

Mining the
Territory
2009



MERLIN DIAMOND PROJECT

The Home Stretch

Tom Reddicliffe – CEO



CORPORATE INFORMATION

- Incorporated: 1991
- Shares Listed: ASX
- Code: NAD
- Issued capital: 1,980 million
- Share price: 2.4c
- Market cap: \$47.5 million

SHAREHOLDINGS

(as at 11th August 2009)

- Top 5 = 60.21%
- Top 40 = 69.65%
- Top 100 = 78.37%
- Total holders = 7,000

2
0
0
9



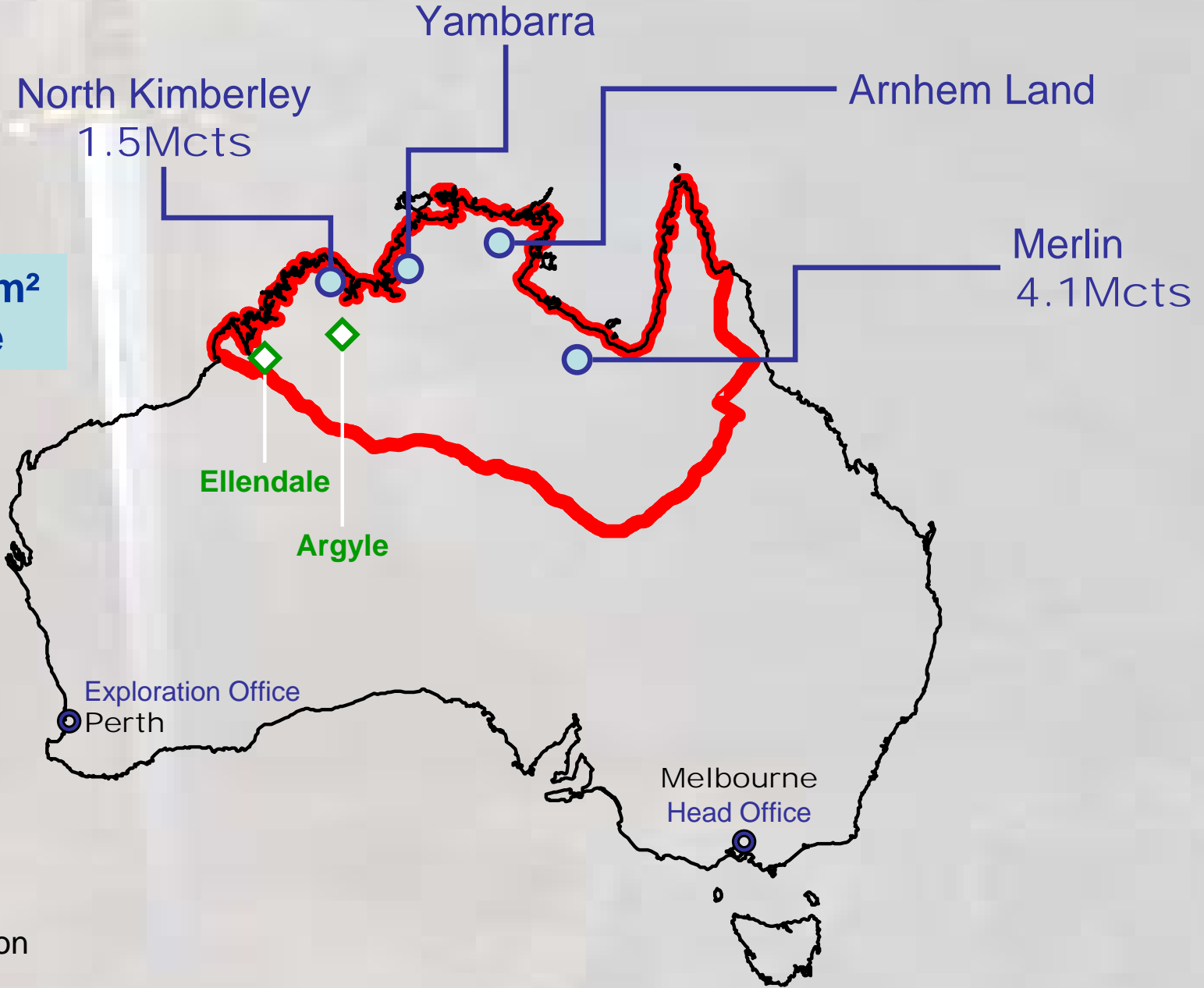
Mr Joseph Gutnick
Chairman/Managing Director

- A significant restructure of the NADL board in late 2008.
- An underwritten rights issue raised \$6M closed on the 30th January 2009.
- On market takeover bid commenced May 2009 (offer 1.2c). Completed August 2009 (offer 1.5c).
- Legend International Holdings majority shareholder with 55%.



