



GIANTS REEF MINING N.L.

A.C.N. 058 436 794

1/26 IRVINE STREET
TENNANT CREEK NT 0860

Postal Address: P.O. BOX 1244
TENNANT CREEK NT 0861

Telephone 08 8962 1330
Facsimile 08 8962 2900

EXPLORATION LICENCE 9309

SECOND ANNUAL REPORT

29 November 1996 - 28 November 1997

LICENSEES:

GIANTS REEF EXPLORATION PTY LTD

A.C.N. 009 200 346

AUTHOR:

N BYRNE

December, 1997

DISTRIBUTION:

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
5658
KELLY 1:100 000
5758
TENNANT CREEK 1:100 000

SUMMARY

Exploration Licence 9309, located approximately 23 kilometres southwest of Tennant Creek, was granted to Giants Reef Exploration Pty Ltd (Giants Reef) and Carpentaria Gold Pty Limited on 29 November 1995 for 6 years and formed part of the Grand Central Joint Venture.

In October 1996, Carpentaria withdrew from the Joint Venture and the transfer of their 70% equity to Giants Reef was effected on 13 March 1997.

This report covers the work done on the Licence area during its second year of tenure.

Targets are gold and copper orebodies.

Work carried out included geological reconnaissance, sampling and open file research.

The Licence, being on the northeastern margin of a large gravity high, has potential but, being calcrete and soil covered, will require shallow drilling to determine the geology..

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1. Sample Assays

1. INTRODUCTION

Exploration Licence 9309 is on the northeastern margin of a large gravity high centred approximately 40 kilometres southwest of Tennant Creek.

The Licence was applied for under a joint venture between Carpentaria Gold Pty Limited (Carpentaria) and Giants Reef Exploration Pty Ltd, known as the Grand Central Joint Venture.

This report records the exploration work done on EL 9309 during the second year of tenure, from 29th November 1996 to 28th November 1997.

2. LOCATION

EL 9309 is centred approximately 23 kilometres southwest of Tennant Creek. It is located on the Kelly and Tennant Creek 1:100 000 scale map sheets.

Access is via an all weather unsealed road, which turns west off the Stuart Highway 6 kilometres south of Tennant Creek. Most of the Licence area is accessible from the Amadeus Basin/Darwin gas pipeline which has 4 wheel drive service tracks traversing the EL.

Figure 1 shows the EL and surrounding tenements.

3. TENURE

EL 9309, covering 40 blocks (129 square kilometres), was granted to Carpentaria Gold Pty Limited (70%) and Giants Reef Exploration Pty Ltd (30%) on the 29th of November 1995 for a period of 6 years.

In October 1996, Carpentaria withdrew from the Joint Venture and registration of the transfer of Carpentaria's 70% equity to Giants Reef was effected on 13 March 1997.

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

Figure 2 shows the Licence area.

4. GEOLOGY

Most of the EL is soil covered interspersed with areas of calcrete, with granite outcropping in the northern section. However it is anticipated that the rocks of the Warramunga Formation, which host most of the orebodies in the region, underlie the greater portion of the Licence.

5. WORK DONE DURING THE YEAR

5.1 Geology and geological reconnaissance

A total of 36 line kilometres of geological reconnaissance traversing was carried out.

Satellite imagery in digital form has been purchased and will be used to help with structural interpretation.

5.2 Sampling

During the geological reconnaissance, four rock chip and one soil sample were collected.

Figure 3 shows the rock chip and soil sample locations. Assay results are given in Appendix 1.

5.3 Geophysical open file research

Open file gravity data was collected and bouguer values produced. This showed a steep gradient between the granite, which is expressed as a gravity low, and the interpreted Warramunga Formation.

6. CONCLUSIONS

The Exploration Licence, and in particular the gravity gradient, has potential for mineralisation. However exploration will be expensive as the prospective Warramunga Formation is soil and calcrete covered requiring shallow drilling to obtain a reasonable knowledge of the geology.

