



North
Australian
Diamonds
Limited

ABN 86 009 153 119

Combined Final Relinquishment Report

**Exploration Licences 1638, 1639, 1640, 1641, 1923, 1924,
3404, 3405, 6516, 6517, 6551 & 22218.**

Holder: Ashton Mining Limited

Operator: North Australian Diamonds Limited

Reporting Period: 23rd September 2007 to 22nd September 2008

Sheet Reference: Port Keats 1:250,000 (SD52-11)

Due Date: 22nd December 2008

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Date: 10th December 2008

Report No: 08-043

Copies To: Department of Primary Industries, Fisheries & Mines NT
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SUMMARY

This combined relinquishment report details exploration activity for diamond bearing kimberlite intrusives carried out by North Australian Diamonds Limited (NADL) and previous explorers over the tenements comprising the Yambarra Project. In addition it details the exploration undertaken by Top End Uranium Limited whose exploration activities are focused on the discovery of Uranium mineralisation.

There has been no on ground exploration for diamonds since Ashton ceased exploration in 2006. This was a consequence of the difficulty of arranging work program meetings with Traditional Owners.

Top End Uranium Limited was able to undertake two focused airborne surveys as there was no on ground component to the work activities.

Exploration Licences 1638, 1639, 1640, 1641, 1923, 1924, 3404, 3405, 6516, 6517, 6551 & 22218 expired on 22nd September 2008. They were replaced with Substitute Exploration Licences 26958,

1.0 INTRODUCTION

This Final report outlines exploration activities undertaken by North Australian Diamonds Limited (NADL) on Exploration Licences EL 1638, EL 1639, EL 1641, EL 22218, EL 3404, EL 6516, EL6517 & EL 6551 between the 23rd September 2006 and 22nd September 2007. This period represents year five of the licences. The main focus of NADL's exploration is the discovery of diamondiferous kimberlite pipes. In addition the potential of the licence to host uranium deposits is also of interest.

The EL's are 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

During the reporting period NADL signed an agreement with Rio Tinto Exploration (RTE) on 22nd December 2006. Under the terms of the agreement RTE maintain ownership of the EL's and NADL become the operator.

2.0 LICENCE DETAILS

This annual report outlines exploration activities undertaken by North Australian Diamonds Limited (NADL) on Exploration Licences EL 1638, EL 1639, EL 1641, EL 22218, EL 3404, EL 6516, EL6517 & EL 6551 between the 23rd September 2002 and 22nd September 2008. The main focus of NADL's exploration is the discovery of diamondiferous kimberlite pipes. In addition the potential of the licence to host uranium deposits is also of interest.

Name	Application Date	Grant Date	No Blocks	Area (sq km)	Holder
EL 1638	2/06/1977	23/09/2002	355	831	Ashton Mining Ltd
EL 1639	2/06/1977	23/09/2002	390	1164	Ashton Mining Ltd
EL 1641	2/06/1977	23/09/2002	393	860	Ashton Mining Ltd
EL 22218	28/09/1981	23/09/2002	51	166	Ashton Mining Ltd
EL 3404	28/09/1981	23/09/2002	118	146	Ashton Mining Ltd
EL 6516	22/02/1989	23/09/2002	97	323	Ashton Mining Ltd
EL 6517	22/02/1989	23/09/2002	194	635	Ashton Mining Ltd
EL 6551	23/03/1989	23/09/2002	365	1191	Ashton Mining Ltd

3.0 GEOLOGY

4.0 PREVIOUS EXPLORATION - Diamonds

Year 1 - 2003

- 220 helicopter gravel and stream sediment samples – first pass low density sampling that recovered high numbers of indicator minerals and lesser amounts of diamonds.
- 55 rock chip samples – sampling Murrentja Intrusion for base-metal anomalies that did not report anomalous results.
- Reviewed available airborne magnetic and thematic mapper data that identified ten targets for follow-up.

