EXPLORATION LICENCE 8199
CARLSBERG
THIRD ANNUAL REPORT
8 March 2001 - 7 March 2002

LICENSEE:
SANTEXCO PTY LTD
A.C.N. 002 910 296

formerly
NORMANDY TENNANT CREEK PTY LTD
A.C.N. 002 910 296

AUTHORS:
P. G. SIMPSON
S.C. RUSSELL

April, 2002
SUMMARY

Exploration Licence 8199, Carlsberg is located approximately 18 km east southeast of the Tennant Creek township. Access to the Licence area is via a four-wheel drive dry weather track originating near the Tennant Creek microwave repeater tower and following the "Lone Star" trend of workings. At the first gate turn and follow the fence line east southeast for approximately 7km until another gate is reached. The middle of the EL is 2 km south from this gate along the fenceline.

Exploration Licence 8199 consists of one graticular block (3.3 km²) and was granted to Normandy Tennant Creek Pty Ltd (NTC) on 8 March 1999 for a period of six years.

On 13 June 2001, Giants Reef Exploration Pty Ltd, a wholly owned subsidiary of Giants Reef Mining Limited, purchased all of the shares in NTC from Normandy Consolidated Gold Holdings Pty Ltd, a wholly owned subsidiary of Normandy Mining Limited. As a result of this, NTC is now a wholly owned subsidiary of Giants Reef and has had its name changed to Santexco Pty Ltd (Santexco).

This report records exploration undertaken by NTC and Giants Reef Mining Limited (Giants Reef) on Exploration Licence 8199 Carlsberg, for the period from 8 March 2001 to 7 March 2002.

Giants Reef has identified a discrete, low amplitude magnetic high at a location that corresponds with a small area of quartz outcrop. Giants Reef, through its subsidiary Santexco, plans to sample the outcrop and concentrate on geophysical modelling of the magnetic source next year.
CONTENTS

SUMMARY ........................................................................................................................................... i.

CONTENTS ........................................................................................................................................... ii.

1. INTRODUCTION ............................................................................................................................ 1.

2. LOCATION AND ACCESS ........................................................................................................... 1.

3. TENURE ....................................................................................................................................... 1.

4. GEOLOGY ..................................................................................................................................... 1.
   4.1 Regional Geology ..................................................................................................................... 1.
   4.2 Local Geology ........................................................................................................................ 1.

5. WORK CARRIED OUT ............................................................................................................... 2.
   5.1 Previous Work ....................................................................................................................... 2.
   5.2 Work by Santexco since acquisition ..................................................................................... 2.

6. REHABILITATION ...................................................................................................................... 2.

7. CONCLUSIONS .......................................................................................................................... 2.

8. EXPENDITURE ........................................................................................................................... 3.

9. PROPOSED PROGRAMME AND EXPENDITURE FOR YEAR FOUR ..................................... 3.

FIGURES

1. Location and Surrounding Tenements
1. INTRODUCTION

This report details exploration undertaken by Normandy Tennant Creek Pty Ltd (NTC) and Giants Reef Mining Limited (Giants Reef) on Exploration Licence 8199 *Carlsberg*, for the period from 8 March 2001 to 7 March 2002.

On 13 June 2001, Giants Reef Exploration Pty Ltd, a wholly owned subsidiary of Giants Reef Mining Limited, purchased all of the shares in NTC from Normandy Consolidated Gold Holdings Pty Ltd, a wholly owned subsidiary of Normandy Mining Limited. As a result of this, NTC is now a wholly owned subsidiary of Giants Reef and has had its name changed to Santexco Pty Ltd (Santexco).

2. LOCATION & ACCESS

Exploration Licence 8199, *Carlsberg* is located approximately 18 km east southeast of the Tennant Creek township. Access to the Licence area is via a four-wheel drive dry weather track originating near the Tennant Creek microwave repeater tower and following the “Lone Star” trend of workings. At the first gate turn and follow the fence line east southeast for approximately 7km until another gate is reached. The middle of the EL is 2 km south from this gate along the fenceline.

During and immediately after rain the area is generally inaccessible. Figure 1 shows the EL and surrounding tenements.

3. TENURE

Exploration Licence 8199 consists of one graticular block (3.3 km$^2$) and was granted to Normandy Tennant Creek Pty Ltd (now Santexco) on 8 March 1999 for a period of six years.

