

North
Australian
Diamonds
Limited
ABN 86 009 153 119

Annual Report – Year 1

Exploration Licence 331

18th April 2011 to 17th April 2012
Northern Territory, Australia

Holder: North Australian Diamonds Limited

Operator: North Australian Diamonds Limited

Reporting Period: 18th April 2011 to 17th April 2012

Sheet Reference: Mt Marumba (SD-5306) 1:250,000

Due Date: 15th May 2012

Author:	M Kammermann
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Copies To:	Dept. of Resources - NT NADL
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SUMMARY

This annual report outlines exploration activities undertaken by North Australian Diamonds Limited (NADL) on Exploration Licence 331 between the 18th April 2011 and 17th April 2012. This period represents Year One of the License. In addition work undertaken by Top End Uranium Limited for base metals and uranium is reported.

Exploration Licence 331 is situated on the Mt Marumba (SE53-06) 1:250,000 map sheet, and the Annie Creek 1:100,000 topographic mapsheets in the Northern Territory.

During the current reporting period 19 stream gravel samples were collected and these samples returned four positive results with a total of 6 chromite grains. The origin of the chromites is uncertain although they are probably not kimberlitic. A total of 19 samples were also collected for geochemical analysis. No anomalous results were reported.

A total of \$51,261.87 was expended against a covenant of \$72,500.

1.0 INTRODUCTION

This annual report outlines exploration activities undertaken by North Australian Diamonds Limited (NADL) on Exploration Licence 331 between the 18th April 2011 and 17th April 2012. This period represents Year One of the License. In addition work undertaken by Top End Uranium Limited for base metals and uranium is reported. The target for exploration within the licence is diamond bearing kimberlite intrusive as well as other base metal and uranium mineralisation.

2.0 LOCATION AND ACCESS

EL331 is located on the Mt Marumba (SD53-06) 1:250,000 and Annie Creek 1:100,000 map sheets. A tenement location map is provided as Figure 1.

3.0 LICENCE DETAILS

EL 331 consists of 250 blocks, and was granted to North Australian Diamonds Ltd on 18th April 2011 for six years. The Tenement details are outlined in Table 1 below.

Table 1: Tenement Details

Name	Status	Effective Date	Grant Date	Expiry Date	Blocks	Holder	Percentage
EL331	Grant	18/04/11	18/04/11	17/04/17	250	North Australian Diamonds Ltd	100

4.0 PHYSIOGRAPHY

Geology

The Licence is located within the North Australian Craton on the tectonically stable Arnhem Shelf, that part of the northwestern McArthur Basin characterised by comparatively mild deformation. The shelf forms the western flank to the Walker Fault Zone and more locally the Parsons Range Fault Zone. The Walker Fault Zone is a north-trending fault zone up to 80km wide and several hundred kilometres long and extends south to meet the Batten Fault Zone that is associated with the economic diamond-bearing kimberlites of the Merlin Kimberlite Field and the more recent Abner Range discovery. The Licence is located in a region that has tectonic and structural similarities with known kimberlite occurrences on the North Australian Craton.

5.0 EXPLORATION COMPLETED DURING REPORTING PERIOD

During the current reporting period 19 stream gravel samples were collected and sent to the company laboratory in Perth for processing and heavy mineral analysis. These samples returned four positive results with a total of 6 chromite grains. The origin of the chromites is uncertain although they are probably not kimberlitic. The details for these samples are shown in Table 2.

A total of 19 samples were also collected for geochemical analysis. No anomalous results were reported. The results for these samples are shown in Table 3.

6.0 EXPENDITURE STATEMENT

The exploration expenditure attributed to EL331 during the current reporting period was a total of \$51,261.87. Costs are detailed on the attached expenditure statement.

7.0 PROPOSED PROGRAM

The proposed work program for next twelve months includes collection and processing of 20 diamond exploration samples and 20 stream geochemical samples for base metals and uranium. The samples will be collected by a helicopter and transported to Perth laboratories for processing and assay.

A review of all available geophysical data will be undertaken to identify direct geophysical targets for field investigation.