7. EXPENDITURE

The minimum expenditure covenant for the first year of tenure was \$7,000. Actual expenditure was as follows:

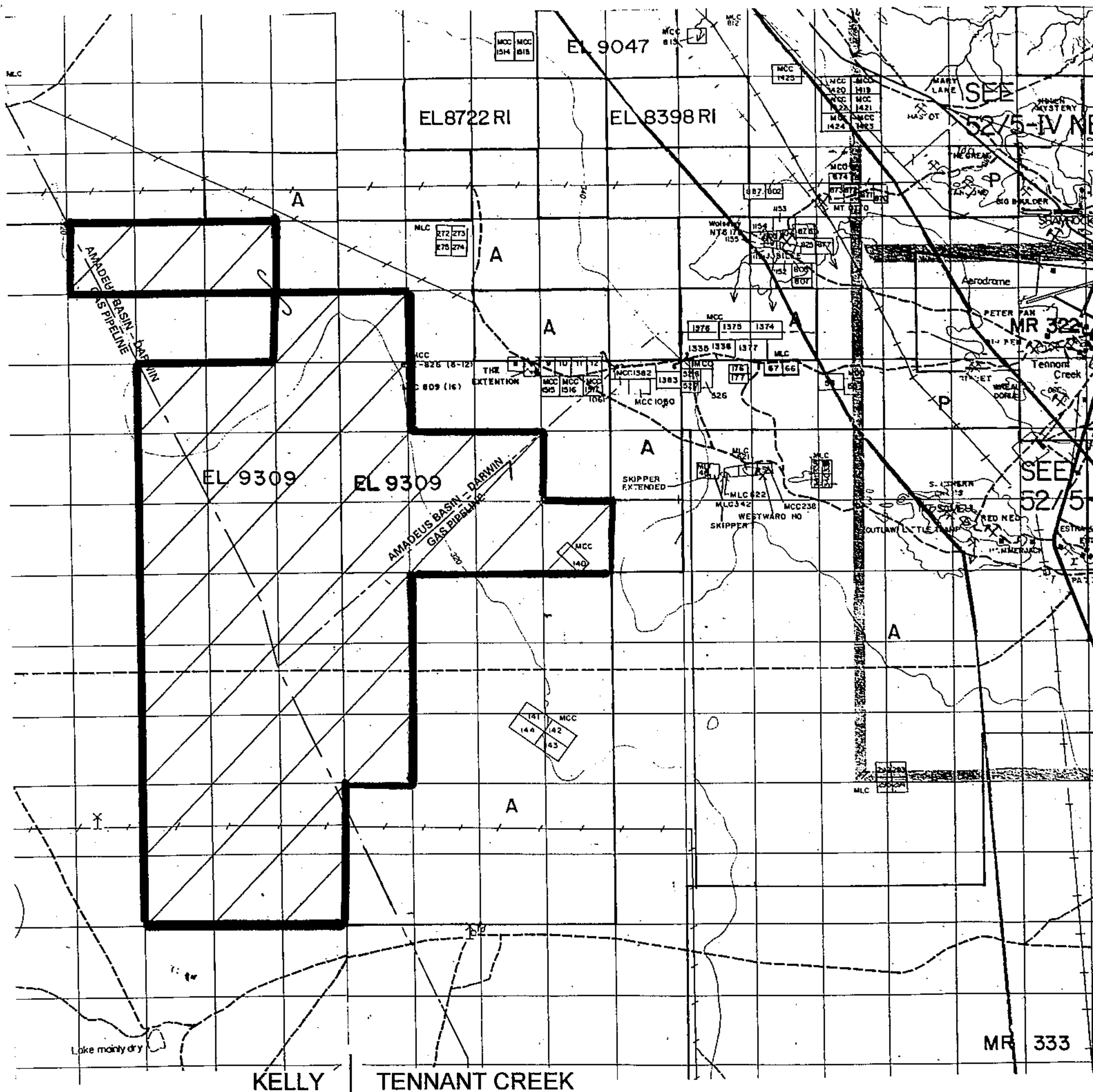
	\$
Geology	5,700
Geophysics	1,200
Geochemistry	300
Analytical	100
Administration and Overheads	1,095
TOTAL	\$8,395

