

Fraser Range - EM targets warrant drilling High risk, Multi-bagger upside potential.

Ashburton Minerals Ltd (ASX: ATN) has commenced exploration at the Mt Andrew Project in the Fraser Range region of Western Australia. A helicopter-borne VTEMmax survey was completed in the northern part of the project over a section of the Fraser Complex, which is the geological unit that hosts the Nova-Bollinger nickel-copper deposit discovered by Sirius.

The project consists of two exploration licences E63/1322 and E63/1375 located 120km ESE of Norseman and covers 290km of Proterozoic lithologies of the Biranup and Fraser Complex within the eastern Albany-Fraser Orogen.

Results

Survey results suggested the presence of multiple EM anomalies of which 5 were regarded as high-order late-time anomalies. From these, ATN has confirmed 2 high priority EM targets as defined by modelling of the VTEMmax data. Key targets include Target 1: a 500 m x 200 m conductor, commencing 50 m below surface; and Target 2: a 350 m x 250 m conductor, commencing 35 m below surface.

We understand that both targets potentially represent bedrock conductors which might be due to massive and/or stringer Ni-Cu sulphide mineralisation.

ATN has indicated that both targets warrant drill testing to determine whether these conductors are associated with economic mineralisation. The EM Response of both targets is observed in the profile as a double peaked, late time anomaly in the Z component data with a very strong late time crossover anomaly in the X component data which suggests **steeply dipping conductors at depth.**

Modelling suggests Target 1 is to be a conductive body, dipping 75 degrees to the north with 500m in strike length and extending 200m down dip with a depth to top of the body of approximately 50m.

The second target has been modelled as dipping 80 degrees to the south, 350m in strike length and extending for 250m down dip with depth to top of the conductor of 35m.

Both targets are adjacent to magnetic highs which provides support of this being represented by a bedrock feature which extends sub vertically to depth.

We consider ATN represents a cheap entry at these levels with multi-bagger upside potential from any drilling success. The southern end of the Fraser Range is largely under-explored and is likely to attract further interest as exploration continues in the region. We rate ATN a Speculative Buy.

24th May 2013

Share price:	\$0.003
Recommendation:	SPECULATIVE BUY
ASX Code:	ATN
Market Cap: (diluted)	\$4.13M
Shares on Issue: (undiluted)	1.179 billion
Principal activities:	Exploration

Analyst: Dennis Trlin

Drilling Timeline:

Management's intention is to drill these targets at the earliest opportunity.

ATN has initiated the process of securing the necessary approval for a programme of works through the department of mines and petroleum. The process is expected to take several months.

Bulls

High impact targets in the Fraser Range could capture market attention upon commencement of drilling.

Bears

Low cash position - future capital raising required to fund drilling.

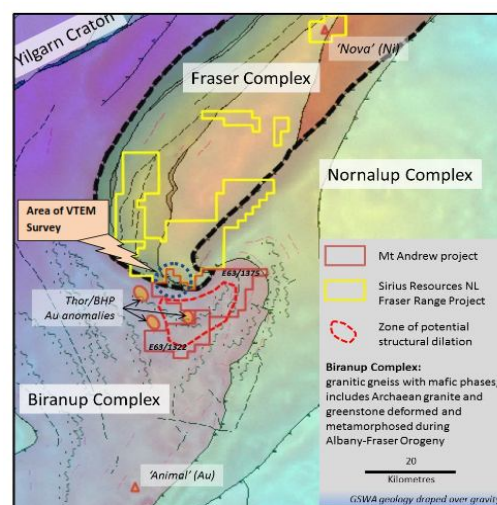


Figure 1: Location of Mt Andrew Project in the Fraser Range - recent discoveries by Sirius have sparked a rush of ground acquisition in surrounding areas with exploration increasing in an under-explored region.

Mt Andrew - background

In Nov 2012 Ashburton signed a farm-in agreement with private owners of two granted exploration licences, E63/1322 and E63/1375 in the Fraser Range.

Farm in terms: ATN paid an entry fee comprising \$20,000 cash and the issue of 5,000,000 shares. Ashburton was required to sole fund exploration to a minimum of \$100,000 at which point it could earn a 50% beneficial interest in the project by issuing 25,000,000 shares to the owners. This was completed on the 2nd April 2013.

Ashburton can then spend \$0.5M over the next two years to earn the right to acquire an additional 35% beneficial interest in the project by payment to the owners of \$450,000 in the combination of cash and shares at Ashburton's discretion.

The owners' remaining 15% would be free-carried by Ashburton through to a decision to mine, at which point contributions would be on a joint venture basis subject to dilution by standard formula.

Gold prospectivity

The Albany-Fraser Orogen is an extensive belt of gneissic rocks which flank the south-eastern margin of the Archaean Yilgarn Craton. The western zone includes reworked and metamorphosed portions of granite and greenstone rocks of the Archaean eastern goldfields. A number of discoveries occur in this zone, including Tropicana and the Beachcomber prospect.

The Mt Andrew project is likely to be prospective for gold as it is the part of the Biranup complex which contains an area of structural complexity and dilation zones resulting from deformation around the more competent Fraser Complex. Dilation zones like this can act as sites of deposition of gold mineralisation that had potentially remobilised during the deformation event.

Nickel prospectivity

The discovery by Sirius Resources NL of the Nova-Bollinger Ni-Cu deposit is one of the most important discoveries in recent years sparking significant interest in the Fraser Range region.

