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EXPLORATION LICENCE 22240

MORGAN

SECOND ANNUAL REPORT

24 July 2002 - 23 July 2003

LICENSEE:

SANTEXCO PTY LTD
A.B.N. 520 029 102 96

AUTHORS:

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September 2003

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Giants Reef Mining Limited	☐	*TENNANT CREEK 1:100 000*

SUMMARY

Exploration Licence 22240 *Morgan,* covers a small portion of land in two strips north and west of two shallow but concealed mineralised ironstone bodies (the Malbec prospect) contained within the Mineral Claims C526, C527 and C528, located 1km west of the Chariot gold mine.

Targets are shallow haematite-ironstone related gold deposits.

This report records the exploration work done on EL 22240 during the second year of tenure, from the 24th July 2002 to the 23rd July 2003.

Exploration Licence 22240 covers only a small area of land, filling a narrow gap between the three Malbec Claims and nearby (Giants Reef Exploration Limited) EL's to the west and to the north. The Malbec Claims (MC C526-C528) are partially located within the EL on the north western margin. On the eastern margin on the EL lies part of the a Chariot Mine Lease ML C176.

Until January 2003, EL 22240 came under the Central Joint Venture 2, which covered the Chariot gold deposit and a number of other tenements in the Tennant Creek goldfield. The Joint Venture was between Giants Reef, (managers, holding 57% equity), Sons of Gwalia (replacing PacMin; 33%) and Newmont NFM (formerly Normandy NFM; 10%). Giants Reef purchased Sons of Gwalia's Joint Venture assets (43%) and became the sole owner of the CJV2 project, including EL 22240.

No obvious magnetic targets exist within EL 22240. A literature assessment of EL 22240 was conducted. The assessment highlighted the fact that previous exploration over the tenure had focussed on the targeting of magnetic anomalies to identify magnetic ironstone bodies. Giants Reef noted that limited gravity data exists over the tenure and concluded that the potential for new non magnetic haematite-hosted discoveries within EL 22240 are likely.

An orientation gravity survey was completed over the Chariot mine and proposed infrastructure sites. The survey accurately mapped haematite-dominant ironstone in the open cut area and provided information enabling line and station spacing decisions to be made for a larger regional gravity survey.

A regional gravity survey was conducted over EL 22240 and surrounding tenure. Interpretation of the gravity data over EL 22240 suggests the existence of a small body with a small density contrast, located within the reporting area of EL 22240, directly west of the Malbec prospect. There is no magnetic anomalism to support the gravity response, and the target was named Malbec West.

A Mining Management Plan and a CLC work program detailing all aspects of Giants Reef's plans to RC drill test the gravity anomaly identified within EL 22240 were submitted and subsequently approved. Approval was provided by the CLC, under instruction from Traditional Owners, for two 100m RC holes within EL 22240 which are to test the gravity anomaly. At the time of writing this report the RC program was currently being carried out.

In order to access the Malbec West drill holes, an existing baseline from the Malbec Prospect west to the Amadeus Basin to Darwin Gas Pipeline – Tennant Creek Spur was re established and extended. A gate was built within the north-south fence separating Aboriginal Freehold Land and Tennant Creek Pastoral Land which enabled access into EL 22240.

The quite limited but detailed gravity survey appears to have added a new dimension to Giants Reef's understanding of the non-outcropping geology and the distribution of non-magnetic ironstone bodies within the survey area. The fact that non-magnetic ironstones, hosting gold mineralisation are known to exist (Chariot deposit), yet have not really been searched for previously in the Tennant Creek Goldfield, means that the potential for new discoveries is highly likely.

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Exploration Licence 22240 *Morgan,* covers a small portion of land in two strips north and west of two shallow but concealed mineralised ironstone bodies (the Malbec prospect) contained within the Mineral Claims C526, C527 and C528, located 1km west of the Chariot gold mine.

Targets are shallow haematite-ironstone related gold deposits.

This report records the exploration work done on EL 22240 during the second year of tenure, from the 24th July 2002 to the 23rd July 2003.

2. LOCATION

EL 22240 is centred approximately 11km west of Tennant Creek Township, on the Tennant Creek 1:100,000 scale map sheet (5758).

