BARKLY PROJECT

EL26370

SURRENDER REPORT

Reporting Period 7th April 2008 to 1st December 2008

Holder: Independence Group NL
Operators: Independence Group NL
Author: L. Day
Date: 2nd February 2009
TITLE HOLDER  Independence Group NL
OPERATOR  As above
TENEMENT MANAGER  M & M Walter Consulting
TENEMENT:  EL26370
PROJECT:  Barkly
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PERSONAL AUTHOR  L. Day
CORPORATE AUTHOR  Independence Group NL
COMPANY REFERENCE  EL26370 _ Surrender
TARGET COMMODITY  Diamond
DATE OF REPORT  2\textsuperscript{nd} February 2009
DATUM/ZONE  GDA94/Zone 53
250 000 MAP SHEET  Beetaloo
100 000 MAP SHEET  Beetaloo
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1. ABSTRACT

The Barkly Project, comprising tenements EL26370 (granted 7th April 2008) and EL26371 (granted 16th July 2008), covers an area of approximately 2,632 km$^2$ and is located approximately 710 km southeast of Darwin. Independence Group NL held a 100% interest in these tenements. Tenement EL26370 was only held by the company for 8 months and no exploration work was carried out on EL26370 by Independence Group. Due to a company re-evaluation of its project priorities this tenement has now been surrendered.

Figure 1. Barkly Project Tenement Locations
2. GEOLOGY

The tenement is within the North Australia Craton (Figure 1). The North Australia Craton hosts the kimberlites of the Merlin Diamond Mine and a number of other diamondiferous kimberlites. The highest grade reported from North Australia Craton kimberlites is 300 carats per hundred tonnes (cpht), with Australia’s largest diamond ever recovered (103cts) coming from the Merlin Diamond Mine.

Geologically the Barkly Project is within the Georgina Province (Figure 2). The stratigraphy of Late Proterozoic continental glacial sediments and overlaying marine sediments with carbonates, overlain by Cambrian to Early Ordovician marine carbonates with minor mafic volcanics, overlain by Ordovician and Devonian sediments form low hills with clay, sand and dissected stony plains. Deformation is restricted to open folding and moderate faulting with localised marginal faulting and thrusting. Mineral deposits in the region include major phosphate deposits, a major nickel–copper deposit, and lead and manganese occurrences.

Figure 2. Barkly Tenements and Regional Geology
3. EXPLORATION RATIONALE

Numerous macro-diamonds and micro-diamonds have been reported across this craton, including within the Barkly Project area. The tenements cover a conceptual gravity target, in a similar geological setting to the location of the Merlin Diamond Mine. Empirical evidence indicates that a number of diamondiferous kimberlites are located on such gravity features.

Minimal previous diamond exploration has occurred with the Barkly Project area with only a sparse coverage of sampling. The potential for discovery of diamondiferous kimberlites is considered high.

4. SUMMARY
No exploration work was carried out on this tenement and it has now been surrendered.