EXPLORATION LICENCE 9358
DELTA
NINTH ANNUAL REPORT
13 May 2004 - 12 May 2005

LICENSEE:
GIANTS REEF MINING LIMITED
A.B.N. 058 436 794

AUTHORS:
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June 2005
SUMMARY

This report details exploration carried out by Giants Reef on EL 9358 during the ninth year of tenure, from the 13th May 2004 to the 12th May 2005.

Giants Reef consider EL 9358 to be in a prospective location to host ironstone-related gold-copper deposits, given the presence of a number of magnetic targets, structural geometry and their position along the Eldorado-Juno-Nobles Nob trend.

A ground gravity survey, covering some 1.78 km$^2$ of the Delta target area, was undertaken over EL9358, however this work failed to delineate any potential ironstone body either in the upper regolith zone or coincident with magnetic anomalies. Results from the geophysical work carried out this year have downgraded the prospectivity of the series of magnetic anomalies in the northern region of the tenement.

Work proposed for year ten will focus on geochemical surveys and geophysical modelling in the southern region of the tenement which includes a number of magnetic anomalies and Warramunga Formation units.
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1. Location of EL 9358 and Surrounding Tenure
2. Gravity Survey Boundary & 1VD RTP Magnetics
1. INTRODUCTION

EL 9358 Delta was purchased by Giants Reef Mining NL., now Giants Reef Mining Limited (Giants Reef), from Delta Gold Exploration Pty Ltd in November 1996.

This report details exploration carried out by Giants Reef on EL 9358 during the ninth year of tenure, from the 13th May 2004 to the 12th May 2005.

2. LOCATION

EL 9358 Delta is centred approximately 22km east-southeast of Tennant Creek township, on the Tennant Creek 1:100 000 scale map sheet (5758).

Access is along the Gosse River road which runs east-west through the middle of the Licence. During and immediately after rain the Licence areas are generally inaccessible.

Figure 1 shows the location of EL 9358.

3. TENURE

EL 9358 Delta originally covered 8 blocks, and was granted to Delta Gold Exploration Pty Ltd on the 13th May 1996 for a period of 6 years. After Delta ceased exploring in the Tennant Creek field in mid-1996, the Licence was purchased by Giants Reef, with the transfer of title being registered on the 13th March 1997.

The Licence area was reduced from eight blocks to four blocks in 1999. A waiver for the reduction of EL 9358 was granted in April 2000 allowing continued retention of four blocks until May 2001.

On the 12 May 2002 Giants Reef was granted a renewal for Exploration Licence 9358 for two years and a further renewal was granted on the 29th April for a term expiring on the 12th May 2006.

EL 9358 is on NT Portion 1075, within Perpetual Pastoral Lease 1142, Tennant Creek Station.

EL 9358 is subject to an Indigenous Land Use Agreement (ILUA) signed in September 2000 between the Native Title holders of the Tennant Creek region, represented by the Central Land Council (CLC), and Giants Reef.

4. GEOLOGY

4.1 Regional Geology

The oldest exposed rocks in the Tennant Inlier are metasedimentary turbidites and siltstones of the Warramunga Formation, which are host to the ironstone Au-Cu-Bi mineralisation of the Tennant Creek Goldfield. These Palaeoproterozoic metasediments have an age of deposition of approximately 1860 Ma. Deformation and intrusion of the Warramunga Formation by voluminous porphyries and granitoids occurred during the Barramundi Orogeny (1858 Ma to 1845 Ma).

Following deformation and uplift the volcanics and volcanoclastics of the Flynn Sub-Group were erupted (1845 Ma to 1827 Ma), with intrusion of porphyries and minor granitoids into the Warramunga Formation. An additional deformation event preceded the deposition of the Hatches Creek Group/Tomkinson Creek Sub-Group (1820 Ma to 1785 Ma) and the intrusion of late-stage granitoids and porphyries into both the Warramunga Formation and Flynn Sub-Group at 1650-1712 Ma.

Papers contained in AusIMM Monograph 14 (Geology of the Mineral Deposits of Australia and Papua New Guinea, Volume 1, pp 829-861) give a good introduction to the regional geology and styles of gold-copper mineralisation of the area.

