



ASHBURTON
MINERALS LTD

ABN 99 008 894 442

www.ashburton-minerals.com.au

L1, 254 Railway Parade
West Leederville
Western Australia 6007

PO Box 1245
West Leederville
Western Australia 6901

T: 61 8 9363 7800

F: 61 8 9363 7801

E: info@ashmin.com.au

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Company Announcements Office
Australian Securities Exchange Limited
20 Bridge Street
SYDNEY NSW 2000



by electronic lodgement

Ashburton Minerals Ltd
("Ashburton" or "the Company")

QUARTERLY ACTIVITIES REPORT Q2, for the period ending 31 December 2012

SUMMARY

Exploration:

- Farm-in agreement entered into over Mt Andrew project in the Fraser Range region of WA; prospective for Au (+ Ni-Cu); heli-borne EM survey scheduled for early February 2013
- Investigation and evaluation of new projects continuing

Corporate:

- 2012 Annual General Meeting held on 19 November 2012
- Rights Issue well supported with 40% take-up by shareholders, raising \$261,000; balance to be placed by 10 March 2013 to raise a further \$389,000

*Ashburton Minerals Ltd is an Australian based resources company primarily focused on exploration and development of quality projects that are extensively mineralised and are deemed by the Company to be prospective for large economic deposits that could generate long-term returns to shareholders. The Company's primary focus is the **Mt Webb IOCG copper project** in Western Australia.*

EXPLORATION

MT ANDREW PROJECT, FRASER RANGE WA (Au + Ni-Cu; earning 85%)

On 13 November 2012 Ashburton announced it had signed a farm-in agreement with private owners over two granted exploration licences in the Fraser Range region of Western Australia. The project tenements, E63/1322 and E63/1375, are situated some 120 km ESE of Norseman and encompass approximately 290 km² of the Proterozoic Biranup Complex within the Albany-Fraser Orogen. The ground is deemed prospective primarily for gold mineralisation. The project area also captures approximately 20 km² of the southern extremity of the Fraser Complex, which will be targeted for nickel-copper mineralisation. The recent Nova discovery by Sirius Resources is located 75 km to the north within the Fraser Complex.

Ashburton is assessing a number of quotes for a helicopter-borne EM survey over the northern part of the project area. The survey will be implemented in the coming weeks and will investigate the prospectivity of that area for 'Nova-style' Ni-Cu mineralisation.

Gold Prospectivity

The Albany-Fraser Orogen is an extensive belt of gneissic rocks flanking the south-eastern margin of the Archaean Yilgarn Craton. The western zone of this belt includes reworked and metamorphosed portions of granite and greenstone rocks of the Archaean eastern goldfields. A number of gold discoveries occur within this zone, including most notably the Tropicana deposit (6.4 M oz) and the Beachcomber prospect (3 m @ 65.8 g/t), both held by AngloGold Ashanti and Independence Group. Further southwards, gold mineralisation has been reported at Woodline (Sipa Resources) and Salmon Gums (Triton/Matsa). Additionally, at its Viking project, AngloGold Ashanti is exploring a large area in the southern part of the belt, in the vicinity of the Mt Andrew project, recording an aircore intercept of 16 m @ 0.53 g/t at the Fencline prospect, and 4 m @ 0.60 g/t at the Animal prospect (Figure 1).

The Mt Andrew project is further regarded by Company geologists as being prospective for gold as it encompasses that part of the Biranup Complex that contains an area of structural complexity and zones of dilation resulting from deformation around the more competent Fraser Complex (Figure 1). Such dilation zones could act as sites of deposition of gold mineralisation that might have been remobilised during the deformation event.

The western part of the project partly covers ground explored by BHP in 2000-2001 for Broken Hill type base metal deposits. Although only weak Cu, Pb and Ag anomalism was identified, a large, areally-extensive gold anomaly was outlined by a 1km x 1km soil survey, with two values in the top range (8 ppb – 10 ppb Au) occurring within the project area. These results have not been followed up. However, Thor Mining plc, who holds the adjoining ground to the west, carried out infill calcrete sampling and confirmed a number of coherent gold anomalies. These anomalies abut, and seemingly continue into, the Mt Andrew project area, potentially reflecting an association with the abovementioned zones of dilation.

