ANNUAL REPORT

ON THE

KIRKIMBIE DIAMOND PROJECT, NORTHERN TERRITORY

FOR

DAYLIGHT JACK MINERALS PTY LTD

Exploration licence 30219

.

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Reporting Period: 13/10/2015 to 13/10/2016

CONTENTS

1 Executive Summary

1.1 Introduction

The Kirkimbie project comprises of five (5) granted exploration licenses being EL30655, EL30656, EL30657, EL30219 and EL29803 (See Appendix). 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 systematic and selective in nature over the area over the area, in order to obtain an indication of mineralisation (See Appendix). The results of the rock chip and soil sampling included anomalous assay results for Aluminium, Iron, Manganese, Chromium and Vanadium.

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

1.2 Area and Location

EL30219 was granted on the 13/10/2014. The licence covers an area of 679.61km² and consists of 208 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. 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 wide spread 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 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 EL30219 consists principally of Cenozoic cover but with some outcrops of Paleaoproterozoic Stirling Formation quartz arenites (See Appendix).

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 30219 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

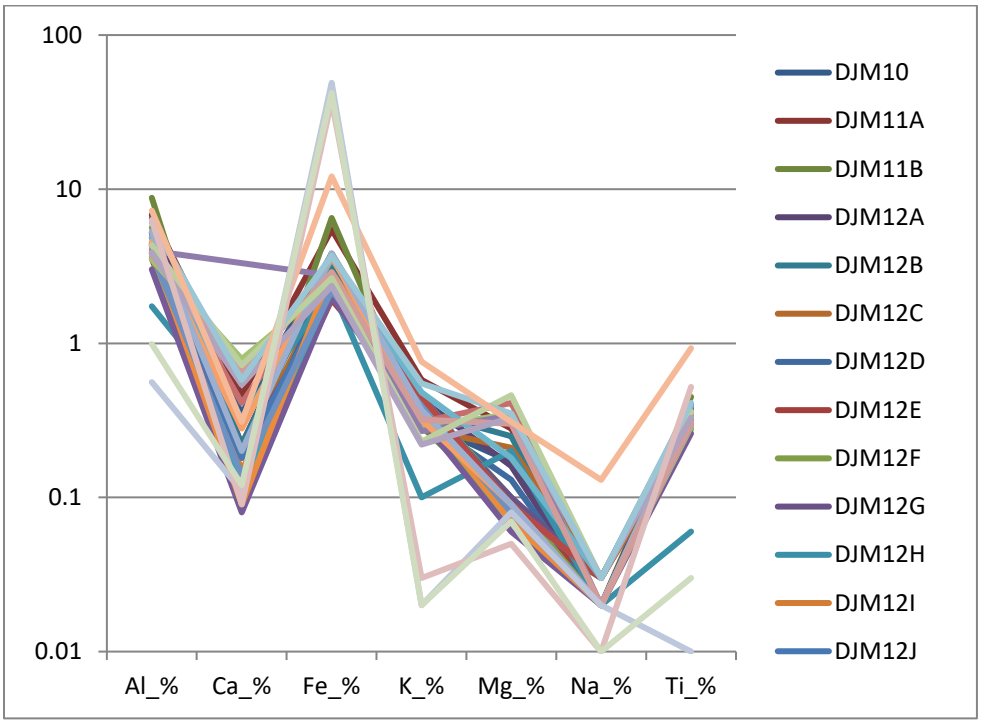
4.1 Rock Chip Sampling Programme (2016)

A total of forty-five (45) rock chip and soil 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 forty-five (45) rock chip and soil samples were collected from the field. Samples were sent to ALS Chemex for assay using ME-ICP61 and Au_TL43. The range of elements tested, their tolerances and values are given in the Appendices.

