



North
Australian
Diamonds
Limited
ABN 86 009 153 119

Partial Relinquishment Report

Exploration Licence 9893

Holder: Merlin Diamonds Pty Ltd

Operator: North Australian Diamonds Limited

Reporting Period: 10th September 2002 to 9th September 2007

Sheet Reference: Bauhinia Downs 1:250,000 (SE53-03)

Due Date: December 2007

Author: Michael Kammermann

Date: 21st December 2007

Report No: 07-051

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SUMMARY

This partial relinquishment report details exploration activity for diamond bearing kimberlite intrusives carried out by North Australian Diamonds Limited (NADL) and previous explorers over a relinquished portion of Exploration Licence EL 9893 for the period 10th September 2002 to 9th September 2007.

The exploration licence is located on the Bauhinia Downs (SE53-03) 1:250,000 map sheet and the Glyde (6164) 1:100,000 sheet. Access to the licence is via a 64 kilometre formed gravel access track from the Carpentaria Highway to the Merlin Diamond Mine, the turn-off is approximately 6 kilometres south-west of the McArthur River Mine turn-off. The licence is located a further 15km east of Merlin and accessed via a minor vehicle track.

The licence was granted to Ashton Mining (a subsidiary of Rio Tinto) on 10th September 2002 for a period of six years and originally comprised 17 blocks for a total of 55 km². NADL acquired the licence from Rio Tinto in 2004.

NADL collected thirteen stream samples and thirty loam samples over the relinquished portion of the licence. A total of five samples were processed for recovery of kimberlitic indicator minerals and diamonds. Results were negative. The remaining samples have not been processed.

This partial relinquishment report covers 8 blocks of the original 17 blocks.

1.0 INTRODUCTION

This report details exploration activity carried out by North Australian Diamonds Limited (NADL) and previous explorers over a relinquished portion of exploration licence EL 9893 for the period 10th September 2002 to 9th September 2007.

The target for exploration within the licence is diamond bearing kimberlite intrusives.

2.0 LICENCE DETAILS

The exploration licence is located on the Bauhinia Downs (SE53-03) 1:250,000 map sheet and the Glyde (6164) 1:100,000 sheet. Access to the licence is via a 64 kilometre formed gravel access track from the Carpentaria Highway to the Merlin Diamond Mine, the turn-off is approximately 6 kilometres south-west of the McArthur River Mine turn-off. The licence is located a further 15km east of Merlin and accessed via a minor vehicle track. A location map is shown as Figure 1.

The licence was granted to Ashton Mining (a subsidiary of Rio Tinto) on 10th September 2002 for a period of six years and originally comprised 17 blocks for a total of 55 km².

Table 1: Licence Details

Project Name	Tenement No	Grant Date	Expiry Date	Sub-Blocks	Area (km ²)
Merlin Orbit	EL9893	10/09/2002	09/09/2008	17	55

3.0 GEOLOGY

The exploration licence is located within the geomorphic region referred to as the Bukalara Ranges that consists of high level, dissected rocky plateau and ridges of resistant sediments. The licence also contains several sand covered plateaux.

The oldest rocks that crop out over the licence are sediments of the Neoproterozoic Bukalara Sandstone that attains a maximum thickness of up to 100m within the licence. Underlying the Bukalara Sandstone are Mesoproterozoic sediments of the McArthur Group. Isolated outcrops of Cretaceous age, plant fossil-bearing silicified sandstone occur on plateaux within the licence. Youngest sediments include surficial deposits of gravel, silt, sand and ferricrete and occur within numerous drainages and on several plateau within the lease.

The closest known mineral occurrences are the diamondiferous kimberlites of the Merlin kimberlite field located 15km west of the licence. The proximity of the licence to the Merlin field consider it to

be prospective for diamond bearing kimberlites.

4.0 PREVIOUS EXPLORATION

Year 1 – 2002 to 2003 (Rio Tinto)

Rio Tinto did not undertake any field based exploration. No samples were collected.