Investor interest in the region is growing with a view being taken that potential exists for further new discoveries.

Mt Webb IOCG WA (100%; earning 90%)

The project is highly prospective for copper with intersections of:

- 246 m @ 0.22% (incl. 12 m @ 1.1% Cu)
- 76 m @ 0.27% Cu
- Large copper zone at Pokali - copper mineralisation of in excess of 1km in strike and 250m in width at grades above 0.2% Cu with potentially economic grade and widths of 62 m @ 0.4% Cu.
- Zone open in both directions along strike and depth
- Virgin regional gold discoveries: 2 m @ 0.7 g/t Au
- Heritage surveys to be undertaken over gold anomalous areas
- 1st pass geochemical drilling over the eastern area still to be completed.

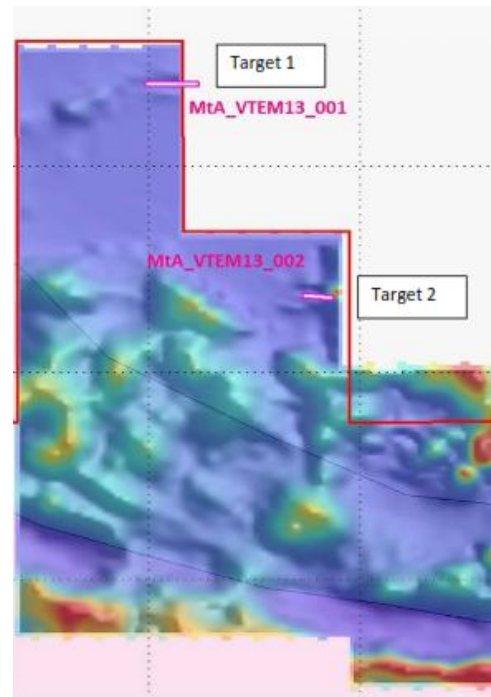


Figure 2 : VTEMmax, Mt Andrew project, EM ch45 image which shows the position of high priority targets- Targets 1 & 2

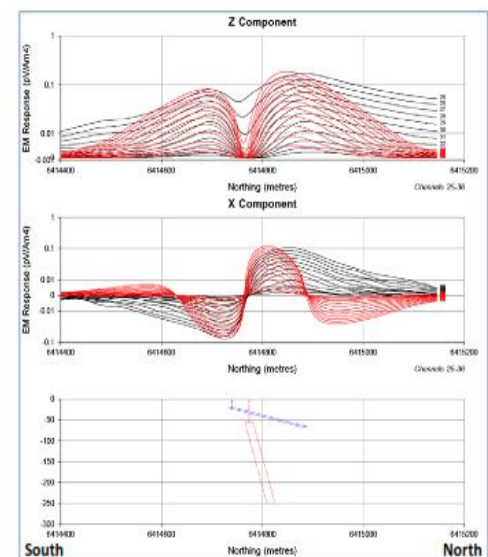


Figure 3: Mt Andrew project VTEMmax survey profiles of EM response. Line 1100, Target 1. Black: field data Red: modelled data

Corporate

A recent rights issue raised \$261,000 with a 40% take up by shareholders. A subsequent \$95,000 was raised by placement of the shortfall.

Management is investigating and evaluating advanced projects which have potential for an acquisition.

An additional capital raising will be necessary to undertake the next phase of work on the Mt Andrew Project, which should include drilling in H2 of 2013.

Management

Mr Rick Crabb (Chairman)

Mr Crabb practiced as a solicitor from 1980 to 2004. During this time he specialised in mining, corporate and commercial law. He has provided legal counsel in relation to finance, marketing, government agreements and construction contracts for numerous resource development projects throughout Australia and Africa. Mr Crabb now focuses on his public company directorships and investments and is a Fellow of the Australian Institute of Company Directors. In his capacity as Chairman, Mr Crabb brings valuable legal, commercial and resource development experience and expertise to the Board. Mr Crabb is currently a director of Paladin Energy Ltd (from February 1994), Golden Rim Resources Limited (from August 2001) and Otto Energy Ltd (from November 2004). Mr Crabb was formerly a Director of Port Bouvard Ltd (from 2 December 1996 to 23 April 2009) and Royal Resources (from 23 February 2004 to 11 August 2009).

Mr Tom Dukovic (Managing Director)

Mr Dukovic is a geologist with over 20 years experience in exploration and development. He has worked in diverse regions throughout Australia, including the Yilgarn, Kimberley, central Australia and northeast Queensland. Internationally he has worked in southeast Asia and Brazil. During this time he has been directly involved with the management of gold discoveries in Australia and Brazil. Mr Dukovic is a Member of the Australian Institute of Geoscientists and a Member of the Australian Institute of Company Directors. He brings valuable geological expertise, exploration knowledge and management skills to the Board.

Mr Peter Bradford (Non-Executive Director)

Mr Bradford is a metallurgist and corporate executive with 30 years experience in gold and base metal operations in Africa and Australia. Mr Bradford is a director of PMI Gold Corporation and is President and CEO of Copperbelt Resources Limited. He is a Fellow of the Australasian Institute of Mining and Metallurgy, a Member of the Society for Mining Metallurgy and Exploration, and a Member of the Australian Institute of Company Directors. He is also past president and lifetime member of the Ghana Chamber of Mines.

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