



BBY Research - 22 January 15

Merlin Diamonds Limited

MED A\$0.07 **TARGET PRICE** A\$0.25 **SPECULATIVE BUY** 0.0X

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North Australian Diamonds Limited explores for diamonds. The Company owns the Merlin diamond deposit in the Northern Territory and exploration holdings in the north of Australia.

Low Risk, Low Capex Diamond Production

Merlin Diamonds Limited (ASX: MED) is focussed on developing its flagship project, the Merlin Diamond Mine, in the Northern Territory, Australia. Over the past 12 months MED has focussed on the completion of its BFS on the Merlin Mine. Trial mining by Ashton Mining and Rio Tinto (ASX: RIO) from 9 pipes has enabled the company to reduce risks relating to diamond qualities, valuations and grade. The clamshell grab mining method proposed reduces both the capex and the lead time required to commence exploitation.

We initiate coverage with a SPECULATIVE BUY recommendation and a 12-month target of AUD0.25/sh, in line with our valuation.

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BBY Technical View - as at 22/01/2015

For enquiries, please email research@bby.com.au

Short Term	Uptrend	Resistance	\$0.078
Long Term	Uptrend	Support	\$0.068

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* We apply a consistent Discounted Dividend Model (DDM) valuation methodology across all stocks, allowing us to directly compare any one stock against another, thereby facilitating a stock ranking.

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