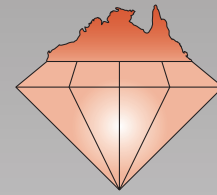
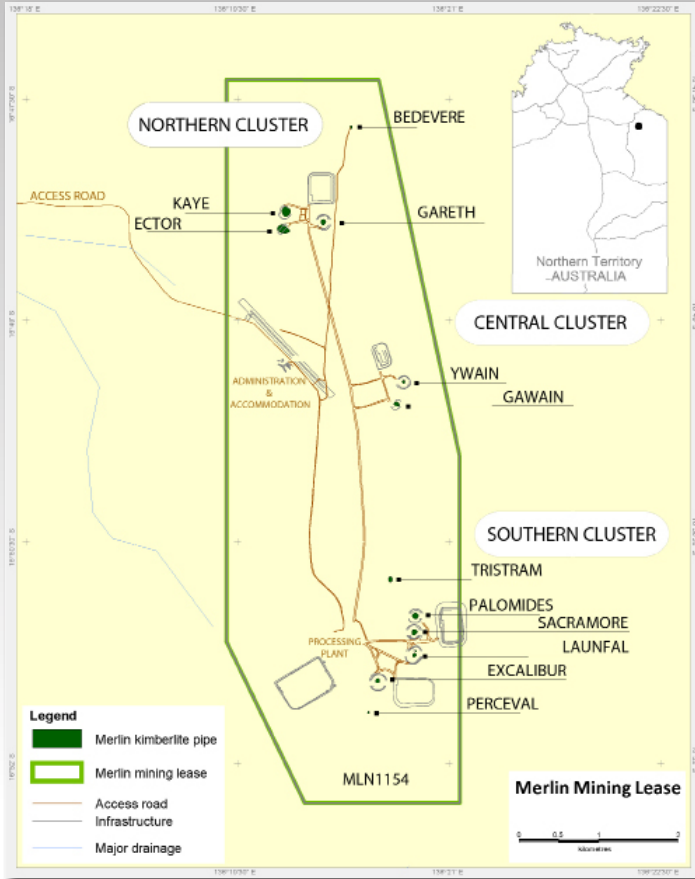


# Corporate Overview

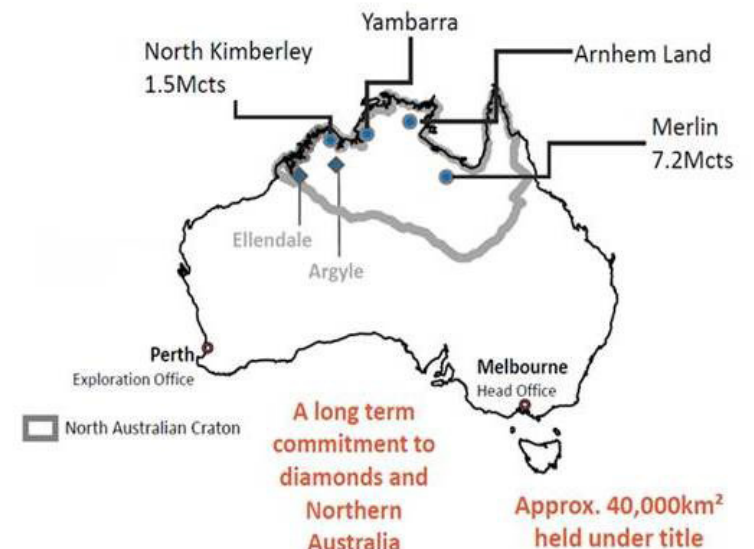
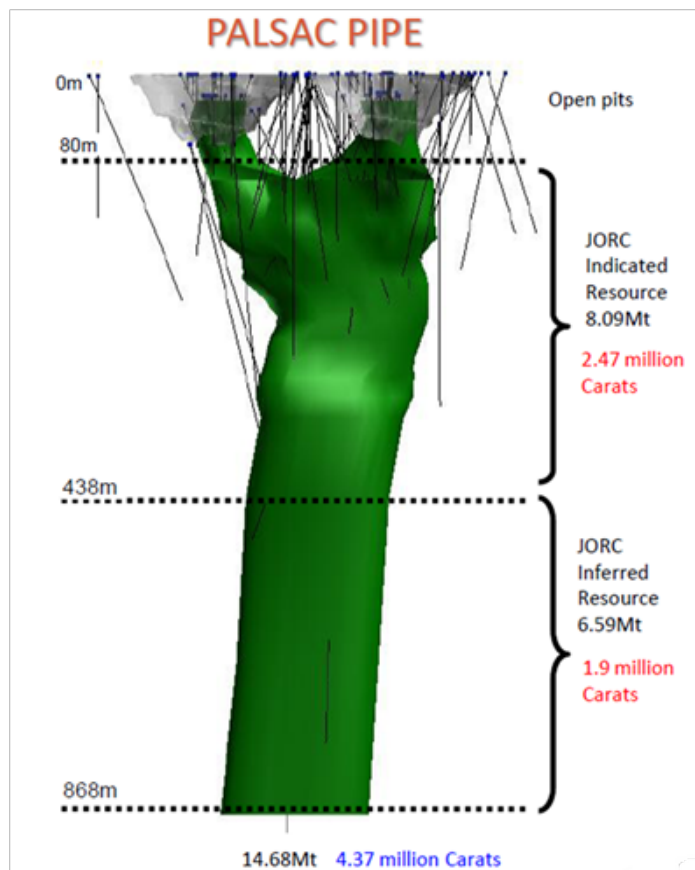


North Australian Diamonds Ltd. is continuing its strategic repositioning designed to capture the potential of the 100% owned Merlin diamond deposit in the Northern Territory and the company's extensive exploration holdings in the north of Australia.



