

## **Appendix 1**

### **Report from Flinders Diamonds**



**FLINDERS  
DIAMONDS**

## **MEMO COVERSHEET**

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**TO:** Graham Reveleigh  
**FROM:** Alistair Mackie  
**CC:** Kevin Wills  
**SUBJECT:** HRM Pty Ltd Branch Creek project area farmin opportunity  
assessment  
**DATE:** 8 March 2005

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After reviewing available data we have come to the following conclusions:

1. CRAE and DBAE heavy mineral sampling results are inconsistent. The DBAE 2003 drainage sampling program failed to recover a macrodiamond population from the Nabunga-Queensland Creek catchment areas previously delineated by the 1993 – 97 CRAE heavy mineral sampling programs (Figure 2, 2a).
2. Subsequent airborne and ground geophysical surveying firstly by CRAE comprising an aeromagnetic survey at 300 m line spacing followed up by a 100 m line spaced DIGHEM and aeromagnetic survey over the Nabunga and Queensland Creeks KIM anomalies delineated six possibly interesting circular magnetic features and seven DIGHEM anomalies. Two of the above circular magnetic features were repeated by a subsequent DBAE, 2003 100 m line space aeromagnetic survey (Figure 1).
3. Five of the seven DIGHEM anomalies are clustered, overlain by Quaternary alluvium deposits along a 2km stretch of Queensland Creek except for Anomaly B which appears to be overlain by residual sandstone. All of the above DIGHEM anomalies were loam sampled returning multiple chromites, eight microdiamonds and two diamonds. However the above positive results although highly encouraging are tempered by the non-residual nature of the colluvium/regolith material loam sampled (Figure PG & EM 01). Also of

major concern is the non-magnetic nature of the DIGHEM anomalies i.e. there are no coincident EM/magnetic anomalies.

4. CRAE conducted ground gravity traverses over DIGHEM Anomaly A and purportedly over DIGHEM Anomaly B. Of possible interest is a gravity low coincident with Anomaly A, however the plotted ground location of Gravity Traverse 9000E is 500 m west of Anomaly B? Apparently the 9000E Gravity Traverse was conducted over a perceived aeromagnetic anomaly? There is also a location control problem with Gravity Traverse 2000E as start and finish coordinates plotted on the profile are inconsistent with those quoted from a table in the text of the relevant CRAE report, creating a northing discrepancy of plus or minus 500 m!
5. Clearly FDL's interest in the project was to focus on the above DIGHEM anomalies perceived as possible "walkup start" drill targets, however because of the uncertainty surrounding their ground location FDL believes it would be unwise to commit to a RAB drilling program without geophysically ground-truthing the above anomalies first. Consequently we sought quotes from two contractors namely Fugaro and Solo both of which came in around \$40k. However prior to an agreement to followup existing DIGHEM anomalies with ground-truthing, geophysical surveying we need to conduct an onground assessment of the project area. Ground conditions will not permit a field visit until late April at the earliest, therefore it is suggested we put any expression of interest by FDL on hold until then.

Thanking you for the opportunity to review the project.

Regards

Alistair Mackie









