ANNUAL REPORT

EXPLORATION LICENCE 8101

28th May, 1993

to

27th May, 1994

Licensee: Aberfoyle Resources Limited

Operator: Ashton Mining Limited

Sheet Reference: 1:250,000 Mt Drummound (SE 53-12)

1:250,000 Ranken (SE 53-16)

Submitted to: Department of Mines & Energy

DARWIN

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CR 94/432

June, 1994

Report Number: 50899
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SUMMARY

During the period 28th May, 1993 to 27th May, 1994 Ashton Mining Limited carried out an exploration programme for diamonds over Exploration Licence 8101. This report provides details of work undertaken during the first year of tenure.

The licence was granted to Aberfoyle Resources Limited, however, under the terms of the Australian Diamond Exploration Joint Venture agreement, Ashton Mining is able to carry out diamond exploration over the tenement.

As part of a regional bulk sampling programme, one 90 tonne sample was collected from EL 8101 during the first year of tenure. Processing of this sample, through an HMS plant, returned a negative result.

Reconnaissance stream sampling was also completed in early 1994, with twenty-eight samples being collected.

Exploration expenditure amounted to $31,131 against a covenant of $25,000.
1.0 INTRODUCTION

Exploration Licence 8101 was granted to Aberfoyle Resources Limited on the 28th May, 1993 for a period of six years. The licence covers an area of 352 blocks and is situated on the Mt Drummond (SE 53-12) and Ranken (SE 53-16) 1:250,000 map sheets (Figure 1).

Under the terms of the Australian Diamond Exploration Joint Venture Agreement (ADEJV), Ashton Mining Limited is able to conduct diamond exploration on this tenement.

This report summarises all work undertaken during the period 28th May, 1993 to 27th May, 1994. A statement of expenditure is included in this report.

2.0 EXPLORATION PROGRAMME

2.1 Bulk Sampling

During the first year of tenure, one bulk sample (MDR 3799) was collected from the tenement area. The 90 tonne sample was carted to Ashton Mining's HMS plant, situated at Cape Crawford, for processing. The sample returned a negative result in the field. Further analysis was carried out by Ashton's diamond laboratory, based in Perth, but no indicators or microdiamonds were recovered.

The location of this bulk sample can be seen in Plan 1.
FIGURE 1
E.L. 8101 LOCATION MAP

NORTHERN TERRITORY

ASHTON MINING LIMITED
ADE JOINT VENTURE

JUNE, 1994
2.2 Reconnaissance Stream Sampling

Reconnaissance stream sampling was undertaken on the tenement in early 1994. A total of 28 (30kg) samples were collected (Plan 1). Samples have been despatched to Ashton laboratory in Perth for processing and analysis for microdiamonds. Results are awaited.

3.0 EXPLORATION EXPENDITURE

Exploration expenditure for the first year of tenure amounted to $31,131. A detailed breakdown is shown in Appendix 1.

4.0 CONCLUSIONS AND RECOMMENDATIONS

Further work on this tenement will be dependent on the results of the reconnaissance stream sampling. However, an absence of commercial sized diamonds in the bulk sample MDR 3799, has significantly downgraded the prospectivity of the property.

5.0 PROPOSED PROGRAMME AND BUDGET

The proposed exploration programme for the period 28th May, 1994 to 27th May, 1995, while dependent on pending results, could include follow-up stream and loam sampling and possible airborne geophysical surveys.

A budget of $25,300 would be envisaged to complete this work. A breakdown is given on Page 3.
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<th>Description</th>
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<td><strong>Total</strong></td>
<td><strong>$ 25,300</strong></td>
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APPENDIX 1

Statement of Expenditure
**STATEMENT OF EXPENDITURE**

**EXPLORATION LICENCE 8101**

For the Period
28th May, 1993 to 27th May, 1994

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Sub-Total                          $ 29,501

10% Overheads                      2,950

**TOTAL:**                           $ 32,451