



North
Australian
Diamonds
Limited
ABN 86 009 153 119

Final Surrender Report
Exploration Licence EL 26960
23rd September 2009 to 1st October 2012

Holder: Ashton Mining Limited

Operator: North Australian Diamonds Limited

Reporting Period: 23rd September 2009 to 1st October 2012

Sheet Reference: Cape Scott (SD 5207) & Port Keats (SD 5211) 1: 250,000

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NADL

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SUMMARY

This report details exploration activity carried out by North Australian Diamonds Limited (NADL) over exploration licence EL 26960 for the period 23rd September 2009 to 1st October 2012.

The tenement is located approximately 300km south-west from Darwin, in the Daly River Region of the Northern Territory on the Cape Scott (SD 5207) and Port Keats (SD 5211) 1:250,000 geological mapsheets in the Northern Territory.

In January of 2007 North Australian Diamonds Limited entered into a 'Farm-in Agreement' with Ashton Exploration Australia Pty Ltd, Ashton Mining Limited, and A.O. (Australia) Pty Ltd collectively known as the Rio Tinto Parties with respect to earning 100% ownership of the Yambarra Project area in the Northern Territory. An application was made by North Australian Diamonds on the 18th of September 2008 over the area covered by EL 26960 and the tenement was subsequently granted on the 23rd of September 2009.

Work undertaken during the reporting period has involved desktop research of historic exploration, preparation of work programs and reporting. A tenement reduction occurred at the end of Year 2. No field activities were undertaken.

It is concluded that the high cost and logistical issues associated with accessing the project area do not warrant further exploration for the Company. It is recommended that no further work be undertaken.

The total expenditure for the reporting period was \$3,200.

1.0 INTRODUCTION

This report details exploration activity carried out by North Australian Diamonds Limited (NADL) over exploration licence EL 26960 for the period 23rd September 2009 to 1st October 2012.

2.0 LICENCE DETAILS

The tenement is located approximately 300km south-west from Darwin, in the Daly River Region of the Northern Territory on the Cape Scott (SD 5207) and Port Keats (SD 5211) 1:250,000 geological mapsheets in the Northern Territory. A location map is shown as Figure 1.

Table 1: Licence Details

Project Name	Tenement No	Grant Date	Surrender Date	Blocks
Yambarra	EL26960	23/09/2009	1/10/2012	377

3.0 GEOLOGY

The project area covers parts of three geological regions within the Northern Territory. These are; the Palaeoproterozoic Pine Creek Orogen, the Mesoproterozoic Victoria – Birrinduddu Basin and the Palaeozoic Bonaparte Basin.

The oldest rocks in the project area are the Early Proterozoic Hermit Creek Metamorphics, which comprise mostly schist and gneissic rocks. Early Proterozoic sediments of the Finnis River Group are inferred to overlie the Hermit Creek Metamorphics although the nature of their relationship is unclear. The Henschke Breccia, a massive breccia conglomerate is interpreted to be approximately synchronous with these units.

The Hermit Creek Metamorphics and Finnis River Group were intruded successively by the Early Proterozoic Muarra-Kamangee Granodiorite and Peppimenarti Granite. Sediments of the Middle Proterozoic Fitzmaurice Group unconformably overly the Early Proterozoic units. Middle Proterozoic intrusives of both basic (Murrenja Dolerite) and acid (Ti-Tree Granophyre) composition intrude the Fitzmaurice Group sediments.

Permian sediments of the Bonaparte Basin occur in the west of the project area. These sediments consist of quartzarenite, subarkose and mudstone with minor conglomerate and coal. Cretaceous rocks form an extensive unit within the project area. Friable, clayey, commonly ferruginous and mottled arenite is the dominant rock type. The youngest geological units in the project area include Cainozoic and Quaternary

sediments comprised of colluvium, eluvium and alluvium. These units cover much of the bedrock.

The dominant structural features of the area are the extensive, regional transcurrent faults that are the northerly continuations of the major faults which define the Middle Proterozoic Fitzmaurice Mobile Zone and the Early Proterozoic Halls Creek Mobile Zone.

5.0 EXPLORATION ACTIVITIES

The licence is located on Aboriginal Land and access is dependent on the Northern Land Council arranging work clearance meetings with the Company and the Traditional Owners. There has been difficulty in arranging such work programs and as such NADL has been limited in its abilities to undertake ground based exploration activities. Work undertaken has involved review of geophysical datasets, desktop research of historic exploration, preparation of work programs and reporting.

At the end of Year 2 a tenement reduction was submitted.

No field activities were undertaken.

6.0 CONCLUSION AND RECOMMENDATION

It is concluded that the high cost and logistical issues associated with accessing the project area do not warrant further exploration for the Company. It is recommended that no further work be undertaken.

7.0 EXPLORATION EXPENDITURE FOR CURRENT REPORTING PERIOD

Exploration expenditure for the reporting period amounted to \$3,200 as per the attached Expenditure Statement and the breakdown below;

Administration and Reporting	\$3,200
Total	\$3,200

7.0 REFERENCES

Kammermann, M. (2010). Annual Exploration Report Year 1. 23rd September 2009 to 22nd September 2010. North Australian Diamonds Limited.

Kammermann, M. (2011). Annual Exploration Report Year 2. 23rd September 2010 to 22nd September 2011. North Australian Diamonds Limited. 22nd October 2011.

Kammermann, M. (2012). Partial Relinquishment Report Exploration Licence EL26960. North Australian Diamonds Limited. 6th February 2012.