

**NORTH Australian Diamonds has reported the recovery of diamonds from bulk sampling of a previously untested breccia pipe within the company's Northern Territory landholding.**

North Australian, which operates the Merlin diamond mine, said it had recovered 42.44 carats from the breccia pipe from 90 tonnes of material sourced from four bulk samples.



The pipe was known but previously untested.

The company said the pipe would be further tested to determine size, extent and geometry, and could be mined during the current stage of operations at Merlin using existing infrastructure.

Within the diamonds recovered were four stones bigger than 1 carat in size.

The breccia pipe has been redefined as a kimberlite and named Perceval.

North Australian said the diamonds recovered were typical of Merlin diamonds in all aspects, such as size range, quality and clarity.

De-bottlenecking modifications to the process flow sheet are underway at Merlin, where just over 2000 carats were recovered in the June quarter.

The Ywain and Gawain pipes are now providing ore for the plant, and are expected to represent the majority of the carats recovered from the project for the remainder of the calendar year.

The company's total resource base across its NT position currently measures 19.45 million tonnes grading 18 carats per hundred tonnes for 3.53 million carats.

North Australian shares were up 0.2c at 4.1c in midday trade, capitalising the company at \$35.15 million.