EXPLORATION LICENCE 9909

STAR WARS

FOURTH YEAR RELINQUISHMENT REPORT
20 March 2004 - 19 March 2005

LICENSEE:
GIANTS REEF EXPLORATION PTY LTD
A.C.N. 009 200 346

AUTHOR:
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June 2005
SUMMARY

Exploration Licences 9909 Star Wars is part of three contiguous tenements that Giants Reef refer to as the Rosella project area.

This report records the exploration work completed on the portion of no continuing interest of the relinquished area of EL 9909 during the fourth year of tenure, from the 20th March 2004 to the 19th March 2005.

The tenement was acquired to search for large base metal deposits associated with a broad gravity feature called the Rosella Gravity Anomaly, centred in the western region of the tenement.

EL 9909 was included within a package of tenements which were subject to a combined quantitative/qualitative ranking, based on geological, geophysical & geophysical characteristics and other parameters covering work status, target type, land status and economics. The tenement was down graded to “Non-Core A” which includes areas comprising only limited Warramunga Formation, weak anomalies, no proven corridors of mineralisation, however they still comprise areas that are largely unexplored.

Whilst Giants Reef intends to carry out geochemical work on these tenements in the next year of exploration, the Company is in the process of actively pursuing a JV for these tenements.

At the end of the fourth year of tenure EL 9909 was reduced from 51 to 26 graticular blocks.
CONTENTS

<table>
<thead>
<tr>
<th>CONTENTS</th>
<th>PAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>SUMMARY</td>
<td>i.</td>
</tr>
<tr>
<td>CONTENTS</td>
<td>ii.</td>
</tr>
<tr>
<td>1. INTRODUCTION</td>
<td>1.</td>
</tr>
<tr>
<td>2. LOCATION</td>
<td>1.</td>
</tr>
<tr>
<td>3. TENURE</td>
<td>1.</td>
</tr>
<tr>
<td>4. GEOLOGY</td>
<td>1.</td>
</tr>
<tr>
<td>4.1 Regional Geology</td>
<td>1.</td>
</tr>
<tr>
<td>4.2 Local Geology</td>
<td>2.</td>
</tr>
<tr>
<td>5. SUMMARY OF PREVIOUS WORK</td>
<td>2.</td>
</tr>
<tr>
<td>6. REHABILITATION</td>
<td>3.</td>
</tr>
<tr>
<td>7. CONCLUSIONS</td>
<td>3.</td>
</tr>
</tbody>
</table>

FIGURES

1. Location of EL 9909 and surrounding tenure
2. Relinquished Area
1. INTRODUCTION

Exploration Licences 9909 Star Wars is part of three contiguous tenements that Giants Reef refer to as the Rosella project area.

EL 9909 was acquired to search for large base metal deposits associated with a broad gravity feature called the Rosella Gravity Anomaly, centred in the western region of the tenement.

This report records the exploration work completed on the portion of no continuing interest of the relinquished area of EL 9909 during the fourth year of tenure, from the 20th March 2004 to the 19th March 2005.

2. LOCATION

The Rosella project area covers a wide tract of country extending west from the Stuart Highway 45km north of Tennant Creek almost to Warrego, with the centre of the Licence situated approximately 40km north north-west of Tennant Creek town. Much of the Licence area is without tracks, and difficult to reach.

There are two principal access routes into EL 9909 from Tennant Creek Township. One is via the Warrego road, from which a number of roads run in northerly directions into the project area from the Gecko and Orlando mines, and from the various roads to the dams and bores that once supplied water to the Warrego mine. The cleared survey line track along the route of the proposed Alice Springs to Darwin railway line is outside the EL’s, but roughly parallels their southwestern boundaries.

The other principal access route is from the Stuart Highway, through Phillip Creek homestead. In the eastern part of EL 9909 there are many station tracks that link with tracks in the south and west of the project area, and it is possible to drive from Phillip Creek right through the area to the western side of the area, and on to Warrego.

Figure 1 shows the Location of EL 9909 and Surrounding Tenure.

3. TENURE

Exploration Licences 9909 was granted to Giants Reef Exploration Pty Ltd on the 20th March 2001, for a period of 6 years.

EL 9909 is within NT Portion 408, Perpetual Pastoral Lease 946, and Phillip Creek Station.

Exploration Licence 9909 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.

At the end of the fourth tenure year a statutory relinquishment was applied to this tenement. EL 9909 was reduced from 51 graticular blocks to 26 graticular blocks.

