ANNUAL REPORT

EXPLORATION LICENCE 7829
"Marmbulligan"

27th October, 1995 to 26th October, 1996

Licensee: Kintaro Gold Mines Pty Ltd

Operator: Kintaro Gold Mines Pty Ltd
Ashton Mining Limited

Sheet Reference:
1:250,000 Bauhinia Downs (SE53-03)
1:250,000 Tanumbirini (SE53-02)

Submitted to:
Department of Mines and Energy, Darwin

Copies to:
Ashton Mining Limited - Perth Office
Ashton Mining Library
Kintaro Gold Mines Pty Ltd

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November, 1996
Report Number: 51486
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SUMMARY

During the period 27th October, 1995 to 26th October, 1996, 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 through the Marmbulligan 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, on behalf of the ADE JV, undertook stream gravel sampling. A total of 15 stream samples were collected and sent to Ashton’s Perth laboratory for diamond and indicator analysis. Twelve samples returned negative results and the remaining three are yet to be processed.

Exploration expenditure for the reporting period amounted to $18,555 against a covenant of $41,000.

KEYWORDS:

Diamond exploration; Gravel sampling

LOCATION:

Bauhinia Downs (SE5303); Bauhinia Downs (5965); Tanumbirini (SE5302); Tanumbirini (5865)
1.0 INTRODUCTION

This report details exploration activities carried out by Ashton Mining Limited over Exploration Licence 7829 for the period 27th October, 1995 to 26th October, 1996. 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. Ashton Mining Limited is manager of the licence on behalf of the Australian Diamond Exploration Joint Venture (ADE JV). Participants of the ADE Joint Venture also include Aberfoyle Resources Limited and Australian Diamond Exploration NL (ADEX).

Exploration Licence 7829, granted on the 27th October 1992, originally covered an area of 493 blocks and is located on the Bauhinia Downs (SE53-03) and Tanumbirini (SE53-02) 1:250 000 map sheets. In 1994, the tenement was reduced to 247 blocks and in 1995, the tenement was further reduced to 124 blocks (398.04 km²). A tenement location map is shown in Figure 1.

A statement of expenditure is included in this report. The covenant was not met and a request for variation in expenditure has been lodged with the Department of Mines and Energy.
2.0 EXPLORATION PROGRAMME

2.1 Gravel Sampling

During the fourth year reporting period, Ashton Mining conducted a stream gravel sampling programme and collected 15 samples. Twelve samples are negative and three have not yet been processed and results are therefore unavailable.

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.

A sample listing appears in Appendix 1, and sample locations are shown in Plan 1.

2.2 Laboratory Procedure

The samples are 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 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 27th October, 1995 to 26th October, 1996 amounted to $18,555. A detailed breakdown of expenditure is given in Appendix 2.

4.0 CONCLUSIONS AND RECOMMENDATIONS

Results to date are discouraging and no further work by Ashton is recommended. Management of the tenement has reverted to Kintaro Gold Mines.

5.0 PROPOSED PROGRAMME AND BUDGET

Kintaro Gold Mines will look for a new joint venture partner and propose a covenant of $5000 for the next reporting period. Details of the proposed programme and budget will be forwarded at a later date.

6.0 REFERENCES


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 7829**

Annual Report

For the period
27th October, 1995 to 26th October, 1996

<table>
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**Sub-Total** 16,869

Overheads 1,686

**Total:** $18,555