6 RESULTS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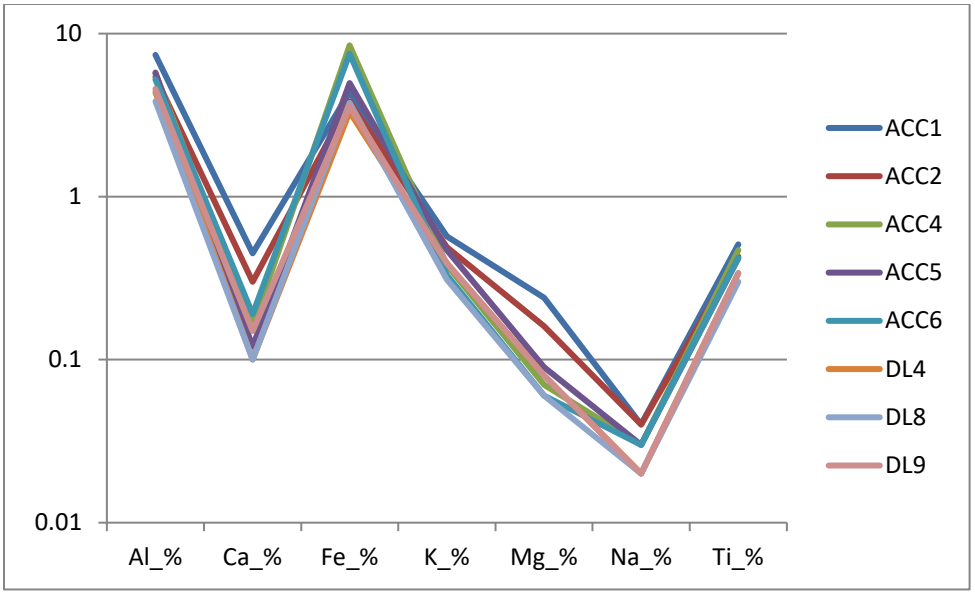
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Ti_%
ACC1
ACC2
ACC4
ACC5
ACC6
DL4
DL8
DL9

7 Interpretations and Recommendations

No further work will be carried out on EL30219. The results to date do not warrant further investigation. We plan to focus on EL's 30655, 30656, 30657 and 29803.

Daylight Jack Minerals considers diamond prospectivity of EL30219 as low.