Access to the Licence area from Tennant Creek is via Udall Road to Giants Reef Exploration Pty Ltd (Giants Reef) TC8 mine, through the TC8 mine compound and over the Darwin to Alice Springs rail line, on to an all-weather unsealed road. This road extends west from TC8 for approximately 5km to the Chariot mine site and continues another 1.5km along a fence-line track to the Licence area.

Figure 1 shows the Licence and surrounding tenements.

3. TENURE

Exploration Licence 22240 *Morgan,* was granted to Normandy Tennant Creek Pty Ltd (NTC) on the 24th July 2001 for a period of six years. The Licence covers an area of 1 part graticular block (3.22km^2).

In June 2001, Giants Reef Mining Limited purchased NTC and all its assets, including EL 22240. After the purchase, NTC was re-named Santexco Pty Ltd (Santexco), and is now a wholly-owned subsidiary of Giants Reef Mining Limited.

The Licence lies within Perpetual Pastoral Lease 1142 (Tennant Creek Station) and comes under the terms of an Indigenous Land Use Agreement (ILUA) entered into between Giants Reef Exploration Pty Ltd and the Central Land Council (CLC), in September 2000.

Until January 2003, EL 22240 formed part of the Central Joint Venture 2 (CJV2), which covered the Chariot gold deposit and a number of other tenements in the Tennant Creek goldfield. The Joint Venture was between Giants Reef, (managers, holding 57% equity), Sons of Gwalia (replacing PacMin; 33%) and Newmont NFM (formerly Normandy NFM; 10%). Giants Reef purchased Sons of Gwalia's Joint Venture assets (43%) and became the sole owner of the CJV2 project, including EL 22240. On the eastern margin on the EL lies part of the a Chariot Mine Lease ML C176, which also came under the CJV2.

Within the central section of the Licence area are three Mineral Claims (MC C526, C527 and C528), collectively referred to as Malbec Claims. Until January 2003, the Claims were subject to the Central Joint Venture 1 (CJV1) that covered Malbec Claims and a number of other tenements in the Tennant Creek goldfield. This Joint Venture was between Giants Reef (managers, holding 57% equity), Sons of Gwalia Ltd (replacing PacMin; 33%) and Newmont NFM (formerly Normandy NFM; 10%). Giants Reef purchased Sons of Gwalia's Joint Venture assets (43%) and became the sole owner of the CJV1 tenements.

Figure 2 shows the Licence area held in the second year.

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 regional geology and styles of gold-copper mineralisation of the area. A more recent reference is the 1998 Northern Territory Geological Survey second edition geological map and explanatory notes on the Tennant Creek 1:250,000 sheet, which include a revised stratigraphy.

4.2 Local Geology

There are no outcrops of Proterozoic basement rocks in EL 22240, which is blanketed by a layer of colluvium, outwash and aeolian sand up to seven metres thick.

The Palaeoproterozoic Warramunga Formation is assumed to underlie all of the Licence area. This formation is host to virtually all the magnetite-haematite (ironstone–hosted) gold-copper-bismuth mineralisation and ore bodies in the Tennant Creek goldfield. The Chariot and TC8 deposits are typical occurrences of this type in the area. The Chariot gold deposit is hosted by haematite dominated ironstone which is quite unique to the Tennant Creek goldfield.

5. WORK COMPLETED DURING THE YEAR

5.1 Area of Reporting

Exploration Licence 22240 was originally applied for by NTC to fill a narrow gap between the Malbec Claims (MCs C527, C528 and C528) and nearby EL's to the west and to the north also held by NTC. The Malbec Claims are partially located within the EL on the north western margin. Additionally, ML C176, part of the Chariot Mine Leases, partially lies over the western margin of EL 22240.

Exploration conducted on the remaining area outside of the Malbec Claims and the Chariot Lease, in Exploration Licence 22240 is reported henceforth. Activities conducted within the Malbec Claims and the Chariot Leases will be reported in the relevant Annual Reports to the Department of Business, Industry and Resource Development.

5.2 Exploration Concepts

5.2.1 Traditional Tennant Creek-type Ironstone hosted Au-Cu-Bi Orebodies

The close association with of Tennant Creek ironstones to host Au-Cu-Bi orebodies has enabled the use of magnetic surveys to locate concealed magnetite-rich ironstones. Some of the earliest mineral exploration aeromagnetic surveys in Australia were conducted in the Tennant Creek region, and to this day, magnetics has been the most important exploration tool.