Year 2 -2003 to 2004 (Rio Tinto/Striker Resources)

Divestment of licence. Striker Resources entered into a 'letter of intent' with Rio Tinto and acquired 100% ownership of EL 9893.

Year 3 – 2004 to 2005 (North Australian Diamonds Limited)

No samples were collected during the reporting period. Field work involved ground reconnaissance and geological mapping of previously identified indicator mineral anomalies.

Year 4 – 2005 to 2006 (North Australian Diamonds Limited)

NADL collected thirteen stream gravel samples and thirty loam samples on the relinquished portion of the licence as part of a larger sampling program (Figure 2). The samples (see table in Appendix 1) were collected as follow-up to previously identified indicator mineral anomalies and also reconnaissance samples.

Year 5 – 2006 to 2007 (North Australian Diamonds Limited)

No field work was completed on the relinquished portion of the licence during the reporting period. A total of five samples collected during the previous reporting period were processed for kimberlite indicator minerals and diamonds. All results are negative and are included in Appendix 1. The remaining samples have not been processed.

A total of 8 blocks were surrendered from the original 17 blocks representing a 50% reduction (Figure 1).

5.0 REFERENCES

Department of Mines and Energy, Northern Territory Geological Survey. Bauhinia Downs 1:250,000 Geological Map Explanatory Notes. 1991.

Thompson, M.J. (2004). Annual Exploration Report – Year 2. Exploration Licence 9893. 10th September 2003 to 9th September 2004. Striker Resources Report Number 04-036.

Kammermann, M.S. (2005). Annual Exploration Report – Year 3. Exploration Licence 9893. 10th September 2004 to 9th September 2005. NADL Report Number 05-033.

Kammermann, M.S. (2006). Annual Exploration Report – Year 4. Exploration Licence 9893. 10th September 2005 to 9th September 2006. NADL Report Number 06-038.

