ANNUAL REPORT

EXPLORATION LICENCE 8745

12th September, 1996 to 5th October, 1996

Licensee: Perilya Mines NL

Operator: Ashton Mining Limited
          Perilya Mines NL

Sheet Reference: 1:250,000 Bauhinia Downs (SE53-03)

Submitted to: Department of Mines and Energy, Darwin

 Copies to: Redfire Resources NL
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Author:

T. Rogers
ASHTON MINING LIMITED
21 Wynyard Street
BELMONT WA 6104

October, 1996
Report Number: 51476
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SUMMARY

During the period 12th September, 1996 to the 5th October, 1996, Ashton Mining Limited, on behalf of the Australian Diamond Exploration Joint Venture (ADE JV), carried out an exploration programme over Exploration Licence 8745. The licence was granted to Perilya Mines NL, however through the Diamond Joint Venture, Ashton Mining has gained access to the tenement to conduct diamond exploration. This report provides details of work undertaken by Ashton Mining Limited within the licence.

Ashton Mining undertook stream gravel sampling. Two gravel samples were collected and sent to Ashton's Perth laboratory for processing. Both samples are awaiting processing and results are pending.

Exploration expenditure for the reporting period amounted to $1,123.

KEYWORDS:

Diamond exploration, Gravel sampling

LOCATION:

Bauhinia Downs (SE5303), Batten (6065)
1.0 INTRODUCTION

Ashton Mining Limited, on behalf of the Australian Diamond Exploration Joint Venture (ADE JV), entered into a joint venture with Redfire Resources NL, on the 12th September, 1996. This agreement enabled the ADE JV to carry out its search for diamond bearing kimberlitic intrusives within several of Redfire's and its associated company Perilya Mines NL's tenements including Perilya's tenement, Exploration Licence 8745. The joint venture is referred to as the Diamond Joint Venture.

Exploration Licence 8745, granted on the 6th October, 1994, covers an area of 13 blocks and is located on the Bauhinia Downs (SE53-03)1:250 000 map sheet. A tenement location map is shown in Figure 1.

A statement of expenditure is included in this report.

2.0 DIAMOND 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 Batten 1:100 000 map sheet.
ASHTON MINING LIMITED
PERILYA MINES N.L.

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FIGURE 1
LOCATION MAP

OCTOBER, 1996
2.2 Gravel Sampling

During the reporting period, Ashton Mining conducted a reconnaissance stream gravel sampling programme which collected two samples within this licence.

Sampling was completed using helicopters as they are the most practical mode of transport with the advantage of ease of access and navigation. They also enable the geologist to scan the area for prospective trap sites. The best quality heavy mineral trap in the vicinity of the pre-selected site is chosen for sampling.

Once a suitable site is located, approximately 40kg of gravel is gathered, sieved and the minus 4mm fraction collected in calico bags for laboratory examination. This fraction generally weighs between 25 and 30kg and is usually contained within two bags. The bags are sent to Ashton’s Perth laboratory for diamond and indicator analysis.

Sample locations are provided in Figure 2. A sample listing is provided in Appendix 1.

2.3 Laboratory Procedure

The samples are being processed by 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 12th September, 1996 to 5th October, 1996 amounted to $1,123. A detailed breakdown of expenditure is given in Appendix 2.

4.0 **CONCLUSIONS AND RECOMMENDATIONS**

As the joint venture agreement was signed near the end of the current reporting period very little field work was completed. Further regional reconnaissance sampling is recommended.

5.0 **PROPOSED PROGRAMME AND EXPENDITURE**

The proposed programme and budget for the period 12th October, 1996 to 11th October, 1997 is as follows:

1. Further reconnaissance sampling
2. Follow-up sampling if warranted

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$12,000
APPENDIX 1

Sample Results
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NOTE: G = gravel sample; npro = not processed
APPENDIX 2

Statement of Expenditure
STATEMENT OF EXPENDITURE

EXPLORATION LICENCE 8745

Annual Report

For the period
12th September, 1996 to 5th October, 1996

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