



North
Australian
Diamonds
Limited
ABN 86 009 153 119

Partial Relinquishment Report

Exploration Licence 26960

23rd September 2009 to 22nd September 2011

Holder: Ashton Mining Limited.

Operator: North Australian Diamonds Limited

Reporting Period: 23rd September 2009 to 22nd September 2011

Sheet Reference: Cape Scott (SD 5207) & Port Keats (SD 5211) 1: 250,000

Due Date: 6th February 2012

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Date:	6 th February 2012
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TABLE OF CONTENTS

LIST OF FIGURES.....ii

SUMMARY..... 1

1.0 INTRODUCTION..... 2

2.0 LICENCE DETAILS..... 2

3.0 GEOLOGY 2

5.0 PREVIOUS EXPLORATION 3

6.0 EXPLORATION UNDERTAKEN DURING THE CURRENT REPORTING PERIOD..... 3

REFERENCES 4

LIST OF TABLES

Table 1 License Details

LIST OF FIGURES

Figure 1 EL26960 Location Map

SUMMARY

This report details exploration activity carried out by North Australian Diamonds Limited (NADL) over the relinquished area of Exploration Licence EL 26960 for the period 23rd September 2009 to 22nd September 2011.

The tenement is located approximately 300km south-west from Darwin, in the Daly River Region of the Northern Territory on the Cape Scott (SD 5207) and Port Keats (SD 5211) 1:250,000 geological mapsheets in the Northern Territory.

In January of 2007 North Australian Diamonds Limited entered into a 'Farm-in Agreement' with Ashton Exploration Australia Pty Ltd, Ashton Mining Limited, and A.O. (Australia) Pty Ltd collectively know as the Rio Tinto Parties with respect to earning 100% ownership of the Yambarra Project area in the Northern Territory. An application was made by North Australian Diamonds on the 18th of September 2008 to convert a number of the licences into five Substitution Exploration Licences, which were subsequently granted on the 23rd of September 2009.

No fieldwork has been undertaken on the relinquished area of this Licence.

1.0 INTRODUCTION

This report details exploration activity carried out by North Australian Diamonds Limited (NADL) over the relinquished area of Exploration Licence 26960 for the period 23rd September 2009 to 22nd September 2011.

2.0 LICENCE DETAILS

The tenement is located approximately 300km south-west from Darwin, in the Daly River Region of the Northern Territory on the Cape Scott (SD 5207) and Port Keats (SD 5211) 1:250,000 geological mapsheets in the Northern Territory. A location map is shown as Figure 1.

Table 1: Licence Details

Project Name	Tenement No	Grant Date	Expiry Date	Blocks	Area (km ²)
Yambarra EL26960		23/09/2009	22/09/2013	377	1213.94

3.0 GEOLOGY

The project area covers parts of three geological regions within the Northern Territory. These are; the Palaeoproterozoic Pine Creek Orogen, the Mesoproterozoic Victoria – Birrinduddu Basin and the Palaeozoic Bonaparte Basin.

The oldest rocks in the project area are the Early Proterozoic Hermit Creek Metamorphics, which comprise mostly schist and gneissic rocks. Early Proterozoic sediments of the Finnis River Group are inferred to overlie the Hermit Creek Metamorphics although the nature of their relationship is unclear. The Henschke Breccia, a massive breccia conglomerate is interpreted to be approximately synchronous with these units.

The Hermit Creek Metamorphics and Finnis River Group were intruded successively by the Early Proterozoic Muarra-Kamangee Granodiorite and Peppimenarti Granite.

Sediments of the Middle Proterozoic Fitzmaurice Group unconformably overlie the Early Proterozoic units. Middle Proterozoic intrusives of both basic (Murrenja Dolerite) and acid (Ti-Tree Granophyre) composition intrude the Fitzmaurice Group sediments.

Permian sediments of the Bonaparte Basin occur in the west of the project area. These sediments consist of quartzarenite, subarkose and mudstone with minor conglomerate and coal. Cretaceous rocks form an extensive unit within the project area. Friable, clayey, commonly ferruginous and mottled arenite is the dominant rock type. The youngest geological units in the project area include Cainozoic and Quaternary sediments comprised of colluvium, eluvium and alluvium. These units cover much of the bedrock.

The dominant structural features of the area are the extensive, regional transcurrent faults that are the northerly continuations of the major faults which define the Middle Proterozoic Fitzmaurice Mobile Zone and the Early Proterozoic Halls Creek Mobile Zone.

5.0 PREVIOUS EXPLORATION

No field work has been undertaken within the relinquished portion of the licence. Rio Tinto had indicated that the licence may be prospective for bauxite mineralisation, however no on ground exploration was completed.