A covenant of \$75,000 is proposed as per expenditure statement.

8.0 REFERENCES

Sweet I P, Brakel, A T, Rawlings, D J, Haines, P W, Plumb, K A & Wygralak, A S, 1999, Mt Marumba SD53-06 1:250,000: Explanatory Notes, *Northern Territory Geological Survey, Darwin*.

Table 2. 2011-2012 Sample Results

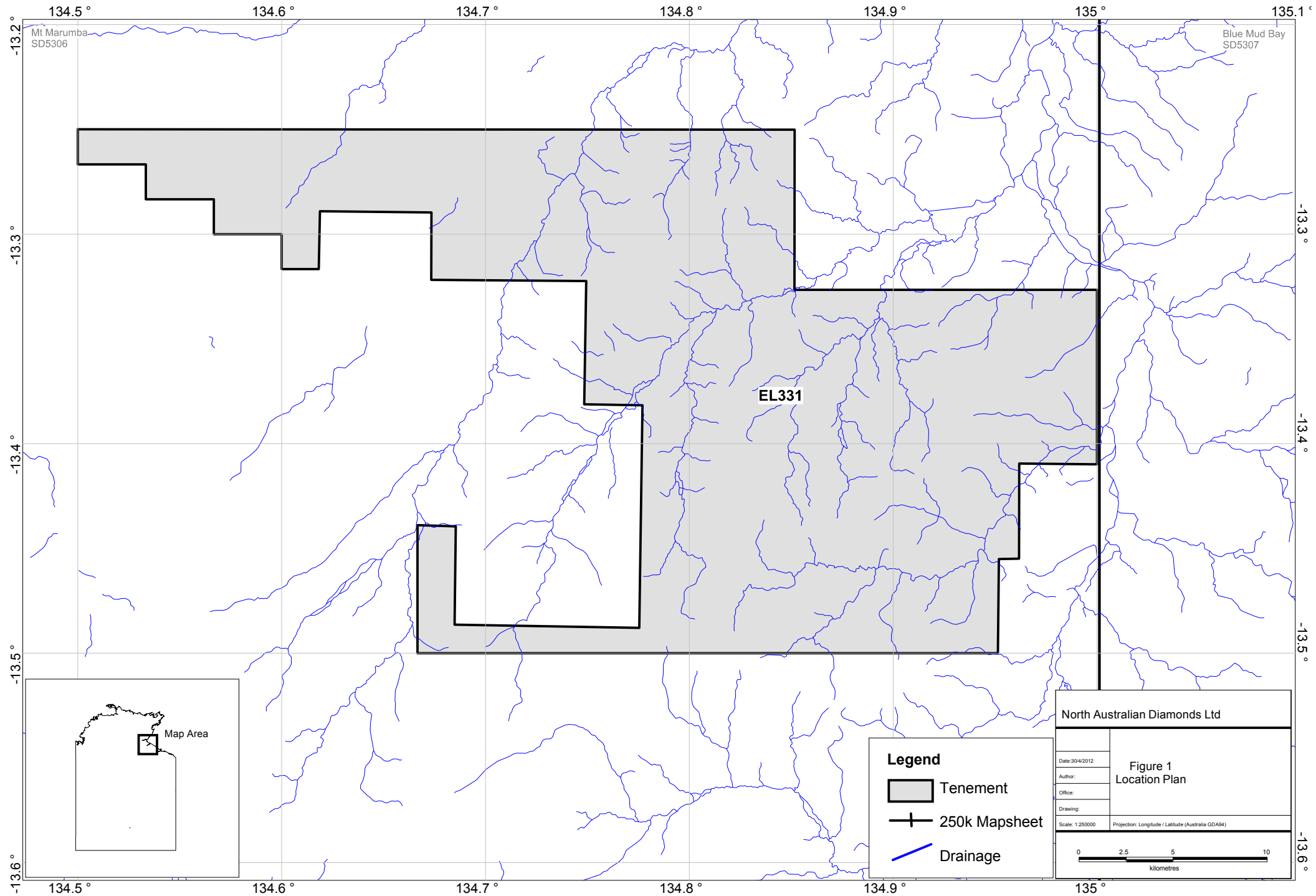
SAMPLE	TYPE	EASTING	NORTHING	DATUM	ZONE	RESULTS	DIAMOND	CHROMITE
10-033-001	STREAM GRAVEL	495545	8526831	GDA94	53	NEGATIVE	0	0
10-033-005	STREAM GRAVEL	469441	8509317	GDA94	53	NEGATIVE	0	0
10-033-006	STREAM GRAVEL	477652	8514233	GDA94	53	NEGATIVE	0	0
10-033-007	STREAM GRAVEL	488514	8512193	GDA94	53	NEGATIVE	0	0
10-033-008	STREAM GRAVEL	486684	8510356	GDA94	53	NEGATIVE	0	0
10-033-009	STREAM GRAVEL	492934	8512207	GDA94	53	NEGATIVE	0	0
10-033-010	STREAM GRAVEL	493402	8513844	GDA94	53	NEGATIVE	0	0
10-033-011	STREAM GRAVEL	500182	8519485	GDA94	53	NEGATIVE	0	0
10-033-013	STREAM GRAVEL	488775	8524567	GDA94	53	POSITIVE	0	1
10-033-014	STREAM GRAVEL	486367	8520878	GDA94	53	NEGATIVE	0	0
10-033-015	STREAM GRAVEL	486095	8523965	GDA94	53	POSITIVE	0	2
10-033-016	STREAM GRAVEL	481107	8525993	GDA94	53	POSITIVE	0	1
