

THE HOME OF LARGE HIGH QUALITY DIAMONDS



MERLIN DIAMONDS LIMITED – SEPTEMBER 2017 PRESENTATION

AUSTRALIA'S LARGEST DIAMOND AT 104.73 CARATS WAS MINED AT MERLIN

CORPORATE SNAPSHOT



| Corporate Snapshot | |
|-------------------------|---------|
| ASX Code | MED |
| Market Cap (at \$0.007) | \$10.5m |
| 52 week high (\$/share) | \$0.03 |
| 52 week low (\$/share) | \$0.005 |
| Shares on issue | ~1.7b |

| Substantial holders | No. of shares | % ownership |
|-------------------------------|--------------------|---------------|
| The Gutnick Group | 313,079,239 | 18.41 |
| BNP Paribas Nominees Pty Ltd | 122,118,103 | 7.35 |
| Mr Vince Zangari | 101,481,976 | 6.11 |
| Citicorp Nominees Pty Limited | 71,161,403 | 4.28 |
| Total | 607,840,721 | 36.15% |

Directors, Management & Consultants: Joseph Gutnick, Henry Herzog, David Tyrwhitt, Mordechai Gutnick and Peter Lee



Australia's largest diamonds discovered at the Merlin diamond mine



Polished diamonds from Australia's largest rough diamond



Merlin production

A COMPELLING INVESTMENT CASE



| | |
|---|---|
| ▪ High proportion of large, high quality gem diamonds in current and historical production | ✓ |
| ▪ Current production has a high proportion of large diamonds – biggest to date 34.74 cts | ✓ |
| ▪ Production to scale up with installation of Tomra XRT to enhance large diamond recovery | ✓ |
| ▪ Merlin is under-developed – Kimberlites as deep as ~718m versus current mining down to ~90m | ✓ |
| ▪ A very unique mine – presence of multi coloured diamonds incl. Pinks, Greens and Blues | ✓ |
| ▪ Over 4 million carat JORC Compliant Mineral Resource | ✓ |
| ▪ Significant exploration upside | ✓ |

