PARTIAL RELINQUISHMENT REPORT

EXPLORATION LICENCE 8380
"Ten Mile Creek"

29th March 1994 to 28th March, 1999

Licensee: Ashton Mining Limited

Operator: Ashton Mining Limited

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

Submitted to: Department of Mines and Energy, Darwin

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Ashton Mining Library

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BELMONT WA 6104

June, 1999
Report Number: 52363
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SUMMARY

During the period 29th March, 1994 to 28th March, 1999, Ashton Mining Limited, carried out an exploration programme over Exploration Licence 8380. On the 19th February, 1999, the licence was reduced from 14 blocks to 7 blocks. This report provides details of work undertaken within the relinquished portion of the licence.

Following review of data that included assessment of the Northern Territory Geological survey aeromagnetic data covering the region, reconnaissance sampling programmes were implemented within EL 8380. Twenty-two stream and loam samples were collected from the relinquished portion of the tenement and despatched to Ashton’s Perth laboratory for routine microdiamond and indicator analysis. Results returned two positive samples, one containing a single chromite grain, and another reporting one microdiamond. All remaining samples were negative.

A bulk sample was collected from a drainage in the relinquished area and reported a diamond. Although this result was positive, relinquishment is recommended due to a lack of other encouraging results.

Other work in the relinquished area included ground magnetic and EM surveys. An airborne magnetic survey was also completed in the north-east part of the relinquished area.

Exploration expenditure for the reporting period amounted to $52,739.
1.0 INTRODUCTION

This report details exploration activities carried out by Ashton Mining Limited over the relinquished portion of Exploration Licence 8380 during the period 29th March 1994 to 28th March, 1999.

Exploration licence 8380 was granted to Ashton Mining on the 29th March, 1994 for a period of six years. The licence, which originally covered an area of 87 blocks, was partially relinquished to 53 blocks in 1996, to 27 blocks in 1997 and to 14 blocks in 1998. A fourth 50% reduction was made in 1999, with EL 8380 now comprising 7 blocks. The tenement is located on the Bauhinia Downs (SE:53-03) 1:250,000 map sheet and the Batten 1:100,000 map sheet. A tenement location map showing the relinquished and retained areas is shown in Figure 1.

A statement of expenditure is included in this report.

2.0 DIAMOND EXPLORATION

2.1 Year One

2.1.1 Data Review

Prior to commencing fieldwork, a comprehensive review of all data from previous exploration and open file reports in the tenement area was undertaken. This review highlighted areas that had not been adequately sampled. Proposed gravel sample locations were then selected and plotted in the office on the Batten 1:100,000 mapsheet.
ASHTON MINING LIMITED
A.D.E. JOINT VENTURE

PARTIAL RELINQUISHMENT
EXPLORATION LICENCE 8380

FIGURE 1
LOCATION MAP

JULY, 1999
2.1.2 Geophysics

In the first year of tenure, the Northern Territory Geological Survey aeromagnetic survey over the tenement area was acquired and processed. Assessment of this data was undertaken by Ashton’s chief geophysicist to find aeromagnetic anomalies caused by kimberlitic intrusives, however no targets were delineated in the relinquished ground.

2.1.3 Sampling Programme

Following a review of the available data, two stream sampling programmes were implemented within EL 8380 in the first year of tenure. Twelve samples were collected from the relinquished area and dispatched to Ashton’s Perth laboratory for routine indicator and microdiamond analysis. Seven of the samples were processed within the first year, with only one returning a positive result, reporting a microdiamond only.

Sample locations are shown in Figure 2. A full listing of sample results is provided in Appendix 1.

2.2 Year Two

2.2.1 Sampling Programme

In the second year of tenure, additional stream sampling was undertaken with three samples being collected from the relinquished portion of the licence. Samples were dispatched to Ashton’s laboratory, where processing was completed on one of the samples, which reported one chromite.
Results from the remaining five samples collected in the first year’s sampling became available. The results were disappointing with all samples being negative. Sample locations are shown in Figure 2. A full listing of sample results is provided in Appendix 1.

2.3 Year Three

2.3.1 Gravel Sampling

Four gravel samples were collecting during the year of tenure from the relinquished portion of the licence. All samples were despatched to Ashton’s Perth laboratory for processing, reporting negative results.

Sample locations are shown in Figure 2, and a full listing of the sample results is provided in Appendix 1.

2.3.2 Bulk Stream Sampling

A 50 tonne sample, 96040-002, was excavated using a front-end loader and transported by truck to Ashton’s on-site Heavy Media Separation (HMS) plant at Cape Crawford for processing. The sample returned a positive result. The sample location is shown in Figure 2.

2.4 Year Four

2.4.1 Stream Sampling

Two regional sampling programmes were undertaken within EL 8380 during the reporting period. From these programmes, three samples fall in the relinquished
portion of EL 8380. All samples reported negative for chromite and microdiamonds.

