

ANNUAL REPORT
EXPLORATION LICENCE 7829

27th October, 1994
to
26th October, 1995

Licensee: Kintaro Gold Mines Pty Ltd

Operator: Kintaro Gold Mines Pty Ltd
Ashton Mining Limited

Sheet Reference: 1:250,000 Bauhinia Downs (SE 53-03)
1:250,000 Tanumbirini (SE 53-02)

Submitted to: Kintaro Gold Mines Pty Ltd

Copies to: Ashton Mining Limited - Perth Office
Ashton Mining Library

Author:

N. Ong
ASHTON MINING LIMITED
24 Outram Street
WEST PERTH WA 6005

November, 1995
Report Number: 51178

CRAS/040

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SUMMARY

During the period 27th October 1994 to 26th October 1995, Ashton Mining Limited, on behalf of the Australian Diamond Exploration Joint Venture (ADE JV), carried out an exploration programme over Exploration Licence 7829. The licence was granted to Kintaro Gold Mines Pty Ltd., however on the 1st June 1993, Ashton entered into the Marmbulligan Joint Venture with Kintaro Gold Mines to allow Ashton Mining access to the tenement to conduct diamond exploration. This report provides details of work undertaken during the third year of the licence by Ashton Mining Limited.

During the reporting period, Ashton Mining, on behalf of the ADE JV, undertook follow-up stream sampling and collected 3 samples. Samples were sent to Ashton's Perth laboratory for processing. All samples returned a negative result. One outstanding sample from the last reporting period returned a negative result.

In addition to follow-up sampling, three RAB drill holes were completed. All drill spoil samples collected returned negative results. One bulk gravel sample was taken and also returned a negative result.

An aerial photo survey was undertaken and completed within the reporting period.

Exploration expenditure for the reporting period amounted to \$44,938 against a covenant of \$60,000.

1.0 INTRODUCTION

Ashton Mining Limited, on behalf of the Australian Diamond Exploration Joint Venture (ADE JV), entered into a heads of agreement with Kintaro Gold Mines Pty Ltd., on the 1st June 1993. This agreement enabled the ADE JV to carry out its search for diamond bearing kimberlitic intrusives within Kintaro's tenement, Exploration Licence 7829. The joint venture is referred to as the Marmbulligan Joint Venture.

