

Gem-quality diamonds recovered at Merlin using new techniques

NORTH AUSTRALIAN Diamonds Ltd, formerly Striker Resources, has announced the recovery of its first diamonds from reprocessing of the Merlin mine sort house tailings.

The largest diamonds recovered were a 1.39ct yellow gem – a fragment from a larger stone, a 1.11ct white irregular, a 0.33ct grey cube, and a 0.25ct white octahedron. The early recovery of diamonds is in line with the company's expectations and the recovery of a gem-quality, yellow, non-fluorescing diamond is evidence of a yellow diamond population at the Merlin mine.

North Australian Diamonds is currently redeveloping the Merlin mine, which is approximately 1,000km south-east of Darwin in the Northern Territory. Stage one of the redevelopment will involve the reprocessing of up to 10,000t of sort house tailings over four months. It is expected that 50,000 carats of diamonds could be recovered from the tailings.

Stage two of the project will involve processing the remaining ore from tailings stockpiles, remnant ore sourced from previously mined pits and ore that can be mined due to re-optimised pit designs.

To enable crushing and liberation tests on the primary kimberlite ore, North Australian Diamonds plans to dewater some of the previously mined pits. Approximately 1,000t of samples will be taken from each

pit for crushing by a HPGR unit prior to processing and recovering the diamonds.

According to North Australian Diamonds' chief executive Tom Reddicliffe, the samples will provide important information for the design of the processing plant and the planning of the stage two redevelopment of the Merlin mine. The stage two redevelopment comprises treating various mill oversized and hard reject ore from previous milling activities, and un-mined ore remaining within existing pit shells as well as ores that can be mined from the re-optimised pit designs.

Stage three and four involve the potential development of the resource beneath the Palomides-Sacramore pit cluster and other resources within the Merlin mine leases, either by deep open-pit or underground mine development. Mr Reddicliffe said the potential stage three and four redevelopment provided the long-term future for the Merlin mine.

North Australian Diamonds expects to produce some 250,000 carats from Merlin over the next two years. The Merlin diamond field currently has a combined indicated and inferred resource of 3.3 million carats of diamonds.

The average historical value of previous Merlin production has been US\$108/ct, however, rough diamond price investments indicate a price of US\$140 per carat.