More recently, the regional geology of the Tennant Inlier has been described in the 1:250,000 Tennant Creek geological map and its explanatory notes, published by the Northern Territory Geological Survey in 1999.
4.2 Local Geology

Basement exposure in EL 9358 is limited, however there is evidence that metasediments of the Palaeoproterozoic Warramunga Formation and porphyritic felsic volcaniclastic rocks of the Yungkulungu Formation (Flynn Sub-group or Ooradidge) underlie the Licence area.

The area lies within the easterly strike extension of the Eldorado-Juno-Nobles Nob trend of mines and mineral occurrences. Along strike and further to the east of the Licence are the New Hope, Plum, Comstock and Desert Hope gold occurrences.

Giants Reef’s “Desert Gold” prospect has previously been referred to as the “Knave” and “Craig Dhu”, however the name “Desert Gold”, which comes from a Government record dated 28 August 1936, is the original name and is used here. The name of the “Big Heart” prospect comes from a Government record dated 9 February 1937 for lease or claim no. 862.

Giants Reef’s Big Heart and Desert Gold prospects within EL 9358, lie along the southern side of a major east-west porphyry dyke or sill, at its contact with Warramunga Formation sediments, on the south side of the Gosse River road. A series of magnetic anomalies lie along the northern contact of the porphyry body and are referred to as the Barracuda prospect.

5. PREVIOUS EXPLORATION

The ELs have been explored by various companies including Geopeko, North Flinders Mines Ltd, Roebuck Resources NL, Posgold (Normandy) and Delta Gold Exploration Pty Ltd.

A detailed ground magnetic survey was completed over sections of former EL 7274 in 1991 by Poseidon Gold Ltd (PosGold). The survey covered six magnetic anomalies previously identified from airborne magnetics flown for PosGold by Austrex Ltd in 1990. At each anomaly a local grid was established and a ground magnetic survey was conducted using a GSM rapid sampling magnetometer (ref. CR93/364: EL 7274).

The Barracuda 3 anomaly (C23/Baloo) lies within Giants Reef’s EL 9358, while the Seagull anomaly (C316/Explorer 199) is on the southern boundary of the Licence.

Posgold completed two RC holes at the Desert Gold prospect in 1993. Drilling intercepted an ironstone body dipping shallowly to the south, however no significant intercepts were returned.

Roboebuck Resources carried out vacuum drilling (42 holes) over the chain of magnetic anomalies referred to as the Barracuda anomaly and results returned a weak Au geochemical anomaly associated with the westernmost magnetic anomaly (up to 2 ppb Au).

No exploration was carried out by Delta Gold Exploration Pty Ltd, however Giants Reef undertook magnetic modeling, gravity surveys, rock chips and completed one diamond drill hole.

Geophysical modeling of the Baloo South anomaly suggests it is approximately 160m below surface, however this target remains untested. Modelling of magnetic data for Big Heart and Desert Gold prospects suggests they are deep mineralised targets. The two gravity survey traverses across the Big Heart and Desert Gold prospects failed to produce any significant gravity anomalies. Results from rock chip sampling of ironstone outcrops were generally low, however maximum values included 45.6 g/t Au (Big Heart prospect) and 0.05 g/t Au (Desert Gold prospect).

During the second year of reporting Giants Reef completed open hole percussion drilling at the Big Heart (15 holes) and Desert Gold (16 holes) prospects. Although drilling intercepted ironstones at both prospects no significant Au assays were returned. The completion of one diamond hole at the Barracuda magnetic anomaly in the north of the Licence area has downgraded this prospect as drilling intercepted magnetite-bearing porphyritic granodiorite. Down-hole magnetic logging further supports that that the magnetic anomaly is due to this unit.
6. WORK CARRIED OUT DURING YEAR NINE

EL 9358 was included within a package of tenements which were subject to a combined quantitative/quantitative ranking, based on geological, geophysical, & geophysical characteristics and other parameters covering work status, target type, land status and economics. A series of east-west trending magnetic anomalies within the central portion of the tenement were selected for follow-up as part of the 2004/05 exploration program.

A ground gravity survey (Figure 2.), covering some 1.78 km$^2$ of the Delta target area, was designed to detect potential ironstone-related gold ore bodies in the upper regolith zone and any gravity anomalies that may be co-incident with the series of east-west trending prominent magnetic anomalies and weak vacuum Au geochemical anomalies. EL 9358 is included within the Gosse Road Project MMP and approval for exploration was received from DBIRD on 18 August (Authorisation No. 0040-02).

