



North
Australian
Diamonds
Limited
ABN 86 009 153 119

Partial Relinquishment Report

Exploration Licence 10229

Holder: North Australian Diamonds Limited

Operator: North Australian Diamonds Limited

Reporting Period: 11th May 2007 to 10th May 2010

Sheet Reference: Milingimbi 1:250; 000 (SD53-02)

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NADL

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SUMMARY

This report outlines exploration activities undertaken by North Australian Diamonds Limited on Exploration Licence 10229 between the 11th May 2007 and 10th May 2010.

EL 10229 was first applied for by De Beers Australia Exploration Pty Ltd (DBAE) on 11th November 1998. A new Exploration Licence number was allocated and on 11th May 2007 Exploration Licence 10229 was granted for a period of six years.

In 2007, TEU entered into a farmin agreement with NADL to earn the right to all non diamond minerals. These rights were purchased from NADL in early 2009.

Exploration Licence 10229 is situated on Milingimbi (SD53-02) 1:250,000 geological mapsheet and the Cadell (5772) 1:100,000 topographic map sheets in the Northern Territory.

During the reporting period a total of 3 reconnaissance stream samples were collected by NADL. Processing of these samples returned negative results. No samples were collected over the relinquished area of the tenement.

1.0 INTRODUCTION

This report outlines exploration activities undertaken by North Australian Diamonds Limited (NADL) on Exploration Licence 10229 between the 11th May 2007 and 10th May 2010.

On 18th September 2007 NADL granted Top End Uranium Limited (TEUL) the right of access to the land covered by EL 10229 for the purpose of exploring for, mining and processing minerals other than diamonds. This report includes work undertaken by both NADL and TEUL.

2.0 LOCATION AND ACCESS

Exploration Licence 10229 is situated on the Milingimbi (SD53-02) 1:250,000 geological mapsheet and the Cadell (5772) 1:100,000 topographic map sheets of the Northern Territory. A license location map is provided as Figure 1.

3.0 LICENCE DETAILS

EL 10229 consists of 11 blocks (24.62 sq km), and was granted to NADL on 11th May 2007 for six years. Licence details for EL 10229 are outlined in Table 1 below.

Table 1: Licence Details for EL10229.

Name	Status	Effective Date	Grant Date	Expiry Date	Blocks	Holder	Percentage
EL10229	Grant	10/08/2010	11/05/07	10/05/13	12	North Australian Diamonds Ltd	100

4.0 GEOLOGY

The license is located predominantly within the North Australian Craton on the tectonically stable Arnhem Shelf, that part of the northwestern McArthur Basin characterised by comparatively mild deformation. The northern parts of the license host sediments of the Arafura Basin, which is post-McArthur Basin. The oldest rock unit is the Palaeoproterozoic Gumarrirbang Sandstone of the Kombolgie Subgroup of the Katherine River Group. Northeast-trending linear dunes with wavelengths up to 60m and crests up to 3.5m have developed within the Gumarrirbang Sandstone.

5.0 PREVIOUS EXPLORATION

In addition to the spectrometry data discussed above DBAE collected approximately six stream gravel samples in Imimbar Creek during 1971 that returned negative results. The stream samples were only approximately 50 pounds (22kg) of -1/4" (6mm) gravel and may be considered too small to provide a meaningful result. It is NADL practice to collect approximately 40kg of -1mm gravel.

Stream sampling and airborne geophysical surveys by DBAE (historic) has recovered kimberlitic chrome diopside and identified numerous kimberlite targets.

Since the early 1970's no exploration has been undertaken due to access restrictions. The sampling undertaken by DBAE is not considered to be exhaustive and the license remains prospective for diamondiferous kimberlites.

A reconnaissance stream sampling program was undertaken on the tenement during 2008-2009 with a total of 16 40kg samples collected. These samples were taken where vehicle access allowed. The samples were dispatched to NADL's heavy mineral laboratory in Perth for processing and recovery of indicator minerals and microdiamonds.

6.0 EXPLORATION COMPLETED DURING REPORTING PERIOD

Work during the reporting period comprised the taking of 3 stream samples. The samples were taken as a combined sampling program on EL 10229 and EL 25976. The samples were submitted to the company's wholly owned mineral processing laboratory in Perth. Results returned were negative. No samples were collected over the relinquished area of the tenement.

8.0 REFERENCES

Department of Mines and Energy, Northern Territory Geological Survey. Calvert Hills 1:250,000 Explanatory Notes. 1991.

Combined Annual Report (2010) North Australian Diamonds Limited Exploration Licenses EL 10229 and 25976. N10-10, Reporting period May 9th May 2009-10th May 2010

