RELINQUISHMENT REPORT

EXPLORATION LICENCE 7829
"Marmbulligan"

1st June, 1993 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: 51522
SUMMARY

During the period 1st June, 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 gained access to the tenement to conduct diamond exploration. This report provides details of work undertaken by Ashton Mining Limited within the relinquished portion of the licence.

Ashton Mining undertook reconnaissance and follow-up stream gravel and loam sampling, RAB drilling, a Dighem aerial survey, and a helimag survey over the relinquished portion of the licence. A total of 44 gravel, loam and drill spoil samples were collected and sent to Ashton’s Perth laboratory for diamond and indicator analysis. One loam grid sample is positive, containing a single microdiamond. All other samples returned negative results.

Exploration expenditure for the life of the relinquished portion of the licence amounted to $47,989.

KEYWORDS:
Diamond exploration; Gravel sampling; Loam sampling; Microdiamonds; Geophysical surveys; Aerial magnetic surveys; Aerial EM surveys; EM interpretation; Magnetic interpretation; Aerial photography; RAB drilling; Drill cuttings sampling

LOCATION:
Bauhinia Downs (SE5303); Bauhinia Downs (5965); Tanumbrini (SE5302); Tanumbrini (5865); Cat Creek Prospect
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 Bauhinia Downs and Tanumbirini 1:100,000 map sheets.

2.2 Gravel Sampling

A reconnaissance stream gravel sampling programme was undertaken in the first and fourth years of tenure. Positive results were followed up in the second, third and fourth years. Twenty-three gravel samples were collected in the relinquished area. Seventeen samples are negative. The other six samples are follow-up samples taken in the 1993-1994 reporting period which reported positive with chromite. However, repeat and further follow-up samples have returned negative results and a review of the original results has led to the conclusion that the samples contain non-kimberlitic chromite or are otherwise spurious.

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.
Flight Lines

Magnetic data has been filtered to remove high frequency noise.
Data has been deconvolved to remove some of the heading effects.

Ashton Mining Limited
Cat Creek Prospect
Magnetic Survey

Line Direction: North-South
Nominal Line Separation: 300 metres
Station Spacing: 3 metres
Survey Height: 20 m

Ashton Mining

FIGURE 3
2.53 DIGHEM Survey

A DIGHEM survey was flown by DIGHEM over the Cat Creek loam grid area in May, 1994. The aim of the survey was to identify conductor targets in areas of known indicators.

A total of 131 line km’s were flown in a north-south direction. The line separation was 200 m with a station interval of 7 m. Survey height for the EM bird was 30m with the magnetic bird 20 m below the helicopter. Instrument configuration for the survey is detailed in Appendix 2. The flight lines for the survey are shown in Figure 5, total field magnetic contours in Figure 6 and resistivity contours for 56,000 Hz and & 7,200 Hz in Figures 7 and 8 respectfully. Profiles of individual lines are included in Appendix 3.

The resistivity contours show a uniform resistive unit trending north-west, it is flanked on each side by more conductive units. While no magnetic targets were identified, two small conductors CAT EM1 (519970 mE 8207240 mN) and CAT EM3 (517200 mE 8207530 mN) were located for drill testing.

2.6 Drilling

In the second year of tenure two RAB holes were drilled in the Cat Creek loam grid area. Drilling was carried out by Schubert Drilling of Mt Isa. The design built rig incorporates a 200psi/400dfm compressor and is mounted on a 4x4 high cab Bedford truck.
The two holes, BA0010 and BA0011, were completed for a total of 40m and are vertical. The holes are located on DIGHEM EM anomalies CAT EM1 and CAT EM3. Two samples (BAU08053, BAU08054) were collected from BA0010 and one sample (BAU08055) from BA0011. The samples were sent to Ashton’s Perth laboratory for diamond and indicator analysis. All three samples are negative.

Drill hole locations are shown on Plan 1. A detailed sample listing appears in Appendix 1 and drill logs appear in Appendix 4.

2.7 **Aerial Photography**

An aerial photo survey was completed over the licence area by Qasco Northern Surveys Pty Ltd in 1994. Aerial photographs were obtained a scale of 1:10,000. The survey location is shown on Plan 1.