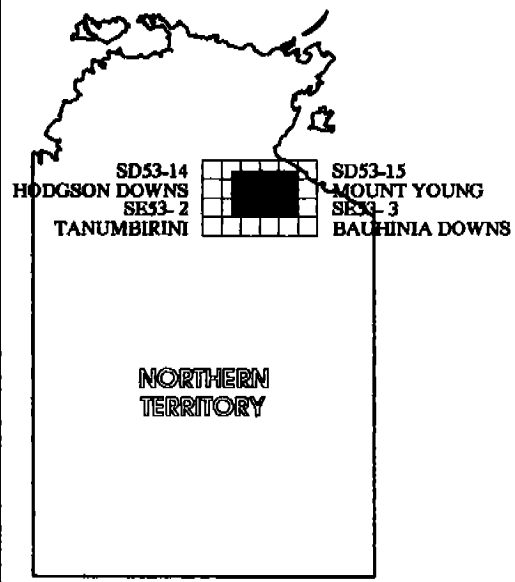
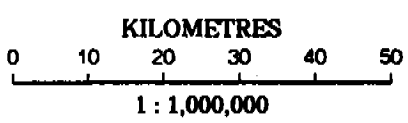
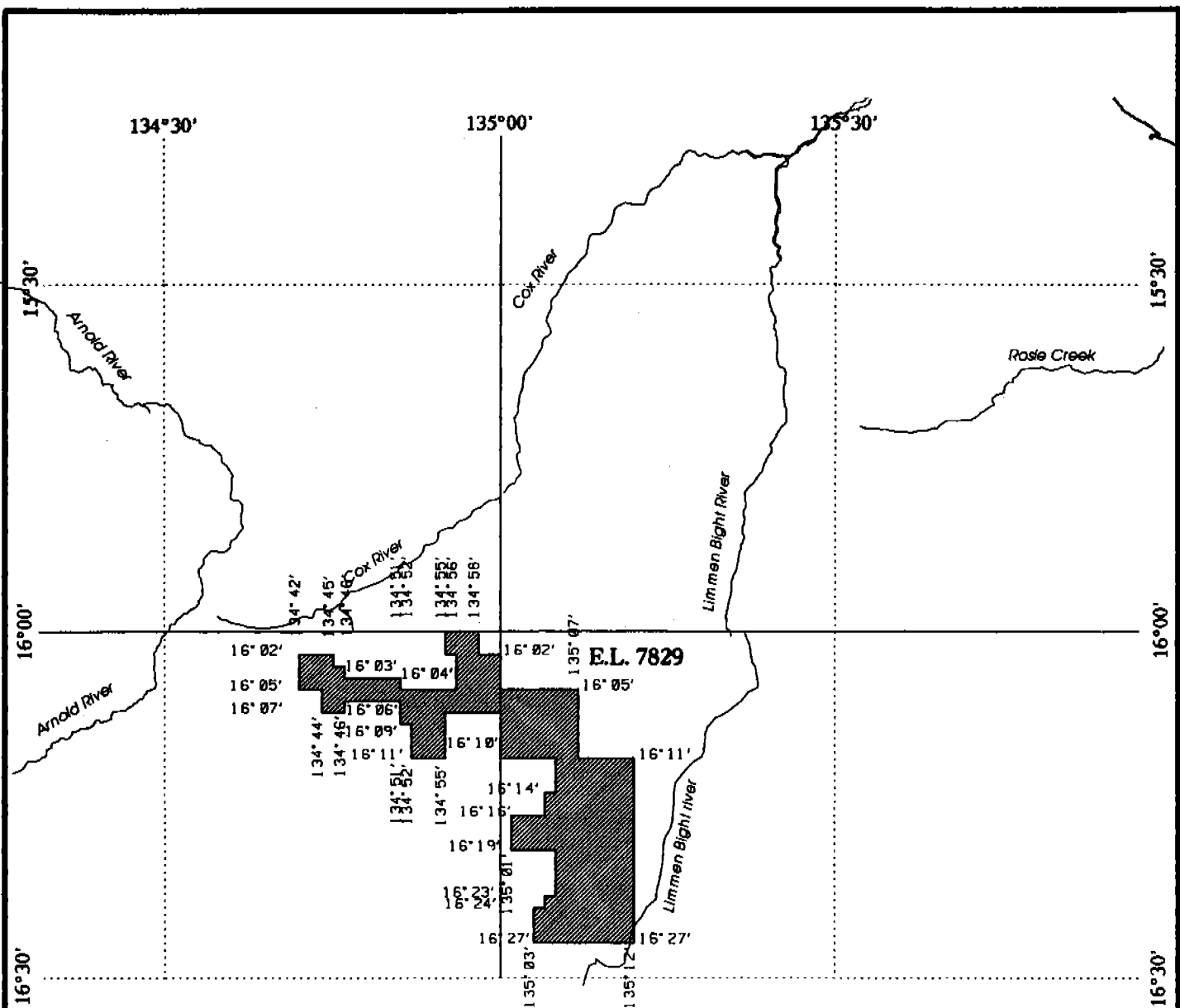
Exploration Licence 7829 was granted on the 27th October 1992. The original licence covered an area of 493 blocks and is located on the Bauhinia Downs (SE53-03) and Tanumbirini (SE 53-02) 1:250 000 map sheets. On the 26th September 1994, the tenement was reduced to 247 blocks. A tenement location map is shown in Figure 1.

This report provides a summary of work undertaken by Ashton Mining during the reporting period 27th October 1994 to 26th October 1995. 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 exploration activities undertaken in the previous reporting period was done. This highlighted areas which had not been adequately explored. Proposed gravel sample locations were then selected and plotted in the office on the Bauhinia Downs and Tanumbirini 1:100 000 map sheet.



**ASHTON MINING LIMITED
A.D.E. JOINT VENTURE**
**MARBULLIGON JOINT VENTURE
EXPLORATION LICENCE 7829
FIGURE 1
LOCATION MAP**

SEPTEMBER, 1995

2.2 Gravel Sampling

During the reporting period, Ashton Mining conducted a stream sampling programme which collected three samples, one being a repeat sample of BAU 2728. The programme was undertaken to follow-up positive samples collected in the previous reporting period. The samples were delivered to Ashton's Perth laboratory for processing. All samples reported negative results.