10-033-017	STREAM GRAVEL	477768	8524358	GDA94	53	NEGATIVE	0	0
10-033-018	STREAM GRAVEL	478413	8523613	GDA94	53	POSITIVE	0	2
10-033-019	STREAM GRAVEL	472447	8531705	GDA94	53	NEGATIVE	0	0
10-033-022	STREAM GRAVEL	450473	8533546	GDA94	53	NEGATIVE	0	0
10-033-023	STREAM GRAVEL	456135	8534067	GDA94	53	NEGATIVE	0	0
10-033-024	STREAM GRAVEL	466058	8531480	GDA94	53	NEGATIVE	0	0
10-033-025	STREAM GRAVEL	461117	8534678	GDA94	53	NEGATIVE	0	0
10-110-001	STREAM GEOCHEM	495544	8526829	GDA94	53	N/A	N/A	N/A
10-110-005	STREAM GEOCHEM	469420	8509313	GDA94	53	N/A	N/A	N/A
10-110-006	STREAM GEOCHEM	477649	8514234	GDA94	53	N/A	N/A	N/A
10-110-007	STREAM GEOCHEM	488529	8512191	GDA94	53	N/A	N/A	N/A
10-110-008	STREAM GEOCHEM	486682	8510355	GDA94	53	N/A	N/A	N/A
10-110-009	STREAM GEOCHEM	492932	8512221	GDA94	53	N/A	N/A	N/A
10-110-010	STREAM GEOCHEM	493392	8513833	GDA94	53	N/A	N/A	N/A
10-110-011	STREAM GEOCHEM	500159	8519447	GDA94	53	N/A	N/A	N/A
10-110-013	STREAM GEOCHEM	488772	8524566	GDA94	53	N/A	N/A	N/A
10-110-014	STREAM GEOCHEM	486369	8520879	GDA94	53	N/A	N/A	N/A
10-110-015	STREAM GEOCHEM	486089	8523961	GDA94	53	N/A	N/A	N/A

