



TWO (2) LARGE WHITE HIGH QUALITY DIAMONDS RECOVERED FROM MERLIN DIAMOND MINE

Merlin Diamonds Limited (“Merlin”) (ASX: MED) is pleased to announce that:

- **The largest high quality white diamond is 18.4 carats and the second high quality diamond is 9.5 carats.**
- **These two large diamonds were recovered from fresh ore from Ector pit.**
- **The Merlin diamond mine is known for its high quality large super white diamonds.**
- **Processing of 60,000 tonnes of ore from Ector is ongoing.**

The diamonds, with the largest being an 18.4 carat stone and multiple stones in the 18.4 to 1carat range (figures 1,2 and 3), have been recovered from the 60,000 tonnes of recently mined ore from Ector pit. Merlin is now processing ore from the Ector pit and these large white diamonds were recovered from processing. Processing from the Ector pit is ongoing and more large white diamonds are anticipated.

The Excalibur pit has been dewatered and we look forward to mining the high grade pit in September 2018.

Merlin looks forward to reporting more diamond recoveries as ore processing continues. Processing capacity will more than double to 100 tonnes per hour when the new scrubber is installed. This will naturally increase diamond recoveries. The scrubber arrives in the near future with commissioning shortly thereafter.

The Company also advises that it has entered into a \$2 million note facility with Cuart Investments Limited to provide funding for its Merlin diamond mine in the Northern Territory. The facility can be drawn down in 3 tranches. The facility is for a period of 12 months and will be put to shareholders for approval at a general meeting within 60 days.

The information in this report is based on information compiled by Dr DS Tyrwhitt who is a Fellow of the Australasian Institute of Mining and Metallurgy. Dr DS Tyrwhitt is a consulting geologist employed by DS Tyrwhitt & Associates Pty Ltd. Dr DS Tyrwhitt is a director of Merlin Diamonds Limited, has 50 years' experience in the industry and has more than 5 years' experience which is relevant to the style of mineralisation being reported upon to qualify as a Competent Person as defined in the 2012 Edition of the “Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves”. Dr Tyrwhitt consents to the inclusion in the report of the matters based on the information in the form and context to which it appears.

Merlin Diamonds Limited ABN 86 009 153 119

Level 1A, 42 Moray Street, Southbank VIC 3006

T: +61 3 8532 2858 F: +61 3 8532 2805

W: www.merlindiamonds.com.au E: info@merlindiamonds.com.au



Two white large stunning diamonds (18.4 carts and 9.5 carats) surrounded by other smaller diamonds. Typical of the high quality diamonds from the Merlin diamond mine.



Assortment of high quality yellow/champagne, cognac, white diamonds mostly from Ector



Assortment of quality diamonds from Ector pit



Part of stockpile from Ector pit on the ROM pad