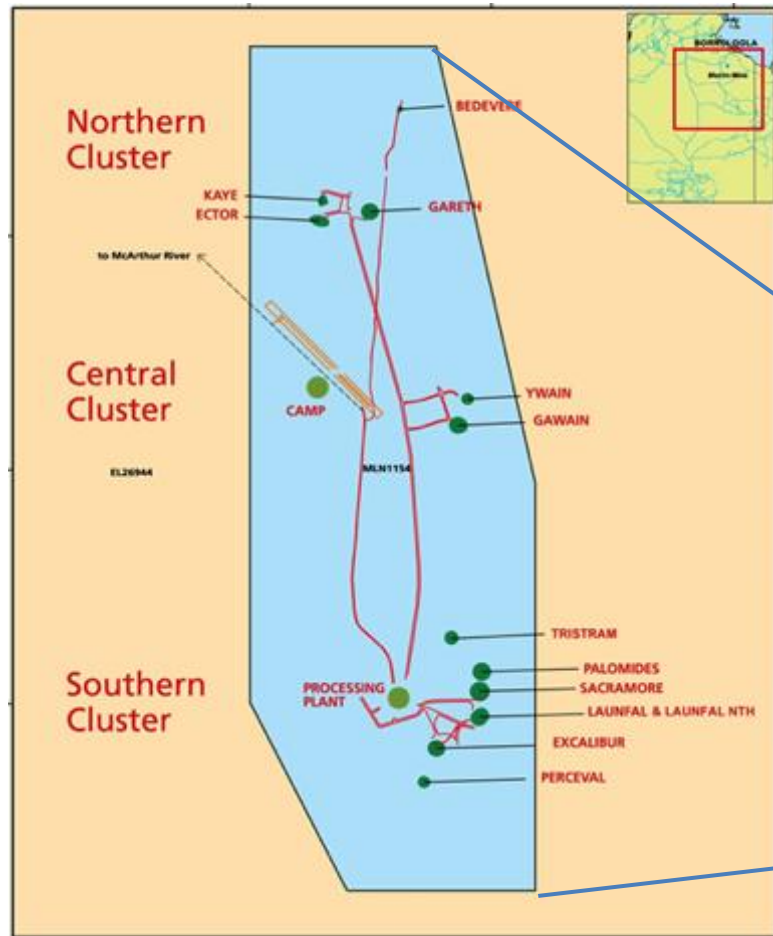


Current production



Current production

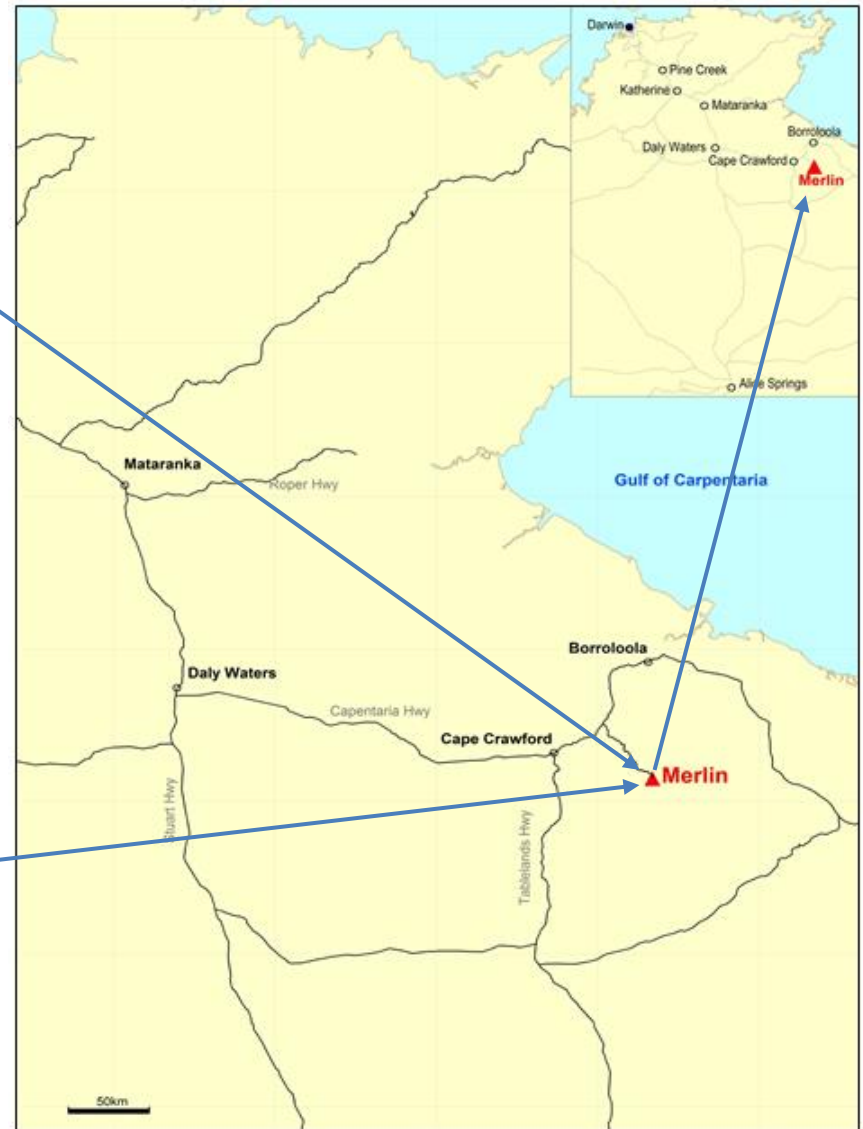
MERLIN DIAMOND MINE HAS SIGNIFICANT UNLOCKED VALUE



LEGEND

- Granted tenement
- Merlin mine lease
- Merlin kimberlite locations
- Mine site roads
- Airstrip

