



28 June 2017

3,500 METRE DRILLING PROGRAM COMMENCING EARLY JULY AT MERLIN DIAMOND MINE TO IDENTIFY ADDITIONAL KIMBERLITES

- **DRILLING PROGRAM AIMS TO IDENTIFY UNDISCOVERED KIMBERLITES ACROSS THE MERLIN MINE LEASE**
- **74 POTENTIAL TARGETS IDENTIFIED WITH 40 PRIORITY TARGETS TO BE TESTED – MERLIN VASTLY UNDEREXPLORED WITH ONLY 11 KIMBERLITES DISCOVERED**

Merlin Diamonds Limited (ASX: MED) is pleased to confirm that a 3,500 metre RC drilling program will commence early July on the Merlin Mine Lease in the Northern Territory.

A recent extensive study of all exploration data has identified 74 potential additional targets for more kimberlite pipes. The Merlin Mine Lease is largely underexplored, with only 11 kimberlite pipes discovered so far within the Lease. The Company and its geological team believe the lease has the potential to host many more undiscovered kimberlite pipes.

The Company holds a significant historical database comprising airborne and ground geophysical, soil geochemical, diamond and indicator mineral datasets compiled by the previous owners of the lease. Since 2004, this work has been supplemented by diamond and additional indicator mineral sampling in areas with insufficient sample density, and detailed ground EM surveys over anomalous areas. The careful analysis of this data, and some fieldwork, has helped the Company determine these new exploration targets.

This drilling program will test 40 priority targets selected from the Company's exploration data sets (**see Figure 1 of proposed drill targets**). Prioritisation is based on each target's similarity to the geophysical and geochemical signatures of known Merlin kimberlite pipes. Many targets are proximal to unresolved positive indicator mineral results.

Any discovery that materialises from the initial drill program will be followed with further RC drilling to delineate the size of the discovery, and thereafter, diamond drilling to determine the depth of the discovery.

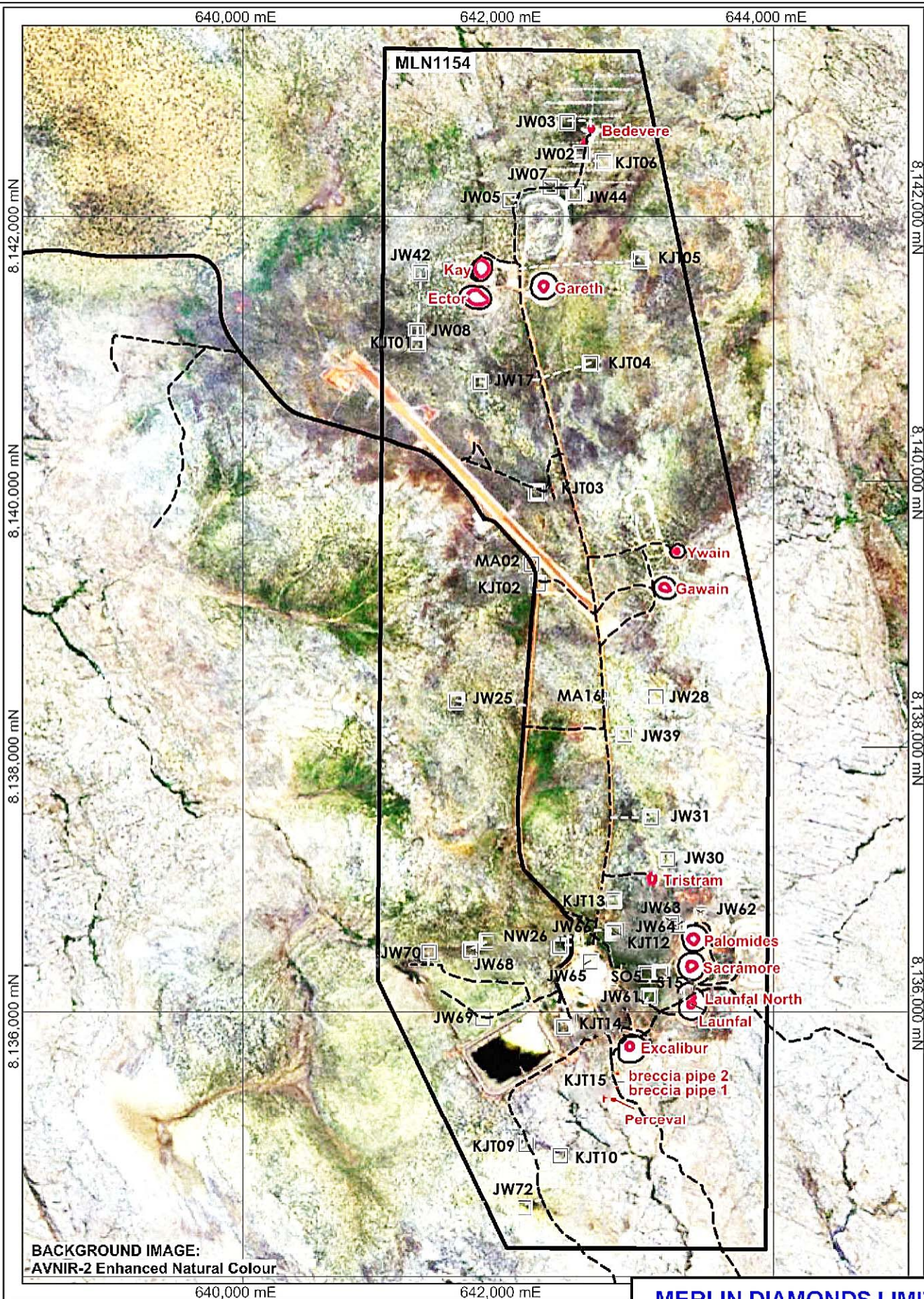
A drill rig is expected on site next week and the Company will update shareholders when drilling commences. An update on diamond production and marketing of diamonds will be reported during July 2017.

Merlin Diamonds Limited ABN 86 009 153 119

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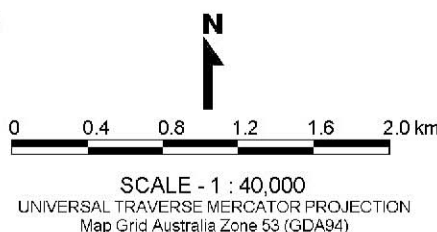
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LEGEND

- known kimberlite pipes mining voids
- Merlin Mine-site access road
- existing mine-site roads & tracks
- 2017 drill targets - 40 targets
- proposed drill-site access tracks - 6.56km



MERLIN DIAMONDS LIMITED

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COMPILED
GMI Rockett
DRAWN
GMI Rockett
DATE
Mar 2017
SCALE
1 : 40,000
A4

TITLE
**MERLIN DIAMOND
PROJECT - MLN1154**
Proposed Drill Sites