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EXPLORATION LICENCE 9408 GUM RIDGE WEST THIRD ANNUAL REPORT 4 January 1998 - 3 January 1999

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

AUTHOR:
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December, 1998

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Department of Mines & Energy
Giants Reef Exploration Pty Ltd
Giants Reef Mining N.L.

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SE53-14
TENNANT CREEK 1:250 000
5758
TENNANT CREEK 1:100 000

SUMMARY

Exploration Licence 9408, *Gum Ridge West*, is one of a group of contiguous tenements referred to as the *Eastern Project Area*, centred 20 kilometres east-northeast of Tennant Creek. The Licence was granted to Giants Reef Exploration Pty Ltd on 4 January 1996 for a term of 6 years.

This report covers the work done on EL 9408 during the third year of tenure, from 4 January 1998 to 3 January 1999.

Targets are gold and copper orebodies.

Outcrop in the EL is restricted, but the area is underlain by sedimentary sequences of the Palaeoproterozoic Warramunga Formation.

Work during the second year consisted of geological and geophysical reconnaissance and drill site preparation.

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FIGURES

1. Location and Surrounding Tenements
2. Licence Area

1. INTRODUCTION

EL 9408 is located east-northeast from Tennant Creek and 3 kilometres west of the abandoned Gigantic gold mine. It is one of a group of contiguous tenements, referred to as the *Eastern Project Area*, being explored by Giants Reef Exploration Pty Ltd. The other tenements are ERL 85, ELs 7636, 7985, 9372, 9645, 9685 and the Blue Moon group of ML C575, MC C377 and Hld C36.

This report records the work done during the third year of the Licence, from 4 January 1998 to 3 January 1999.

2. LOCATION

EL 9408, *Gum Ridge West*, is approximately 20 kilometres east-northeast of Tennant Creek. It is located on the Tennant Creek 1:100 000 scale map sheet.

Access is via a four-wheel drive track starting near the Tennant Creek microwave repeater tower and following the "Lone Star" trend of old gold mines to a point about 2 kilometres west of the Gigantic prospect, thence heading north along Giants Reef's cleared grid lines into the southern part of EL 9408.

Alternatively, the central part of the Licence area can be reached by driving east along another system of four-wheel drive tracks starting from the old Tennant Creek telegraph station on the Stuart Highway.

Figure 1 shows the EL and surrounding tenements.

3. TENURE

EL 9408, originally covering 4 blocks totalling approximately 13 square kilometres, was granted to Giants Reef Exploration Pty Ltd on 4 January 1996 for a term of 6 years. The area had been reduced to 2 blocks totalling 6 square kilometres for the third year of tenure.

The Licence is worked as one project in conjunction with ERL 85, ELs 7636, 7985, 9372, 9645, 9685 and the Blue Moon group of ML C575, MC C377 and Hld C36.

The Licence is within NT Portion 494, Perpetual Pastoral Lease 1142, Tennant Creek Station.

Figure 2 shows the Licence area held in Year 3.

4. GEOLOGY

Some low siltstone, sandstone and shale outcrops of the Palaeoproterozoic Warramunga Formation are found in the southwestern area of the EL. Elsewhere the bedrock is area is covered by Quaternary alluvium and red sand, except for an isolated haematite-quartz ironstone outcrop near the southeastern corner of the Licence, at AMG 434700E 7834500N, the site of the Western Moon prospect and aeromagnetic anomaly.

5. WORK DONE DURING THE YEAR

5.1 Geological and geophysical reconnaissance

Geological and geophysical reconnaissance was carried out to determine the appropriate location for a drill pad for planned drilling of the prospect's western magnetic anomaly, to test for an ironstone source body.

5.2 Drill pad preparation

Gravity line 434500E was re-cleared north from the established Gigantic track to provide access for a drill rig into the Western Moon prospect. A drill site was cleared at the western magnetic anomaly.

5.3 Data Integration

Tenure information and geoscientific data on EL 9408 and all of Giants Reef's tenements are being compiled and imported into GIS ArcView. This is a lengthy and on-going process.

6. REHABILITATION

No work involving substantial disturbance has been carried out over the Licence area.

7. CONCLUSIONS

EL 9408 is regarded as a highly prospective block by virtue of its geological setting, its geophysical features, and its proximity to a number of old mines and mineralised occurrences.

Two magnetic targets have so far been generated from the detailed airborne geophysical survey, and others are likely to arise when additional appraisal of the data is carried out.

The Western Moon prospect, drilled in the first year of the Licence, remains a target for further geophysical assessment, including downhole magnetic probing to find more drill targets.

