ANNUAL REPORT

EXPLORATION LICENCE 6903

"Nicholson River"

3rd June 1998 to 2nd June 1999

Licensee: Normandy Exploration Limited 85.00 %
          Wambaliji Aboriginal Corporation 15.00 %

Operator: Ashton Mining Limited

Sheet Reference: 1:250,000 Calvert Hills (SE53-08)

Submitted to: Department of Mines and Energy, Darwin

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

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Report No: 52379
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FIGURE 1. Tenement Location Map

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SUMMARY


Field work has been proposed for EL 6903 however none has yet been implemented due to a hold up with finalising the Heads of Agreement with all parties concerned. An inhouse review of the area has been conducted to refine and produce a proposed work program.

Exploration expenditure for the reporting period amounted to $18,019 against a covenant of $15,000.
1.0 INTRODUCTION

This report details exploration activities carried out by Ashton Mining Limited over exploration Licence 6903 during the period 3rd June 1998 to 2nd June 1999. Ashton Mining Limited is operator of the licence which is located within the bounds of the Garawa Aboriginal Land Trust. The target for exploration within this licence is diamond bearing kimberlitic intrusives.

Exploration licence 6903 was granted to Normandy Exploration Limited (85%) and Wambaliji Aboriginal Corporation (15%) on 2nd June 1997 for a period of six years. The licence covers an area of fifty-five blocks and is located on the Calvert Hills (SE53-08) 1:250,000 map sheet and the Nicholson River (6362) 1:100,000 map sheet. A location map is shown in figure 1. By letter agreement dated 4th February 1998, Ashton Mining accepted an option offered by Normandy to undertake reconnaissance work for diamonds in the area of the licence. Clauses included in the option agreement include:

a) Ashton Mining will abide by all the terms of the Deed for Exploration and be responsible for Deed payments, attending meetings with Traditional Owners, preparation of work proposals and any other requirements stipulated as the "Exploration Companies" responsibilities in the Deed.
d) Ashton Mining will administer the tenements and ensure that all rents are paid, and renewals, relinquishments and statutory reports are completed by the due dates.

Ashton Mining Limited abides by all the clauses of the option agreement and henceforth has prepared this annual report.

Unfortunately a formal Heads of Agreement between all parties concerned has yet to be finalised and as such no field work has been undertaken.

A statement of expenditure is included with this report.

2.0 DIAMOND EXPLORATION

Problems have been encountered in regards to finalising the agreement between Ashton and the other parties to the joint venture, delaying exploration. As such planned field work has not been implemented during the reporting period for EL 6903.

An inhouse review of open file data has been undertaken to identify prospective sample areas and produce a work program. This was presented at a work clearance meeting held with the Traditional Owners on 10th May 1999.
3.0 EXPLORATION EXPENDITURE

Exploration expenditure for the period 3rd June 1998 to 2nd June 1999 amounted to $18,019. A detailed breakdown of expenditure is given in Appendix 1.

4.0 CONCLUSIONS AND RECOMMENDATIONS

Ashton Mining Limited considers the area to be prospective for diamond bearing kimberlitic intrusives. Once all the necessary approvals have been obtained it is envisaged that field work will commence shortly thereafter. Assuming that these matters will be finalised shortly, results and conclusions will follow in the next reporting period.

5.0 PROGRAMME AND BUDGET

The proposed programme and budget for the period 3rd June 1999 to 2nd June 2000 follows. Further work programmes and resultant budget will depend upon results received from this reconnaissance and follow-up programme.
RECONNAISSANCE PROGRAMME

♦ Photo-interpretation

♦ Reconnaissance stream and loam sampling (6 samples)

♦ Aeromagnetic survey

FOLLOW-UP PROGRAMME

♦ Follow-up sampling

♦ Ground investigation of selected geophysical targets

♦ Drill testing of selected targets

BUDGET

Geoscientist/Professional Staff $ 2,000
Field Support/Office Staff $ 500
Travel/Accommodation/Meals $ 200
Field Supplies $ 500
Equipment Hire $ 1,000
Vehicles $ 800
Freight/Storage $ 400
Geophysics $ 4,000
Drilling $ 1,500
Laboratory $ 4,000
Drafting/Computing $ 100

Total: $ 15,000
APPENDIX 1

Statement of Expenditure
**STATEMENT OF EXPENDITURE**

**EXPLORATION LICENCE 6903**

Annual Report

For the period

3\textsuperscript{rd} June 1998 to 2\textsuperscript{nd} June 1999

<table>
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<tr>
<th>Description</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Geoscientist/Professional Staff</td>
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<td>Other</td>
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| Sub-Total                                        | $16,381 |
| Overheads                                        | $1,638  |

| Total:                                           | $18,019 |