



Merlin Diamonds Limited

ABN 86 009 153 119

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Manager Companies
Australian Securities Exchange
Level 6, 20 Bridge Street
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By E-Lodgement

Merlin to Double Ore Processing Capacity with New Scrubber

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Non-Executive Director

Senior Management

Mr Peter Lee
CFO & Company Secretary

Mr Joshua Harper
General Manager
Operations

Australian diamond mining company Merlin Diamonds Limited (ASX: MED) (“Merlin” or “the Company”) reports that with the scaling up of mining activities at the Merlin Diamond Mine in the Northern Territory, ore processing capacity will double with the installation of a new scrubber.

Processing will increase from the 50 tonnes per hour to 100 tonnes per hour, thus doubling the production of diamonds. The new scrubber, screen and conveyor belts are being prepared for shipping and are expected to arrive at Merlin in late August. Merlin’s team conducted a final inspection last week prior to shipping (see figures 1-4 below).

The scrubber will also significantly reduce the recirculation of oversize material and give Merlin the ability to feed damp ore directly from the pit.

As well, Merlin has purchased a jaw crusher which will be introduced into the processing circuit to treat the trommel oversize material (see figure 5).

As previously advised, a Dense Medium Separation (DMS) circuit has also been ordered from South Africa, and once installed, capacity will increase upwards of 150 tonnes per hour.

Further updates on mining operations will be provided shortly as mining contractor Rusca Bros Services ramps up activities at site.

-ENDS-

JOSEPH GUTNICK
Executive Chairman



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Figure 1: Trommel scrubber washing plant



Figure 2: High frequency vibrating screen



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Figure 3: Conveyor belt

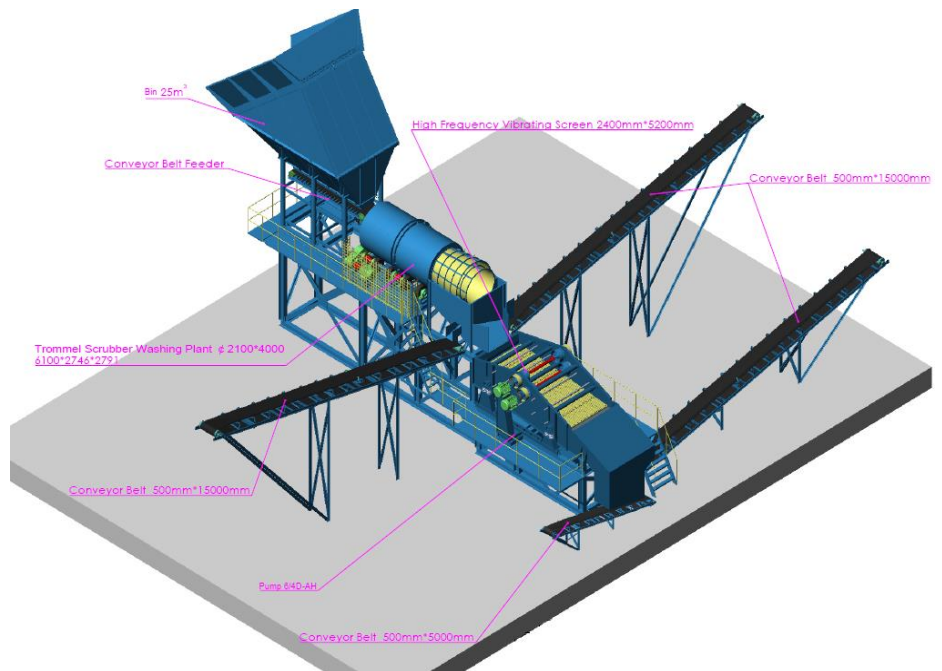


Figure 3: Schematic of second ore processing plant being installed



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Figure 4: Jaw crusher to be installed shortly at Merlin Diamond Mine