8. EXPENDITURE

The proposed expenditure for the third year was \$11,000. Expenditure was as follows:

	\$
1. Geology	2,060
2. Geophysics	467
3. Geochemical	0
4. Surveying	78
5. Data integration.....	1,823
7. Drilling (access and site preparation).....	492
8. Tenure maintenance	963
9. Administration and Overheads.....	2,205
Rehabilitation	0
TOTAL	\$8,088

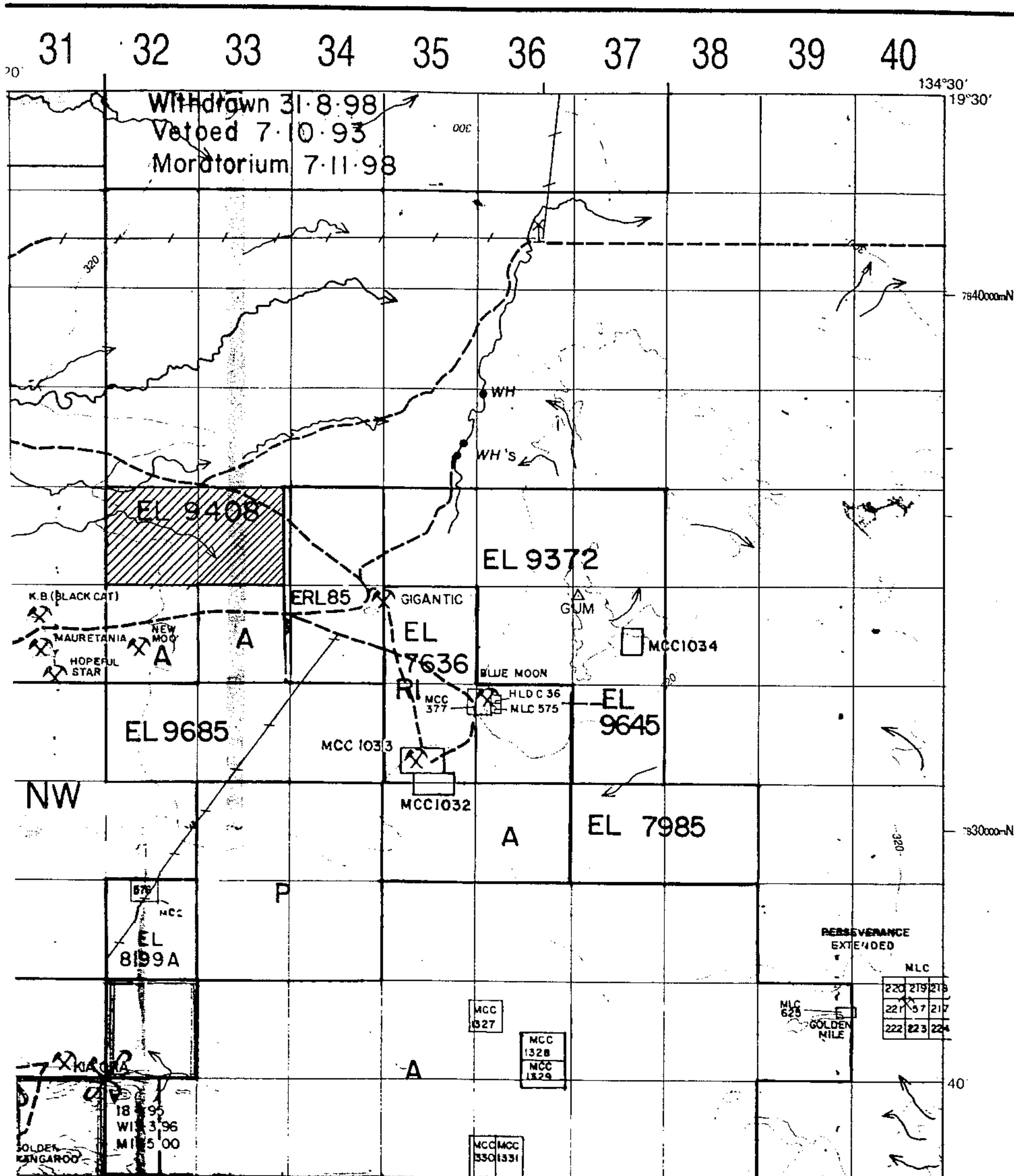
Due to drilling success at the nearby Billy Boy prospect in ERL 85, which diverted much of the Company's exploration efforts from other ELs in the Eastern Project Area, the programme that had been planned for the third year of tenure was postponed.

