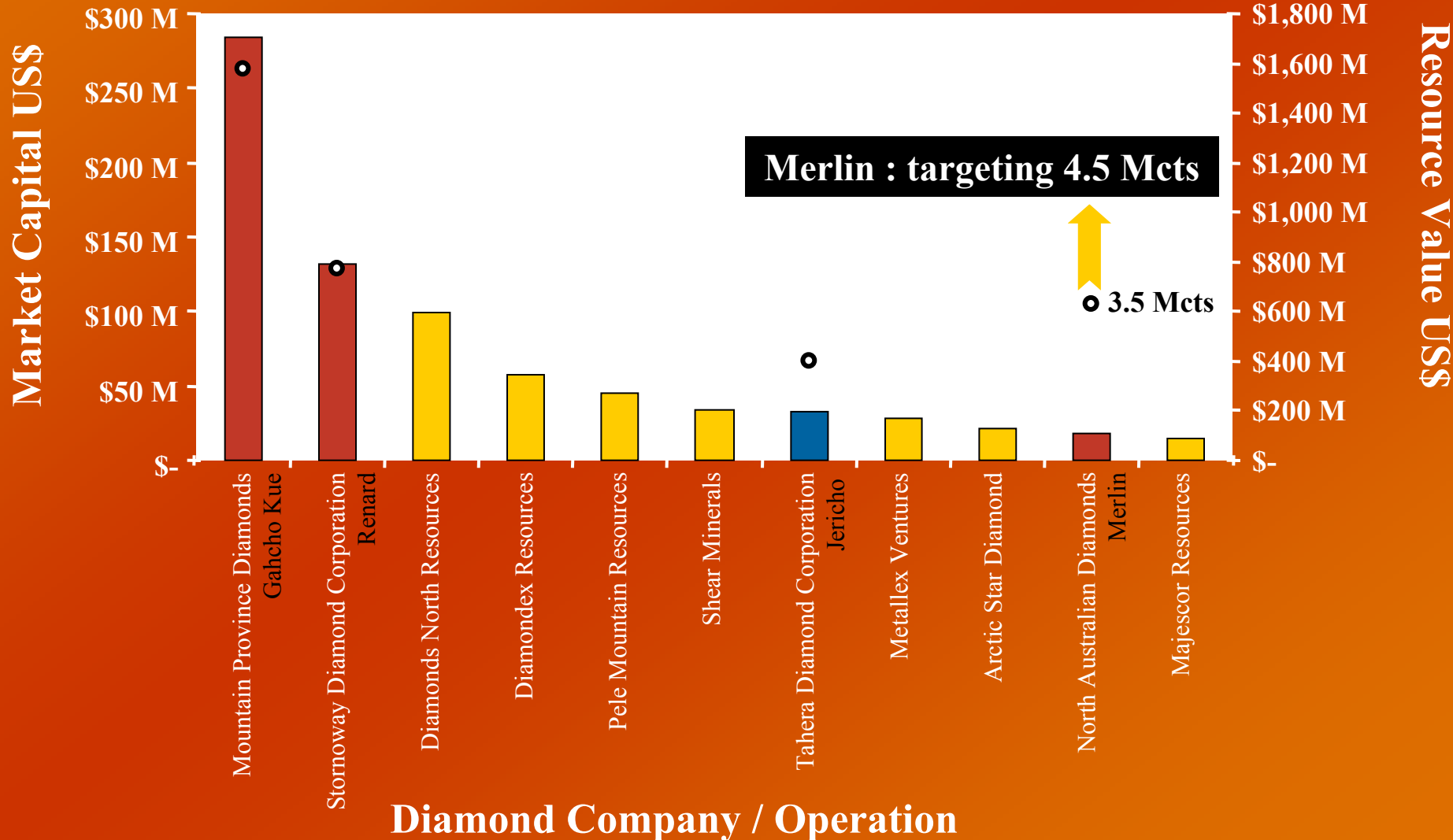


# NADL vs. PEERS

**Canada**

## Market Cap v Resource Value

- Producer
- Evaluation
- Explorer
- Resource value





# THANK YOU

## Questions ?



### Forward Looking Statement

This presentation contains “forward looking statements”. Such “forward looking statements” may include without limitation (1) estimates of future earnings, the sensitivity of such earnings to diamond values and foreign exchange rate movements (2) estimates of future diamond production (3) estimates of future cash costs (4) estimates of future cash flow, the sensitivity of such flows to diamond values and foreign exchange rate movements (5) statements regarding, future debt payments (6) estimates of future capital expenditure (7) estimates of reserves, resources and statements regarding future exploration results.

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