The magnetic exploration technique traditionally used has assumed that mineralisation was intimately associated with magnetite-dominant ironstones, which is supported by the number of high grade orebodies discovered with this tool. Successful examples include Warrego (6.75Mt @ 7.6g/t Au, and 1.9% Cu), Juno (0.45Mt @ 56g/t Au) and Gecko (2.7Mt @ 1.1g/t Au and 4.3% Cu).

Numerous local and regional magnetic surveys have been completed over the Tennant Creek goldfield, primarily targeting ironstone masses within Warramunga Formation host-rock. Using these surveys, magnetic anomalies in structurally prospective trends have been identified and further explored.

5.2.2 Tennant Creek-type Haematite hosted Au-Cu-Bi Orebodies

The discovery of the non-magnetic, haematite-rich Chariot deposit in 1998 has resulted in a broader exploration model that allows for the presence of extensive ore grade mineralisation hosted within primary, non-magnetic (haematite-rich) ironstones. Discoveries by Giants Reef of high grade mineralisation associated with haematite dominant ironstone at Marathon and Billy Boy, although small, are further examples of this style of mineralisation.

Exploration for non-magnetic haematite ironstones are best identified using gravity surveys to identify dense rocks within Warramunga Formation sediments. At present there are no gravity maps for the Tennant Creek goldfield considered detailed enough to identify haematite targets.

Apart from its use in a very regional way, the gravity method has not been utilised to any extent in the search for haematite-ironstone related mineralisation in the Tennant Creek field. A small number of projects in the goldfield, in particular those explored by Western Mining Corporation, have been covered with any detail. Most of these projects however, are not situated within the area considered by Giants Reef to hold economic mineralisation potential.

As an exploration tool, the gravity method would appear to be the obvious way to proceed, but the use of this technique in the same manner as magnetics is prohibitive, principally because of its cost. At present, with the exception of airborne gravity gradiometry, there is no technique available to identify (cost effectively), the relatively small bodies of haematite that could contain economic mineralisation. As, essentially the total Warramunga Formation is a potential to host gold-rich ironstone bodies, magnetic and non-magnetic, selective areas for haematite mineralisation require targeting for which gravity surveying is required.

The potential for the haematite ironstones to host mineralisation in non magnetic areas essentially opens up the whole Tennant Creek goldfield to new target review. Further target rationalisation would best be proceeded in areas where there is a coincident gravity and magnetic anomalism.

5.3 Literature Review

Exploration Licence 22240 is located less than 1km west of the non-magnetic haematite-rich Chariot gold mine. The EL and the Chariot mine are positioned on the magnetic structural ridge extending from the Extension mine (300t @ 19.5g/t Au) to TC8 mine (80,680t @ 18g/t Au and 1.2% Cu). Consequently the EL and surrounding tenure has been subject to much interest by Giants Reef for its potential to a host orebodies of a similar style of mineralisation as Chariot mine.

In the first year of a tenure a brief review of all current information over the EL was conducted. The review found that no obvious magnetic targets exist within the reporting area EL 22240, in contrast to the Malbec Claims, which enclose two very prominent magnetic anomalies. The review concluded that there appeared to be little possibility of the Malbec ironstone masses, as was defined by the current drilling and magnetics, of extending north or south into EL 22240. It was noted that a low possibility exists for the presence of non-magnetic (i.e., haematite-hosted) gold mineralisation within the EL. If so, extensions into EL 22240 of the interpreted north-south fault that separates the two Malbec ironstone bodies may be the controlling factor for mineralisation of this nature

In July 2002 a detailed literature assessment of the EL was conducted including an assessment of the results of previous exploration conducted by NTC in the first year of tenure of EL 22240. This assessment highlighted the fact that previous exploration over the tenure had focussed on the targeting of magnetic anomalies to identify magnetic ironstone bodies. Giants Reef noted that limited gravity data exists over the tenure and concluded that the potential for new non magnetic haematite-hosted discoveries within EL 22240 are likely.

5.4 Tenement Review Ranking

An internal review of the Giants Reef tenement portfolio and a classification of exploration opportunities in September 2002 assessed the future exploration potential of EL 22240 and the prospect areas within the Licence. EL 22240 was assessed together with MC C526-C528 (Malbec prospect). The review was based on the potential to discover high-grade gold mineralisation in both magnetic and haematite-dominant ironstones.