The Licence is within NT Portion 1075, Perpetual Pastoral Lease 1142, Tennant Creek Station. Figure 2 shows the area granted.

4. GEOLOGY

4.1 Regional Geology

The regional geology of the Tennant Creek field has been detailed in many publications. Papers contained in AusIMM Monograph 14 (Geology of the Mineral Deposits of Australia and Papua New Guinea, Volume 1, pp 829-861) would give the reader a good introduction to the regional geology and styles of gold-copper mineralisation of the area.

The regional geology of the Tennant Creek Inlier has also 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

The geology in EL 8199 consists of minor outcrops of weathered siltstone and greywacke of the Warramunga Formation that are silicified in places. The steeply dipping bedding in the outcrops generally strikes WNW and displays sub-vertical cleavage.

5. WORK CARRIED OUT

5.1 Previous work

In 1998, the year before EL 8199 was granted, Normandy flew a detailed aeromagnetic survey over the southern part of the Tennant Creek goldfield. The key specifications of the survey were north-south flight lines 50 metres apart, at a mean flying height of 40 metres above the terrain.
The data collected included topographic information and radiometrics as well as magnetics. The information was used to locate and evaluate magnetic targets within the survey area.

Since the granting of EL 8199, Normandy’s work in the area consisted of target generation. Reports for the first two years do not mention any field work being carried out. A land access agreement was signed with the Central Land Council to allow entry on to Warrumungu Land Trust areas, which include EL 8199.

5.2 Work by Santexco since acquisition

The acquisition of NTC’s Tennant Creek interests by Giants Reef took place in June, 2001. During the first months of the third year of the Licence, NTC appears to have done no significant work on EL 8199.

After the acquisition, Giants Reef has made a brief search of the NTC files but so far has not found mention of any specific targets within EL 8199. It is understood that Normandy took up EL 8199 for general regional geological and geophysical reasons, with the possibility in mind of locating non-magnetic gold or gold-copper occurrences by geochemistry, rather than by the more usual method of drilling magnetic anomalies.

The Tennant Creek 1:100,000 scale geology map shows EL 8199 to be in a flat area of Quaternary red soil plains and alluvium. Two small areas of quartz reef outcrops and surrounding colluvial deposits are also present within the EL. These are expressions of the Quartz Hill Fault Zone that runs through the area.

From the 1998 Normandy magnetic survey data, Giants Reef has identified a discrete, low amplitude magnetic high at approximate AGD84 AMG co-ordinates 432700E 7828600N. This location corresponds more or less with a large area of quartz outcrop.

6. REHABILITATION

As no on-ground work that could cause substantial disturbances was conducted on EL 8199, no environmental rehabilitation occurred during the reporting period.

7. CONCLUSIONS

Normandy took up EL 8199 for general regional geological and geophysical reasons, without specific target in mind at that time.

Giants Reef has identified a discrete, low amplitude magnetic high at a location that corresponds with a small area of quartz outcrop. Giants Reef, through its subsidiary Santexco, plans to sample the outcrop and concentrate on geophysical modelling of the magnetic source next year.

8. EXPENDITURE

Expenditure for Year 3 has been estimated at $1,000, against a covenant of $4,350. As the minimum expenditure for the year was not met, an application for variation of the expenditure accompanies this report.

9. PROPOSED PROGRAMME AND EXPENDITURE FOR YEAR FOUR

Work in the fourth year will consist of ground reconnaissance and rock chip sampling of the two outcrop areas, modelling of the identified magnetic source, and possibly other linear magnetic features noted in the southern part of the Licence.
<table>
<thead>
<tr>
<th>Activity</th>
<th>Cost</th>
</tr>
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<tbody>
<tr>
<td>Geology</td>
<td>$700</td>
</tr>
<tr>
<td>Re却naissance, planning and supervision</td>
<td></td>
</tr>
<tr>
<td>Geophysics</td>
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</tr>
<tr>
<td>Modelling</td>
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</tr>
<tr>
<td>Rehabilitation</td>
<td>$200</td>
</tr>
<tr>
<td>Administration/overheads</td>
<td>$400</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$3,000</strong></td>
</tr>
</tbody>
</table>

Expenditure for this work is expected to be in the vicinity of $3,000. 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.