Sample TAN 00105 which was not processed from the last reporting period, returned a negative result.

Sample locations are provided in Plan 1. A list of sample results is provided in Appendix 1.

2.3 Bulk Sampling

A 50 tonne sample (BAU 2546) was excavated and processed at Ashton's on-site HMS plant at Cape Crawford. Results returned were negative. Sample location can be found on Plan 1. The result of the sample is listed in Appendix 1.

2.4 Drilling

Drilling activities were contracted to Schubert Drilling of Mt. Isa. The design built rig incorporates a 200psi/400dfm compressor and is mounted on a 4x4 high cab Bedford truck.

A total of three RAB holes were completed, BA0004, BA0010 and BA0011, for a total of 68m. Seven samples were collected and were sent to Ashton's Perth laboratory for microdiamond and diamond indicator mineral analysis. All samples returned a negative result.

The three drill-holes were located on DIGHEM geophysical anomalies, two of which were located on the Cat Creek loam grid. The third hole, BA 0004, was taken to further test an anomaly on the Crooked Creek loam grid, located on adjacent tenement EL 7827, however the drill hole fell within the boundaries of EL 7829.

Drill hole locations can be found on Plan 1. A sample list is provided in Appendix 2. Logs are provided in Appendix 3.

2.5 Laboratory Procedures

The samples were processed by Ashton Mining Limited Laboratory in Perth, where they were concentrated by Wilfley Table and heavy liquid separation techniques. The heavy liquid used is tetrabromethane 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.

2.6 Aerial Photography Survey

An aerial photo survey was completed over the licence area by Qasco Northern Surveys Pty Ltd, during the reporting period. Aerial photos were obtained at a scale of 1:10,000. The survey was undertaken to enhance the prospect of locating kimberlite bodies. A location of the survey is located on Plan 1.

3.0 EXPLORATION EXPENDITURE

Exploration expenditure for the period 27th October 1994 to 26th October 1995 amounted to \$44,928. A detailed breakdown of expenditure is given in Appendix 4.

4.0 CONCLUSIONS AND RECOMMENDATIONS

Despite the poor results received from field programmes, the tenement is still considered highly prospective ground. Hence, it is recommended that a more detailed sampling field programme is planned for the next reporting period.

5.0 PROPOSED PROGRAMME AND BUDGET

The proposed programme and budget for the period 27th October 1995 to 26th October 1996 is as follows:

Programme

Follow-up sampling is planned in five areas of reported microdiamond and an area with a reputed indicator mineral. It is estimated that approximately fifty samples will be taken in the next reporting period.

Budget

	(\$)
Labour	9,000
Field Support	4,500
Helicopter	8,000
Vehicles	2,500
Freight	1,000
Laboratory	12,000
<i>Sub-Total</i>	<i>37,000</i>
Overheads	3,700
Total	40,700

APPENDIX 1

Sample Results

**EXPLORATION LICENCE 7829
SAMPLE RESULTS**

27th October, 1994 to 26th October, 1995

Sample	Result	Type	Diamond		Chromite	Other
			Micro	Macro		
BAU 4773*	Neg	LG	-	-	-	-
BAU 4774*	Neg	LG	-	-	-	-
BAU 4775*	Neg	LG	-	-	-	-
TAN 0105	Neg	G	-	-	-	-
BAU 02546	Neg	BG	-	-	-	-
BAU 02728R*	Neg	G	-	-	-	-
BAU 14150	Neg	G	-	-	-	-
BAU 14153	Neg	G	-	-	-	-

* Samples were reported in previous year's annual report, however sample numbers were omitted from sample listing.

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	

R* = repeat sample

APPENDIX 2

Drilling Results

**EXPLORATION LICENCE 7829
DRILLING RESULTS**

27th October, 1994 to 26th October, 1995

Drill Hole	Grid	Sample	Result	Depth		Diamond		Chromite	Other
				From	To	Micro	Macro		
BA 0004	Crk	BAU 08039	Neg	0	3	-	-	-	-
BA 0004	Crk	BAU 08040	Neg	3	9	-	-	-	-
BA 0004	Crk	BAU 08041	Neg	9	14	-	-	-	-
BA 0004	Crk	BAU 08042	Neg	14	27	-	-	-	-
BA 0010	Cat	BAU 08053	Neg	0	6	-	-	-	-
BA 0010	Cat	BAU 08054	Neg	6	20	-	-	-	-
BA 0011	Cat	BAU 08055	Neg	0	21	-	-	-	-