## Project Highlights

- Definitive feasibility study is underway by Consulmet
- September 2011, NADL was granted Exploration Licence 24512, which forms the heart of the Borroloola Alluvial Diamond Project - work programs are continuing
- NADL successfully completed its 2009/10 pre-production trials at its Flagship Merlin diamond project in the Northern Territory
- During the trials 10,600cts of diamonds were recovered, the largest being a 24.12ct gem quality diamond
- 2590cts were in excess of 1ct, representing 24.4% of production; and in excess of 75% of +1ct diamonds were assessed as 'gem' or 'near gem' quality
- Total resources of the Merlin project have been updated and are now 30 million tonnes @ 24cph for a contained 7.2 million carats
- The Merlin Diamond Mine is now the second largest diamond mineral resource and reserve in Australia
- Pre-production trials and studies have highlighted the potential to proceed to a commercial mining operation
- Revaluation of the 'run of mine' rough diamond parcel has increased to in excess of US\$330 per carat
- Merlin is renowned for its high clarity, super-white, large stones. Independent Diamond Valuers Pty Ltd believe that reintroducing Merlin production to the market will be well received by Diamantaires
- **The above has been achieved by the aggressive strategy of Joseph Gutnick and team who took control of NAD in 2009**



# Merlin Resource Increase

Probable Ore Reserves	Indicated & Inferred Mineral Resources	Total
11.04Mt for a contained 2.89Mcts	19.02Mt for a contained 4.31Mcts	30.09 for 7.2Mcts

- Mining studies have enabled some of the 'indicated resources' to be upgraded to 'probable ore reserves', positioning the Merlin to become the only diamond mine in the Northern Territory and the 3rd producer in Australia
- Total PalSac combined 'indicated and inferred' JORC compliant resource has increased by 52% to 14.6 million tonnes
- Early indications for the Merlin Diamond Project estimate cash operating costs of approximately US\$160 per carat; resulting in an operating margin over US\$170 per carat
- The combined resource for the pipes included in the 2009/2010 pre-feasibility production trials and ongoing pre-feasibility studies is in excess of 28Mt, which is sufficient to potentially underpin a long term mining operation

## Exploration

- Following 7 years in the application process the Northern Territory (NT) Government's Department of Resources has granted Exploration Licence 24512 (EL24512) to NADL; which forms the heart of the Borroloola Project as it represents a significant and unique opportunity to explore for a large volume, high value alluvial diamond deposit
- A Mine Management Plan for Exploration Licence 24512 was approved by the NT Government's Department of Resources and the Company has begun the 7 week program to recover up to 5,000 tonnes of gravel
- Processing of additional material at the site to gather more data for the feasibility study
- Drill program planning is completed for Kaye/Ector and Gawain kimberlite pipes
- Exploration programs are continuing at Lancelot, Merlin and Arnhem Land; Lancelot which is 40km south of Merlin shows strong evidence for a second diamond field
- Heads of Agreement signed with Meteoric Resources to explore a number of aeromagnetic anomalies in West Arunta region of WA and an application for a co-funded drill program with the WA State Government is pending approval



## Outlook & Strategy

- The Company has awarded Consulmet, a leading minerals industry project house with vast diamond experience, the contract for a definitive feasibility study (DFS). The DFS will consider a 1.5Mtpa+ (approx. 300,000 carats per annum) diamond mining operation, as well as a potential larger scale operation
- A strengthening international diamond market and the premium quality of Merlin diamonds has led to a revaluation of the ROM rough diamond parcel, now being assessed in excess of US\$330 per carat
- The Company plans to take advantage of the strong market and the possibilities of further value-add strategies
- Diamonds to be marketed as Australian stones under the "Merlin" brand, highlighting their unique whiteness, clarity and large size, of which they are renowned
- Cutting and polishing to be undertaken in Asia for diamonds under 1ct

## Directors & Senior Management

Mr. Joseph Gutnick  
*Executive Chairman  
& Chief Executive  
Officer*

Mr. Craig Michael  
*Director*

Mr. Henry Herzog  
*Non-executive  
Director*

Mr. Peter Lee  
*Company Secretary  
& Chief Financial  
Officer*

Mr. Menachem  
Vorchheimer  
*GM Strategy &  
Special Projects*

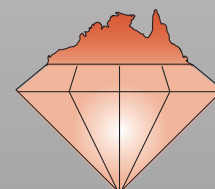
Mr. Mike  
Kammerman  
*Exploration Manager*

## Capital Structure

North Australian Diamonds is listed on the ASX:NAD. There are currently 116.9M shares with a market capitalisation of A\$31.5M. The top 5 shareholders represent 62.86% of shares; with Legend International Holdings representing 50.4%.

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Diamonds  
Limited