2.4.2 Rock Sampling

During reconnaissance mapping and geophysical surveying within EL 8380, anomalous looking haematitic bearing rocks were observed in the basalt rocks to the west of the main anomaly and sampled for geochemical analysis. One of these samples (97030-003) fell within the relinquished portion of EL 8380.

Sample locations are shown in Figure 2. Geochemistry results are presented in Appendix 2.

2.4.3 Vegetation Sampling

Vegetation samples were collected for geochemical analysis within EL 8380. One of these samples (97025-029) fell within the relinquished portion of the licence. See Appendix 3 for results.

2.4.4 Geophysics

During the reporting period, ground geophysical surveys were conducted within the relinquished portion of EL 8380. Both ground magnetic surveys and an EM-34 survey were completed and the location of these surveys can be seen in Figure 3. Specifications of the surveys are provided on page 5:
EM34 Survey

Instrument: Geonics EM34-3
Operating Frequency: 1600HZ at 20m-coil separation
Coil Separation: 20m
Positioning: Fugro Differential with Scoutmaster GPS.
Date of Survey: May 1997
Line Spacing: 50m
Station Spacing: 20m
Line Orientation: N-S
Line km: 8 line km

No targets were picked within the relinquished area for further work. The location of this survey is presented in Figure 3. Traverse lines are shown in Figure 4 and a contour plot is given in Figure 5.

Magnetic Survey

Magnetometer: GTL TM4 (Cesium Vapour Roving Magnetometer)
Sensor Height: 0.5m
Line Spacing: 50m
Station Spacing: 0.5m
Line Orientation: N-S
Line kms: 24 line kms

The location of this survey can be seen in Figure 3. Traverse lines are shown in Figure 6 and a contour plot is given as Figure 7.

2.5 Year Five

2.5.1 Sampling Programme

Sampling was focussed in the northern part of the licence and as a consequence no samples were collected in the ground selected for relinquishment.
PROCESSING SPECIFICATIONS:
Data was bi-gridded with a 5 m cell size.
Contour Intervals are 10 mmhos and 50 mmhos.

SURVEY SPECIFICATIONS:
Instrument: Geonics EM34-3
Operating Frequency: 1600 Hz at 20 m coil separation
Coil Orientation: Horizontal Dipole (Coils are upright)
Coil Separation: 20 m
Line Direction: North - South
Line Separation: 50 m
Station Spacing: 20 m
Positioning: Fugro Differential with Trimble Scout Master GPS
Date of Survey: May 1998
SURVEY SPECIFICATIONS:
Magneters: GTL TM4 (Cesium Vapour Roving Magnetometer)
Geometrics G856 (Base Station)
Base Station Sampling Interval: 15 seconds
Sensor Height: 0.5 m
Line Separation: 50 m
Station Spacing: 0.5 m
Line Direction: North-South
Positioning: Fugro Differential with Trimble Scoutmaster GPS
Date of Survey: May 1997
Data has been dilatally corrected.

PROCESSING SPECIFICATIONS:
Original raw data has been filtered with a Non-Linear.
Data was Bi-gridded with a 5 m cell size.
The final grid used for contours has been upward continued 10 m
Contour intervals are 1 nT and 10 nT.

Ashton Mining Limited
EL 8380
"Ten Mile Creek"
Ground Magnetic Survey
Traverse Lines
Figure 6
SURVEY SPECIFICATIONS:
Magnetometers: GTL TM4 (Cesium Vapour Roving Magnetometer)
Geometrics G856 (Base Station)
Base Station Sampling Interval: 15 seconds
Sensor Height: 0.5 m
Line Separation: 50 m
Station Spacing: 0.5 m
Line Direction: North-South
Positioning: Fugro Differential with Trimble Scoutmaster GPS
Date of Survey: May 1997
Data has been diurnally corrected.

PROCESSING SPECIFICATIONS:
Original raw data has been filtered with a Non-Linear.
Data was Bi-gridded with a 5 m cell size.
The final grid used for contours has been upward continued 10 m
Contour intervals are 1 nT and 10 nT.
2.5.2 Geophysics

Aeromagnetics

An airborne magnetics survey was completed by UTS over the northern portion of EL 8380. A small part of this survey fell within the relinquished portion, with approximately 27.5 line kms flown. Survey specifications were as follows:

- **Line Spacing**: 50m
- **Line Direction**: 000-180
- **Tie Line Spacing**: 200m
- **Tie Line Direction**: 090-270
- **Survey Height**: 30m
- **Survey Flown**: April 1998

- **Aircraft Type**: Fletcher FU24-950
- **Magnetometer**: Scintrex Cesium Vapour CS2
- **Sample Rate**: 0.1 sec/4-5m
- **Data Positioning**: Real Time DGPS
- **GPS Type**: King KRA405
- **Diurnal Magnetometer**: Scintrex Envi-mag

A location plan is shown in Figure 3, flight line plan in Figure 8 and a contour plot of the survey is given in Figure 9.