PROJECT AREAS

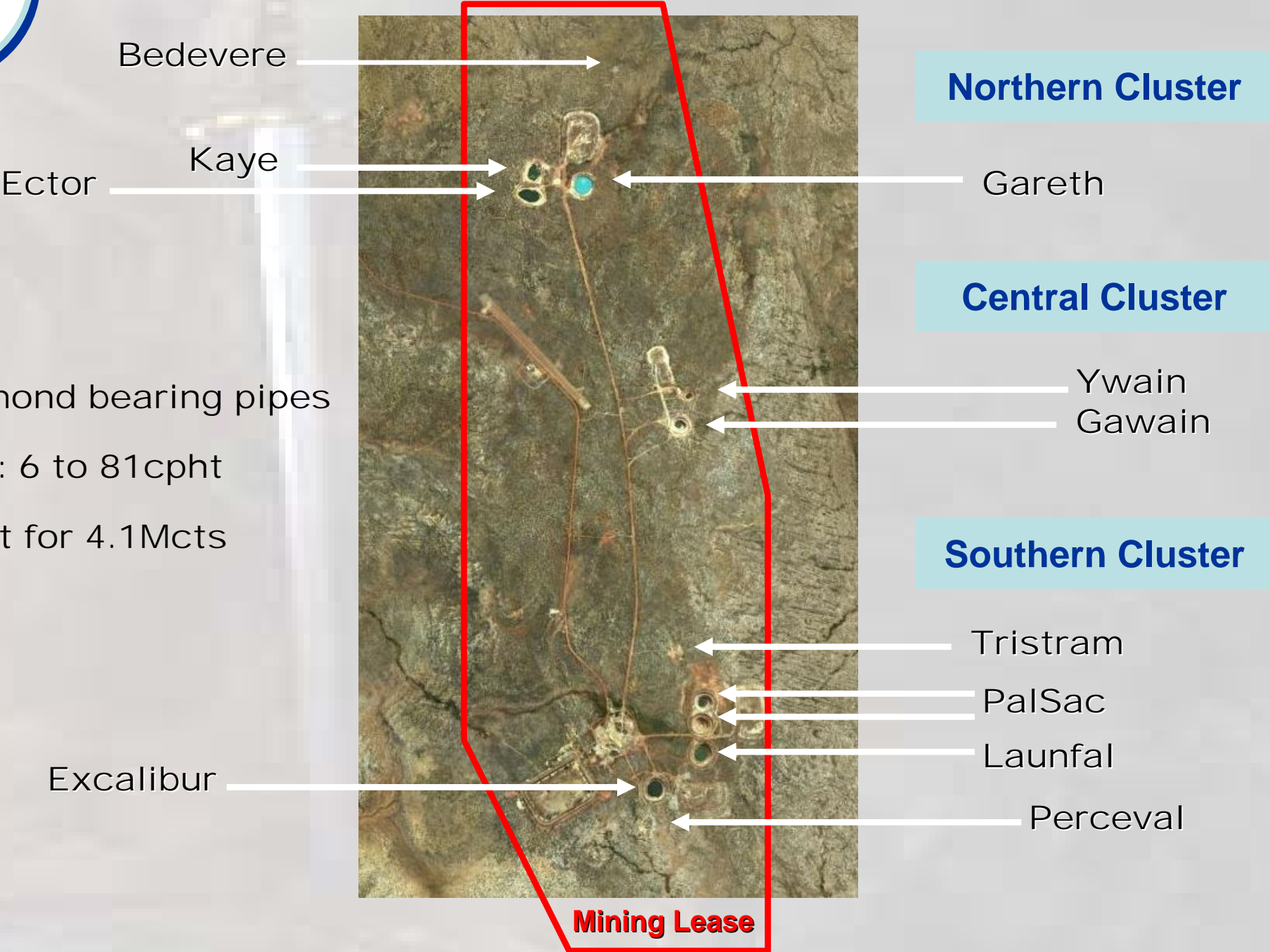
Approx. 33,000km²
held under title



A long term commitment to diamonds and Northern Australia



MERLIN PROJECT



- 12 diamond bearing pipes
- Grades: 6 to 81cpht
- 22.46Mt for 4.1Mcts

Northern Cluster

Central Cluster

Southern Cluster

Mining Lease



PAST PRODUCTION HISTORY 1998 - 2003

ASHTON/RIO TINTO

- 2.23 million tonnes
- 507,000 carats recovered
- Av. Value US\$108/ct
- 5 year operation (100,000cts/annum)
- Closed 2003



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

Acquired by NADL in 2004

ISSUES

No JORC mining reserve
Limited resource drilling
Liberation & recovery
Shallow open-pit resources almost exhausted



10.77ct recovered 2009



EVALUATION 2004 - 2005



ISSUE

Improved diamond recovery

SOLUTION

Optical & magnetic separation

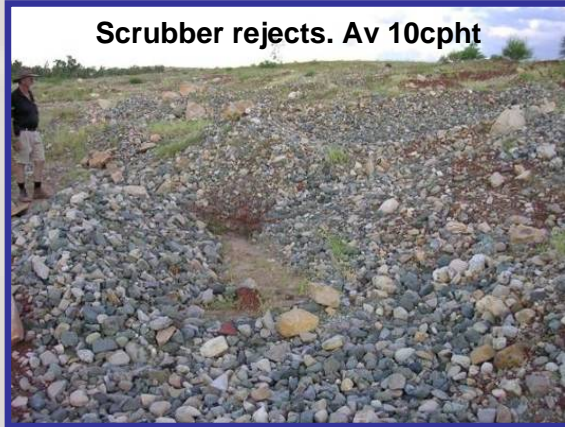


RETREATMENT of SORTHOUSE TAILINGS

- Recovery of non-fluorescing diamonds
- 13,500cts recovered
- Av. Grade 4.5cpht
- 'Yellow' gem diamonds recovered – Av. Price US\$1,454/ct