Nickel Prospectivity

Significant nickel and copper mineralisation within the Fraser Complex has only recently been identified by Sirius Resources at their Nova prospect, central to the Fraser Complex. While relatively little is therefore known about its prospectivity, the Fraser Complex is marked by a distinct gravity high and is readily discernible on the regional gravity map (Figure 1 shows GSWA geology draped over a gravity image). Nova is a massive sulphide deposit that generated an EM response.

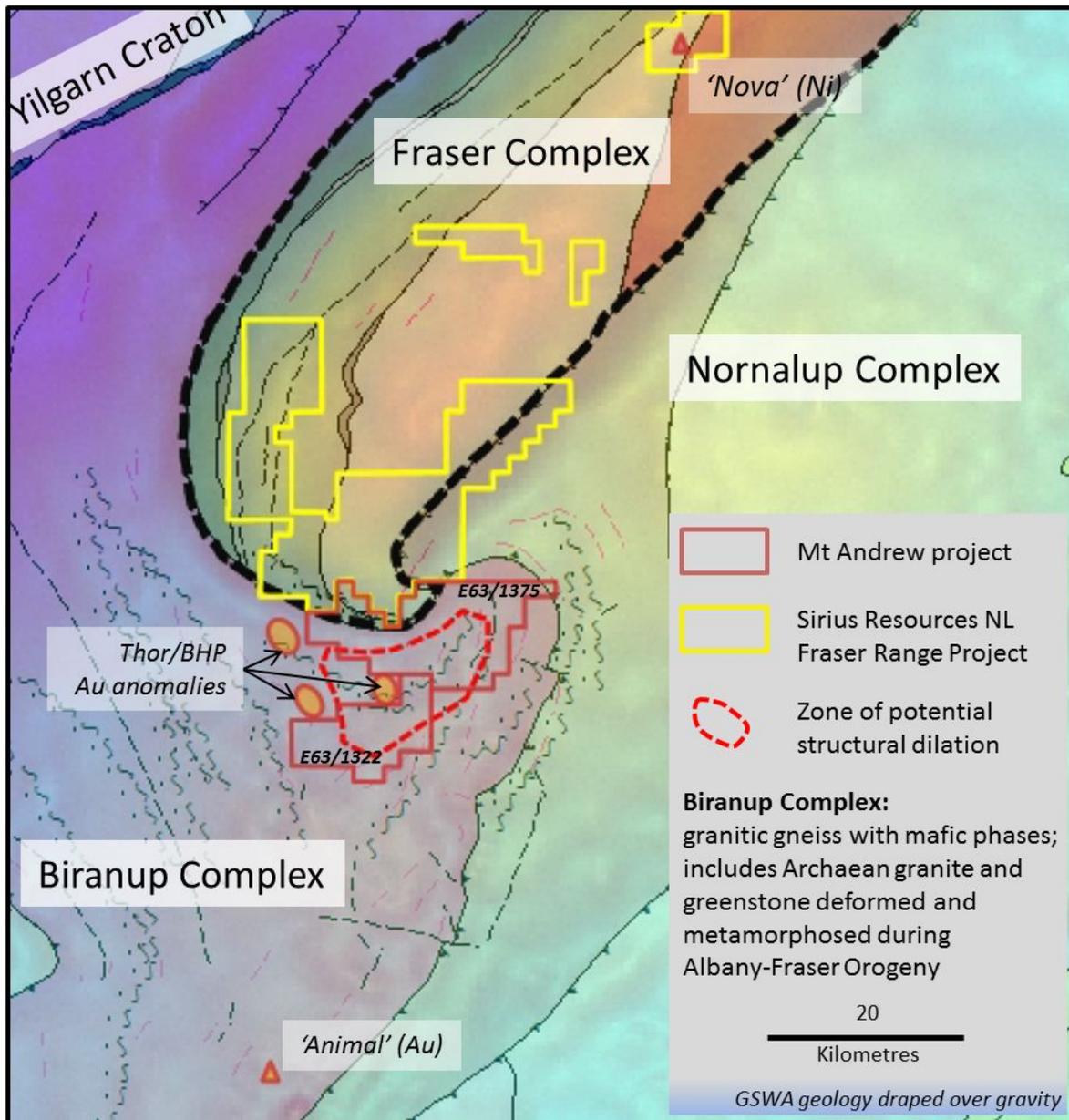


Figure 1. Mt Andrew project location in relation to regional geology, selected regional gold anomalies and Sirius Resources NL tenure.