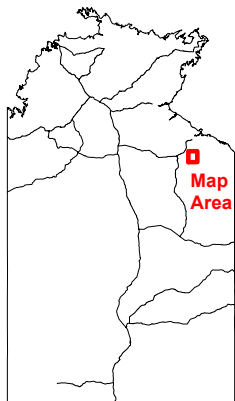
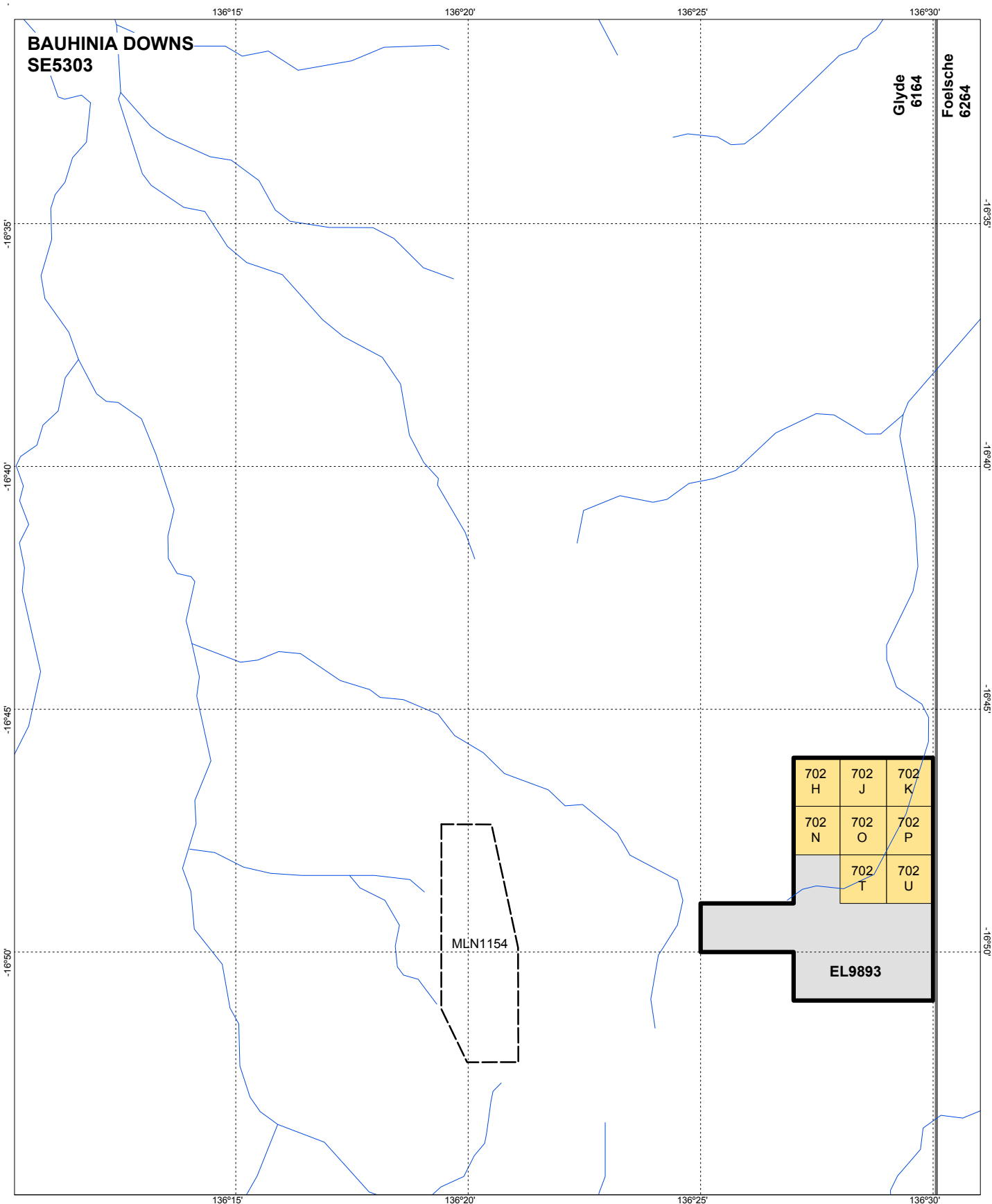
Kammermann, M.S. (2007). Annual Exploration Report – Year 5. Exploration Licence 9893. 10th September 2006 to 9th September 2007. NADL Report Number 07-044.

Appendix 1

Sample Data

Sample	Coordinates (AGD66, Zone 53K)		Sample size	Sieved	Type	Date	Results
	Easting	Northing					
06-9893-001	655830	8145190	2 bags	-1.0mm	Stream	7/02/06	N/A
06-9893-002	657410	8144780	2 bags	-1.0mm	Stream	7/02/06	N/A
06-9893-003	657560	8144590	2 bags	-1.0mm	Stream	7/02/06	N/A
06-9893-004	657260	8144040	2 bags	-1.0mm	Stream	7/02/06	N/A
06-9893-005	656210	8143260	2 bags	-1.0mm	Stream	7/02/06	N/A
06-9893-006	655810	8142270	2 bags	-1.0mm	Stream	7/02/06	N/A
06-9893-007	655730	8142040	2 bags	-1.0mm	Stream	7/02/06	N/A
06-9893-010	654470	8141860	2 bags	-1.0mm	Stream	7/02/06	N/A
06-9893-011	655350	8144350	2 bags	-1.0mm	Stream	7/02/06	N/A
06-9893-012	654460	8143540	2 bags	-1.0mm	Stream	7/02/06	N/A
06-9893-013	658940	8143170	2 bags	-1.0mm	Stream	7/02/06	N/A