EM-34

Additional EM-34 testing was completed over a small area in the northwest corner of the existing EM-34 grid. The location of this survey is shown in Figure 3. Traverse lines are shown on Figure 4 and contours are shown on Figure 5.

2.6 Laboratory Procedure

All stream and loam samples were processed by the Ashton Mining Limited Laboratory in Perth, where they were concentrated by Wilfley Table and heavy liquid separation techniques.
SURVEY SPECIFICATIONS:
AIRCRAFT TYPE: FLETCHER FU24-550
MAGNETOMETER: SCINTREX CESIUM VAPOUR CS2
SAMPLE RATE: 0.1sec / 4-5m
DATA POSITIONING: REAL TIME DIFFERENTIAL GPS
GPS TYPE: NOVATEL 551R, 12 CHANNEL
RADAR ALTIMETER: KING KRA405
LINE SPACING: 50m
LINE DIRECTION: 000 - 180
TIE LINE SPACING: 200m
TIE LINE DIRECTION: 090 - 270
SURVEY HEIGHT: 25m
SURVEY FLOWN: MAY 1998
DIURNAL MAGNETOMETER: SCINTREX ENVI-MAG
SAMPLE RATE: 5 sec

Ashton Mining Limited
EL 8380
"Ten Mile Creek"
Aeromagnetic Survey
Flightlines
Figure 8
SURVEY SPECIFICATIONS:
AIRCRAFT TYPE: FLETCHER FU24-900
MAGNETOMETER: SCINTREX CESIUM VAPOUR CS2
SAMPLE RATE: 0.1 sec / 4-5 m
DATA POSITIONING: REAL TIME DIFFERENTIAL GPS
GPS TYPE: NOVATEL 951R, 12 CHANNEL
RADAR ALTIMETER: KING KRA403

LINE SPACING: 50m
LINE DIRECTION: 000 - 180
TIE LINE SPACING: 200m
TIE LINE DIRECTION: 080 - 270
SURVEY HEIGHT: 25m
SURVEY FLOWN: MAY 1998
DIURNAL MAGNETOMETER: SCINTREX ENVI-MAG
SAMPLE RATE: 3 sec

PROCESSING SPECIFICATIONS:
Data was Bi-gridded with a 5 m cell size.
Contour Intervals are 1 nT and 10 nT.
The heavy liquid used was tetrabromomethane with a specific gravity of 2.96. The concentrates were 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 BASE METAL EXPLORATION

On the 1st July 1995, an agreement was signed between the ADEJV and BHP Minerals, allowing BHP 80% of base metal rights in designated tenements. This agreement is known as the McArthur River (Metals) Joint Venture. BHP Minerals entered into EL 8380 on the 26th February, 1996 and withdrew from the licence under the terms of the joint venture agreement on the 26th November, 1996.

Work undertaken by BHP Minerals within the relinquished portion was submitted in the annual report for the period 29th March, 1996 to 28th March, 1997 (Report Number 52083).

4.0 EXPLORATION EXPENDITURE

Exploration expenditure for the period 29th March, 1994 to 28th March, 1999 amounted to $52,739. A detailed breakdown of expenditure is given in Appendix 4.

5.0 CONCLUSIONS

The source of both chromite and microdiamond recovered in the northern area of the tenement area remains elusive. The recovery of diamonds in these drainages warrants the follow-up of chromite to a source and this portion of the licence has been retained to
allow further work. Reconnaissance sampling and geophysics in the southern portion of EL 8380 has failed to produce any positive results worthy of follow-up. As a result the southern section was selected for reduction.

6.0 REFERENCES


APPENDIX 1

Sample Results
## Sample Results for EL 8380

*Relinquishment Report for the period 29/03/94 to 28/03/99*

<table>
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APPENDIX 2

Geochemistry Results
GEOCHEMICAL RESULTS
EL 8380

Relinquishment Report for the Period 29th March 1994 to 28th March 1999

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APPENDIX 3

Vegetation Sampling Results
VEGETATION SAMPLING
EL 8380

Relinquishment Report for the period 29/03/94 to 28/03/99

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|-------|--------|-------|--------|--------|--------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------|-------|-------|-------|-------|--------|--------|
| 97025-029 | 10.65  | 0.53  | 4.34   | 25.31  | 1.63   | 30416.96 | 39.51 | 94.64 | 13.27 | 62.84 | 16.76 | 45.49 | 36.05 | 6.50  | 47.09  | 10.29  | 30.92 | 6.49  | 22.59  | 20.35  |

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APPENDIX 4

Statement of Expenditure
STATEMENT OF EXPENDITURE

EXPLORATION LICENCE 8380

Relinquishment Report

For the period
29th March, 1994 to 28th March, 1999

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<td>Other Contractors</td>
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<td>Freight/Storage</td>
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<td>Laboratory</td>
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<td>Drafting/Computing</td>
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<td>Other</td>
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<td><strong>Sub-Total</strong></td>
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<td><strong>Overheads</strong></td>
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<td><strong>Total:</strong></td>
<td><strong>$ 52,739</strong></td>
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