ANNUAL REPORT

EXPLORATION LICENCE 7266
"Little Rosie Creek"

24th May, 1995 to 23rd May, 1996

Licensee: Ashton Mining Limited
Operator: Ashton Mining Limited
          BHP Minerals
Sheet Reference: 1:250,000 Bauhinia Downs (SE53-03)
Project: Leila Creek
Submitted to: Department of Mines and Energy, Darwin
Copies to: Ashton Mining Limited - Perth Office
          Ashton Mining Library

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June, 1996
Report Number: 51372
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- Plan 1. Sample Location Plan

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- Appendix 2. Statement of Expenditure
SUMMARY

During the period 24th May, 1995 to 23rd May, 1996 Ashton Mining Limited, on behalf of the Australian Diamond Exploration Joint Venture (ADE JV), carried out an exploration programme over Exploration Licence 7266. This report provides details of work undertaken on the licence during the reporting period.

A gravel sampling programme was undertaken in the fifth year of the licence. Two gravel samples were collected and sent for diamond and indicator analysis at Ashton's Perth laboratory. Both samples returned a negative result. Sample results from the last reporting period became available. One sample contains a microdiamond and the other seven are all negative.

Through a data swap with BHP, interpretation of an aerial magnetic survey was carried out inhouse. No targets were delineated.

BHP Minerals withdrew from EL 7266 on the 20th June, 1995 under the terms of the McArthur River Joint Venture agreement. No base metal exploration field work was undertaken during the reporting period. A final report on all base metal exploration within EL 7266 will be lodged with the Department of Mines and Energy by BHP Minerals.

Exploration expenditure for the reporting period amounted to $13,128 against a covenant of $25,000. An application for variation on the expenditure covenant has been forwarded to the Department.
KEYWORDS:

Diamond exploration; Gravel sampling; Microdiamonds; Geophysical surveys; Magnetic interpretation

LOCATION:

Bauhinia Downs (SE53-03); Batten (6065)
1.0 INTRODUCTION

Exploration Licence 7266 was granted to Ashton Mining Limited on the 24th May, 1991 for a period of six years. Ashton Mining Limited is the manager of the licence, on behalf of the Australian Diamond Exploration Joint Venture (ADE JV). Partners of the ADE JV include Aberfoyle Resources Limited and Australian Diamond Exploration NL (ADEX).

The original licence covered an area of 205 blocks but after the statutory relinquishments in 1993, 1994 and 1995, the current area is 25 blocks (80.25km²). The tenement is located on the Bauhinia Downs (SE 53-03) 1:250,000 map sheet and the location map is shown in Figure 1. The target for exploration within this licence is diamond bearing kimberlitic intrusives.

This report provides a summary of work undertaken by Ashton Mining during the reporting period 24th May, 1995 to 23rd May, 1996. A statement of expenditure is included in this report.

BHP Minerals were undertaking base metal exploration within EL 7266 under the McArthur River Joint Venture agreement but withdrew from this tenement on the 20th June, 1995. No base metal exploration field work was undertaken during this reporting period and a final report on all base metal exploration has been lodged with the Department of Mines and Energy by BHP Minerals.
ASHTON MINING LIMITED
A.D.E. JOINT VENTURE
EXPLORATION LICENCE 7266
ANNUAL REPORT
FIGURE 1
LOCATION MAP
MAY, 1996
2.0 EXPLORATION PROGRAMME AND RESULTS

2.1 Gravel Sampling

During the fifth year of the licence, Ashton undertook a further reconnaissance gravel sampling programme. A total of two gravel samples were collected and forwarded to Ashton’s Perth laboratory for heavy mineral analysis. Both results were negative.

Sample locations are shown in Plan 1 and a listing of sample results appears in Appendix 1.

Results of samples taken from the previous reporting period became available. Sample BAU14120 contained a microdiamond but the other seven samples returned negative results.

2.2 Geophysics

Interpretation of an aerial magnetic/radiometric survey flown by BHP, and obtained by Ashton through a data swap with BHP, was undertaken. No targets were identified. Magnetic total contours are shown in Figure 2.

2.3 Laboratory Procedure

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

The heavy liquid used is tetrabromethane with a specific gravity of 2.96. The concentrates are then screened into various size fractions, further concentrated 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 24th May, 1995 to 23rd May, 1996 amounted to $13,128. A detailed breakdown of expenditure is given in Appendix 2.

4.0 CONCLUSIONS AND RECOMMENDATIONS

Whilst results are disappointing, positive results in adjoining tenements warrants further follow-up, including the collection of a bulk sample within a prospective drainage system.

5.0 PROPOSED PROGRAMME AND BUDGET

The proposed programme and budget for the period 24th May, 1996 to 23rd May, 1997 is as follows:

1. Collection of a bulk sample.
2. Further reconnaissance sampling.

Geoscientist/Professional
Field Support/Office Staff
Travel/Accommodation.Meals
Field Supplies
Operating Costs
Equipment Hire
Laboratory
HMS Plant

\[
\begin{align*}
\text{2,000} & \\
\text{3,000} & \\
\text{2,000} & \\
\text{500} & \\
\text{500} & \\
\text{4,000} & \\
\text{2,000} & \\
\text{2,000} & \\
\hline
\text{\$16,000} & \\
\end{align*}
\]
6.0 REFERENCES


APPENDIX 1

Sample Results
<table>
<thead>
<tr>
<th>Sample</th>
<th>Type</th>
<th>Result</th>
<th>Lab_wt(kg)</th>
<th>Diamonds</th>
<th>Chromite</th>
<th>Other</th>
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<tr>
<td>BAU14068</td>
<td>G</td>
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<td>31.4</td>
<td>-</td>
<td>-</td>
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<tr>
<td>BAU14107</td>
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<td>38.6</td>
<td>-</td>
<td>-</td>
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<td>BAU14116</td>
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<td>BAU14120</td>
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<td>77</td>
<td>-</td>
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<tr>
<td>BAU14234</td>
<td>G</td>
<td>neg</td>
<td>33</td>
<td>-</td>
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NOTE: G = Gravel sample
APPENDIX 2

Statement of Expenditure
STATEMENT OF EXPENDITURE

EXPLORATION LICENCE 7266

For the period
24th May, 1995 to 23rd May, 1996

<table>
<thead>
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<th>Item</th>
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<td>Geoscientist/Professional</td>
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<td>Other Contracts</td>
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<td>Travel/Accommodation/Meals</td>
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<td>Geophysics</td>
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<td><strong>Sub-Total</strong></td>
<td>11,935</td>
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<td><strong>10% Overheads</strong></td>
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<tr>
<td><strong>Total:</strong></td>
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