EVALUATION 2005 - 2006



ISSUE

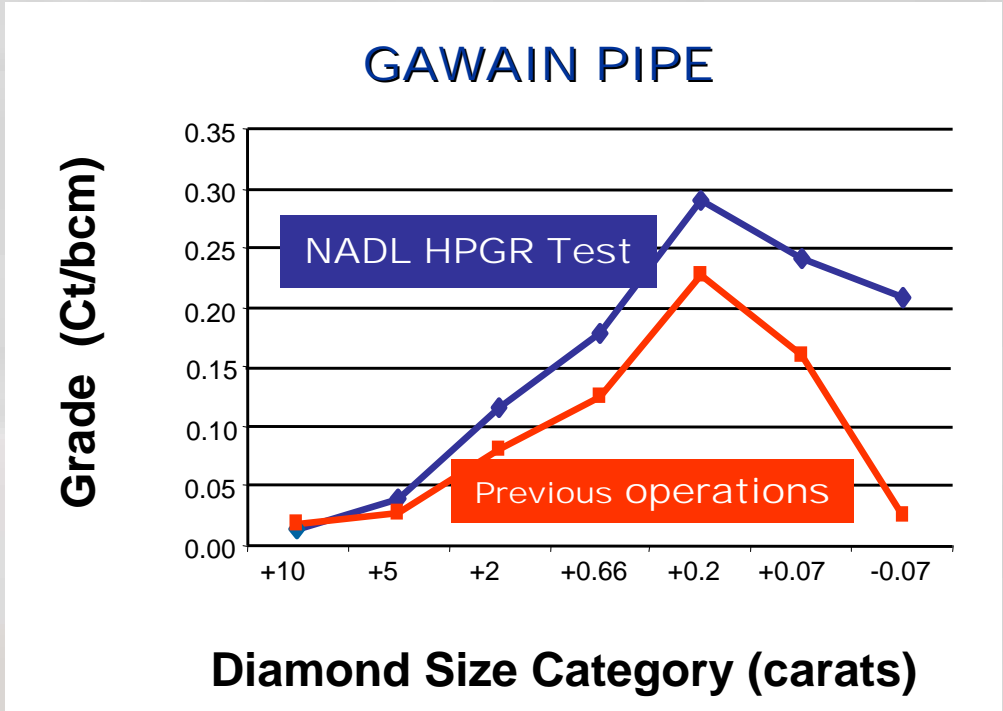
Improved diamond liberation

SOLUTION

Application of HPGR technology

TESTING of SCRUBBER & SIZER REJECTS

- 41% average increase in grade





TRIAL MINING 2006



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

ISSUE

Diamond value

SOLUTION

ROM diamond parcel



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

PROCESSING of PIT MATERIAL

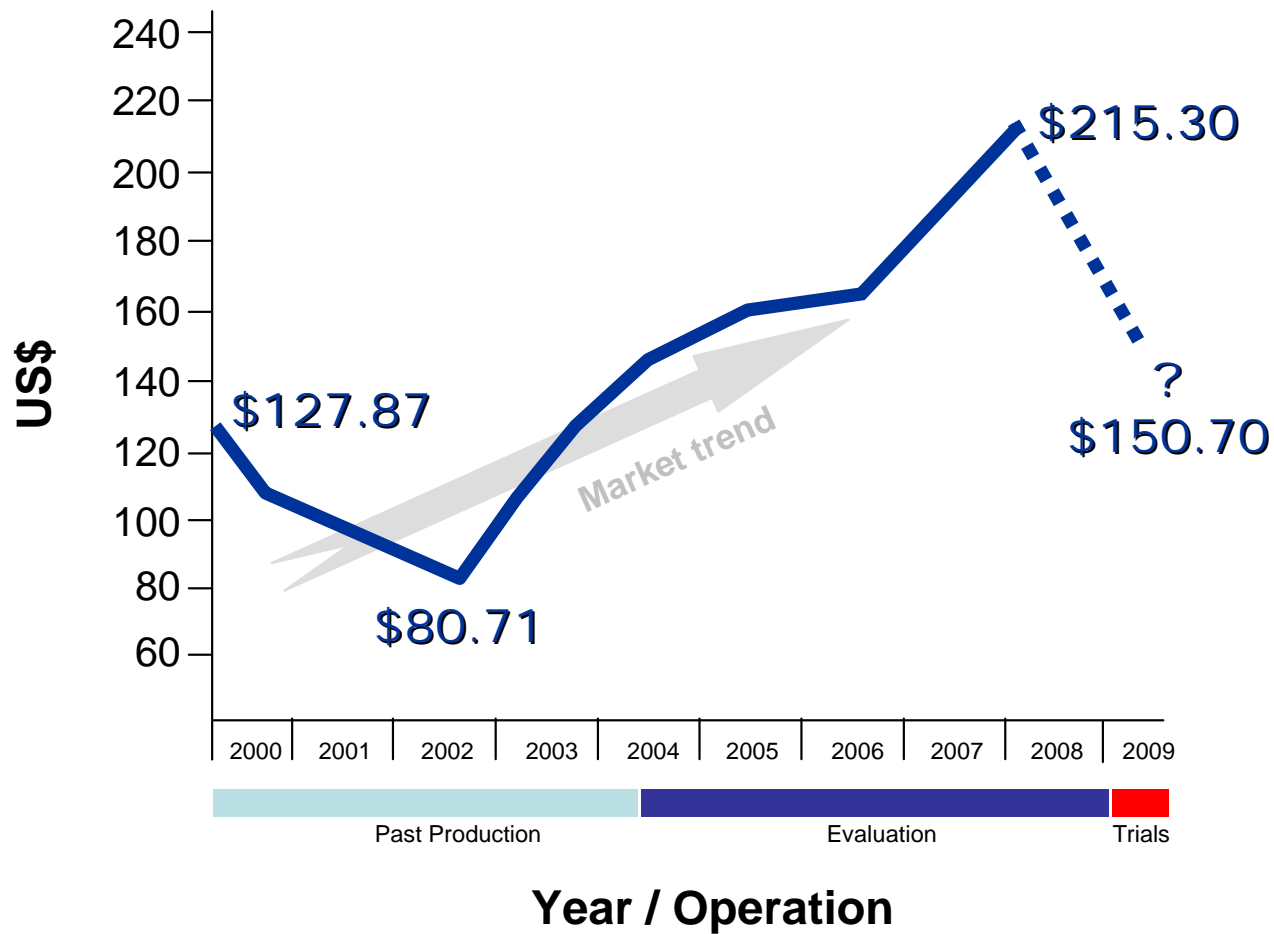
- 24,958 tonnes processed
- 11,810 carats recovered
- Av. Grade 47.3cpht
- Provided critical information on grade and value



