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ANNUAL REPORT

EXPLORATION LICENCE 8101

28th May, 1994
to
27th May, 1995

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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SUMMARY

During the period 28th May, 1994 to 27th May, 1995 Ashton Mining Limited carried out an exploration programme for diamonds over Exploration Licence 8101. This report provides details of work undertaken during the reporting period.

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.

Ashton's exploration activities consisted of follow-up stream sampling. A total of thirteen samples were collected and forwarded to Ashton's laboratory for microdiamond and indicator analysis. Results are awaited.

Exploration expenditure amounted to \$ 28,758 against a covenant of \$ 25,300.

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.

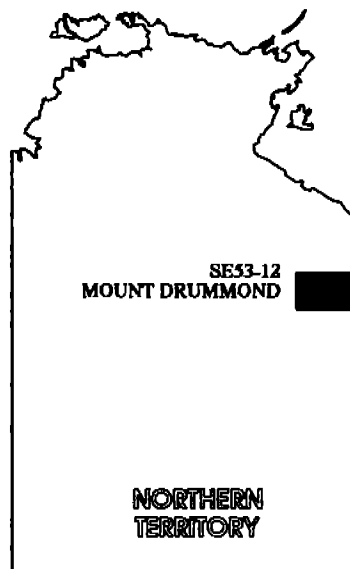
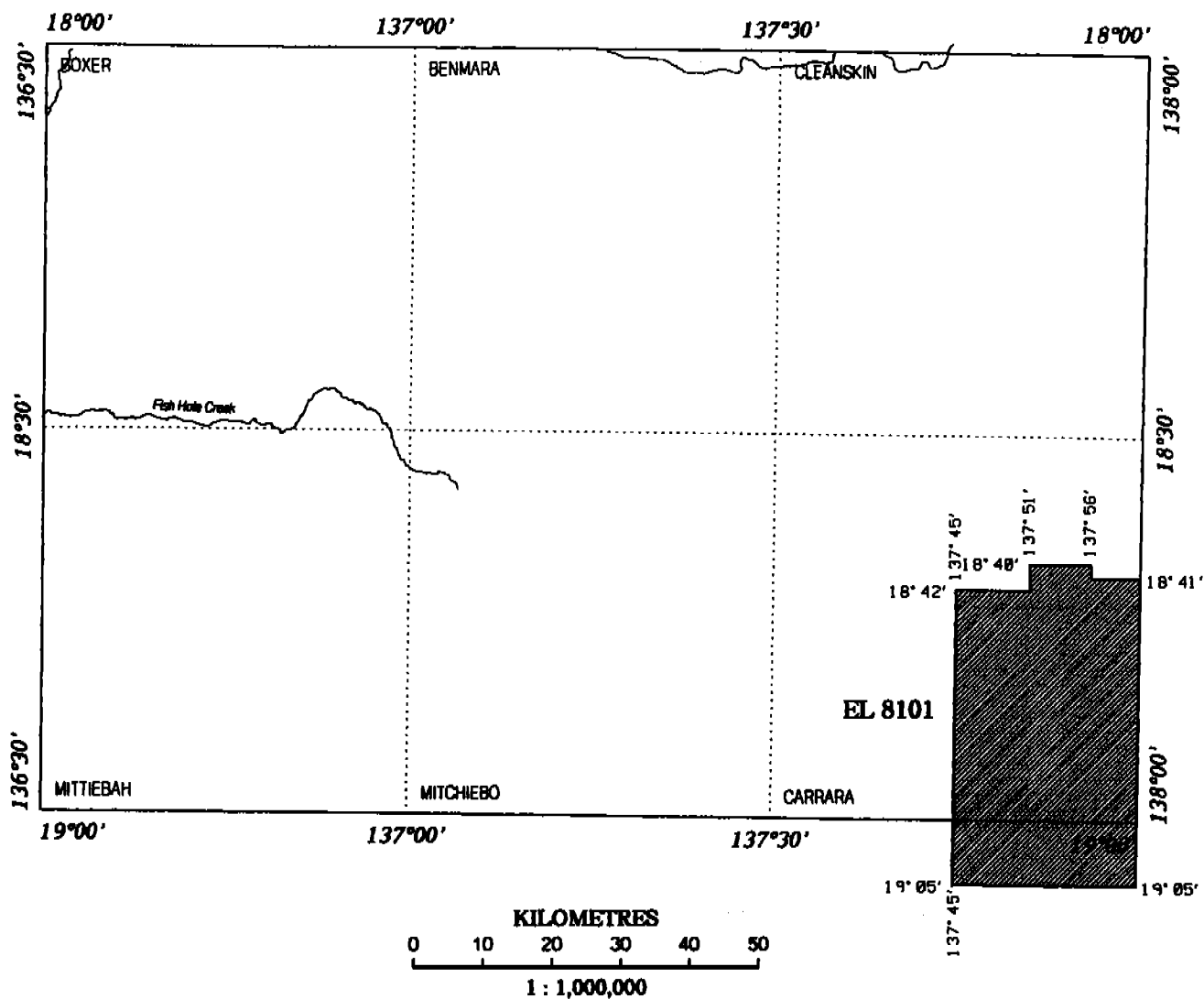
This report summarises all work undertaken during the period 28th May, 1994 to 27th May, 1995. A statement of expenditure is included in this report.