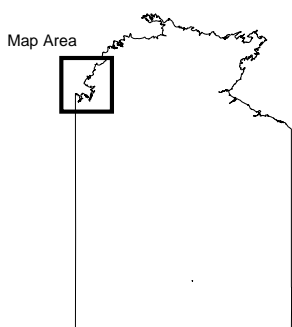
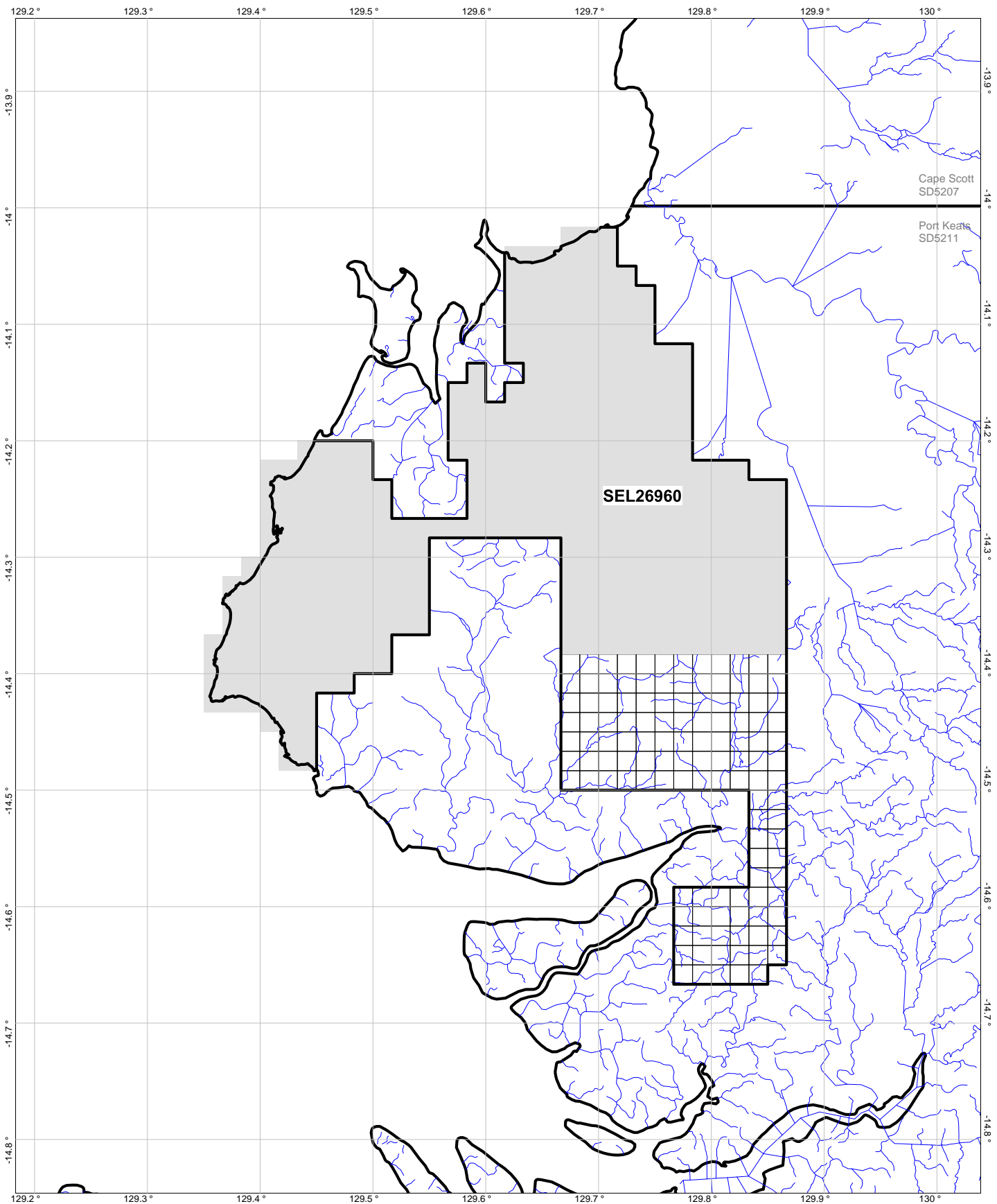
6.0 EXPLORATION UNDERTAKEN DURING THE CURRENT REPORTING PERIOD

No fieldwork has been undertaken within the relinquished area of this Licence. This area is not considered prospective for diamond exploration and whilst it may have low potential for bauxite mineralization, it is not considered high priority to warrant further exploration.





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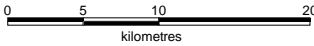
Kammermann, M. (2007) Yambarra Annual Report, NADL Ref: 07-043, North Australian Diamonds Limited.

Kammermann, M. (2011) Annual Exploration Report for EL26960 - Year 2, 23rd September 2010 to 22nd September 2011, NADL Ref: 11-064.



Legend

-  Retained Blocks
-  Relinquished Blocks
-  250k Mapsheet
-  Drainage

North Australian Diamonds Limited	
Date: 1/11/2011	<p>Figure 1 Area Reduction</p>
Author:	
Office:	
Drawing:	
Scale: 1:500000	Projection: Longitude / Latitude (Australia GDA94)
 <p>0 5 10 20 kilometres</p>	