3.0 **REHABILITATION**

The drill holes were capped with PVC plumbing caps and drill sites were spread with stockpiled soil. Access tracks were generally fairly sandy and needed little rehabilitation. Any compacted areas were ripped to allow revegetation.

4.0 **EXPLORATION EXPENDITURE**

Exploration expenditure for relinquished portion of the licence for the period 1st June, 1993 to 26th October, 1996 amounted to $47,989. A detailed breakdown of expenditure is given in Appendix 5.
5.0 CONCLUSIONS AND RECOMMENDATIONS

Initial results indicated several sources for indicator minerals were present within the tenement, however follow-up and repeat sample results are discouraging and the source of the indicator minerals has not been found. It was concluded from a review of the samples with high chromite counts that the chromite is likely to be non-kimberlitic in nature or is otherwise spurious. This conclusion, combined with the poor geophysical results, led to a recommendation that no further work by Ashton be undertaken. Management of the tenement has reverted to Kintaro Gold Mines.

6.0 REFERENCES


APPENDIX 1

Sample Results
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**NOTE:**
- G = Gravel sample; LG = Loam grid sample; DS = Drill spoil sample
- *Samples which are considered to have non-kimberlitic chromite or otherwise spurious*
APPENDIX 2

Geophysical Instrumentation Specifications
HELIMAG SURVEY INSTRUMENT SPECIFICATIONS

Magnetometer: TM-4

The TM-4 is an instrument designed to record and graphically display the earth’s magnetic field. It also has the capability of recording compensation data for vehicle mounted systems along with interpreting positional satellite data. The instrument is capable of recording ten readings per second to an accuracy of 0.001 nT. The system when used mounted on a vehicle utilises a fluxgate sensor to record the magnetic field in three directions to enable the calculation of the compensation to be applied to the raw data.

Magnetic Sensor: Scintrex CS-2 (Optically pumped caesium vapour)

Measurement Range: 15 000 nT to 100 000 nT
Sensor Orientation: Optimum angle 45° between sensor head axis and magnetic field vector.
Orientation Error: +/- 0.25 nT
Dead Zones: within +/- 15° of magnetic poles and +/- 10° of the magnetic equator.
Noise: 3pT peak to peak in 0 - 1 Hz bandwidth.

Positional System

Magnavox 4818 - 12 channel differential GPS base station.
Magnavox 4200D - 6 channel GPS receiver

Magnetic Base Station

The magnetic base station used was an G856 recording on a 5 second time interval.

System Configuration

A helicopter with a 3 m boom mounted on one skid was utilised for the surveys. The CS-2 sensor was mounted at the end of the boom. A fluxgate magnetometer was located approximately 2/3 along the boom to enable compensation for the helicopter. Raw GPS positions were recorded during the survey for post-processing with the GPS base station.
SURVEY EQUIPMENT

This section provides a brief description of the geophysical instruments used to acquire the survey data:

Electromagnetic System

Model: DIGHEM\textsuperscript{V}

Type: Towed bird, symmetric dipole configuration operated at a nominal survey altitude of 30 metres. Coil separation is 8 metres for 900 Hz, 480 Hz, 5500 Hz and 7200 Hz, and 6.3 metres for the 56,000 Hz coil-pair.

Coil orientations/frequencies:
- coaxial / 900 Hz
- coplanar / 480 Hz
- coaxial / 5,500 Hz
- coplanar / 7,200 Hz
- coplanar / 56,000 Hz

Channels recorded:
- 5 inphase channels
- 5 quadrature channels
- 2 monitor channels

Sensitivity:
- 0.1 ppm at 900 Hz and 480 Hz
- 0.2 ppm at 7,200 Hz
- 0.5 ppm at 56,000 Hz

Sample rate: 10 per second
The electromagnetic system utilizes a multi-coil coaxial/coplanar technique to energize conductors in different directions. The coaxial coils are vertical with their axes in the flight direction. The coplanar coils are horizontal. The secondary fields are sensed simultaneously by means of receiver coils which are maximum coupled to their respective transmitter coils. The system yields an inphase and a quadrature channel from each transmitter-receiver coil-pair.