06-9893-014	658470	8141930	2 bags	-1.0mm	Stream	7/02/06	N/A
06-9893-015	658360	8141160	2 bags	-1.0mm	Stream	7/02/06	N/A
06-9893-016	655600	8144800	4 bags	-1.0mm	Loam	24/08/06	Negative
06-9893-017	655800	8144800	4 bags	-1.0mm	Loam	24/08/06	Negative
06-9893-018	656000	8144800	4 bags	-1.0mm	Loam	24/08/06	Negative
06-9893-019	656200	8144800	4 bags	-1.0mm	Loam	24/08/06	Negative
06-9893-020	656400	8144800	4 bags	-1.0mm	Loam	24/08/06	Negative
06-9893-021	655600	8144200	4 bags	-1.0mm	Loam	24/08/06	N/A
06-9893-022	655800	8144200	4 bags	-1.0mm	Loam	24/08/06	N/A
06-9893-023	656000	8144200	4 bags	-1.0mm	Loam	24/08/06	N/A
06-9893-024	656200	8144200	4 bags	-1.0mm	Loam	24/08/06	N/A
06-9893-025	656400	8144200	4 bags	-1.0mm	Loam	24/08/06	N/A
06-9893-026	654900	8143700	4 bags	-1.0mm	Loam	24/08/06	N/A
06-9893-027	655100	8143700	4 bags	-1.0mm	Loam	25/08/06	N/A
06-9893-028	655300	8143700	4 bags	-1.0mm	Loam	25/08/06	N/A
06-9893-029	655500	8143700	4 bags	-1.0mm	Loam	25/08/06	N/A
06-9893-030	654500	8143300	4 bags	-1.0mm	Loam	25/08/06	N/A