Farm-in Terms

Ashburton has paid the owners an Entry Fee comprising \$20,000 in cash and issued 5,000,000 fully paid ordinary shares. Ashburton has to sole fund exploration to a minimum of \$100,000 at which point it can earn a 50% beneficial interest in the project by issuing to the owners 25,000,000 shares. Ashburton could then spend \$0.5 million over the subsequent two year period to earn the right to acquire a further 35% beneficial interest in the project by payment to the owners of \$450,000 by way of a 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. If the owners' interest falls below 5% it would convert to a 2% net smelter royalty on all metals produced from the project.

Ashburton is pleased to have gained exposure to this under-explored region, which is seeing increasing exploration activity by both major and junior companies.

MT WEBB IOCG, WA (100%; earning 90%)

During the quarter Ashburton undertook a rationalisation of its tenure position in the Mt Webb area with a view to reducing expenditure commitments by shedding less prospective ground. Consequently, two tenements, E80/3329 and E80/3785, were allowed to lapse without application to renew, while E80/3327, which contains the Pokali prospect, was intended to be renewed. A further tenement, E80/3920, was also retained, being the planned focus of Ashburton's field activities in 2013.

However, due to an administrative oversight, the application for renewal of exploration licence E80/3327 was not lodged with the Department of Mines and Petroleum ("DMP") such that the licence expired on 24 November 2012.

Consequently, on 28 November 2012 Toro Energy Limited ("Toro") lodged an application for an exploration licence, E80/4747, over the identical area. Ashburton became aware of the situation on the afternoon of 4 December 2012 and requested a Trading Halt in its securities on the following morning.

During the course of the following two days, Ashburton and Toro reached agreement whereby, in summary, Ashburton can regain a 90% interest in the ground in return for granting Toro 100% uranium rights over E80/4747 and E80/3920 (ref Figure 2).