MERLIN ROUGH DIAMOND PRICES

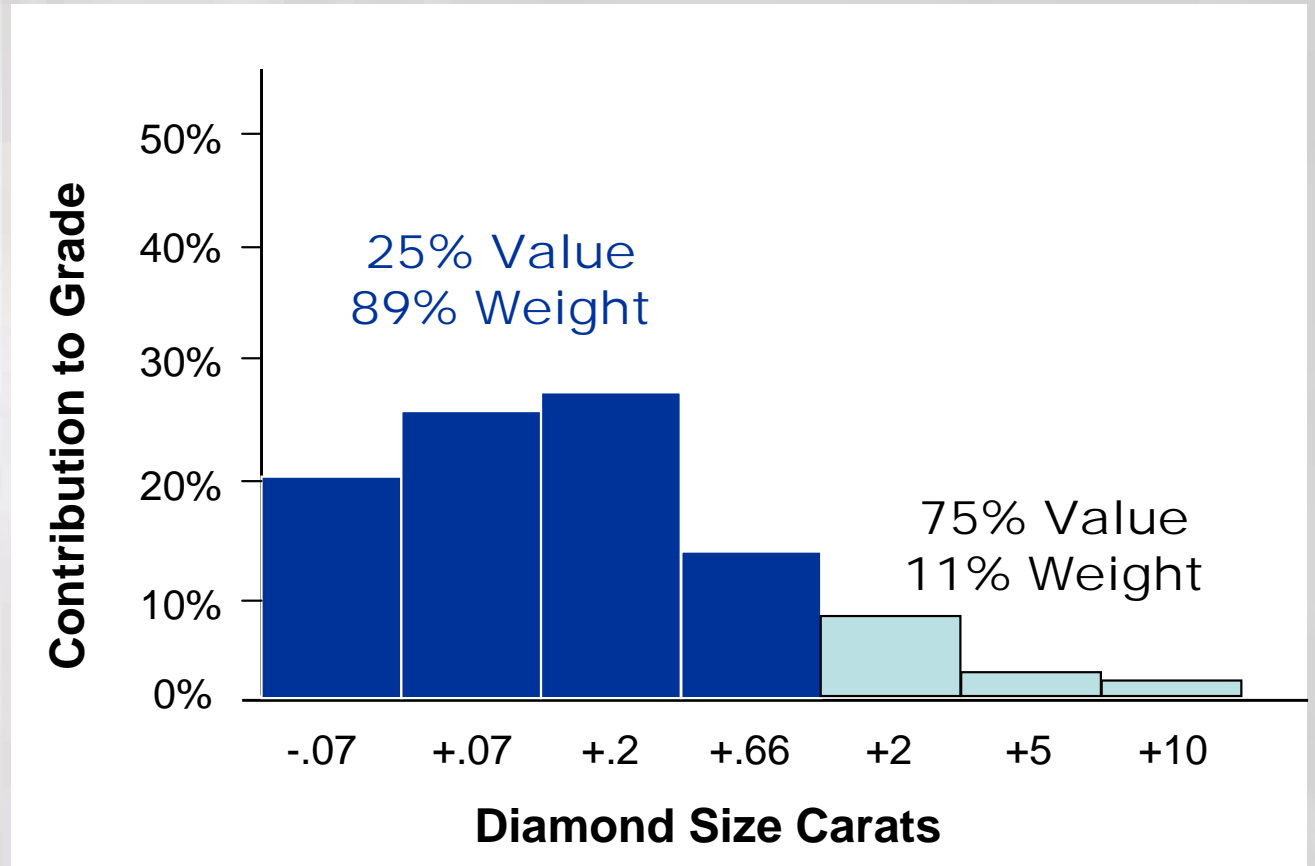
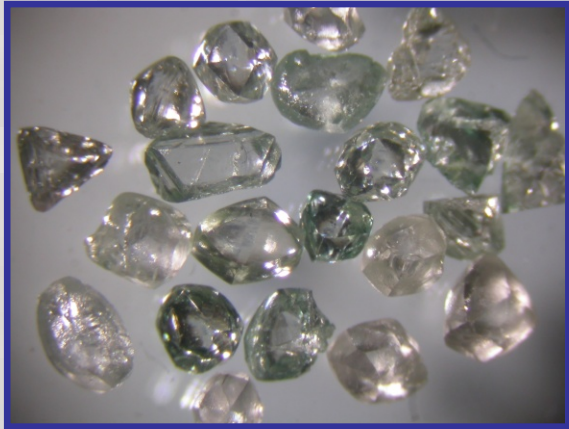
Historic Merlin sales and recent valuations reflect general movement in rough diamond market