Crk = Crooked Creek Loam Grid
Cat = Cat Creek Loam Grid

APPENDIX 3

Drill Logs

ASHTON MINING LIMITED

RAB HOLE: BA 0004

GEOLOGICAL LOG FOR ROTARY AIR BLAST DRILLHOLE

Logged by: DAVID EVANS

Prospect: BROADMERE Anomaly/Line: CRK EMA + M1

Topographic map: BAUHINIA DOWNS

Grid Coordinates: 900N 1090E

AMG Coordinates: 509960 E 822 1790 N

Tot. Depth: 27. Hole Size: 3 7/8 Azimuth: Inclin. 90° Bit: Hammer Date: 11.10.97 Page: 1 / 1

Interval (m)		Sample No.	Description	Magnetic Susceptibility X10 ⁵ S.I. Units			
From	To	Prefix BAU					
			0-1.7 light brown medium sand, rounded.				
0	3	8039	1.7-3 bedrock, light brown medium to coarse sub-rounded qtz. sst.	0-1		14-15	
3	9	8040		1-2		15-16	
9	14	8041	3-9 dark brown, orange/red ferruginous clayey, fine grained weathered sst. chips of haematite.	2-3		16-17	
14	27	8042		3-4		17-18	
			9-14 cream, brown, clayey weathered sst.	4-5		18-19	
			14-20 cream, red, brown quartz rich, clayey, sst.	5-6		19-20	
				6-7		20-21	
				7-8		21-22	
			NOTE: appear to have drilled through underlying creek bed.	8-9		22-23	
				9-10		23-24	
			20-27 red brown silty, clayey, siliceous	10-11		24-25	
				11-12		25-26	
			NOTE: water table below 27m. Evidence of saturation.	12-13		26-27	
				13-14			

ENTERED

GEOLOGICAL LOG FOR ROTARY AIR BLAST DRILLHOLE

Logged by: DAVID EVANS

Prospect: BROADMERE Anomaly/Line: CAT EM1

Topographic map: BAUHINJA DOWNS

Grid Coordinates: 1100 N 910 E

AMG Coordinates: 519 970 E 820 7240 N

Tot. Depth: 20 Hole Size: 4" Azimuth: Inclinaton: 90° Bit: Hammer Date: 19.10.94 Page: 1 / 1

Interval (m)		Sample No.	Description	Magnetic Susceptibility X10 ⁻⁵ S.I. Units			
From	To	Prefix ..BA..					
			0-1 light brown medium to fine qtz.				
0	6	8053	sand, rounded.				
6	19	8054	1-2 red, brown, ferruginous, qtz.				
			sst., medium, rounded.				
			2-3 red, brown, fine, clayey siltstone				
			3-6 yellow, brown, fine clayey siltstone				
			6-9 light grey, fine siltstone.				
			9-19 light grey, medium to fine qtz. sst.				
			COMMENT: Between 19-20 metres intersected artesian water; may account for there being an anomaly.				
			Artesian flow rate approx: 20 gallons/minute				