The location of the Chariot gold mine west of EL 22240 made this tenement a highly prospective target area due to its structural significance. Additionally the highly developed understanding of the local geology as a consequence of the developing Chariot resource combined with the EL's location to existing mine infrastructure ranked this Licence area as a first class project.

At the time of the review no target areas were identified within EL 22240, outside of the Malbec Claims. The large Malbec magnetic anomaly caused by the drilled ironstone within the Malbec Claims was viewed by Giants Reef as having the potential to host a large shallow gold deposit and the potential for a deposit the size of Chariot was considered very high.

Although the reporting area of EL 22240 displays no magnetic targets, Giants Reef views the possibility for a non magnetic hematite deposit within the Licence area very probable. The prospect area was prioritised for immediate gravity based exploration to highlight new non-magnetic targets.

Overall, the Malbec prospect (EL 22240, MC C526-528) was ranked by Giants Reef as a high priority exploration target with the potential for the discovery of medium to large Au (+/-Cu) resources. The possibility of the discovery of a shallow gold-alone resources within the area is considered very favourable.

5.5 End of Joint Venture with Sons of Gwalia

Until January 2003, EL 22240 formed part of the Central Joint Venture 2, which covered the Chariot gold deposit and a number of other tenements in the Tennant Creek goldfield. The Joint Venture was between Giants Reef, (managers, holding 57% equity), Sons of Gwalia (replacing PacMin; 33%) and Newmont NFM (formerly Normandy NFM; 10%). Giants Reef purchased Sons of Gwalia's Joint Venture assets (43%) and became the sole owner of the CJV2 project including EL 22240.

5.6 Negotiations with the CLC

Under the terms of Giants Reef's ILUA with the Native Title holders of the Tennant Creek region, it is necessary to obtain clearances from the Native Title holders before field parties can enter onto land covered under the ILUA. An application was submitted to the CLC which outlined a gravity survey Giants Reef proposed to undertake over EL 22240 (and adjoining tenements) and permits to enter were received by Giants Reef at the end of January 2003.

5.7 Gravity Survey

Daishsat Pty Ltd of Murray Bridge, South Australia were contracted to undertake a gravity orientation survey and broader regional gravity survey over the Chariot orebody and surrounding tenure, including EL 22240.

One Scintrex CG-3 gravity meter was used for the gravity data acquisition. Each loop started and ended at the Tennant Creek airport gravity base station (Gravity base 0034). For horizontal and vertical GPS control, two Leica System 500 dual frequency GPS receivers were used. The gravity

base (GPS base 099) was set up at the Chariot mine opposite a fence and gate, which was marked with a short star picket.

Gravity observations were made on the regular grids set out by real-time GPS. Two observations were made for each station and each observation consisted of a 20-second or greater stacking time. Two observations were made at each station so that any seismic or instrumental noise could be immediately detected. The accepted tolerance between readings was 0.02 milligals to ensure accuracy. At the survey station the Scintrix CG3 automatically recorded the station, time and readings, which were made digitally to allow for downloading into a computer.

Raw data was processed daily to check for quality and integrity. This interim process produced a set of Bougar Gravity values, which were contoured and imaged to provide a check for any anomalous reading that would require repeating. Geosoft GRAVRED software was used for the gravity reduction in the field. At the conclusion of the job, the data was reprocessed using the standard AGSO formulae.

Giants Reef's consultant geophysicist Mr Frank Lindeman was on hand in Tennant Creek to supervise the survey on a day-by-day basis.

5.7.1 Gravity Orientation Survey

Daishsat Geodetic Surveyors commenced the close spaced ground based gravity orientation survey on the 30th January 2003 over the known Chariot mineralisation in EL 10199, which is covered by the Mineral Leases C176 and C177 and ML 23216.

The gravity orientation survey was designed to provide:
(a) detailed gravity information on the near-surface mineralised section of the Chariot orebody prior to mining and major ground disturbance,
(b) suitable parameters for the larger regional gravity survey away from known mineralisation,
(c) sterilisation of the proposed Chariot waste dump area.

The survey accurately mapped the haematite-dominant ironstone in the open cut area and provided information enabling line and station spacing decisions to be made for the wider regional gravity survey.

5.7.2 Regional Gravity Survey

The regional gravity survey working east and west of the known mineralisation at Chariot, commenced immediately after the completion of the gravity orientation survey. The survey coverage included EL 22240 and the Malbec Claims.