MERLIN SALES/VALUATIONS - \$US





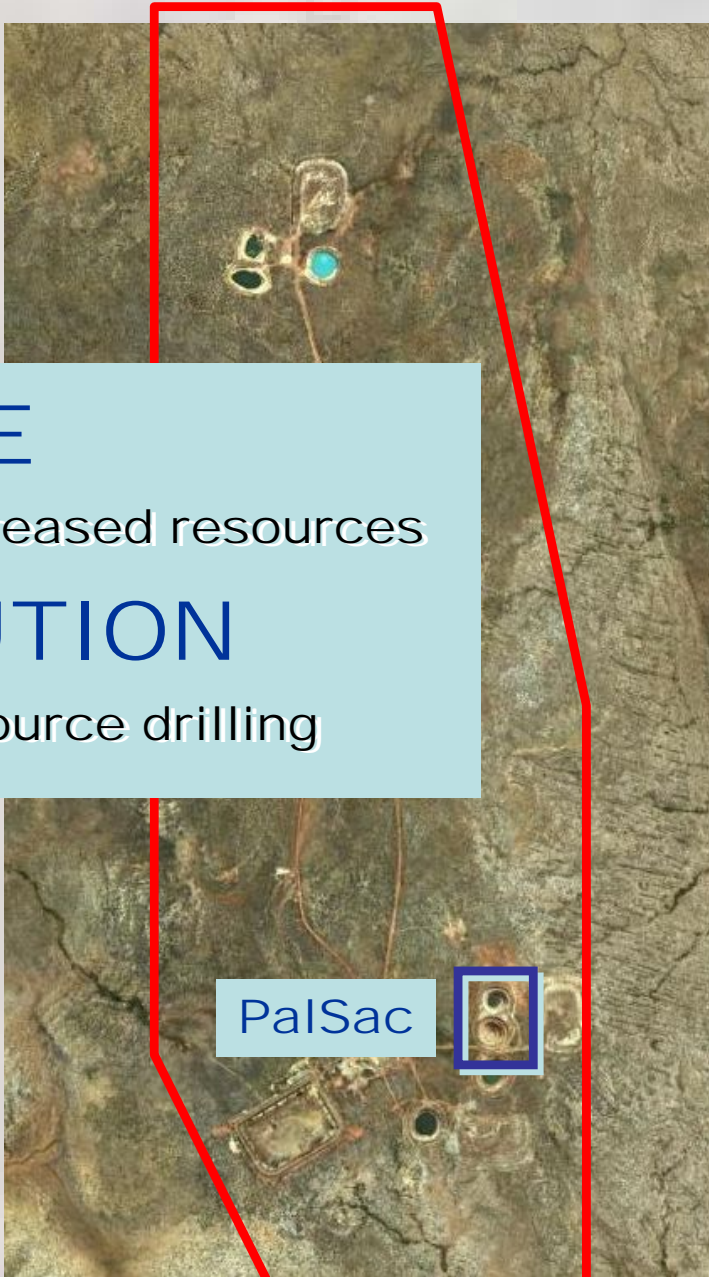
GRADE / VALUE MODEL



75% Revenue from 11% of the Production



RESOURCE DEFINITION DRILLING



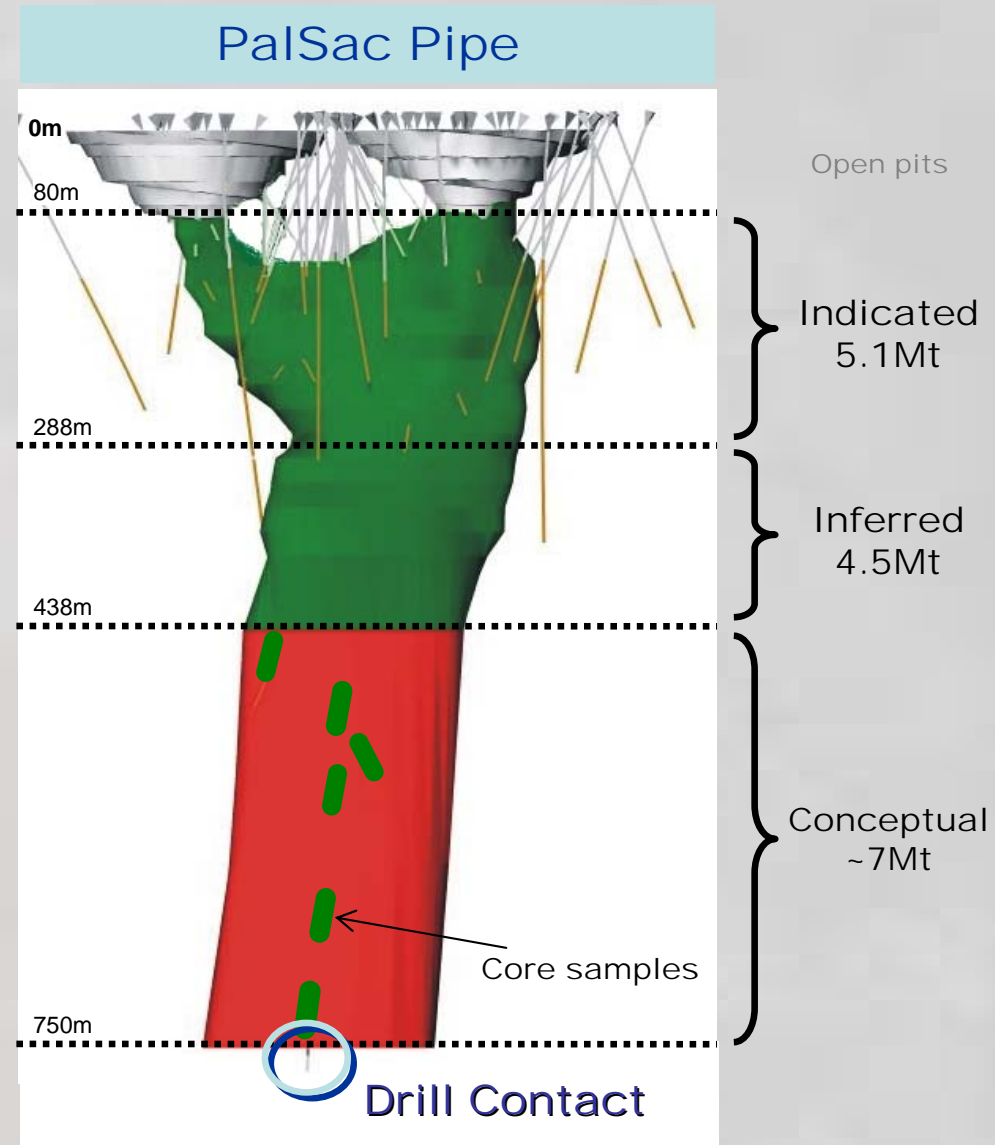
Mining Lease

ISSUE

Increased resources

SOLUTION

Resource drilling





SUMMARY of PROJECT RESOURCES

5 pipes selected as basis for proposed mining project

Open Pit and Underground Mining Project Resources

Resource Category	PalSac (Mt)	Launfal (Mt)	Gawain (Mt)	Ywain (Mt)	Kaye** (Mt)	Total (Mt)	Carats*
Indicated	5.1	0.73	1.10	0.080	0.87	7.88	2,500,000
Inferred	4.5	0.51	0.58	0.095	2.13	7.815	2,000,000
Total	9.6	1.24	1.68	0.175	3.00	15.695	~4,500,000
Pit grade cpht ****	- *	- *	40	81	12		
Historical mine grade ***	20	22	34	60	10		

*confirmation of grade and contained carats by bulk testing is required for PalSac and Launfal.

