



North
Australian
Diamonds
Limited
ABN 86 009 153 119

Partial Relinquishment Report

EL 26241

19th March 2008 to 18th March 2011
Northern Territory, Australia

***Holder:* North Australian Diamonds Limited**

***Operator:* North Australian Diamonds Limited**

***Reporting Period:* 19th March 2008 to 18th March 2011**

***Sheet Reference:* Walhallow 1:250,000 (SE53-07)**

***Due Date:* 18th June 2011**

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NADL

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SUMMARY

This annual report outlines exploration activities undertaken by North Australian Diamonds Limited on the relinquished portion of Exploration Licence 26241 between the 19th March 2008 and 18th March 2011.

NADL has granted Top End Uranium Limited (TEUL) the right of access to the land covered by EL 26241 for the purpose of exploring for, mining and processing minerals other than diamonds. This report includes work undertaken by both NADL and TEUL.

Exploration Licence 26241 is situated on Walhallow (SE53-07) 1:250,000 geological mapsheets and the Lancewood (6163) 1:100,000 topographic mapsheets in the Northern Territory. It is located around 120 kilometres south of Borroloola and is accessed via existing unsealed tracks leading north from Kiana Station.

Previous exploration has included several wide spaced geophysical surveys by CRA and BHP and stream and loam sampling by CRA and Ashton Mining.

Work completed during the 2008-2009 reporting period included collection and processing of four samples. Results were negative.

During 2009-2010 field work included geological reconnaissance and the collection of three loam and two stream samples in the relinquished area. All samples returned a negative result.

No samples were collected in the relinquished area during the current reporting period for 2010-2011.

1.0 INTRODUCTION

This annual report outlines exploration activities undertaken by North Australian Diamonds Limited (NADL) and Top End Uranium Limited (TEUL) on the relinquished portion of Exploration Licence 26241 between the 19th March 2008 and 18th March 2011.

NADL granted TEUL the right of access to the land covered by EL 26241 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 26241 is situated on the Walhallow (SE53-07) 1:250,000 geological mapsheets and the Lancewood (6163) 1:100,000 topographic mapsheets in the Batten Region of the Northern Territory. It is located around 120 kilometres south of Borroloola and is accessed via existing unsealed tracks leading north from Kiana Station. A licence location map is provided as Figure 1.

3.0 LICENCE DETAILS

EL 26241 consists of 14 blocks (45.94 sq km), and was granted to NADL on 19th March 2008 for six years. Licence details for EL 26241 are outlined in Table 1 below.

Table 1: Licence Details for EL26241

Name	Status	Effective Date	Grant Date	Expiry Date	Blocks	Holder	Percentage
EL26241	Grant	02/07/07	19/03/08	18/03/14	14	North Australian Diamonds Ltd	100

On 18th February 2011 NADL submitted a statutory reduction of 50% of the licence and retained 6 blocks.

4.0 PHYSIOGRAPHY

4.1 Geomorphology

The licence is located within the *Bukalara Plateau* sub-division of the *Gulf Fall* physiographic division and occurs at an elevation of approximately 225m above sea level.

The licence contains the western margin of a plateau that narrows and continues northward. The plateau drains westward into Lancewood Creek and northward into major tributaries to the Glyde River.

4.2 Geology

The oldest rock unit in the licence area is the Neoproterozoic Bukalara Sandstone that comprises flat-lying quartz sandstone dissected by a prominent east-west and north-south joint pattern.

It is possible that Cretaceous rocks overly the Bukalara Sandstone, however they are not included on the 1:250,000 geology map face. Such sediments are exposed within the region generally above approximately 200m above sea level and include a basal conglomerate and overlying sandstone and siltstone.

Surficial sands and ferricrete occur on the plateau. Quaternary alluvium occurs within seasonal lakes in the southeastern part of the licence.

4.3 Geophysics

A complete set of NTGS geophysical and remote sensing data is available over the licence including aeromagnetic, radiometric and landsat data. In addition, three company surveys have been conducted over the licence. These surveys are;

- CRA 1983 Lancewood Survey
 - TMI and Radiometrics – 300m line spacing
- CRA 1984 Glyde Survey
 - TMI and Radiometrics – 300m line spacing
- BHP 1996 Boomerang Creek Survey
 - TMI and Radiometrics – 500m line spacing
 - TEM – 1000m line spacing

5.0 PREVIOUS EXPLORATION

During the 1980's CRA acquired airborne geophysical data and collected stream gravel samples. No geophysical anomalies were identified.

BHP completed airborne geophysical surveys in the mid 1990's that did not identify anomalies worthy of follow-up. Ashton Mining in joint venture with BHP collected numerous stream gravel and several loam samples. No indicator minerals or diamonds were recovered.

Field work completed during the 2008-2009 period included geological reconnaissance and the collection of four stream samples in the relinquished area. During 2009-2010 field work included geological reconnaissance and the collection of three loam and two stream samples in the relinquished area. All samples returned a negative result and are included in Table 2 and on Figure 2.

6.0 EXPLORATION COMPLETED DURING 2010 -2011 REPORTING PERIOD

No samples were collected in the relinquished area during the 2010 - 2011 reporting period.

8.0 REFERENCES

Amoco Minerals Australia (1980). 1979 Annual Report. McArthur River and Glyde River Projects. NTGS Reference CR1980-0064.

CRA Exploration (1987). Final Report on EL 4692- Glyde Period ending 25-9-87 Northern Territory. NTGS Reference CR1987-0297.

BHP Minerals (1997). Boomerang Creek Geotem Survey. NTGS Reference CR1997-0289.

Reddicliffe, T.R. (2009) North Australian Diamonds Limited, Annual Exploration Report - Year 1, 2008-2009 for EL26241, NADL Ref: 09-16.

Reddicliffe, T.R. (2010) North Australian Diamonds Limited, Annual Exploration Report - Year 2, 2009-2010 for EL26241, NADL Ref: 10-17.

Table 2. Sample Data

SAMPLE	TYPE	TENEMENT	EASTING	NORTHING	DATUM	ZONE	RESULTS	DIAMOND	CHROMITE
08-204-001	STREAM	EL 26241	641750	8105096	GDA94	53	NEGATIVE	0	0
08-204-002	STREAM	EL 26241	638791	8106969	GDA94	53	NEGATIVE	0	0
08-204-006	STREAM	EL 26241	642065	8103286	GDA94	53	NEGATIVE	0	0
08-204-007	STREAM	EL 26241	643513	8101082	GDA94	53	NEGATIVE	0	0
09-211-002	STREAM	EL 26241	641023	8102098	GDA94	53	NEGATIVE	0	0
09-211-003	LOAM	EL 26241	639284	8106620	GDA94	53	NEGATIVE	0	0
09-211-006	LOAM	EL 26241	637924	8106650	GDA94	53	NEGATIVE	0	0
09-211-007	LOAM	EL 26241	636870	8106650	GDA94	53	NEGATIVE	0	0
09-211-008	STREAM	EL 26241	641132	8104649	GDA94	53	NEGATIVE	0	0