**Magnetometer**

- **Model:** Picodas 3340
- **Type:** Optically pumped Cesium vapour
- **Sensitivity:** 0.01 nT
- **Sample rate:** 10 per second

The magnetometer sensor is towed in a bird 20 m below the helicopter.

**Magnetic Base Station**

- **Model:** Picodas MEP710
- **Type:** Digital recording cesium vapour
- **Sensitivity:** 0.01 nT
- **Sample rate:** 1.0 per second
A digital recorder is operated in conjunction with the base station magnetometer to record the diurnal variations of the earth's magnetic field. The clock of the base station is synchronized with that of the airborne system to permit subsequent removal of diurnal drift.

**Radar Altimeter**

Manufacturer: Honeywell/Sperry  
Type: AA 220  
Sensitivity: 1 ft

The radar altimeter measures the vertical distance between the helicopter and the ground. This information is used in the processing algorithm which determines conductor depth.

**Analog Recorder**

Manufacturer: RMS Instruments  
Type: DGR33 dot-matrix graphics recorder  
Resolution: 4x4 dots/mm  
Speed: 1.5 mm/sec

The analog profiles are recorded on chart paper in the aircraft during the survey.

Table 2-1 lists the geophysical data channels and the vertical scale of each profile.
Digital Data Acquisition System

Manufacturer: RMS Instruments
Type: RMS DGR 33
Tape Deck: DC300 Cassettes, RMS GR 33 analogue chart

The digital data are used to generate several computed parameters. Both measured and computed parameters are plotted as "multi-channel stacked profiles" during data processing. These parameters are shown in Table 2-2. In Table 2-2, the log resistivity scale of 0.06 decade/mm means that the resistivity changes by an order of magnitude in 16.6 mm. The resistivities at 0, 33 and 67 mm up from the bottom of the digital profile are respectively 1, 100 and 10,000 ohm-m.

Tracking Camera

Type: Panasonic Video
Model: AG 2400/WVCD132

Fiducial numbers are recorded continuously and are displayed on the margin of each image. This procedure ensures accurate correlation of analog and digital data with respect to visible features on the ground.
Navigation System (RT-DGPS)

Model: Sercel NR106, Real-time differential positioning
Type: SPS (L1 band), 10-channel, C/A code, 1575.42 MHz.
Sensitivity: -132 dBm, 0.5 second update
Accuracy: < 5 metres in differential mode,
± 50 metres in S/A (non differential) mode

The Global Positioning System (GPS) is a line of sight, satellite navigation system which utilizes time-coded signals from at least four of the twenty-four NAVSTAR satellites. In the differential mode, two GPS receivers are used. The base station unit is used as a reference which transmits real-time corrections to the mobile unit in the aircraft, via a UHF radio datalink. The on-board system calculates the flight path of the helicopter while providing real-time guidance. The raw XYZ data are recorded for both receivers, thereby permitting post-survey processing for accuracies of approximately 2 metres.

Although the base station receiver is able to calculate its own latitude and longitude, a higher degree of accuracy can be obtained if the reference unit is established on a known benchmark or triangulation point. The GPS records data relative to the WGS84 ellipsoid, which is the basis of the revised North American Datum (NAD83).
Conversion software is used to transform the WGS84 coordinates to the system displayed on the base maps.

Field Workstation

Manufacturer: Dighem
Model: FWS: V2.41
Type: 80486 based P.C.

A portable PC-based field workstation is used at the survey base to verify data quality and completeness. Flight tapes are dumped to a hard drive to permit the creation of a database. This process allows the field operators to display both the positional (flight path) and geophysical data on a screen or printer. Additional detailed processing was carried out on a VAXstation.
APPENDIX 3

DIGHEM Profiles
Cat Creek DIGHEM survey
Line 500100

56 000 Hz
7200 Hz

Coplanar 485 Hz
Coplanar 900 Hz
Coplanar 5000 Hz
Coplanar 7200 Hz
Inphase Quadrature
APPENDIX 4