** Additional Drilling required

*** Bottom screen 0.95mm slotted

**** Bottom screen 1.0mm slotted

PalSac is key pipe for mining project

PRE-FEASIBILITY PRODUCTION TRIALS 2009



North
Australian
Diamonds
Limited
ABN 86 009 153 119

Commissioning of 1st stage upgrade of plant completed

- increase throughput capacity to greater than 50tph
- HPGR trials about to commence (diamond liberation)
- Optical sorter in 4-6 weeks (large diamond recovery)

Trials focused on PalSac, Gawain and Kaye pipes

- in excess of 800cts recovered
- 70 +1ct diamonds recovered
- largest 4.62, 6.23 & 10.77ct gem 'special'

Aims

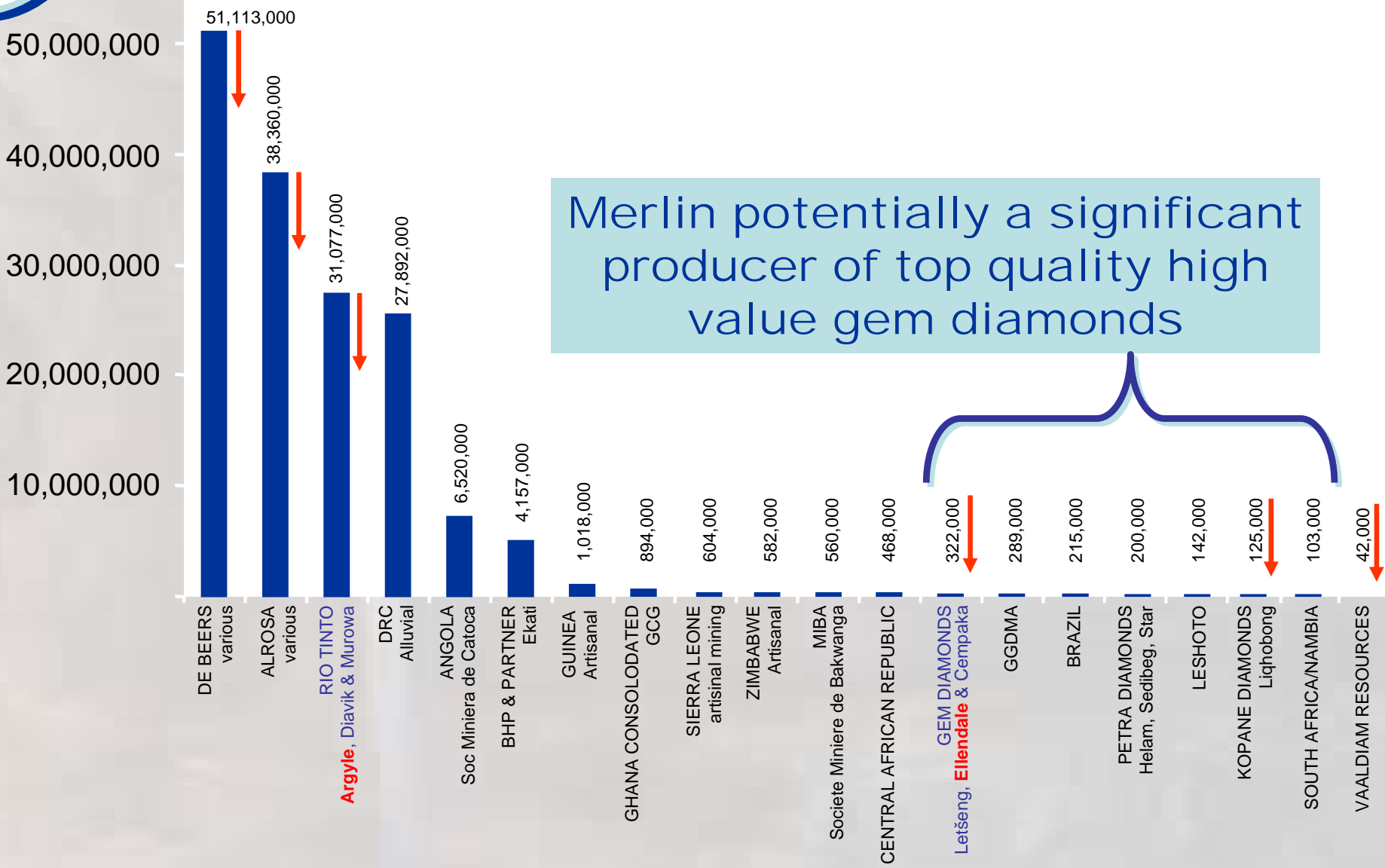
- complete grade assessment for PalSac
- obtain valuation diamond parcel
- test and finalise processing flow sheet
- complete prefeasibility project studies