4. GEOLOGY

4.1 Regional Geology

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

A more recent reference is the 1:250,000 Tennant Creek geology map and Explanatory Notes, published by the Northern Territory Geological Survey in 1999, which includes a revised stratigraphy.
4.2 Local Geology

More than 98% of EL 9909 comprises units of the Ooradidgee Group and these are dominated by the Wundirgi Formation which is comprised of arenite, siltstone, shale, tuff, chert and silicified tuff. Other units of the Ooradidgee Group include ignimbrites, lapilli tuff and rhyolitic lava. These units are intruded by monzonite and quartz-monzonites of the Treasure Suite. Gold mineralisation is hosted by these felsic intrusives at two small prospects some 5.5 kms west of the EL and include the Last Hope (415 oz) and Bull Pup (55 oz).

Minor sedimentary and volcanic units of the younger Hatches Creek Group occur at the northern edge of the EL. Less than 2% of Warramunga Formation occurs in the EL, however this comprises sandstone dominated volcano lithic, turbiditic sequences as opposed to the more prospective highly magnetic siltstone dominated Warramunga Formation units.

5. SUMMARY OF PREVIOUS WORK

EL 9909 was originally explored under the terms of Giant Reef’s Alliance with Billiton Exploration Australia Pty Ltd. On the 25th July 2003 the Alliance between BHP Billiton and Giants Reef was terminated.

**Year 1**
Exploration included a literature search, reconnaissance, geophysical assessment or recent magnetic and gravity data sets and securing clearances from the CLC.

**Year 2**
No on-ground exploration was conducted over the Licences during the year. The tenements were reduced by 50%.

**Year 3**
No on-ground exploration was conducted over the Licence during the year. A waiver of reduction was approved.

**Year 4**
Although no on ground exploration work was carried out on this tenement, it was included within a package of tenements which were subject to a combined quantitative/qualitative ranking, based on geological, geophysical & geophysical characteristics and other parameters covering work status, target type, land status and economics. As part of this work geochemical data sets were integrated into the Company’s GIS for analysis. The tenements were downgraded to “Non-Core A” which includes areas comprising only limited Warramunga Formation, weak anomalies, no proven corridors of mineralisation, however still largely unexplored.

The prospectively of the EL to host economic gold/copper mineralisation was recently reviewed and downgraded for the following reasons;

a.) The EL contains less than 13% of prospective Warramunga Formation, with the remainder of the geology comprising younger units of the Ooradidgee Group. The former comprise low magnetic variants, sandstone dominated units which have been found to be less prospective in the field. The area proposed for reduction includes only units of the Ooriddee and Hatches Creek Group.

b.) Although the areas proposed for reduction includes monzonitic units of the Treasure Suite, which is the host to mineralisation at the small Last Hope and Bull Pup prospects, the tenement has no recorded occurrences of Au-Cu mineralisation.

c.) The area proposed for reduction includes the northern region of the Rosella Gravity Anomaly, however its prospectivity has been down-graded due to it being interpreted as a regional feature, reflecting a thick package (up to 2km) of sediments (Ooradidgee and Hatches Creek Group) against lower density granites i.e. Warrego granite. The Rosella anomaly appears to be only a part of an
extensive anomaly, and appears not to constitute a specific or discrete anomaly which might provide a drill target. Furthermore, magnetic features occurring within the Rosella Gravity Anomaly extend well away from it, suggesting that the magnetic and gravity features do not have a common source. Geophysical assessments of the Rosella Gravity Anomaly suggested that the magnetic and gravity data do not define a specific target worth drill testing and as such is no longer regarded has having significant potential to host a large base metal deposit.

**Figure 2 shows the relinquished area**

6. REHABILITATION

None of the work done on the Exploration Licence area so far has required any rehabilitation measures.

7. CONCLUSIONS

This tenement was acquired to search for large base metal deposits associated with a broad gravity feature called the Rosella Gravity Anomaly, centred in the western region of the tenement.

EL 9909 was included within a package of tenements which were subject to a combined quantitative/qualitative ranking, based on geological, geophysical & geophysical characteristics and other parameters covering work status, target type, land status and economics. The tenements were down graded to “Non-Core A” which includes areas comprising only limited Warramunga Formation, weak anomalies, no proven corridors of mineralisation, however are still largely unexplored.

At the end of the fourth year of tenure EL 9909 was reduced from 51 to 26 graticular blocks.

DENIELLE CAMPBELL
TENEMENTS AND DRAFTING OFFICER

GIANTS REEF EXPLORATION PTY LTD
Figure 2

Relinquished Area of EL 9909

GIANTS REEF MINING LIMITED

Master: GRM
Drawn: DMC

Drawing No.: 10000409

Date: June 2005

Projection: GDA94

Scale: 1:100,000

Report No.: 000909

Relinquished Area of EL 9909

Jabiru

Madigan

Darwin

Alice

Springs

DARWIN

Tennant

Creek

NORTHERN TERRITORY

Katherine

Borroloola

LOCALITY MAP