The regional survey was designed to provide:
(a) information which could map iron-rich lithologies and assist in more focused planning of major drilling campaigns
(b) target definition and refinement.

Away from the pit area and based on the gravity orientation survey results, the regional gravity survey used 80m line with 20m station intervals. The regional gravity survey, in total, collected 1,400 stations over 43 north-south traverses. 52 stations were taken over 2 north-south traverses within the reporting area of EL 22240.

Giants Reef's consultant geophysicist Mr Frank Lindeman, of Lindeman Geophysics Pty Ltd, Melbourne, was contracted to processes, analyse and geophysically model the gravity survey data. Initial results were encouraging with several new target areas identified.

The quite limited but detailed gravity survey appears to have added a new dimension to Giants Reef's understanding of the non-outcropping geology and the distribution of non-magnetic ironstone bodies within the survey area. In prospects where magnetic ironstones have been defined and also within completely non-magnetic regions, the gravity data has predicted the existence of several, (mainly shallow) haematite-rich ironstones which potentially could be host to gold mineralisation.

Considering that the recorded density contrasts between the haematite-rich ironstone and country rock at the Chariot Deposit range between 1.0 and 2.0 gm/cc, a new body a with similar density contrast was defined at a relatively shallow depth within EL 22240 and surrounding survey tenure.

The fact that non-magnetic ironstones hosting gold mineralisation are known to exist, yet have not really been explored for previously in the Tennant Creek Goldfield, means that the potential for new discoveries are highly likely. The gravity method used over EL 22240 and surrounding tenure has provided encouragement, and for the future it will, in some form, be a valuable exploration tool.

The full data set including the gravity readings along the traverse lines, with co-ordinates, elevations, geophysical modelling and target generation and all other relevant data are presented in Appendix 1.

5.8 Geophysical Modelling

Giants Reef's consultant geophysicist Mr Frank Lindeman assessed and geophysically modelled the collected data from the Chariot to Malbec gravity survey. This included the gravity data over EL 22240, which was referred to as the Malbec West prospect area by Giants Reef.

Interpretation of the gravity data over the Malbec West prospect suggests the existence of a small body with a small density contrast within the reporting area of EL 22240, directly west of the Malbec prospect. There is no magnetic anomalism to support the gravity response.

The modelled gravity response for the body (5) suggests a shallow depth to top (25m). The body however has a predicted density contrast of less than 0.2 gm/cc which possibly does not reflect buried haematite ironstone but rather sub-outcropping geology. Mr Lindeman proposed that this gravity anomaly may possibly be due to a weathering phenomenon.

Figure 3 shows the modelled gravity response for body 5.

Figure 4 shows the Malbec West Bougar Gravity plan, and the location of body 5.

5.9 Mine Management Plan

Giants Reef submitted a Mining Management Plan, detailing all aspects of Giants Reef's plans to drill test the gravity anomaly identified within EL 22240. The plan was subsequently approved by the Department of Business, Industry & Resource Development (DBIRD) under Authorisation 0148-01.

Pursuant to condition 4 of the Authorisation, a security of $6,000 was lodged with DBIRD. This security covered all the tenements included within the West TC8 Project Area, of which includes EL 22240. Release of the $6,000 security is conditional upon Giants Reef's compliance with the activities and commitments contained in the accepted plan (Authorisation 0148-01).

5.10 CLC Work Proposal and Clearance

Under the terms of Giants Reef's ILUA Agreement with the Native Title holders of the Tennant Creek region, it was necessary to obtain clearances from the Native Title holders before the field party for the

planned RC drilling could enter the area. A work program was submitted to the CLC which outlined the work Giants Reef proposed to undertake over EL 22240 (with EL 9935) in May 2003.

A site clearance for the proposed drill holes within the West TC8 Project Area, including EL 22240 was conducted. This involved a day trip by 4x4 vehicles to the proposed drill sites and tracks. A CLC representative and a number of Traditional Owners were directed to the sites by Giants Reef's Senior Geologist for inspection.

The CLC representing the Traditional Aboriginal Owners of the land approved the proposed drilling activities in June 2003. One proviso was that all mature trees of any species must be protected, and stands or groups of trees must be protected.