MERLIN FUTURE POTENTIAL

Total Production in Carats / Year



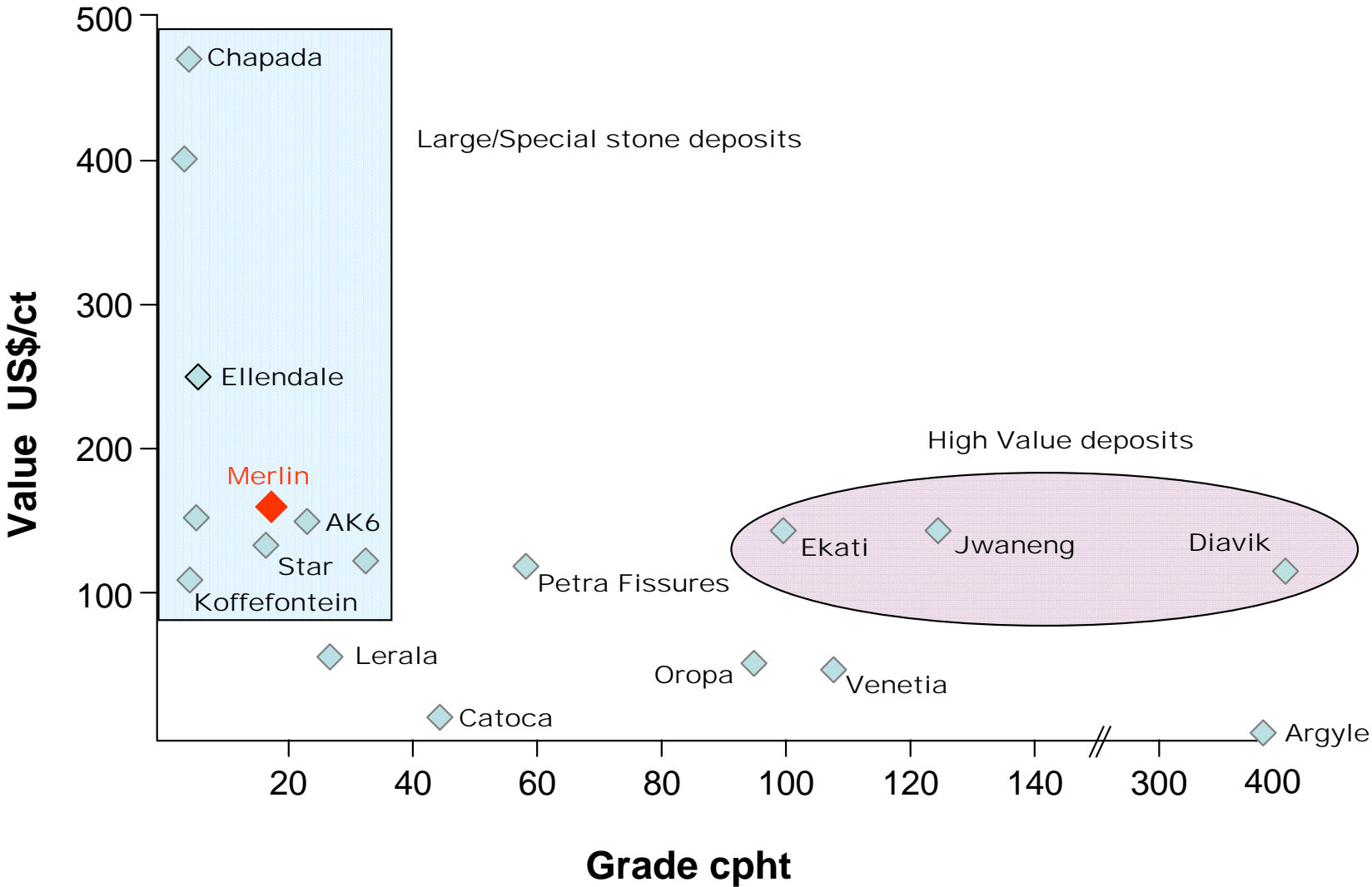
Merlin potentially a significant producer of top quality high value gem diamonds