APPENDIX 4

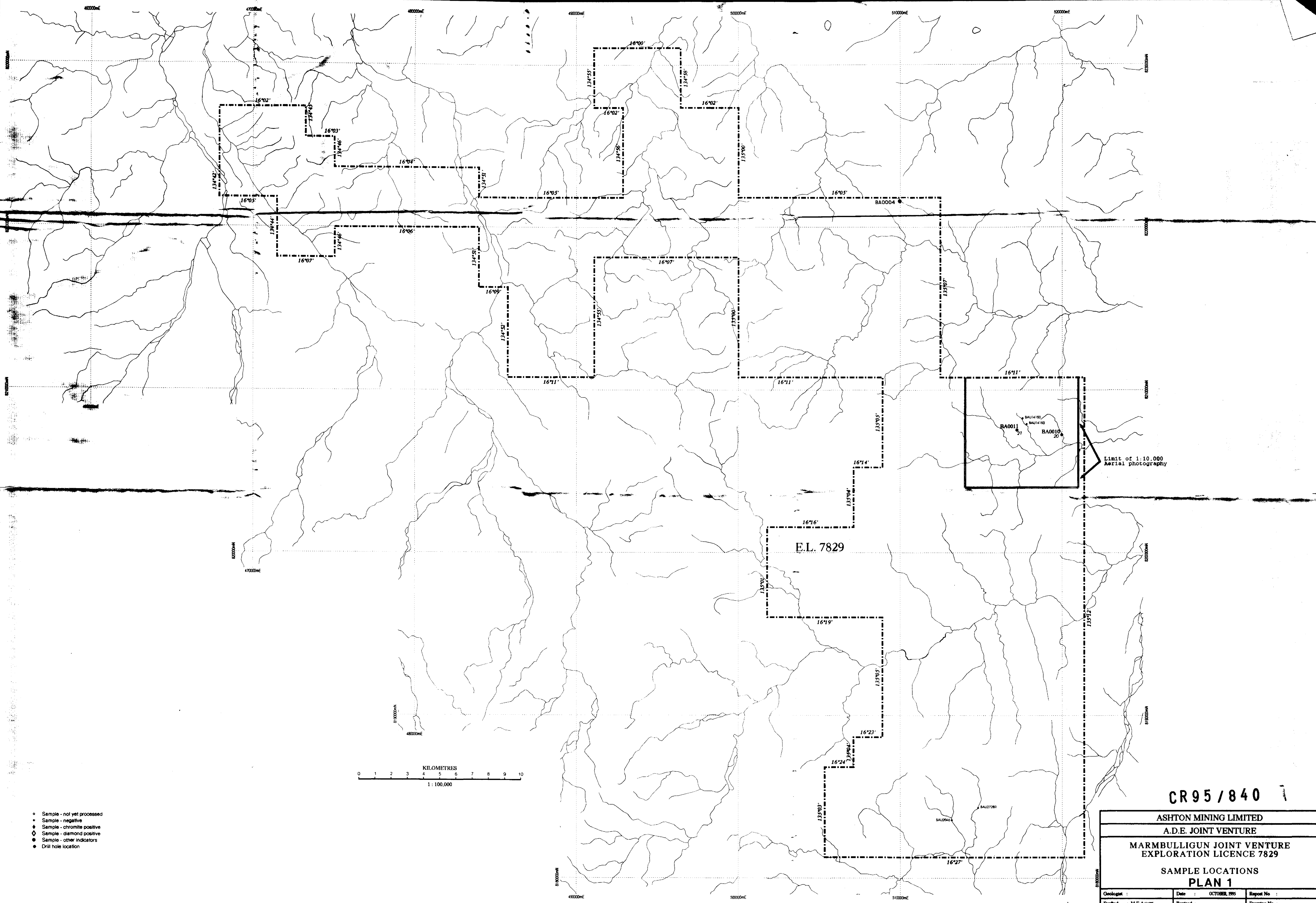
Statement of Expenditure

STATEMENT OF EXPENDITURE

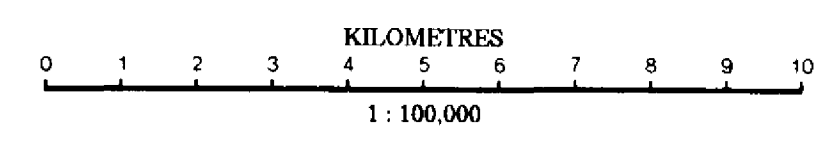
EXPLORATION LICENCE 7829

For the period
27th October, 1994 to 26th October, 1995

Geoscientist/Professional	2,655
Field Support/Office Staff	5,248
Other Contractors	1,888
Field Supplies	3,147
Equipment Hire	11,000
Vehicles/Repairs/Maintenance	936
Freight/Storage	305
Helicopter Charter	4,300
Geophysics	66
Aerial Photography	2,616
Drilling	4,946
HMS Plant	2,000
Laboratory	1,716
Drafting/computing	21
Sub-Total	<hr/> 40,844
10% Overheads	4,084
Total:	<hr/> \$ 44,928 <hr/>



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



Limit of 1:10,000
Aerial photography

CR95/840

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A.D.E. JOINT VENTURE		
MARMBULLIGUN JOINT VENTURE EXPLORATION LICENCE 7829		
SAMPLE LOCATIONS PLAN 1		
Geologist :	Date : OCTOBER, 1995	Report No :
Drawn : M.F.Artoli	Revised :	Drawing No :