9. PROPOSED PROGRAMME AND EXPENDITURE FOR NEXT YEAR

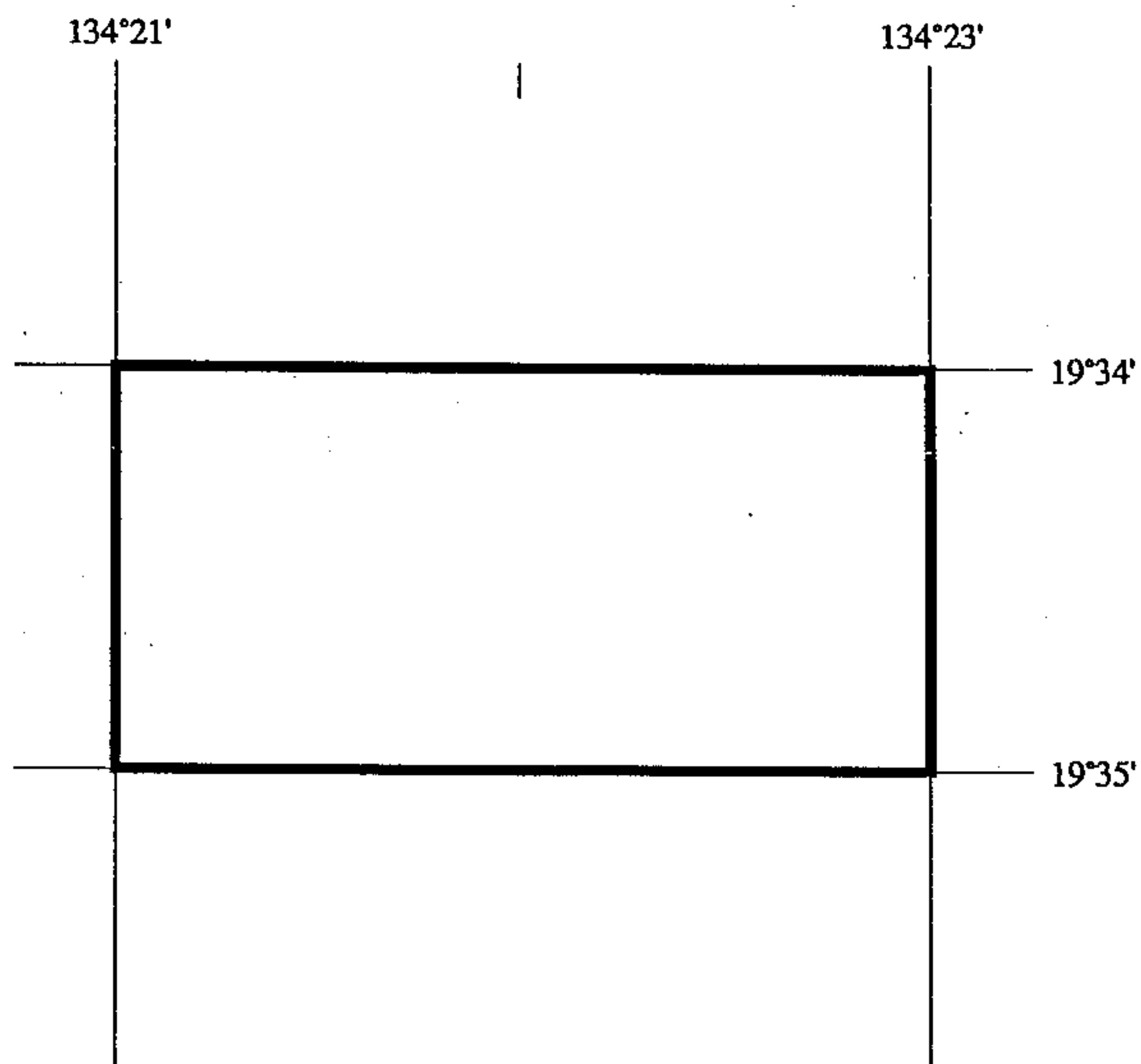
	\$
1. Geology	1,000
2. Geophysics	2,500
3. Geochemistry	1,000
4. Surveying	1,000
5. Data integration.....	500
6. Analytical.....	4,000
7. Drilling	8,500
8. Tenure maintenance	500
9. Administration and Overheads.....	1,500
Rehabilitation	500
TOTAL	\$21,000

Exploration programmes can be affected by results, and while this is the proposed programme and expenditure, specific activities may vary according to the results achieved.

N. BYRNE
EXECUTIVE DIRECTOR



GIANTS REEF EXPLORATION PTY LTD			
TENNANT CREEK NORTHERN TERRITORY			
AREA	EL 9408 - GUM RIDGE WEST		
MAP REF.	5758 TENNANT CREEK 1:100 000		
SUBJECT	Location and Surrounding Tenements Extract DME MINING TENURE 52/5		
DATE	AUTHOR	SCALE	
NOV 1998			FIGURE 1



EL9408
2 BLOCKS
6 sq kms

GIANTS REEF EXPLORATION PTY LTD			
TENNANT CREEK NORTHERN TERRITORY			
AREA	EL 9408 - GUM RIDGE WEST		
MAP REF.	5758 TENNANT CREEK 1:100 000		
SUBJECT	Year 3 Licence Area Extract DME SCHEDULE		
DATE	AUTHOR	SCALE	
MAR 1998			FIGURE 2