



North
Australian
Diamonds
Limited
ABN 86 009 153 119

Annual Report – Year 3

Exploration Licence 26181

5th May 2010 to 4th May 2011
Northern Territory, Australia

Holder: North Australian Diamonds Limited

Operator: North Australian Diamonds Limited

Reporting Period: 5th May 2010 to 4th May 2011

Sheet Reference: Calvert Hills 1: 250,000 (SE53-08)

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SUMMARY

EL26181 was granted to NADL 6th May 2008. In September 2007, NADL granted TEU the right to all non diamond minerals. This report represents Year Three of the licence.

TEU commenced exploration for buried uranium mineralization Of the Westmorland style by way of a RadonX survey in 2009. This reconnaissance survey identified anomalous Radon responses associated with some of the targeted structures which were interpreted to intersect the underlying Seigal Volcanics/Westmoreland Conglomerate unconformity. During the previous reporting period 311 geochemical soil samples were taken from areas identified by the RadonX survey.

A small loam sampling program was undertaken to test the surface for uranium indicator minerals with one loam sample collected. A geochemical sampling program was also undertaken to test changes in the geochemical response with depth using the enzyme leach analytical method with 151 samples being collected. Results are attached in Appendix 1 and 2..

Field Expenditure for the reporting period was \$49,300.

1.0 INTRODUCTION

This annual report outlines exploration activities undertaken by North Australian Diamonds Limited (NADL) and Top End Uranium Limited (TEUL) on Exploration Licence 26181 between the 5th May 2010 and the 4th May 2011. This period represents Year Three of the licence.

On 18th September 2007 NADL granted Top End Uranium Limited (TEUL) the right of access to the land covered by EL 26181 for the purpose of exploring for, mining and processing minerals other than diamonds. This report includes work undertaken by both NADL and TEUL. Exploration is targeting diamonds and uranium.

2.0 LOCATION AND ACCESS

Exploration Licence 26181 is situated on the Calvert Hills (SE53-08) 1:250,000 geological mapsheet and the Surprise (6263) and Calvert Hills (6363) 1:100,000 topographic mapsheet in the Northern Territory. It is located around 200 kilometres south of Borroloola. A location map is provided as Figure 1.

3.0 LICENCE DETAILS

EL 26181 consists of 270 blocks, and was granted to North Australian Diamonds Limited on 6th May 2008 for a period of six years. The tenement was partially reduced by 139 blocks to 140 blocks in April, 2010. License details for EL26181 are outlined in Table 1 below.

Table 1: License Details for EL26181.

Name	Status	Grant Date	Expiry Date	Blocks Previous	Current Blocks	Area (sq km)	Holder	Percentage
EL26181	Granted	6/08/06	5/08/12	279	140	459.2	North Australian Diamonds Limited	100

4.0 PHYSIOGRAPHY

Geomorphology

EL 26181 straddles a physiographic divide that separates the *Bukalara Plateau* in the north from the *Barkly-Birdum Tableland* to the south. The *Barkly-Birdum Tableland* is a relatively flat-lying plain that closely represents the Tertiary land surface. Most of the tableland is covered by soils developed on laterised Mesozoic rocks. Erosion from the north has developed the lower-lying dissected *Bukalara Plateau* that contains a well-developed northward flowing drainage system. Drainage on the tableland is less developed and flows to the south. The elevation descends from approximately 300m absl in the south to approximately 250m absl in the drainages in the north of the licence.

Geology

The oldest rock unit that crops out within the licence is the Palaeoproterozoic Sly Creek Sandstone of the Tawallah Group. The sandstone occurs as inliers in the northern parts of the licence and is mapped as questionable on the 250,000 geology map. Neoproterozoic Bukalara Sandstone unconformably overlies the Sly Creek Sandstone although the contact is not exposed within the licence. Mesozoic Sandstones containing a basal conglomerate and quartzite and an upper sandstone and siltstone unconformably overly both the Bukalara Sandstone and the Sly Creek Sandstone. Ferruginous soils and black soil have developed on the Mesozoic sediments and are mostly restricted to the tableland areas in the southern parts of the licence. More recent sediments include alluvial sands and gravels and are confined to the active drainages.

5.0 PREVIOUS EXPLORATION

Work undertaken during the current reporting period consisted of the collecting of 311 geochemical soil samples by TEU in response to a RadonX survey which identified anomalous radon responses associated with some targeted structures in 2009. The samples were taken along East-West lines over RadonX highs. The samples have been submitted to the company's wholly owned mineral processing laboratory in Perth. Results have been received and are attached as Appendix 1.

6.0 EXPLORATION COMPLETED DURING CURRENT REPORTING PERIOD

A small loam sampling program was undertaken to test the surface for uranium indicator minerals at locations with high uranium, thorium and base metal soil (enzyme leach) geochemical results within the wetland but due to water inundation in the area only one loam sample was collected. A small geochemical sampling program was also undertaken to test changes in the geochemical response with depth using the enzyme leach analytical method. Samples were taken at 5cm intervals through the profile in small pit excavated within the wetland area. Sample sites were located where surface soil samples had returned high values for uranium, thorium and base metals. Additional soil geochemical sampling grids were undertaken to follow-up positive results from previous sample programs, and focused on areas outside the 'wetland' that returned higher uranium values. A total of 152 samples were collected during this reporting period.

All of the above samples were sent to the company's laboratory in Perth for geochemical and indicator mineral analysis. Results are attached as Appendix 2.

7.0 EXPENDITURE STATEMENT

The exploration expenditure attributed to EL26181 of the current reporting period is listed below. A total of \$49,300 was expended against a covenant of \$40,000.

8.0 PROPOSED PROGRAMME AND BUDGET FOR 2010-2011

The proposed work program for next twelve months is described below;

Stream and Loam Sampling	\$10,000
Ground geophysical Survey	\$5,000
Drilling	\$30,000
Total	\$45,000

9.0 REFERENCES

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

Reddicliffe, T.H. (2009). Annual Exploration Report For EL26181 - Year 1 for the Period 5th May 2008 - 4th May 2009, NADL Ref: 09-024.

Reddicliffe, T.H. (2010). Annual Exploration Report For EL26181 - Year 2 for the Period 5th May 2009 - 4th May 2010, NADL Ref: 10-006.