Production decreased

Diamond Producers (2008)



DIAMOND VALUE by DEPOSIT





WAY FORWARD

Staged Approach

2004/05 Evaluation Work

2006 Trial Production

2007/08 Resource Drilling

2009: Pre-feasibility Production Trials



2010: Interim Project
(Pilot operation-small scale open-pit)



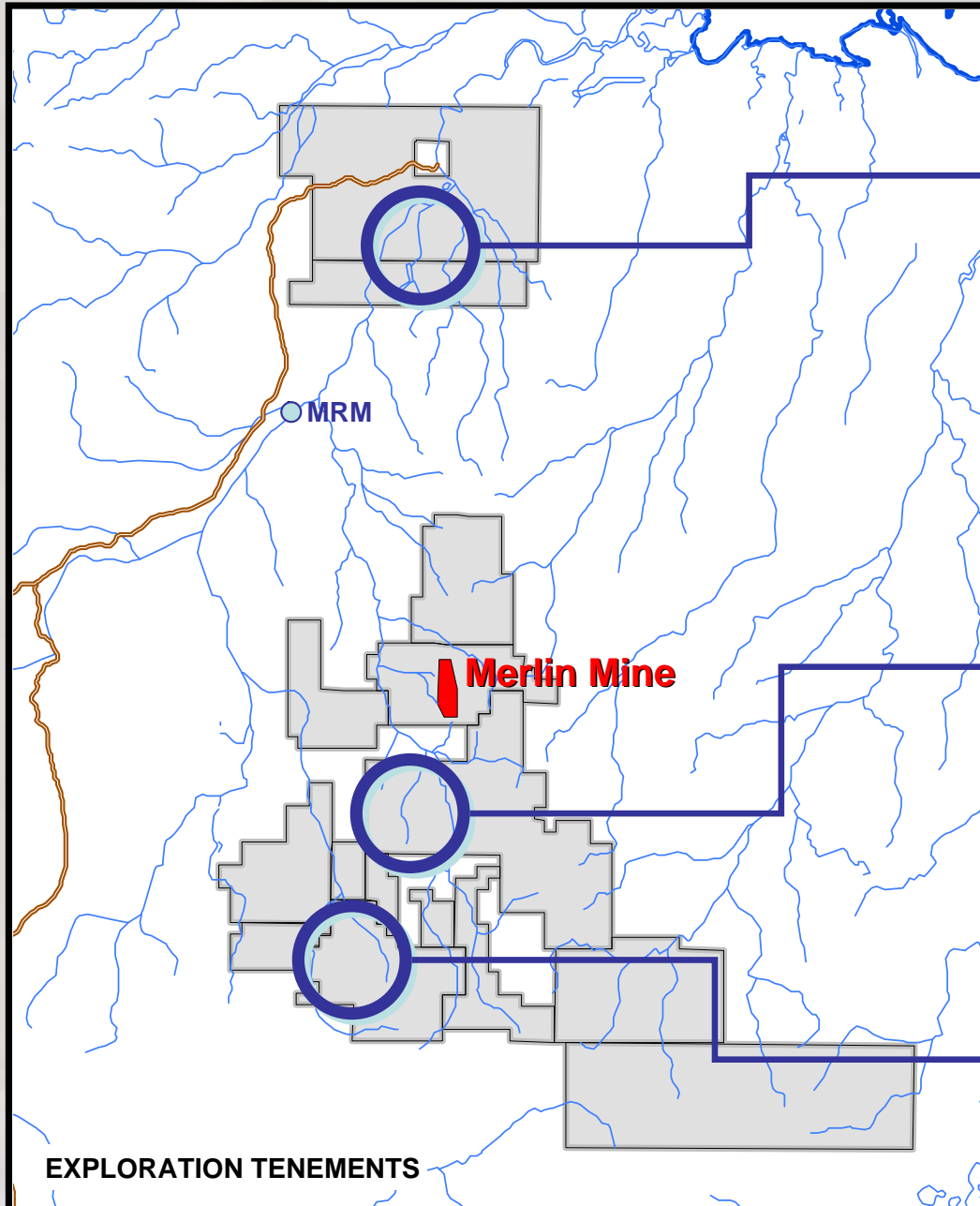
20?? Large Scale Project

Merlin staged evaluation remains on track



North
Australian
Diamonds
Limited
ABN 86 009 153 119

EXPLORATION POTENTIAL



BORROLOOLA
Alluvial diamonds

TINTAGEL
Diamonds recovered in streams



LANCELOT
Significant indicator anomaly



THANK YOU

DISCLAIMER

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.

Where the Company expresses or implies an expectation or belief as to future events or results such expectation or belief is expressed in good faith and believed to have a reasonable basis. However, “forward looking statements” are subject to risks, uncertainties and other factors, which could cause actual results to differ materially from future results expressed, projected or implied by such “forward looking statements”. Such risks include but are not limited to diamond values, currency fluctuations, increased production costs and variances in grades or recovery rates from those assumed in mining plans, as well as political and operational risks in the countries and states in which the Company operates or sells product and governmental regulation and judicial outcomes.

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“The information in the presentation that relates to exploration results is based on information compiled by Mr Tom Reddicliffe who is a full time employee of the company and a Fellow of the AUSIMM. Mr Reddicliffe 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’. Mr 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.”



DIAMOND VALUE by DEPOSIT