5.11 Drill Site Preparation

In order to access the Malbec West drill holes, the existing baseline from Malbec Prospect west to the Amadeus Basin to Darwin Gas Pipeline – Tennant Creek Spur was re established and extended. A total of 1.6km was cleared, passing through EL 22240. The base line was marked every 40m with grid pegs. A gate was built within the north-south fence separating Aboriginal Freehold Land (EL 10199) and Tennant Creek Pastoral Land which enabled access into EL 22240.

Grid lines were lightly cleared to allow access to the dill sites. A small loader was used in the line and the clearing preparation of the drill pads.

5.12 Reverse Circulation Drilling

At the time of writing this report a program of reverse circulation (RC) drilling was being carried out over the west TC8 Project Area. This program included two 100m holes to test the shallow gravity anomaly (Body 5), west of the Malbec ironstone within the reporting area of EL 22240.

Details of the RC holes at the Malbec West prospect, in EL 22240 area as follows;

HOLE	TARGET	EASTING	NORTHING	DIP	AZI	DEPTH
A	Malbec West	403950	7826600	-60	180	100
B	Malbec West	403950	7826650	-60	180	100

Figure 4 shows the proposed drill holes.

All the details and results pertaining to the RC drilling will be presented in the next years annual report to DBIRD.

6. REHABILITATION

On-ground exploration work over EL 22240 in the second tenure year consisted of a ground gravity survey, which was of minimal impact, requiring no rehabilitation measures. Appropriate rehabilitation will be conducted over the Licence at the conclusion of the RC drilling program, and will be detailed in next years annual report.

No other work conducted over EL 22240 has required any rehabilitation measures.

7. CONCLUSIONS

Exploration Licence 22240 covers only a small area of land, filling a narrow gap between the three Malbec Claims and nearby (Santexco) EL's to the west and to the north. The Malbec Claims (MC C526-C528) are partially located within the EL on the north western margin. On the eastern margin on the EL lies part of the a Chariot Mine Lease ML C176.

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No obvious magnetic targets exist within EL 22240. A literature assessment of EL 22240 was conducted. The assessment highlighted the fact that previous exploration over the tenure had focussed on the targeting of magnetic anomalies to identify magnetic ironstone bodies. Giants Reef noted that limited gravity data exists over the tenure and concluded that the potential for new non magnetic haematite-hosted discoveries within EL 22240 are likely.

An orientation gravity survey was completed over the Chariot mine and proposed infrastructure sites. The survey accurately mapped haematite-dominant ironstone in the open cut area and provided information enabling line and station spacing decisions to be made for a larger regional gravity survey.

A regional gravity survey was conducted over EL 22240 and surrounding tenure. Interpretation of the gravity data over EL 22240 suggests the existence of a small body with a small density contrast, located within the reporting area of EL 22240, directly west of the Malbec prospect. There is no magnetic anomalism to support the gravity response, and the target was named Malbec West.

A Mining Management Plan and a CLC work program detailing all aspects of Giants Reef's plans to RC drill test the gravity anomaly identified within EL 22240 were submitted and subsequently approved. Approval was provided by the CLC, under instruction from Traditional Owners, for two 100m RC holes within EL 22240 which are to test the gravity anomaly. At the time of writing this report the RC program was currently being carried out.

In order to access the Malbec West drill holes, an existing baseline from the Malbec Prospect west to the Amadeus Basin to Darwin Gas Pipeline – Tennant Creek Spur was re established and extended. A gate was built within the north-south fence separating Aboriginal Freehold Land and Tennant Creek Pastoral Land which enabled access into EL 22240.

The quite limited but detailed gravity survey appears to have added a new dimension to Giants Reef's understanding of the non-outcropping geology and the distribution of non-magnetic ironstone bodies within the survey area. The fact that non-magnetic ironstones, hosting gold mineralisation are known to exist (Chariot deposit), yet have not really been searched for previously in the Tennant Creek Goldfield, means that the potential for new discoveries is highly likely.

8. EXPENDITURE

The proposed expenditure for the second year of tenure was $4,000. Actual expenditure was as follows:

		$ Year 1	$ Year 2
1.	Geology	133	1,673
2.	Geophysics	210	1,338
3.	Geochemistry	0	0
4.	Surveying	0	0
5.	Data integration	55	0
6.	Analytical	0	0
7.	Drilling	0	0
8.	Tenure maintenance	0	878
9.	Administration and overheads	40	613
10.	Rehabilitation	0	0
	TOTAL	$438	$4,502

Total expenditure for the second tenure year amounted to approximately $4,502.