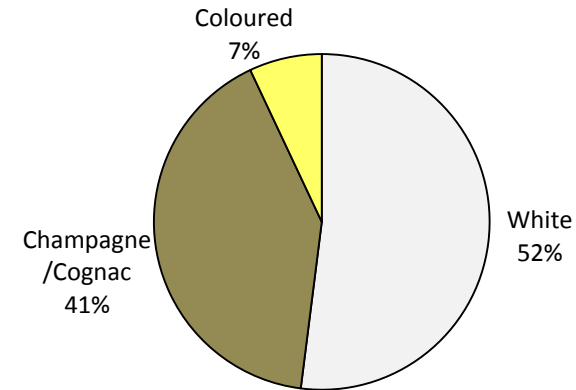
Merlin diamond mine area



A STRONG PRODUCTION TRACK RECORD

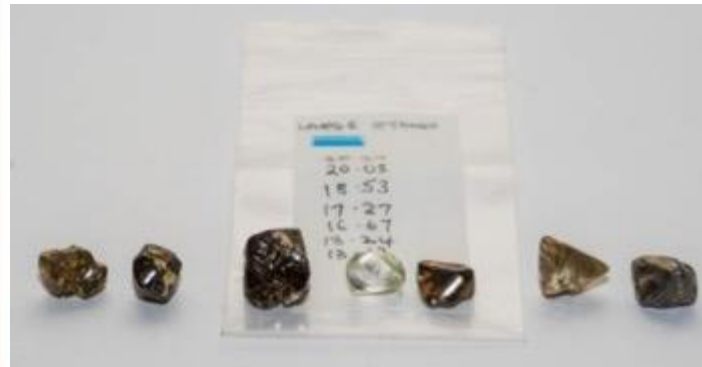
- Historical production yielding significant proportion of high quality, large, super white gem diamonds
- Presence of coloured stones highly encouraging for ongoing mining
- Recovery of large stones set to increase through implementation of Tomra XRT machine and ongoing mining program

Recoveries from all pits:



Large diamonds discovered by Rio Tinto between 1999 and 2002

DIAMONDS FROM CURRENT PRODUCTION



INSTALLATION OF TOMRA XRT TO ENHANCE PRODUCTION

- State-of-the-art technology will enhance larger diamond recoveries and reduce operating costs
- Currently successful at Lucara's Karowe diamond mine
- Expected to be operational at the Merlin diamond mine by October 2017
- Replaces conventional concentrator and detects all diamonds including coated and low-luminescent
- Prevents the crushing of larger diamonds



