ANNUAL REPORT

EXPLORATION LICENCE 8381

29th December, 1993
to
28th December, 1994

Licensee: Ashton Mining Limited
Operator: Ashton Mining Limited
Sheet Reference: 1:250,000 Mount Young (SD 53-15)
Submitted to: Department of Mines and Energy, Darwin
Copies to: Ashton Mining Limited - Perth Office
Ashton Mining Library

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December, 1994
Report Number: 51088
CONTENTS

SUMMARY ................................................................. (i)

1.0 INTRODUCTION ...................................................... 1

2.0 DIAMOND EXPLORATION PROGRAMME ......................... 1
   2.1 Data Review ...................................................... 1
   2.2 Gravel Sampling ................................................. 2
   2.3 Laboratory Procedure ......................................... 2

3.0 EXPLORATION EXPENDITURE ...................................... 2

4.0 CONCLUSIONS AND RECOMMENDATIONS .......................... 3

5.0 PROPOSED PROGRAMME AND BUDGET ............................ 3

FIGURES

Figure 1.  Tenement Location Plan

PLANS

Plan 1.  Sample Location Plan

APPENDICES

Appendix 1.  Sample Results
Appendix 2.  Statement of Expenditure
SUMMARY

During the period 29th December, 1993 to 28th December, 1994 Ashton Mining Limited, on behalf of the Australian Diamond Exploration Joint Venture (ADE JV), carried out an exploration programme over Exploration Licence 8381. This report provides details of work undertaken on the licence during the reporting period.

Ashton undertook a gravel sampling programme during the first year of tenure. A total of eleven samples were collected and are currently undergoing analysis at Ashton's laboratory. Results are yet to be finalised.

Exploration expenditure for the reporting period amounted to $14,724 against a covenant of $10,000.
1.0 INTRODUCTION

Exploration Licence 8381 was granted to Ashton Mining Limited on 29th December, 1993, for a period of six years. The licence covers an area of 25 blocks and is located on the Mount Young (SD 53-15) 1:250,000 map sheets. A tenement 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 29th December, 1993 to 28th December, 1994. A statement of expenditure is included in this report.

2.0 EXPLORATION PROGRAMME

2.1 Data Review

Prior to commencing field work, a comprehensive data review of results and previous exploration in the tenement area was undertaken. This highlighted areas which had not been adequately explored. Proposed gravel sample locations were then selected and plotted in the office on the Tawallah Range 1:100,000 map sheet.
2.2 Gravel Sampling

During the first year of tenure, Ashton implemented a gravel sampling programme within the licence area. A total of eleven samples were collected and forwarded to Ashton's Perth laboratory for analysis. To date, six samples have been processed, all returning a negative result. Processing of the remaining samples is continuing, and these results will be available in the next reporting period.

Sample locations are shown on Plan 1. Results are given in Appendix 1.

2.3 Laboratory Procedure

The samples are being 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 tetrabromomethane with a specific gravity of 2.96. The concentrates will then be 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 29th December, 1993 to 28th December, 1994 amounted to $14,724. A detailed breakdown of expenditure is given in Appendix 2.
ASHTON MINING LIMITED
A.D.E. JOINT VENTURE

EXPLORATION LICENCE 8381
SAMPLE LOCATIONS

PLAN 1

DECEMBER, 1994

- Sample - not yet processed
- Sample - negative
- Sample - chromite positive
- Sample - diamond positive
- Sample - other indicators
4.0 CONCLUSIONS AND RECOMMENDATIONS

Recommendation for further work will be dependent on the results of the remaining samples awaiting processing.

5.0 PROPOSED PROGRAMME AND BUDGET

The proposed programme and budget for the period 29th December, 1994 to 28th December, 1995 is as follows:

- Assessment and interpretation of sample results when available.
- Further gravel sampling and follow-up of positive results, if warranted.
- Possible airborne geophysical survey.

Budget:

Geoscientist/Professional 2,500
Field Support/Office Staff 1,500
Other Contractors 500
Travel/Accommodation/Meals 1,000
Vehicles 1,200
Helicopter Charter 3,000
Fixed Wing Air Charter 3,000
Geophysical Survey 4,000
Laboratory 2,000
Drafting 200

Sub-total 18,900
10% Overheads 1,890

TOTAL: $ 20,790
APPENDIX 1

Sample Results
EXPLORATION LICENCE 8381
SAMPLE RESULTS

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<th>Result</th>
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SAMPLE METHODS/TYPES

G = Gravel  BG = Bulk gravel  LG = Loam on grid
L = Loam    BL = Bulk loam   L PF = Loam on photofeature
R = Rock    BT = Bulk trench DS = Drill spoil
P = Pit     TR = Trench/costean
APPENDIX 2

Statement of Expenditure
<table>
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<tr>
<th>Description</th>
<th>Amount</th>
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<td>Geoscientist/Professional</td>
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