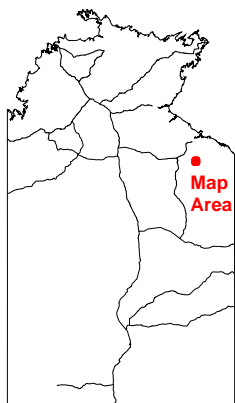
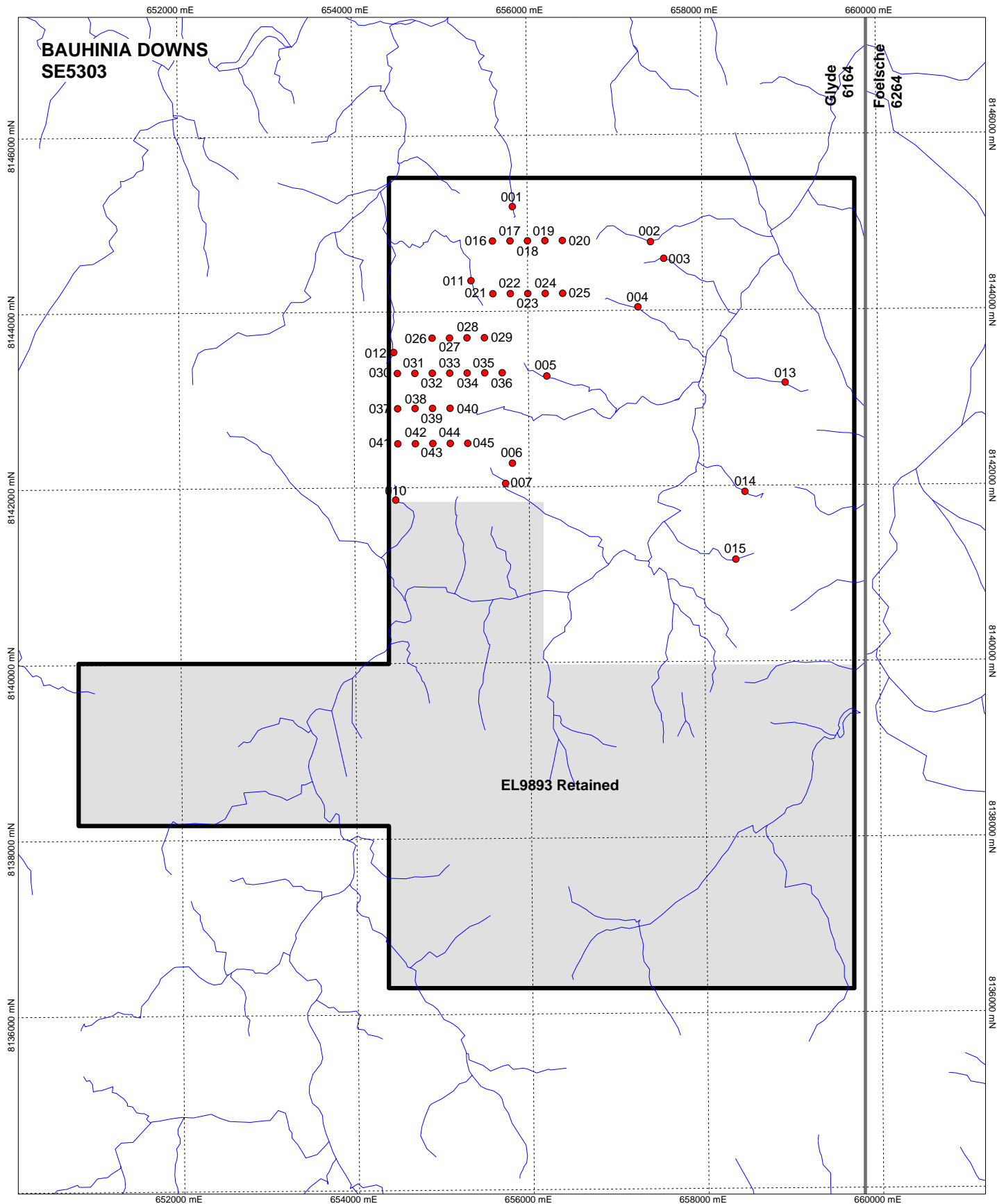
06-9893-031	654700	8143300	4 bags	-1.0mm	Loam	25/08/06	N/A
06-9893-032	654900	8143300	4 bags	-1.0mm	Loam	25/08/06	N/A
06-9893-033	655100	8143300	4 bags	-1.0mm	Loam	25/08/06	N/A
06-9893-034	655300	8143300	4 bags	-1.0mm	Loam	25/08/06	N/A
06-9893-035	655500	8143300	4 bags	-1.0mm	Loam	26/08/06	N/A
06-9893-036	655700	8143300	4 bags	-1.0mm	Loam	26/08/06	N/A
06-9893-037	654500	8142900	4 bags	-1.0mm	Loam	26/08/06	N/A
06-9893-038	654700	8142900	4 bags	-1.0mm	Loam	26/08/06	N/A
06-9893-039	654900	8142900	4 bags	-1.0mm	Loam	26/08/06	N/A
06-9893-040	655100	8142900	4 bags	-1.0mm	Loam	26/08/06	N/A
06-9893-041	654500	8142500	4 bags	-1.0mm	Loam	26/08/06	N/A
06-9893-042	654700	8142500	4 bags	-1.0mm	Loam	27/08/06	N/A
06-9893-043	654900	8142500	4 bags	-1.0mm	Loam	27/08/06	N/A
06-9893-044	655100	8142500	4 bags	-1.0mm	Loam	27/08/06	N/A
06-9893-045	655300	8142500	4 bags	-1.0mm	Loam	27/08/06	N/A



Legend

- Merlin Mining Lease MLN1154
- Drainage
- 100k mapsheet boundary
- EL9893
- Blocks relinquished
- Blocks retained

North Australian Diamonds Ltd	
Date: 10/8/2007 Author: Office: Drawing:	Figure 1 Partial Relinquishment
Scale: 1:200000	Projection: Longitude / Latitude (Australia GDA94)



Legend

100k mapsheet boundary

EL9893

Blocks retained

Drainage

Sample Location:
Sample number prefix = 06-9893-

North Australian Diamonds Ltd

Date: 24/12/2007

Author:

Office:

Drawing:

Scale: 1:60000

Projection: AMG Zone 53 (AGD66)

Figure 2 Exploration Index