2.0 EXPLORATION PROGRAMME

2.1 Reconnaissance Sampling - Previous Year

In early 1994, reconnaissance stream sampling was undertaken on EL 8101. A total of twenty-seven (30kg) samples were collected. Results are shown in Appendix 1.

Five samples reported positive for microdiamonds with one sample, MDR 3820, reporting two microdiamonds, and another sample, MDR 3822, reporting four microdiamonds. These samples are in drainages sourcing from a common area.



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A.D.E. JOINT VENTURE**

**FIGURE 1
EXPLORATION LICENCE 8101
LOCATION MAP**

JUNE, 1995

2.2 Follow-Up Stream Sampling

A programme of follow-up stream sampling was completed in early 1995. A total of thirteen (30kg) samples were collected. Samples have been despatched to Ashton's laboratory in Perth for processing and analysis for microdiamonds and indicator minerals. Results are awaited.

Sample locations are shown on Plan 1.

2.3 Laboratory Procedure

All samples were processed by the Ashton Mining Limited Laboratory in Perth, where they were concentrated by Wilfley Table and heavy liquid separation techniques.

The heavy liquid used was tetrabromethane with a specific gravity of 2.96. The concentrates were then screened into various size fractions, further concentrated where required by magnetic and electrostatic separation techniques and a comprehensive grain by grain examination carried out on the minus 1.0mm plus 0.425mm fractions.

3.0 EXPLORATION EXPENDITURE

Exploration expenditure for the period 28th May, 1994 to 27th May, 1995 amounted to \$ 28,758. A detailed breakdown is shown in Appendix 2.

4.0 CONCLUSIONS AND RECOMMENDATIONS

Although there appears to be a weak microdiamond anomaly, which hints at a source area in the poorly drained central area of the tenement, the lack of conventional indicator minerals reduces the prospectivity of the area. Dependant on encouraging results from the outstanding samples, additional follow-up in the central black soil area is recommended.

5.0 PROPOSED PROGRAMME AND BUDGET

The proposed exploration programme for the period 28th May, 1995 to 27th May, 1996, while dependent on pending results, will include follow-up grid loaming and stream sampling, and possible helimag geophysical surveys.

A budget of \$ 30,000 would be envisaged to complete this work. A breakdown is given below.

Labour	6,000
Field Support/Office Staff	4,000
Vehicles	3,000
Air Charter	5,000
Geophysics	8,000
Laboratory	4,000
	<hr/>
	\$ 30,000
	<hr/>

APPENDIX 1

Sample Results

**EXPLORATION LICENCE 8101
SAMPLE RESULTS**

Sample	Result	Type	Diamond		Chromite	Other
			Micro	Macro		
MDR03816	neg	G	-	-	-	-
MDR03818	neg	G	-	-	-	-
MDR03820	POS	G	2	-	-	-
MDR03822	POS	G	4	-	-	-
MDR03824	neg	G	-	-	-	-
MDR03826	neg	G	-	-	-	-
MDR03827	POS	G	1	-	-	-
MDR03828	neg	G	-	-	-	-
MDR03831	POS	G	1	-	-	-
MDR03832	POS	G	1	-	-	-
MDR03833	neg	G	-	-	-	-
MDR03834	neg	G	-	-	-	-
MDR03835	neg	G	-	-	-	-
MDR03836	neg	G	-	-	-	-
MDR03837	neg	G	-	-	-	-
MDR03838	neg	G	-	-	-	-
MDR03839	neg	G	-	-	-	-
MDR03840	neg	G	-	-	-	-
RAN00236	neg	G	-	-	-	-
RAN00237	neg	G	-	-	-	-
RAN00252	neg	G	-	-	-	-
RAN00253	neg	G	-	-	-	-
RAN00254	neg	G	-	-	-	-
RAN00255	neg	G	-	-	-	-
RAN00256	neg	G	-	-	-	-
RAN00257	neg	G	-	-	-	-
RAN00258	neg	G	-	-	-	-
MDR03841	npro	G	-	-	-	-
MDR03842	npro	G	-	-	-	-
MDR03843	npro	G	-	-	-	-
MDR03844	npro	G	-	-	-	-
MDR03845	npro	G	-	-	-	-
MDR03846	npro	G	-	-	-	-
MDR03847	npro	G	-	-	-	-
MDR03848	npro	G	-	-	-	-
MDR03849	npro	G	-	-	-	-
MDR03850	npro	G	-	-	-	-
MDR03851	npro	G	-	-	-	-
MDR03852	npro	G	-	-	-	-
MDR03853	npro	G	-	-	-	-

