ANNUAL REPORT

EXPLORATION LICENCE 8095
"Calvert Hill"

12th July, 1996 to 11th July, 1997

Licensee: Ashton Mining Limited

Operator: Ashton Mining Limited

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

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Report Number: 52113
CONTENTS

SUMMARY ................................................................. (i)

1.0 INTRODUCTION .................................................. 1

2.0 DIAMOND EXPLORATION ....................................... 1
   2.1 Outstanding Results ........................................ 1
   2.2 Bulk Sampling Programme ................................. 2

3.0 EXPLORATION EXPENDITURE .................................. 2

4.0 CONCLUSIONS AND RECOMMENDATIONS ..................... 2

5.0 PROPOSED PROGRAMME AND BUDGET ......................... 3

FIGURES

Figure 1. Tenement Location Map
Figure 2. Sample Location Map

APPENDICES

Appendix 1. Sample Results
Appendix 2. Statement of Expenditure
SUMMARY

During the period 12th July, 1996 to 11th July, 1997, Ashton Mining Limited, on behalf of the Australian Diamond Exploration Joint Venture (ADE JV), carried out an exploration programme over Exploration Licence 8095. This report provides details of work undertaken on the licence during the reporting period.

As part of Ashton’s reconnaissance bulk sampling programme, a suitable bulk sample site was selected within the boundaries of EL 8095, and approximately 50 tonnes of gravel excavated. This sample will be trucked to the HMS plant located at Cape Crawford, for sorting and processing, before being dispatched to Ashton’s Perth laboratory for observing.

Results, outstanding from samples collected in the previous year, became available with one sample reporting a single chromite grain. The remaining two samples reported negative.

Exploration expenditure for the reporting period amounted to $33,679 against a covenant of $33,000.
1.0 INTRODUCTION

This report details exploration activities carried out by Ashton Mining Limited over Exploration Licence 8095 for the period 12th July, 1996 to 11th July, 1997. Ashton Mining Limited is manager of the licence on behalf of the Australian Diamond Exploration Joint Venture (ADEJV). Participants of the ADEJV also includes Aberfoyle Resources.

Exploration licence 8095 was granted to Ashton Mining on the 12th July, 1993 for a period of six years. The licence covers an area of 88 blocks and is located on the Calvert Hills (SE53-08) 1:250,000 map sheet and the Coanjula and Nicholson River 1:100,000 map sheets. A tenement location map appears as Figure 1. The target for exploration within this licence is diamond bearing kimberlitic intrusives.

A statement of expenditure is included in this report.

2.0 DIAMOND EXPLORATION

2.1 Outstanding Results

Laboratory processing of three check samples collected in the previous reporting period became available. Two samples reported negative, while the third sample reported a single chromite grain. Sample locations are shown on Plan 1 which was submitted in the annual report for EL 8095 for the reporting period 12th July 1995 to 11th July, 1996 (Report Number 513887). Results are provided in Appendix 1.
ASHTON MINING LIMITED
A.D.E. JOINT VENTURE

EXPLORATION LICENCE 8095
ANNUAL REPORT
FIGURE 1
LOCATION MAP

AUGUST, 1997
2.2 Bulk Sampling Programme

As part of a reconnaissance bulk sampling programme, a suitable bulk sample site was selected within EL 8095, and approximately 50 tonnes excavated using a front end loader. This sample (97066-001) is awaiting transporation to Ashton’s Heavy Media Separation (HMS) plant, located at Cape Crawford, where it will be sorted and processed, before being dispatched to Perth for indicator and microdiamond analysis.

The sample location is shown on Figure 2.

3.0 EXPLORATION EXPENDITURE

Exploration expenditure for the period 12th July, 1996 to 11th July, 1997 amounted to $33,679 against a covenant of $33,000. A detailed breakdown of expenditure is given in Appendix 2.

4.0 CONCLUSIONS AND RECOMMENDATIONS

Processing of the bulk sample through the HMS plant and laboratory analysis of concentrate will be undertaken in the next reporting period. Further work will be dependent on the outcome of the result from sample 97066-001.
5.0 PROPOSED PROGRAMME AND BUDGET

The proposed programme and budget for the period 12th July, 1997 to 11th July, 1998 is as follows:

1. Processing of 50 tonne bulk sample through the HMS plant
2. Follow-up sampling if warranted.

Geoscientist/Professional Staff 4,500
Field Support/Office Staff        4,000
Travel/Accommodation/Meals       3,000
Field Supplies                   2,500
Equipment Hire                   8,000
Vehicles                         2,000
Freight/Storage                  1,000
HMS Plant                        5,000
Laboratory                       4,500
Drafting/Computing               500

$35,000
APPENDIX 1

Sample Results
## SAMPLE RESULTS
### EXPLORATION LICENCE 8095

<table>
<thead>
<tr>
<th>Sample No.</th>
<th>Type</th>
<th>Result</th>
<th>Diamond</th>
<th>Chromite</th>
<th>Other</th>
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<tr>
<td></td>
<td></td>
<td></td>
<td>Macro</td>
<td>Micro</td>
<td></td>
</tr>
<tr>
<td>95027-001</td>
<td>G</td>
<td>N</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>95027-002</td>
<td>G</td>
<td>P</td>
<td>-</td>
<td>-</td>
<td>1</td>
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<tr>
<td>95027-003</td>
<td>G</td>
<td>N</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>97056-001</td>
<td>BG</td>
<td>Not Processed</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
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</table>

G = Gravel
BG = Bulk Gravel
APPENDIX 2

Statement of Expenditure
# STATEMENT OF EXPENDITURE

## EXPLORATION LICENCE 8095

Annual Report

For the period
12th July, 1996 to 11th July, 1997

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>Geoscientist/Professional Staff</td>
<td>4,307</td>
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<tr>
<td>Field Support/Office Staff</td>
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<td>Laboratory</td>
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<td>Drafting/Computing</td>
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<td>HMS Plant</td>
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<tr>
<td>Earthmoving Hire</td>
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</tbody>
</table>

**Sub-Total**                                  | 30,618  

**Overheads**                                  | 3,061   

**Total:**                                      | **$ 33,679**