Year 2 – 2004

- 38 helicopter gravel and stream sediment samples that continued to recover significant numbers of indicator minerals.
- Based on sample results and locations, Rio Tinto Exploration Pty Ltd (RTE) has preliminary interpreted that diamonds may be shedding from the unconformity between the Cretaceous and Proterozoic sediments
- Interpretation of mineral chemistry that points to a crustal source for the indicator minerals

Year 3 – 2005

- No on-ground exploration.
- Exploration focus shifted to Bauxite exploration on coastal licences (not part of this project area) until remaining licences are granted.
- Numerous magnetic targets remain untested. These targets are mostly within ????

Year 4 – 2006

- No on-ground diamond exploration due to ongoing discussions between Ashton Mining and NADL regarding a possible farmin.

Year 5 – 2007

- No on-ground diamond exploration due to difficulties in arranging work program meetings with Traditional Owners.

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Year 6 – 2008

- NADL had scheduled work clearance meetings with traditional owners and the NLC for August. The outcome was positive and the tenements were approved for immediate work.

Office studies undertaken during the current reporting period included the following.

- Review of available open file company reports and RTE data
- Review of publicly available geological, geophysical and remote sensing data
- Review of NTGS diamond database

4.1 PREVIOUS EXPLORATION – Uranium

2007/2008

a) Airborne Radiometric Survey

A 4,000 line km airborne radiometric and magnetic survey was completed on the 27th December 2007. A preliminary scan of the data by the consultant reveals that the data is good and that the ‘Door Creek’ anomaly and other anomalous responses associated with the Tom Turners faulted unconformity is evident in the data

b) Jigsaw Study

Jigsaw Consultants have completed their review of the Yambarra project area and have identified 19 target areas for initial ground follow-up.

c) VTEM Airborne Survey

A 500line km VTEM airborne survey was completed over the Door Creek area. The purpose of the survey was to identify buried conductive zones which could be host to uranium mineralization. Interpretation of this new data set is being undertaken by Southern Geoscience. Final processing of the data is completed and interpretation of this new data set is being undertaken by Southern Geoscience.

4.2 CONCLUSION

The project area remains prospective for uranium as the follow up investigation of targets such as ‘Door Creek’ are at a very early stage.

5 LABORATORY PROCEDURES

All stream gravel samples collected were processed and observed at diamond processing laboratories in Perth, Western Australia. Initial sample processing involved concentration of the heavy mineral fraction by Wilfley Table and liquid separation techniques. The heavy liquid used was tetrabromoethane with a specific gravity of 2.96. The recovered concentrate was then screened into various size fractions and further sorted by magnetic separation methods. A comprehensive grain by grain examination was then performed with the aid of binocular microscope to identify any kimberlitic indicator minerals and diamonds that may be present.

6.0 CONCLUSIONS

These tenements remain prospective for diamondiferous intrusive with both indicator mineral and microdiamond anomalies remaining unresolved.

7.0 EXPENDITURE

a) Diamonds

Cumulative exploration expenditure on the tenement from 23rd November 2002 to 22nd November 2008 is \$1,536,382.

b) Uranium

Cumulative exploration expenditure on the tenement from 23rd November 2002 to 22nd November 2008 is \$1,166,686.