10-110-016	STREAM GEOCHEM	481103	8525993	GDA94	53	N/A	N/A	N/A
10-110-017	STREAM GEOCHEM	477768	8524358	GDA94	53	N/A	N/A	N/A
10-110-018	STREAM GEOCHEM	478412	8523607	GDA94	53	N/A	N/A	N/A
10-110-019	STREAM GEOCHEM	472460	8531695	GDA94	53	N/A	N/A	N/A
10-110-022	STREAM GEOCHEM	450481	8533547	GDA94	53	N/A	N/A	N/A
10-110-023	STREAM GEOCHEM	456137	8534068	GDA94	53	N/A	N/A	N/A
10-110-024	STREAM GEOCHEM	466062	8531480	GDA94	53	N/A	N/A	N/A
10-110-025	STREAM GEOCHEM	461120	8534678	GDA94	53	N/A	N/A	N/A

Table 3. 2011-2012 Geochem Results

ELEMENTS	Au	As	Be	Bi	Ce	Co	Cu	La	Mo	Na	Pb	Pd	Pt	Th	U	V	Zn
UNITS	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm
DETECTION	0.002	10	0.1	0.01	0.01	0.1	1	0.01	0.1	20	5	0.002	0.005	0.01	0.01	2	1
METHOD	FA25/OES	A/OES	A/MS	A/MS	A/MS	A/MS	A/OES	A/MS	A/MS	A/OES	A/OES	FA25/OES	FA25/OES	A/MS	A/MS	A/OES	A/OES
10-110-001	X	X	1.5	0.21	45.53	7.3	13	21.27	1	226	7	X	X	7.06	1.56	25	4
10-110-005	X	X	0.1	0.03	3.25	1.4	12	1.59	1.1	147	X	X	X	0.97	0.16	8	X
10-110-006	X	X	1.4	0.3	53.2	10.6	10	23.7	0.6	271	16	X	X	8.7	1.71	47	8
10-110-007	X	X	0.3	0.12	14.18	3.2	10	5.78	1.2	201	X	X	X	3.57	0.61	23	19
10-110-008	X	X	0.4	0.19	24.15	5	6	9.64	0.5	140	5	X	X	5.44	0.76	29	5
10-110-009	X	X	0.1	0.05	8.17	1.5	8	3.87	0.5	89	X	X	X	1.55	0.26	13	X
10-110-010	X	X	0.5	0.1	22.37	4.4	10	9.57	0.5	150	X	X	X	3.91	0.6	49	X
10-110-011	X	X	0.5	0.09	14.85	4.2	11	6.57	1.2	110	X	X	X	2.28	0.45	22	3
10-110-013	X	X	1.1	0.31	46.55	9.9	14	20.12	0.5	532	8	X	X	9.17	1.64	43	13
10-110-014	X	X	1.3	0.34	59.87	10.9	18	29.28	0.4	1159	12	X	X	10.89	1.96	46	16
10-110-015	X	X	0.3	0.14	14.58	3.5	9	6.86	1.1	137	X	X	X	2.61	0.34	17	4
10-110-016	X	X	0.4	0.18	21.23	4.1	8	9.54	0.6	232	7	X	X	5.11	0.91	24	4
10-110-017	X	X	0.5	0.26	27.58	7.4	11	12.05	1.6	421	10	X	X	7.53	1.23	28	6
10-110-018	X	X	0.6	0.22	27.75	7.3	6	13.52	0.7	437	10	X	X	6.44	1.05	32	10
10-110-019	X	X	0.4	0.14	20.96	3.4	7	9.62	0.5	127	6	X	X	5.05	0.98	31	X
10-110-022	X	X	0.3	0.15	26.1	3	6	11.06	0.6	95	7	X	X	5.64	0.9	31	3

10-110-023	X	X	0.1	0.09	19.91	5.9	7	8.61	0.5	93	6	X	X	4.65	0.55	20	3
10-110-024	X	X	0.3	0.12	24.68	19.3	9	21.38	0.5	97	X	X	X	5.1	0.68	26	2
10-110-025	X	X	0.2	0.08	20.84	4.9	5	8.57	0.6	54	X	X	X	3.85	0.47	14	X