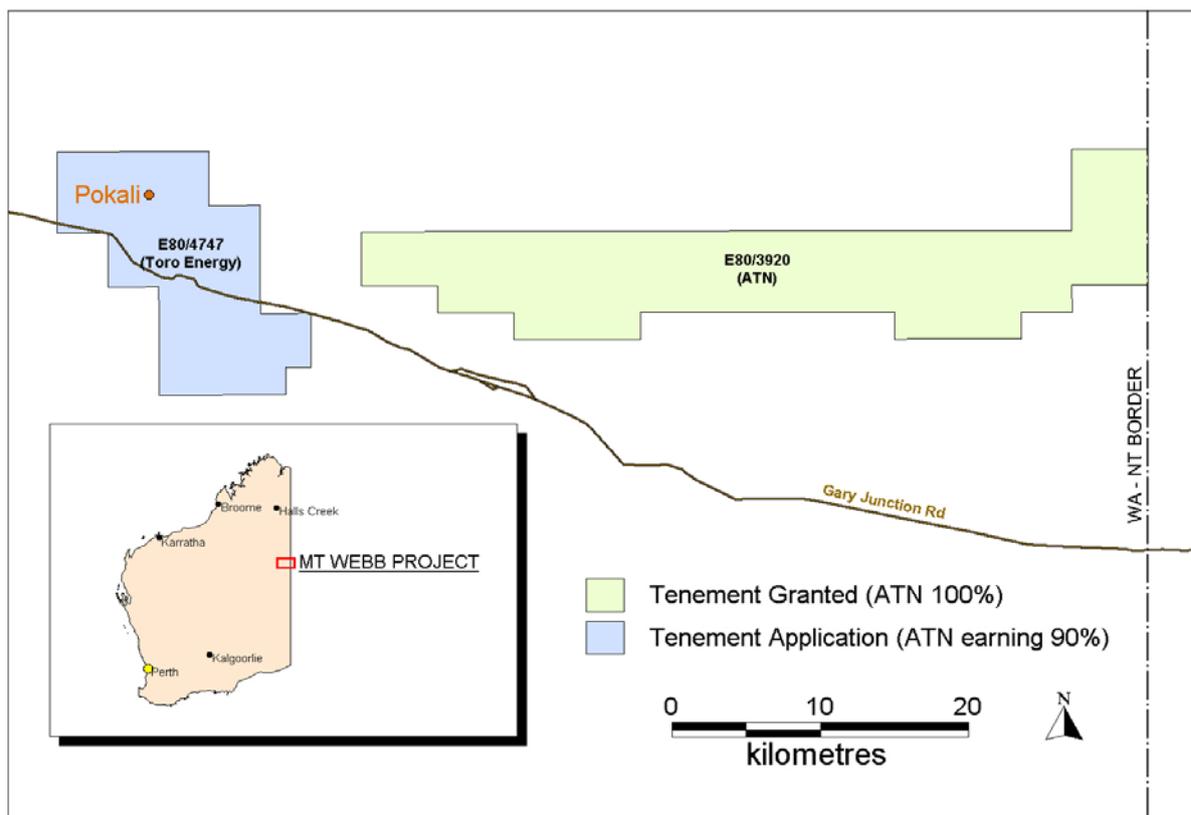


Figure 2. Mt Webb Project tenement status as at December 2012.

To earn the 90% interest in E80/4747, Ashburton must sole fund minimum DMP expenditure over the tenement for the first two years after grant, being \$53,000 per year. Subsequent expenditure would be on a joint venture basis. Ashburton and Toro will equally share costs associated with negotiating Native Title access agreements both in relation to E80/4747 and in relation to an amendment to include uranium exploration rights over E80/3920.

MT MORGAN, QLD (Au-Cu)

During the quarter Ashburton reached agreement to farm into a tenement surrounding the historical world class Mt Morgan copper-gold mine in Queensland with the intent to proceed to drilling of established targets. However, subsequent to detailed due diligence, it was determined that further exploration was required to refine immediate drilling targets and, as this did not fit in with Ashburton's near term exploration strategy, a decision was made to not proceed with the farm-in.

OTHER

Investigation and evaluation of new opportunities in the gold and gold-copper sectors continued during the quarter, focusing principally on WA-based projects.

CORPORATE

The Company's 2012 Annual General Meeting was held on 19 November with all resolutions passed as put, including:

1. Adoption of Remuneration Report;
2. Re-election of Mr Peter Bradford as Director; and
3. Approval of additional 10% Placement Capacity.

During the quarter, the Company undertook a 1-for-3 pro-rata non-renounceable rights issue at 0.2 cents per share, including a free attaching unlisted option, for every three new shares, exercisable at 0.3 cents by 31 December 2014. The issue comprised a total of approximately 325,379,186 new shares and 108,459,728 new options. The issue closed on 17 January 2013.

Again demonstrating strong support for the Company, a total of 236 shareholders participated, including all of the Directors, taking up 40.14% of the shares on offer and raising approximately \$261,000. The rights issue was not underwritten and the Directors retain the ability to place the balance shortfall by 10 March 2013. Discussions are currently underway with several brokers to place the balance and raise an additional \$389,000.

As at the date of this report, the Company holds \$0.21 million in cash.

Yours faithfully,



Tom Dukovic
Managing Director

For further information, please contact:

Ashburton Minerals Ltd

Tel: +61 8 9363 7800

Fax: +61 8 9363 7801

Email: info@ashmin.com.au

or visit our website: <http://www.ashmin.com.au>.

The information contained in this report that relates to Exploration Results or Mineral Resources is based on information compiled by Mr Tom Dukovic who is a Member of the Australian Institute of Geoscientists. Mr Dukovic is a full-time employee of the Company and has sufficient experience to qualify as a Competent Person as defined in the 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves." Mr Dukovic consents to the inclusion in this report of information compiled by him in the form and context in which it appears.