8.0 REFERENCES

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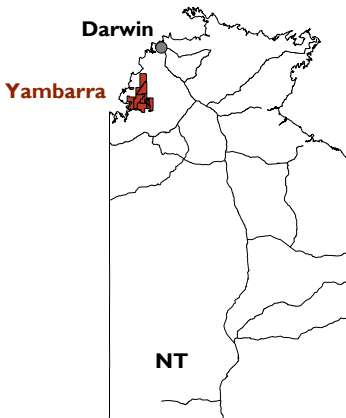
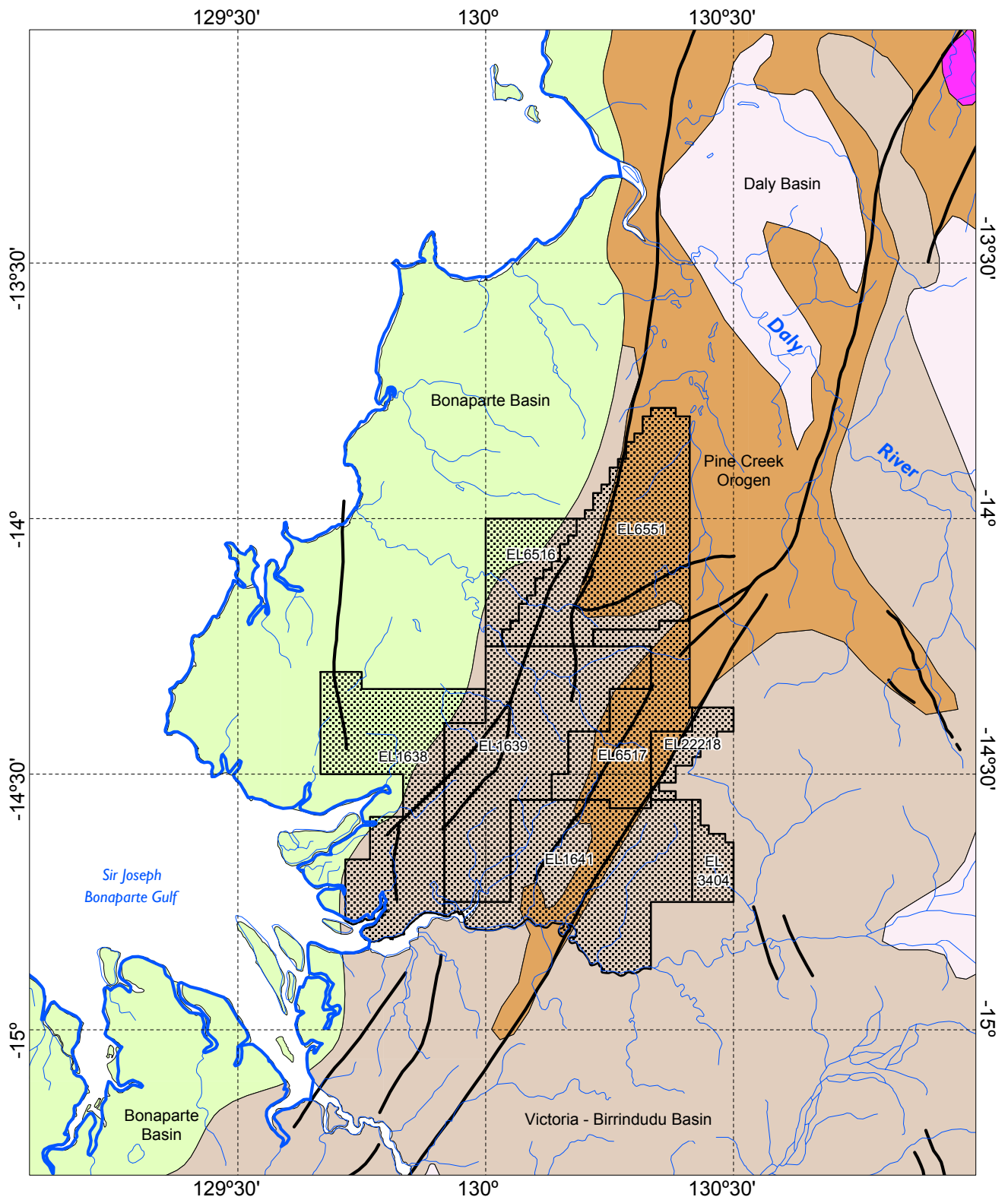
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Legend
 Yambarra Tenement

North Australian Diamonds	
Date: 9/6/2006	Yambarra Project Figure 1
Author:	
Office:	
Drawing:	
Scale: 1:1250000	Projection: Longitude / Latitude (Australia GDA94)