8. PROPOSED PROGRAMME AND EXPENDITURE FOR NEXT YEAR

	\$
Geology	3,000
reconnaissance, local mapping, satellite imagery	
Geophysics	5,000
gravity survey and assessment of data	
Geochemistry	1,200
continuation of soil sampling	
Surveying	2,000
levelling	
Analytical	3,800
assaying	
Drilling	10,000
RC percussion	
Administration and Overheads	4,000
TOTAL	\$29,000

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

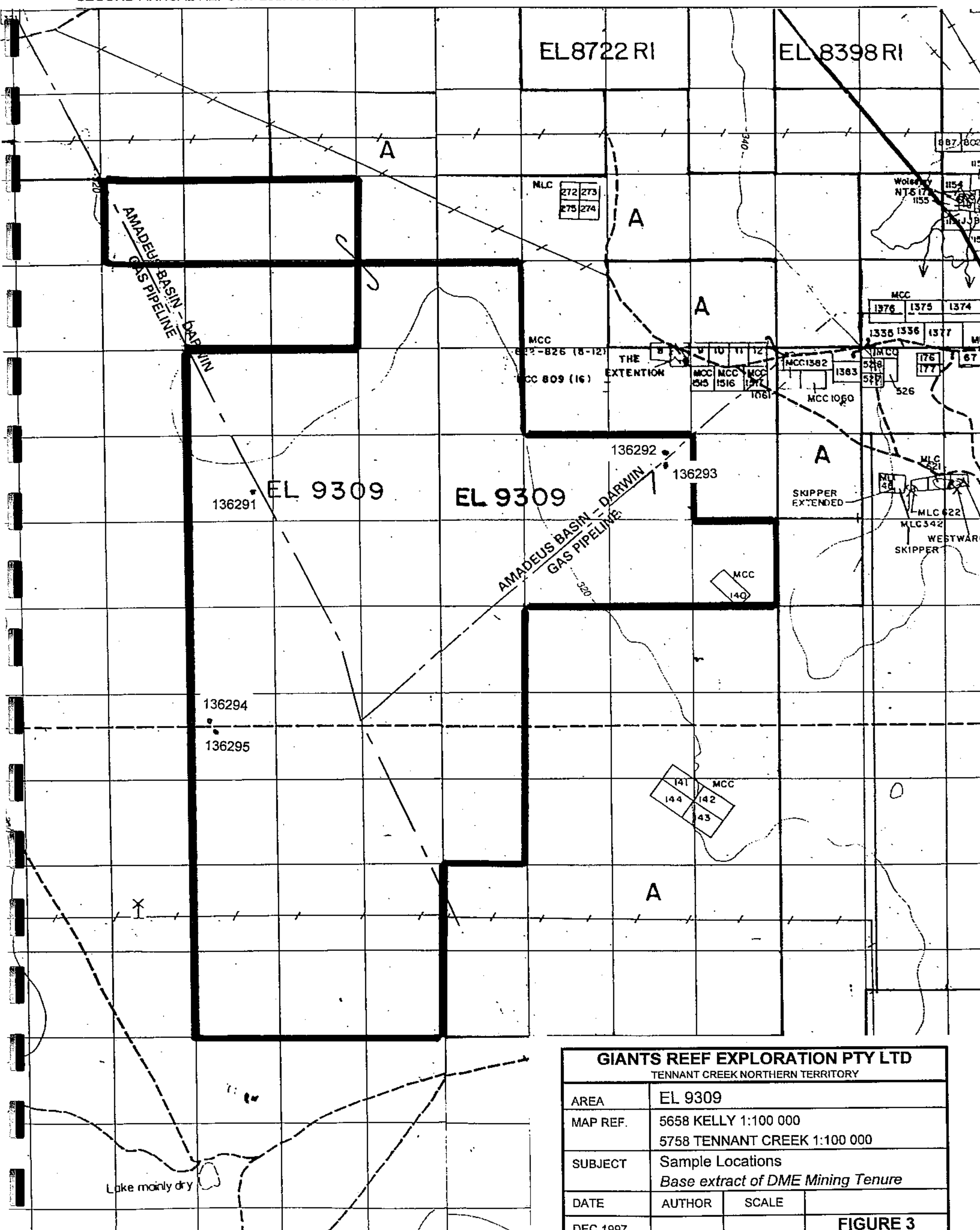
Nick Byrne
MANAGING DIRECTOR



GIANTS REEF EXPLORATION PTY LTD			
TENNANT CREEK NORTHERN TERRITORY			
AREA	EL 9309		
MAP REF.	5658 KELLY 1:100 000 5758 TENNANT CREEK 1:100 000		
SUBJECT	Location and Surrounding Tenements Extract DME MINING TENURE 52/4 & 52/5		
DATE	AUTHOR	SCALE	
DEC 1997		1:100 000	FIGURE 1



