

Core promise for diamond miner Merlin

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sandstone country from the red hot magma many kilometres below.

Merlin has 14 kimberlite pipes, of which 12 are in North Australian Diamonds' mineral lease.

Rio Tinto's old mine pits sink up to 90m deep and have been pumped clear of water so NAD can drill.

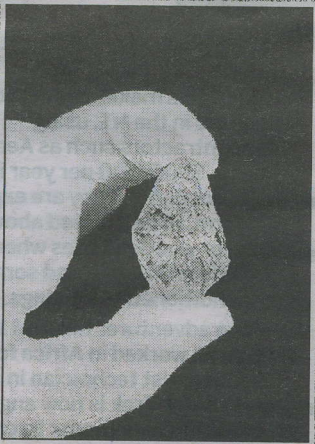
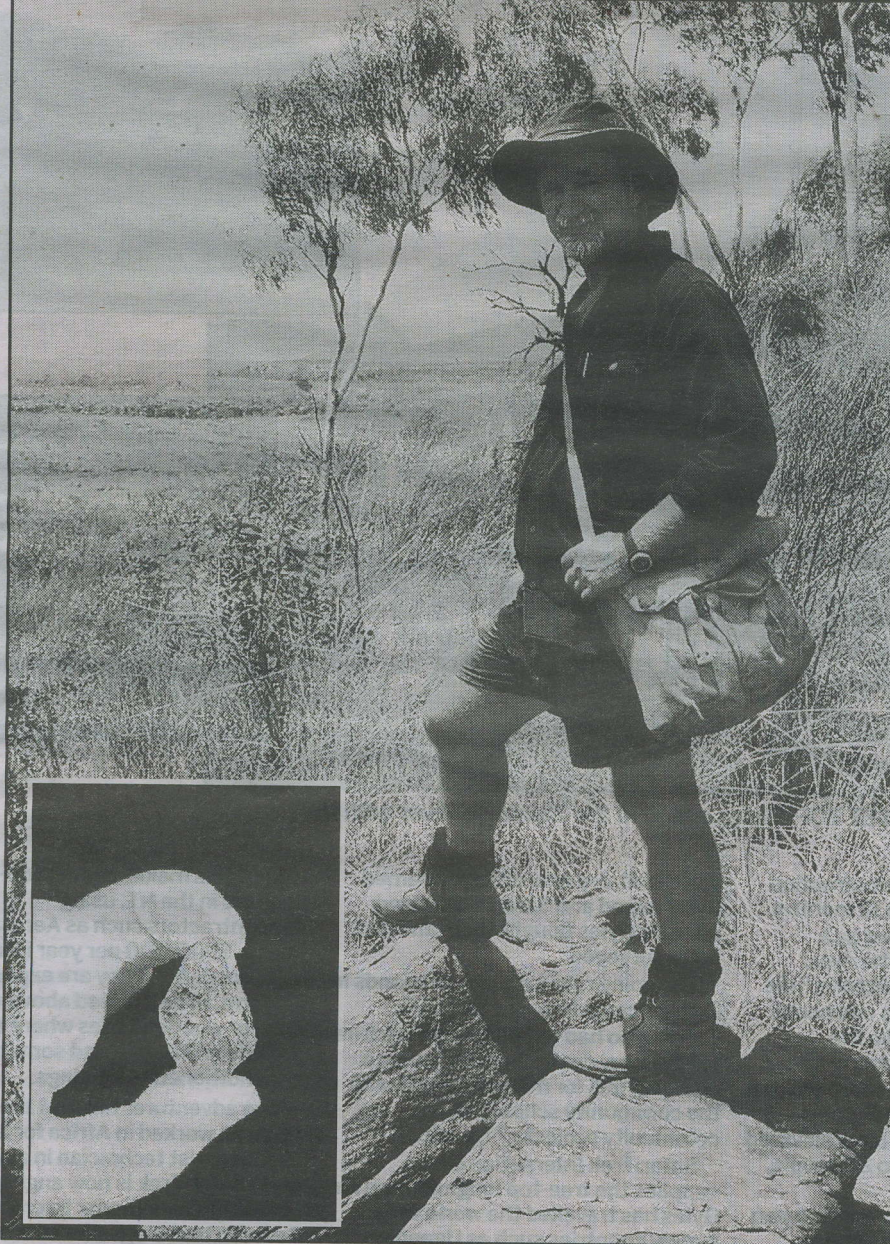
Recent cores from the bottom of the Palomides and Sacramore pits have found the kimberlite pipes stretch 750m below the surface, with an estimated resource of just over 9 million tonnes.

Once the cores are drilled, the kimberlite is dissolved by acid to leave the diamond specks which are sorted according to size, with the smallest fine diamonds measuring 100 microns — the width of a human hair.

Mr Reddicliffe said there was a mathematical correlation between how many fine diamonds there were to larger diamonds, making the drill cores a good indicator of whether the mine would be feasible.

"We found the core had a good consistency. It's a very good result for us," he said.

The company hopes to establish a 10-year-plus mining operation with a recovery rate of up to 400,000 carats per annum.



CARATS DANGLED: Tom Reddicliffe looks over the field. **INSET:** Australia's largest diamond, 104.73ct Jungiila Bunajina, mined at Merlin

NT diamond sample sparkles

THE Territory mine that once produced Australia's largest diamond could once again put forth sparkling carats after drilling revealed encouraging samples.

In 2002 the Merlin diamond field, 80km south of Borroloola, produced Australia's largest diamond, the 104.73ct

Jungiila Bunajina — which means star-meteorite dreaming stone.

The mine was worked by Rio Tinto until 2004.

Mining junior North Australian Diamonds took over and has been drilling to prove enough resources to demonstrate the project's viability.

Chief executive Tom

Reddicliffe said the company plans to embark on a pre-feasibility study later this year to determine if mining should begin at the site.

The diamonds are found in Kimberlite pipes, intrusions of volcanic rock that poke upwards into the

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