ANNUAL REPORT
ON THE
KIRKIMBIE DIAMOND PROJECT, NORTHERN TERRITORY
FOR
DAYLIGHT JACK MINERALS PTY LTD

*Exploration licence 30656.*

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Reporting Period: 09/09/2015 to 08/09/2016
1 EXECUTIVE SUMMARY

1.1 INTRODUCTION

The Kirkimbie project comprises of five (5) granted exploration licenses being EL30655, EL30656, EL30657, EL30219 and EL29803 (Figure 1). The tenements encompass parts of the Kalkarindji Province and lie within the 1:250km BIRRINDUDU and LIMBUNYA map sheets and the Napier, Inverway and Birrindudu 1:100km map sheets. The Buntine Highway intersects the tenements.

The area has been the subject of extensive exploration by major mining companies over a period of several years. Regional scale stream sediment, soil and rock chip sampling has been periodically completed since the late 1970s for diamonds and minerals.

Daylight Jack Minerals first pass reconnaissance geological mapping, soil and rock chip sampling was completed in August 2010. Target areas for on-ground follow-up were identified from a review of historical exploration data, plus an interpretation of the area based on airborne geophysical survey data. The rock chip sampling program was not systematic over the area, but was selective in nature, in order to obtain an indication of mineralisation.

This report details the outcomes of rock chip sampling programme completed in June 2016. This programme focused on a number of di-pole targets selected from airborne magnetic survey modelling (Figure 2).

1.2 AREA AND LOCATION

EL30656 was granted on the 09/09/2015. The licence covers an area of 71.87km² and consists of twenty-two (22) graticule blocks. The Daylight Jack Minerals Kirkimbie project is located 150km south southeast of the Argyle Diamond Mine and 50km south west of Rio Tinto’s Victoria River Diamond Project (Figure 1). The project is located approximately 230km west of the nearest town Kalkarindji.
1.3 PROJECT HISTORY

The project had been the subject of extensive exploration by BHP in the 1990s. The program involved widespread regional stream-sediment and soil sampling. Two (2) samples contained possible kimberlitic chromite. Three (3) magnetic targets were drilled on Daylight Jack Minerals Pty Ltd current EL’s, but no Kimberlite was intersected. One microdiamond was found in Moonbool Creek by Rio Tinto in the 1980s.

Two companies; AusQuest and Gravity Diamonds held leases and have reported on the area covered by the Kirkimbie Project however no significant exploration has taken place in the last 15 years.

In 2008 Grant Boxer completed an assessment on the diamond exploration potential of the Kirkimbie project for Daylight Jack Minerals Pty Ltd. This work compiled significant historical information for the surrounding area. Identified were six (6) AusQuest dipole targets for follow up and involved a review of the available regional aeromagnetic data. From this work he identified seventeen (17) magnetic anomalies as potential Kimberlite targets.

In early 2013 Daylight Jack Pty Ltd and ACCCGE conducted a high resolution aeromagnetic survey over EL 29803. This data was processed for targets that may represent Kimberlite or lamproite. Six (6) di-pole targets (Figure 2) were selected for ground inspection, with ground magnetic surveys recommended for those targets that are unexplained after surface inspection.

The exploration programme completed in July 2015 involved over 3.5km traverse of Moonbool Creek. Results indicate anomalous values of chromium (Cr), cobalt (Co), barium (Ba), manganese (Mn), and iron (Fe) compared to other background values elsewhere in the region.

2 REGIONAL GEOLOGY

Tenement EL30657 consists principally of Cenozoic cover but with some outcrops of Paleoproterozoic Stirling Formation quartz arenites.

3 HISTORY OF EXPLORATION

3.1 DIM DATABASE INFORMATION

The area has experienced three main periods of diamond exploration: - in the early 1980s the early 1990s, and more recently, in the early 2000s. Exploration has followed the conventional sampling programs of regional stream-sediment sampling for indicator heavy mineral content, followed with aeromagnetic follow-up. Large areas of EL 29803 have been very sparsely sampled.

3.2 OPEN FILE REPORTS (POST DIM VERSION DIP 006)

In the NT open file records, no significant diamond exploration has been recorded over these tenement areas within the last 10 years. Exploration companies, AusQuest and Gravity Diamonds have reported on the area but no sampling has been carried out. AusQuest was exploring mainly for base-metals, whereas Gravity Diamonds were exploring for diamonds but undertook no field work.
3.3 GEOPHYSICS

The Limbunya map sheet was flown in 1995 by the NTGS at a line spacing of 500 m and the Birrindudu and Waterloo sheets were flown in 1997 and 2001 respectively at 400 m line spacing on north-south lines. Two company surveys, the Inverway and Napier surveys were flown by BHP in 1984. The area is covered by regional 10 km spaced gravity data.

Stockdale Prospecting reviewed the NTGS aeromagnetic data and although they selected targets, none appear to have been followed-up in the field.

3.4 REVIEW OF AEROMAGNETIC DATA

The located magnetic data for the Birrindudu, Inverway, Limbunya, Napier, and Waterloo geophysical surveys were imported into a geophysical program, filtered using a first vertical derivative and stacked profiles were produced. These profiles were then imported into MapInfo and used to identify discrete magnetic targets that may represent kimberlite pipes. The selected targets were then checked using Google Earth and obvious cultural features (e.g. bores) were removed from the target list.

4 EXPLORATION

4.1 ROCK CHIP SAMPLING PROGRAMME (2016)

A total of seventeen (17) rock chip samples were taken and sent to ALS laboratory for assaying. Geographic co-ordinates were also recorded using a GPS (Table 1).

5 SAMPLE ANALYSIS

A total of seventeen (17) rock chip samples were collected from the field. Samples were sent to ALS Chemex for assay using ME-ICP61. The range of elements tested, their tolerances and values are given in the Appendices (Table 2).
6 RESULTS

![Graph showing various rock chip sampling results.]

7 INTERPRETATIONS AND RECOMMENDATIONS

The results of the rock chip sampling show very low values to make any substantial observations. There is a weak variability across the whole area, which could reflect natural variation or indicate an anomaly. The results to date reinforce the significant exploration potential of EL30656.

Further work will be focused on drill testing the initial targets selected on EL30655 and EL30219 as well as continuing to define further new drill targets.

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## APPENDIX B

### TABLES

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8 APPENDIX A

FIGURES