

NORTH AUSTRALIAN DIAMONDS LIMITED

ABN 86 009 153 119

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of North Australian Diamonds Limited (the "Company") will be held at Sebel Albert Park, 65 Queens Road, Melbourne, Victoria 3004, Australia, on Wednesday 21 November 2012, commencing at 11.30 am for the following purposes:

AGENDA

ORDINARY BUSINESS

ORDINARY RESOLUTIONS

1. Financial Statements and Reports

To receive and consider the Financial Statements of the Company and the Reports of the Directors and of the Auditor for the financial year ended 30 June 2012.

2. Election of Directors

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

- (i) That Mr Craig Michael who holds office until the close of the meeting in accordance with clause 14.4(a) of the Company's Constitution, and, being eligible, be re-elected as a director of the Company.
- (ii) That Dr David Tyrwhitt who holds office until the close of the meeting in accordance with clause 14.3(b) of the Company's Constitution, and, being eligible, be re-elected as a director of the Company.

NON-BINDING ORDINARY RESOLUTION

3. Remuneration Report

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That the Remuneration Report of the Company (which forms part of the Directors' Report) for the financial year ended 30 June 2012 be adopted."

Note: The vote on this resolution is advisory only and does not bind the Directors or the Company.

By Order of the Board and dated this 15th day of October 2012.



PETER LEE
Company Secretary

2012 ANNUAL REPORT

A copy of the 2012 Annual Report is available on our website at www.nadl.com.au

VOTING EXCLUSION STATEMENT

The Company will disregard any votes cast on Resolution 3 by (a) key management personnel of the Company; and (b) closely related parties of the key management personnel.

The key management personnel (**KMP**) of the Company are set out in the Remuneration Report.

However, the Company need not disregard a vote on Resolution 3 if:

- (a) it is cast by a person other than a person who is a key management person as proxy for a person who is entitled to vote in accordance with the directions on the proxy form; or
- (b) it is cast by a person who is a key management person as a proxy for a person who is entitled to vote and the proxy is a directed proxy (that is, the proxy specifies how the proxy is to vote on the proposed resolution); or
- (c) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, the chair has been given an open proxy and the proxy appointment expressly authorises the chair to exercise the proxy vote even if the resolution is connected directly or indirectly with the remuneration of a member of the KMP. For the purpose of this resolution, if the chair is appointed as set out in this clause and you do not complete any of the boxes on the proxy form opposite resolution 3, you will be directing the chairman to vote in favour of resolution 3.

NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING

1. A Member entitled to attend and vote at the aforementioned meeting is entitled to appoint not more than two other persons as his/her proxy or proxies to attend and vote, in certain circumstances, instead of the Member at the meeting.
2. If a Member appoints one proxy, that proxy may vote on a show of hands.
3. If a Member appoints two proxies neither may vote on a show of hands. However, if you appoint two proxies to represent you at the Meeting, you must show in the space provided either the percentage of your Shareholding or the number of votes (you are entitled to one vote for each Share you own upon a poll being declared) those proxies are to represent. If you do not complete this section then each proxy may, on a poll, vote half of your Shareholding. A separate proxy form must be submitted for each proxy you appoint.
4. A proxy need not be a Member of the Company.
5. If you appoint a proxy to represent you and vote on your behalf at the Meeting and that person is also a Member or has already been appointed as a proxy for another Member, your vote may not be counted on a show of hands. This is because, on a show of hands, your proxy's vote is only counted once irrespective of the number of Members that that person represents. However, if a poll is taken and your proxy votes, your vote will be counted in full in reaching a decision.
6. The Proxy Form together with the Power of Attorney (if any) or a certified copy of the Power of Attorney (if any) under which it is signed must be lodged at either Level 12, 680 George Street, Sydney, NSW 2000, mailed to Locked Bag A14, Sydney South, NSW 1235 or the Registered Office of the Company or by being sent by fax to (+61) 02 9287 0309, not less than forty-eight (48) hours before the time of the commencement of the meeting.
7. Signing Proxies
 - (i) Joint Holding - All holders must sign.
 - (ii) Shares in Company Names - Companies must execute this form in the way provided by Law.
 - (iii) Individual - Must be signed by the Member or their attorney.
8. For the purpose of the Meeting, Shares will be taken to be held by the persons who are registered holders at 7pm, on 19 November 2011. Accordingly, share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

COMPANY REPRESENTATIVE

If Shares are held in a company name and it is intended that a representative of the company attend the Meeting rather than lodge a proxy prior to the Meeting, the person attending the Meeting must present authority from the company director/s signed in the way provided by law.