Mt Marumba
SD5306

Blue Mud Bay
SD5307

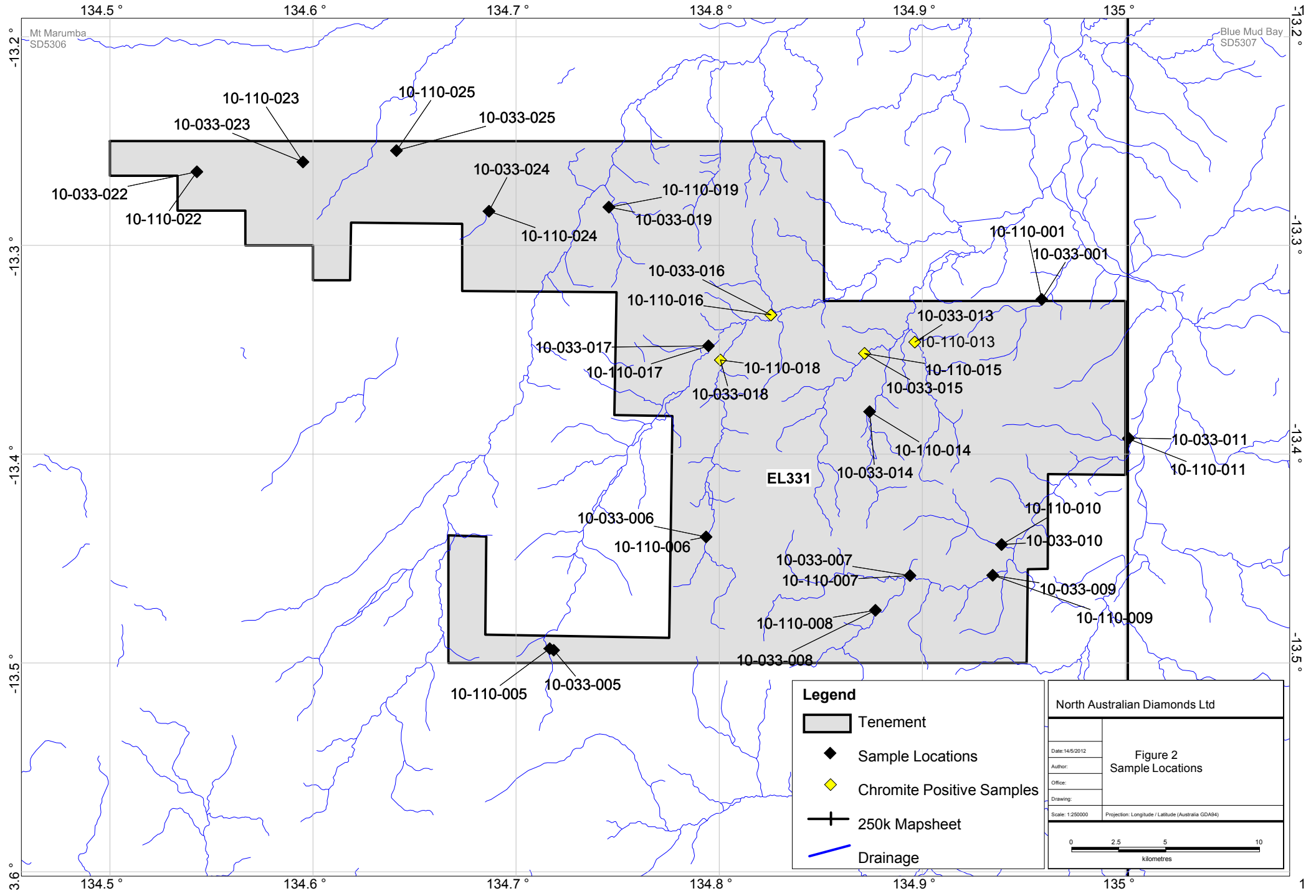
EL331

Map Area

Legend

- Tenement
- 250k Mapsheet
- Drainage

North Australian Diamonds Ltd	
Date: 30/4/2012 Author: Office: Drawing:	Figure 1 Location Plan
Scale: 1:250000	Projection: Longitude / Latitude (Australia GDA94)



Legend

- Tenement
- Sample Locations
- Chromite Positive Samples
- 250k Mapsheet
- Drainage

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Date: 14/5/2012	Figure 2 Sample Locations
Author:	
Office:	
Drawing:	
Scale: 1:250000	Projection: Longitude / Latitude (Australia GDA94)