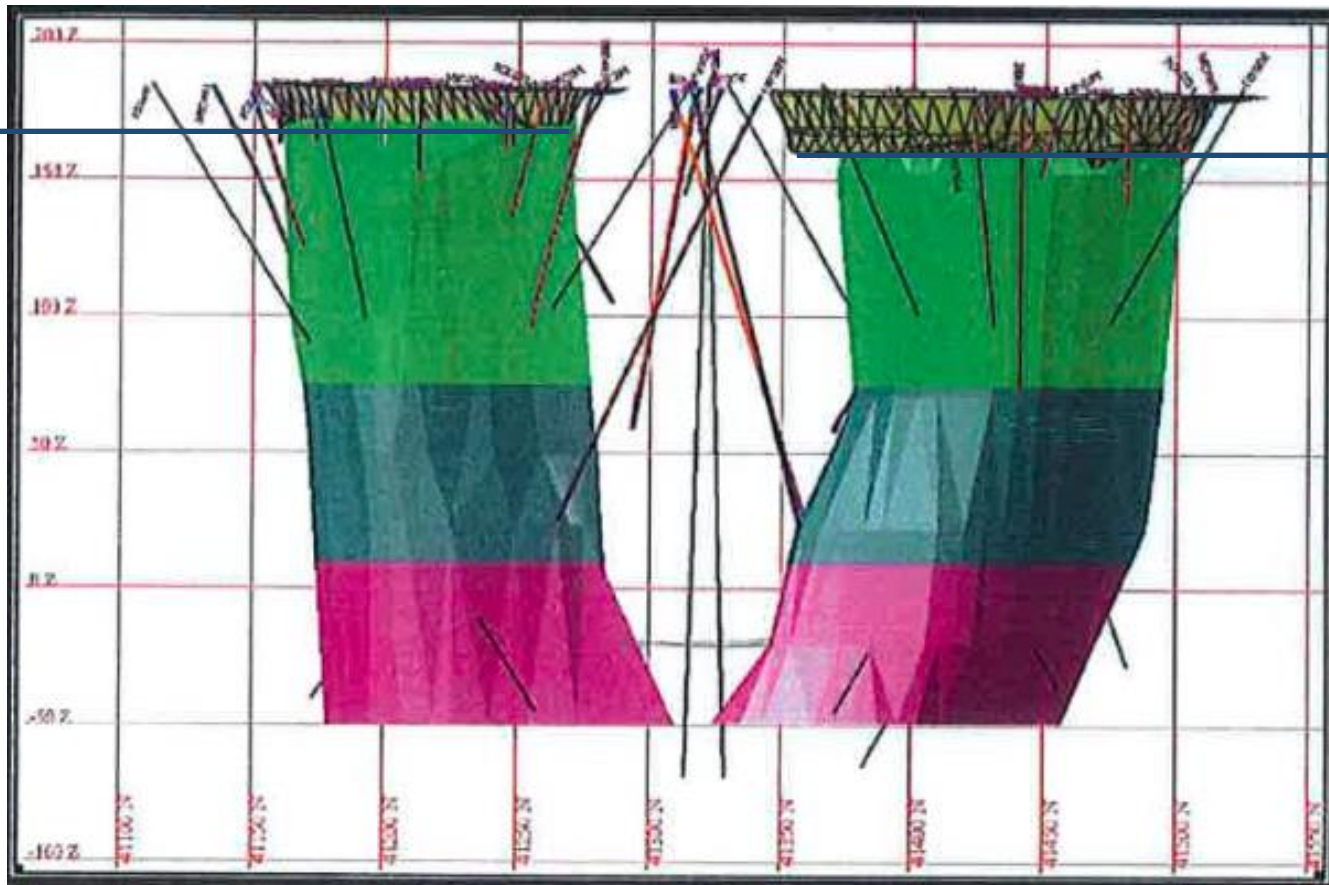
EXPLORATION UPSIDE

- **Rio Tinto’s 1997 feasibility study on the Merlin Diamonds project made the following comments:**
 - “Small pipes, such as Ywain, may be fairly common in the field...”
 - “There is some potential for significantly larger pipes...”
 - “...evidence indicates that the Merlin field is part of a broader kimberlite province”
- Study of exploration data has identified 74 potential additional targets on mining lease
- 14 kimberlite pipes discovered so far
- Priority based on each target’s similarity to geophysical and geochemical signatures of known pipes



POTENTIAL KIMBERLITE DEPTH

- Highly prospective Kaye and Ector have only been mined to 32 metres
- Pipes may merge providing significant mining upside for the Company
- Ector ore to be processed using Tomra XRT machine due to high proportion of large diamonds



Kaye and Ector facing west

OUTSTANDING GEOLOGY



- The Merlin diamond mine lease has 14 known diamond-bearing kimberlite pipes
- Area is highly prospective for diamond-bearing kimberlite pipes and MED continues to undertake exploration on the mine lease and adjacent tenements
- Previously completed studies from Rio Tinto convey significant potential small pipes and potential for significantly larger pipes within the region
- Kimberlite pipes remain undermined – mining only extends between 32m – 99m
- Recent drilling shows Palsac extends to ~718m



| Pit | Current pit diameter (m) | Pipe diameter (m) | Current Pit Floor Level (m bgl) |
|-----------|--------------------------|-------------------|---------------------------------|
| Ywain | 119 | 25 | 39 |
| Gawain | 163 | 50 | 54 |
| Excalibur | 209 | 60 | 75 |
| Gareth | 247 | 60 | 83 |
| Palomides | 198 | 60 | 62 |
| Launfal | 245 | 50 | 99 |
| Kaye | 171 | 125 | 32 |
| Ector | 241 | 241 | 29 |
| | | | |

NEAR TERM VALUE DRIVERS

Late October 2017:
Commencement of processing with Tomra XRT machine

2018:
Additional Tomra XRT machine purchases

September 2017:
Diamonds auctioned in Antwerp by Koin International

December 2017
Exploration update



October 2017:
Tomra XRT machine commissioned and installed at Merlin diamond mine

December 2017:
Increased recovery of large diamonds expected

2018:
Consideration of dividend policy

VALUE BEING REALISED NOW



- Revenues from diamond auctions
- Tomra XRT installation and operation
- Mining of Ector and Kaye pits
- Scheduled production increase



Kaye (right) and Ector (left) kimberlite pipes – currently being dewatered

THANK YOU



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DISCLAIMER



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