8 Copyright Statement

9 APPENDIX A

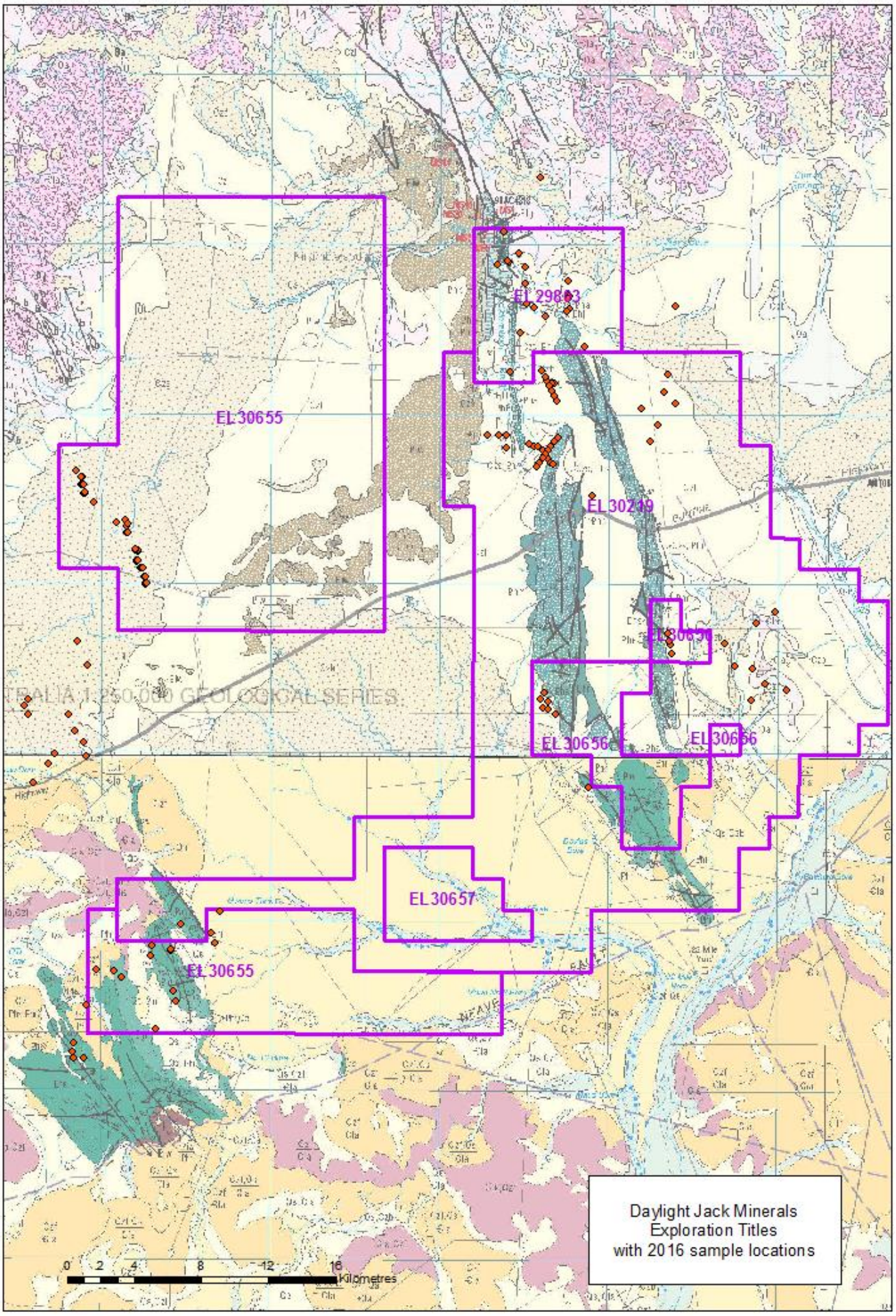
TABLES

Sample ID	Easting	Northing
MBC16.1	533856	8032349
MBCBCB	533841	8032366
MBC11	533844	8032358
DLJCB	533836	8032362
DJM13	538842	8025147
DJM10	533350	8028791
DJM11A	533764	8028791
DJM11B	533629	8028628
DJM12A	535118	8028262
DJM12B	535393	8028120
DJM12C	535622	8028113
DJM12D	535408	8028032
DJM12E	536059	8027597
DJM12F	536227	8027340
DJM12G	536416	8027136
DJM12H	536526	8027081
DJM12I	536830	8028669
DJM12J	536627	8028391
DJM12K	536428	8028112
DJM12L	536239	8027852
DJM12M	536098	8027654
DJM12N	535921	8027412
DJM12O	535744	8027166
DJM12P	535563	8026917
CR1	536588	8031894
CR2	536480	8031829
CR3	536343	8031706
CR4	536466	8031402
CR5	536603	8031110
CR6	536738	8030821
CR7	536327	8031699
CR8	536195	8031979
CR9	536061	8032261
CR10	535893	8032612
DLJ19B	536700	8012112
DJM32	508742	7994917
DLJ19	536718	8012189

DLJ20	543584	8015782
ACC1	543388	8032400
ACC2	543148	8031333
ACC4	541788	8030390
ACC5	542790	8029398
ACC6	542342	8028435
DL4	509319	7997037
DL8	510387	7996913
DL9	510883	7996557

8 APPENDIX B

FIGURES


EL 29803
EL30655
EL30219
EL30656
EL30656
EL30657
EL30655
Daylight Jack Minerals
Exploration Titles
with 2016 sample locations
0 2 4 8 12 16
Kilometres