The gravity survey was completed in September and covered a 2 km long corridor which includes a series of 5 prominent magnetic anomalies that are aligned with the Nob-Line mineralised corridor. The area includes minor vacuum Au geochemical anomalies and comprises Warramunga Formation sediments. Daishsat Geodetic Surveyors completed approximately 21 line kilometres of gravity using 40 m station centres and 80 m line spacing.

The gravity data did not provide any evidence to support the presence of a ironstone body either in the upper regolith zone or co-incident with any of the magnetic anomalies. The gravity data highlighted a prominent east-west trending linear low that is interpreted as a fault/shear contact between high magnetic Warramunga Formation units in the north and a high magnetic volcanoclastic succession (Ooradidge Group) to the south.

Results from the geophysical work carried out this year have downgraded the prospectivity of the series of magnetic anomalies in the northern region of the tenement.

7. WORK PROPOSED FOR YEAR TEN

Work proposed for year ten will focus on geochemical surveys and geophysical modelling in the southern region of the tenement which includes a number of magnetic anomalies and Warramunga Formation units.

8. REHABILITATION

No rehabilitation was required as no surface disturbance exploration activities were undertaken during the year.

9. CONCLUSIONS

EL 9358 includes metasediments of the Palaeoproterozoic Warramunga Formation and lies within the easterly strike extension of the Eldorado-Juno-Nobles Nob trend of mines and mineral occurrences.

A ground gravity survey, covering some 1.78 km$^2$ of the Delta target area, was undertaken over EL9358, however this work failed to delineate any potential ironstone body either in the upper regolith zone or co-incident with magnetic anomalies. Results from the geophysical work carried out this year have downgraded the prospectivity of the series of magnetic anomalies in the northern region of the tenement.

Work proposed for year ten will focus on geochemical surveys and geophysical modelling in the southern region of the tenement which includes a number of magnetic anomalies and Warramunga Formation units.
10. EXPENDITURE FOR YEAR NINE

The proposed expenditure for the ninth year of tenure was $25,000. Actual expenditure was as follows:

<table>
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<tr>
<th>Category</th>
<th>Expenditure</th>
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<td>Surveying</td>
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<tr>
<td>Data Integration</td>
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<td>Drilling</td>
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<tr>
<td>Analytical</td>
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<tr>
<td>Administration</td>
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<td>Tenement Management</td>
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</tr>
<tr>
<td>Rehabilitation</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$25,680</strong></td>
</tr>
</tbody>
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Total expenditure was $25,680.

11. PROPOSED PROGRAM AND EXPENDITURE FOR YEAR TEN

<table>
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<tr>
<th>Category</th>
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<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$25,000</strong></td>
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</tbody>
</table>

Expenditure for this work is expected to be in the vicinity of $25,000. Exploration programs are affected by the results achieved as the work progresses, and while this is the proposed program and expenditure for the coming year, some changes may become necessary.

BRAD PARKER
SENIOR PROJECT GEOLOGIST

GIANTS REEF MINING LIMITED
GIANTS REEF MINING LIMITED

HARD COPY REPORT META DATA FORM

REPORT NAME: NINTH ANNUAL REPORT FOR EL 9358 DELTA, FOR THE PERIOD 13 MAY 2004 - 12 MAY 2005
PROSPECT NAMES(s): EL9358 – DELTA

GROUP PROSPECT NAME:

TENEMENT NUMBERS(s):

ANNIVERSARY DATE: 13 MAY 2005

OWNER/JV PARTNERS: GIANTS REEF EXPLORATION PTY LTD

AUTHOR(s): B.J. PARKER

COMMODITIES: GOLD, COPPER, BISMUTH

MAPS 1:250 000:

MAPS 1:100 000:

MAPS 1:25 000

TECTONIC UNIT(s):

STRATIGRAPHIC NAME(s) WARRAMUNGA FORMATION, FLYNN SUBGROUP,

AMF GENERAL TERMS: LITERATURE SEARCH

AMF TARGET MINERALS: GOLD, COPPER, BISMUTH, LEAD

AMF GEOPHYSICAL:

AMF GEOCHEMICAL:

AMF DRILL SAMPLING:

HISTORIC MINES: ELDORADO-JUNO-NOBLES NOB, NEW HOPE, COMSTOCK, THE PLUM

DEPOSITS:

PROSPECTS: BALOO SOUTH, BIG HEART, DESERT GOLD, BARRACUDA

KEYWORDS: EL9358, DELTA, BALOO SOUTH, BIG HEART, DESERT GOLD, BARRACUA