GIANTS REEF EXPLORATION PTY LTD			
TENNANT CREEK NORTHERN TERRITORY			
AREA	EL 9309		
MAP REF.	5658 KELLY 1:100 000 5758 TENNANT CREEK 1:100 000		
SUBJECT	EL 9309 Licence Area <i>Extract DME SECOND SCHEDULE</i>		
DATE	AUTHOR	SCALE	
NOV 1995			FIGURE 2



GIANTS REEF EXPLORATION PTY LTD			
TENNANT CREEK NORTHERN TERRITORY			
AREA	EL 9309		
MAP REF.	5658 KELLY 1:100 000 5758 TENNANT CREEK 1:100 000		
SUBJECT	Sample Locations Base extract of DME Mining Tenure		
DATE	AUTHOR	SCALE	
DEC 1997			FIGURE 3

APPENDIX 1
SAMPLE ASSAYS

Analysis Summary

SAMPLE NUMBERS		LABORATORY	ANALYSIS REPORT NO.	No. of Samples	DATE
From	To				
136291	136295	Assaycorp	AC39601	5	27.11.97

5 DEC 1997



ASSAYCORP

Report Code: AC 39601

Samples Received: 27/11/97

Number of Samples: 5

Giants Reef Mining NL

PO BOX 1244

Tennant Creek NT 0861

Assaycorp Pty Ltd

A.C.N. 052 982 911

174 Ward St

PINE CREEK NT 0847

Ph (08) 8976 1262

Fax (08) 8976 1310

Report Distribution

Peter Simpson

Reference: 39601

Project:

Cost Code:

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Sample Preparation:

Assay Data:

Analysis	Analytical Method	Digest	Technique	Precision & Accuracy	Detection Limit	Data Units
Au	FALL	FA	AAS	Acc. $\pm 15\%$	1	ppb
Au(R)	FALL	FA	AAS	Acc. $\pm 15\%$	1	ppb
Ag	G300I	MA3	ICP-OES	Prec. $\pm 10\%$	1	ppm
Co	G300I	MA3	ICP-OES	Prec. $\pm 10\%$	2	ppm
Cu	G300I	MA3	ICP-OES	Prec. $\pm 10\%$	1	ppm
Fe	G300I	MA3	ICP-OES	Prec. $\pm 10\%$	0.01	percent
Mn	G300I	MA3	ICP-OES	Prec. $\pm 10\%$	2	ppm
Ni	G300I	MA3	ICP-OES	Prec. $\pm 10\%$	2	ppm
Pb	G300I	MA3	ICP-OES	Prec. $\pm 10\%$	5	ppm
Zn	G300I	MA3	ICP-OES	Prec. $\pm 10\%$	2	ppm

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Authorisation: Ray Wooldridge

Report Dated: 01/12/97



ASSAYCORP

ASSAY CODE: AC 39601

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Sample	Au (ppb)	Au(R) (ppb)	Ag (ppm)	Co (ppm)	Cu (ppm)	Fe (%)	Mn (ppm)	Ni (ppm)
136291	1	2	1	<2	7	2.31	182	2
136292	1		7	8	23	17.0	400	13
136293	21	24	1	2	52	1.96	390	14
136294	2		1	3	17	1.93	153	8
136295	11	12	2	11	59	4.30	1110	20

Method	FALL	FALL	G300I	G300I	G300I	G300I	G300I	G300I
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ASSAYCORP

ASSAY CODE: AC 39601

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Sample	Pb (ppm)	Zn (ppm)
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136291	<5	<2
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136292	15	<2
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136293	<5	<2
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136294	5	10
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136295	<5	5
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Method	G300I	G300I
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