ANNUAL REPORT

EXPLORATION LICENCE 8907

3rd February, 1995
to
2nd February, 1996

Licensee: Ashton Mining Limited
Operator: Ashton Mining Limited
          BHP Minerals
Sheet Reference: 1:250,000 Bauhinia Downs (SE 53-03)
Submitted to: Department of Mines and Energy, Darwin
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          Ashton Mining Library

Author:
T. Rogers
ASHTON MINING LIMITED
24 Outram Street
WEST PERTH WA 6005

February, 1995
Report Number: 51279
SUMMARY

During the period between 3rd February, 1995 to 2nd February, 1996, Ashton Mining Limited, through the Australian Diamond Exploration Joint Venture (ADE JV), and between 1st July, 1995 to 2nd February, 1996 BHP Minerals (BHPM), through the McArthur (Metals) Joint Venture, carried out exploration activities on EL 8907. This report provides details of the work undertaken during the first year of the licence.

During the reporting period, Ashton's exploration programme consisted of regional reconnaissance stream sampling. A total of two gravel samples were collected. Both samples were sent to Ashton's Perth Laboratory for analysis, and await processing. No work was carried out by BHP Minerals during the reporting period.

Exploration expenditure for this reporting period amounted to $5,743.
1.0 INTRODUCTION

Exploration Licence 8907 was granted to Ashton Mining Limited on the 3rd February, 1995 for a period of six years. The total area of EL 8907 covers 14 blocks or 44.94 square kilometers and is located on the Bauhinia Downs 1:250,000 map sheet (Figure1).

The target for exploration within the licence is diamond bearing kimberlitic intrusives and the principle exploration technique employed has been regional stream sampling.

As these tenements are situated in what is a recognised base metal province, a joint venture has been negotiated with BHP Minerals which allows them to earn up to 80% of the base metal rights to EL 8907.

2.0 DIAMOND EXPLORATION

2.1 Previous Exploration Review

Prior to commencing field work, a comprehensive review of previous exploration completed in the area was undertaken. This highlighted areas which had not been adequately explored.

2.2 Stream Sampling Programme

A sampling programme was planned which concentrated on poorly sampled areas, especially poorly drained planation surfaces.
During the first year of the licence, a total of two gravel samples were collected. Both samples were forwarded to Ashton’s laboratory and await processing. Sample locations are shown on Figure 2.

2.3 Laboratory Procedure

All 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 first year of the tenement amounted to $5,743 against a covenant of $12,000. A detailed breakdown of expenditure is given in Appendix 1.

An application for variation has been submitted to the Department for this title.

4.0 CONCLUSIONS AND RECOMMENDATIONS

Ashton will not be undertaking any further exploration over this title during the 1996 field season.
BHP will be undertaking base metal exploration as provided for under the terms of the McArthur River Joint Venture.

5.0 WORK PROGRAMME AND BUDGET

The proposed programme and budget for EL 8097 for the period 3rd February, 1996 to 2nd February, 1997 is as follows:

Base Metals

1. Airborne GEOTEM survey over the southern half of tenement area at 1 km line spacing.

2. Ground TEM follow-up of airborne GEOTEM anomalies if warranted. One 1-2 km long line over the anomaly will be the usual configuration of the ground based survey.

3. Diamond drilling of TEM anomalies if warranted.

<table>
<thead>
<tr>
<th>Description</th>
<th>Cost</th>
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</thead>
<tbody>
<tr>
<td>Airborne GEOTEM survey 25 line km @ $60/km</td>
<td>1,500</td>
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<tr>
<td>Data Processing and Interpretation</td>
<td>2,000</td>
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<tr>
<td>Ground TEM follow-up 1 site @ $4,000/site</td>
<td>4,000</td>
</tr>
<tr>
<td>Office Costs</td>
<td>8,500</td>
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<tr>
<td><strong>Total:</strong></td>
<td><strong>$ 8,500</strong></td>
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APPENDIX 1

Statement of Expenditure
TABLE OF EXPENDITURE

EXPLORATION LICENCE 8907

For the period
3rd February, 1995 to 2nd February, 1996

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Geoscientist/Professional</td>
<td>1,252</td>
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<tr>
<td>Field Support/Office Staff</td>
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<tr>
<td>Travel/Accommodation/Meals</td>
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<td>Helicopter Charter</td>
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<td>Laboratory</td>
<td>322</td>
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<tr>
<td>Drafting/computing</td>
<td>311</td>
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<tr>
<td><strong>Sub-Total</strong></td>
<td>5,221</td>
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<tr>
<td>10% Overheads</td>
<td>522</td>
</tr>
<tr>
<td><strong>Total:</strong></td>
<td><strong>$ 5,743</strong></td>
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