SAMPLE METHODS/TYPE

G = Gravel

L = Loam

R = Rock

P = Pit

BG = Bulk Gravel

BL = Bulk loam

BT = Bulk trench

TR = Trench/Costean

LG = Loam on grid

LP = Loam on photo feature

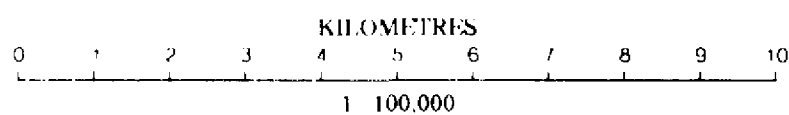
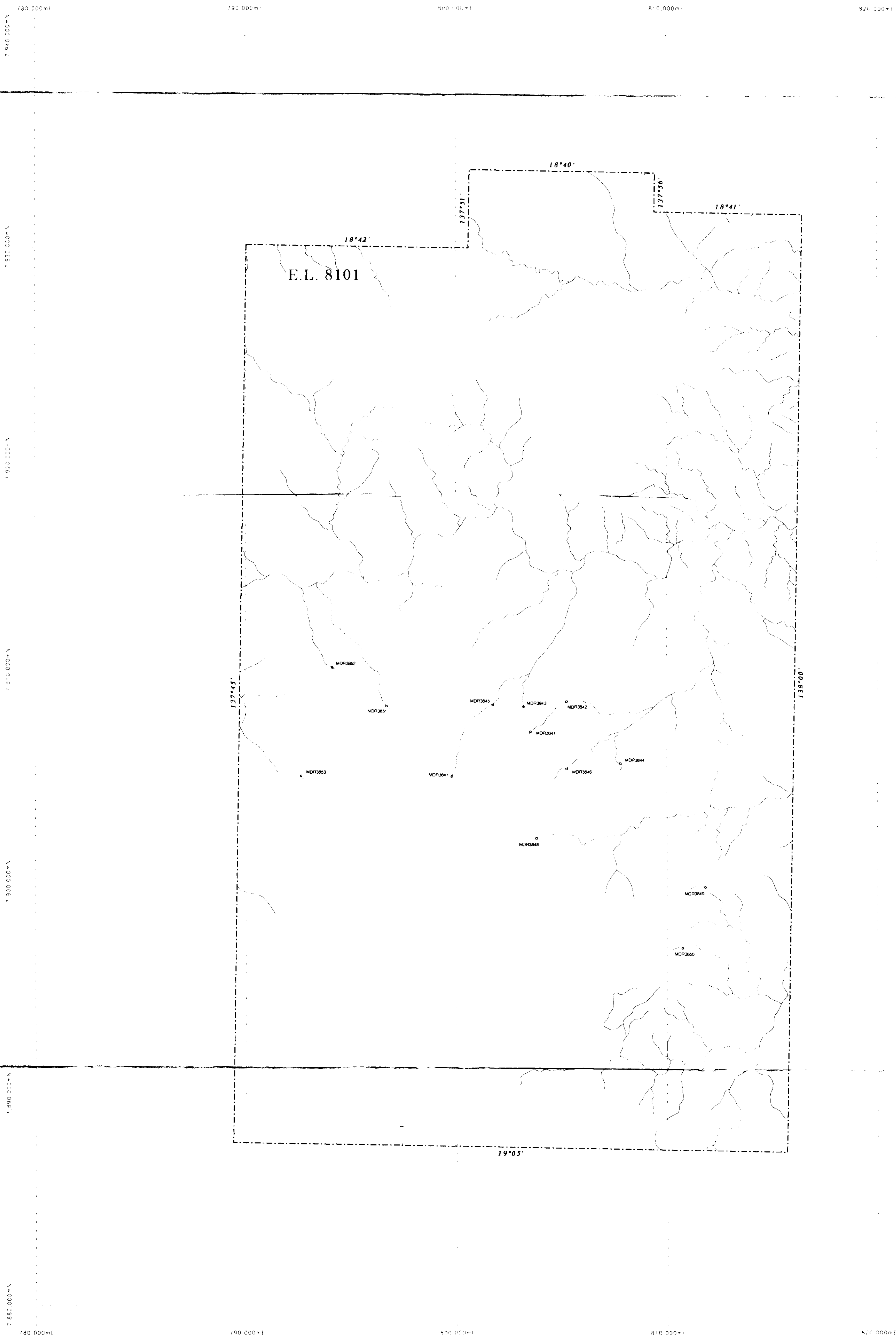
LM = Loam on geophysical anomaly

DS = Drill spoil

npro = not processed yet→

APPENDIX 2

Statement of Expenditure



- Sample not yet processed
- Sample negative
- ◆ Sample chromite positive
- ◇ Sample diamond positive
- Sample other indicators



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EXPLORATION LICENCE 8101		
SAMPLE LOCATIONS		
PLAN 1		
Geologist	Date	Report No
Drafted	Revised	Drawing No

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