EXPLANATORY MEMORANDUM TO SHAREHOLDERS

This Explanatory Statement provides shareholders of the Company with information in respect of the resolutions to be considered at the Annual General Meeting of the Company to be held Sebel Albert Park, 65 Queens Road, Melbourne 3004 on 21 November 2012 at 11.30 am. Shareholders should carefully review this Explanatory Statement and the associated Notice of General Meeting (**Notice**) to which this Explanatory Statement is attached.

If you have difficulty in properly understanding this documentation, you should consult your financial or legal adviser.

1. RECEIVE AND CONSIDER THE REPORTS FOR THE YEAR ENDED 30 JUNE 2012

This item is intended to provide an opportunity for Shareholders to raise questions on the reports themselves and on the performance of the Company generally.

The Company's Annual Report 2012 has been made available to Shareholders. There will be an opportunity for Shareholders at the meeting to comment on and ask questions about the Company's management, operations, financial position, business strategies and prospects.

2. RE-ELECTION OF DIRECTORS

- (a) Article 14.4(a) of the Company's Constitution requires that one-third of the Directors (excluding the Managing Director) must retire by rotation at the conclusion of the annual general meeting of the Company. Accordingly, Mr Craig Michael retires and being eligible offers himself for re-election.

A profile about Mr Michael follows:

Craig Michael

Mr Michael has over 10 years experience as a geology professional in the mining and resources industry. He is currently Managing Director and Chief Executive Officer of Paradise Phosphate Limited; and a Non- Executive Director of Aurum, Inc.. He previously worked with Oxiana Ltd, an international mining company with operations in South East Asia and Australia. Mr. Michael was based in Laos in senior management positions both as a Mine Geologist and Resource Geologist at the Sepon Copper Gold Project. Prior to his time with Oxiana, he was a Mine Geologist at Sons of Gwalia's Carosue Dam Gold Project in Western Australia where he also conducted his first class honours thesis on their flagship Karari gold deposit. In the past five years, Mr Michael has been a Director of Top End Uranium Ltd, Quantum Resources Limited, Electrum International, Inc. and Executive General Manager of Legend International Holdings, Inc. Age 35

- (b) Article 14.3(6) of the Company's Constitution states "Any Director, other than the Managing Director, appointed under clause 14.3(a) holds office only until the conclusion of the next Meeting of the Member and is eligible for re-election at that Meeting but if that Meeting is an Annual General Meeting such Director must not be taken into account in determination of the number of Directors who are to retire by rotation at such Meeting and must not be regarded as a Director retiring by rotation at such meeting." Accordingly Dr David Tyrwhitt retires and being eligible offers himself for re-election.

A profile about Dr Tyrwhitt follows:

David Tyrwhitt

Dr Tyrwhitt has a long history in the diamond exploration industry dating back to 1959 when he was first employed by De Beers in Tanzania as a diamond exploration geologist. He was the Chief Executive Officer and Managing Director of Ashton Mining Ltd from 1988 to 1991 where he was involved in the exploration and feasibility of diamond deposits in the Northern Territory and Australia (including Merlin), the development of the Argyle alluvial through the Argyle joint venture, diamond exploration in Scandinavia, feasibility of the Cempaka alluvial diamond project in south east Kalimantan Indonesia, and key negotiations and contractual matters for Argyle Diamonds. Since leaving Ashton Mining, he has been involved in diamond exploration in Canada, China and Australia. Dr Tyrwhitt was chairman of JORC and during his chairmanship, introduced the diamond reporting code. He is currently a Director of Legend International Holdings, Inc., Hawthorn Resources Limited, Golden River Resources Corporation and Northern Capital Resources Corp. In the past five years, he was a Director of Astro Diamond Mines N.L. and Bassari Resources Ltd. Age 74

The Board of Directors supports the nominations of Mr Michael and Dr Tyrwhitt.

3. ADOPT THE REMUNERATION REPORT FOR THE YEAR ENDED 30 JUNE 2011

There will be an opportunity for Shareholders at the meeting to comment on and ask questions about the Remuneration Report which is contained in the Company's Annual Report 2012.

The vote on the proposed resolution in agenda Item 3 is advisory only and will not bind the Directors or the Company, however, the Board will take the outcome of the vote into consideration when reviewing remuneration practices and policies.

The Remuneration Report is set out in the Director's Report of the Company's Annual Report 2012. The Report:

- explains the Board's policies in relation to the nature and level of remuneration paid to Directors and key management personnel within the Company;
- discusses the link between the Board's policies and the Company's performance;
- sets out remuneration details for each Director and for each member of the Company's senior executive management team.

By Order of the Board and dated this 15th day of October 2012



PETER LEE
Company Secretary