Drill Logs
**ASHTON MINING LIMITED**

**GEOLOGICAL LOG FOR ROTARY AIR BLAST DRILLHOLE**

**RAB HOLE: BA 0010**

Logged by: DAVID EVANS

Prospect: BROADMERE

Anomaly/Line: CAT EM1

Topographic map: BAUHINIA OWN

Grid Coordinates: 1100 N 910 E

AMG Coordinates: 519 970 E 820 7240 N

Tot. Depth: 20

Hole Size: 4"

Azimuth: 90°

Inclination: 90°

Bit: Hammer

Date: 19.10.94

Page: 1/1

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<th>Interval (m)</th>
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<td>0-1 light brown medium to fine 9% sand, rounded</td>
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<td>6 - 19</td>
<td>8054</td>
<td>1-2 red, brown, ferruginous, 9% silt, medium, rounded</td>
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<td>2-3 red, brown, fine, clayey siltstone</td>
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<td>3-6 yellow, brown, fine clayey siltstone</td>
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<td>6-9 light grey, fine siltstone</td>
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<td>9-19 light grey, medium to fine 9% silt</td>
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**Comment:** Between 20 metres intersected artesian water; may account for there being an anomaly.

Artesian flow rate approx: 20 gallons/minute
## Geological Log for Rotary Air Blast Drillhole

**Prospect:** Broadmore

**Anomaly:** Cat EM3

**Topographic map:** Bayhinda Downs

**Grid Coordinates:** 750N 750E

**AMG Coordinates:** S17200 E8207530 N

### Tot. Depth: 21

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<tr>
<th>Interval (m)</th>
<th>Hole Size: 4&quot;</th>
<th>Azimuth:</th>
<th>Inclination: 90°</th>
<th>Bit: Hammer</th>
<th>Date: 19.01.94</th>
<th>Page: 1/1</th>
</tr>
</thead>
<tbody>
<tr>
<td>From 0 to 21</td>
<td>Sample No.: 8055</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Description

<table>
<thead>
<tr>
<th>Interval</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 - 1</td>
<td>light brown, medium to fine qtz. sand, rounded</td>
</tr>
<tr>
<td>1 - 2</td>
<td>brown, red, medium to fine, qtz. siltstone</td>
</tr>
</tbody>
</table>

### Magnetic Susceptibility X10^5 S.I. Units

<table>
<thead>
<tr>
<th>Magnetic Susceptibility</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>

### Comment

Comment: Drill site located in a low lying area with melaleuca trees. Likely to be a water induced anomaly.
APPENDIX 5

Statement of Expenditure
STATEMENT OF EXPENDITURE

EXPLORATION LICENCE 7829

Relinquishment Report

For the period
1st June, 1993 to 26th October, 1996

<table>
<thead>
<tr>
<th>Description</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Geoscientist/Professional Staff</td>
<td>6,503</td>
</tr>
<tr>
<td>Field Support/Office Staff</td>
<td>6,300</td>
</tr>
<tr>
<td>Other Contractors</td>
<td>1,258</td>
</tr>
<tr>
<td>Travel/Accommodation/Meals</td>
<td>376</td>
</tr>
<tr>
<td>Field Supplies</td>
<td>4,055</td>
</tr>
<tr>
<td>Equipment</td>
<td>463</td>
</tr>
<tr>
<td>Vehicles</td>
<td>1,339</td>
</tr>
<tr>
<td>Freight/Storage</td>
<td>203</td>
</tr>
<tr>
<td>Helicopter Charter</td>
<td>5,351</td>
</tr>
<tr>
<td>Drilling</td>
<td>3,297</td>
</tr>
<tr>
<td>Geophysics</td>
<td>5,334</td>
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<tr>
<td>Laboratory</td>
<td>5,104</td>
</tr>
<tr>
<td>Drafting/Computing</td>
<td>95</td>
</tr>
<tr>
<td>Aerial Photography</td>
<td>2,616</td>
</tr>
<tr>
<td>HMS Plant Costs</td>
<td>1,333</td>
</tr>
</tbody>
</table>

Sub-Total                           | 43,627 |
Overheads                           | 4,362  |
Total:                               | $47,989|