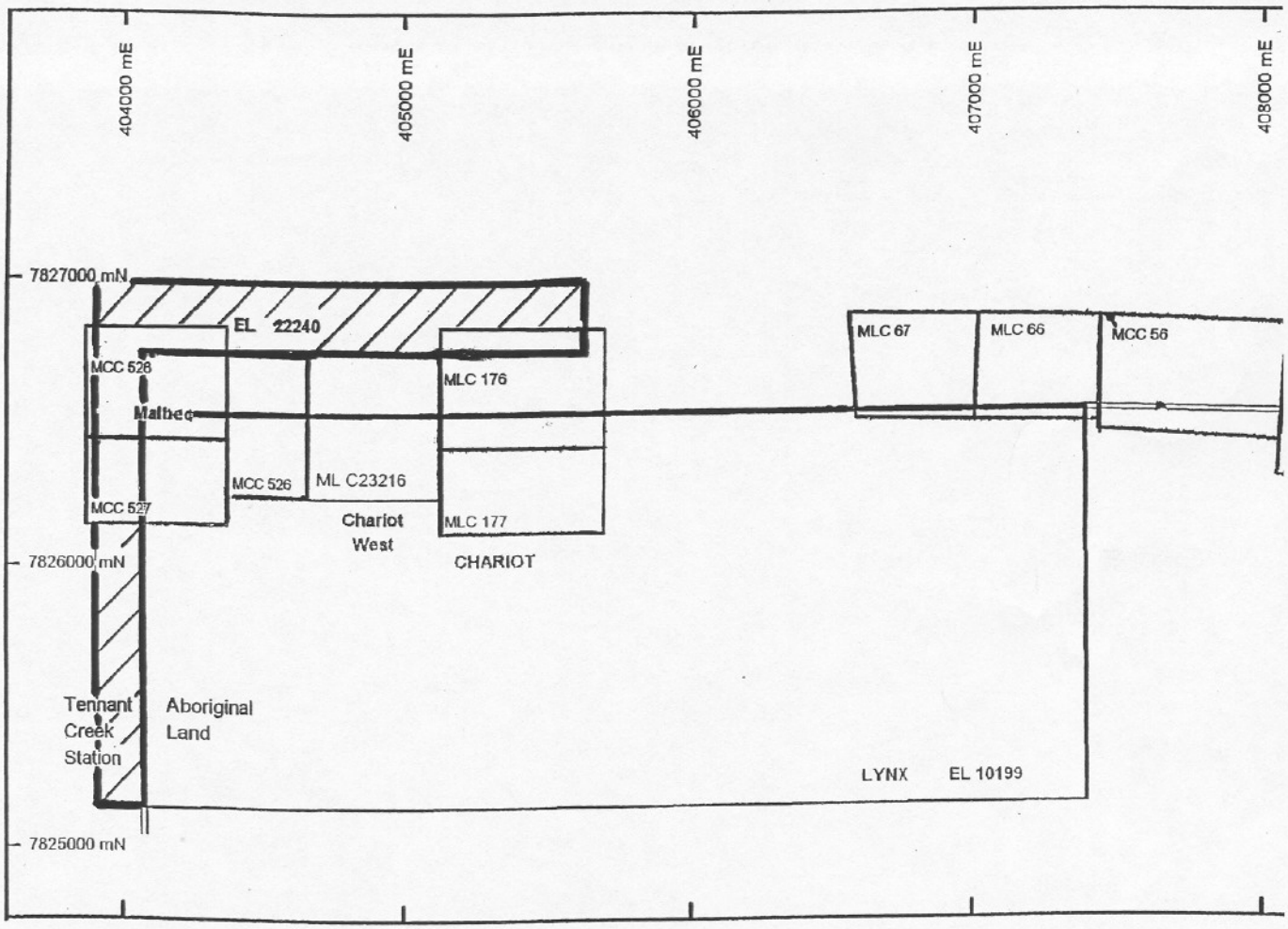
9. PROPOSED PROGRAM AND EXPENDITURE FOR YEAR THREE

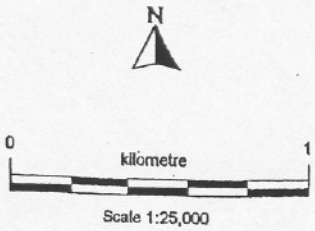
		$
1.	Geology	1000
2.	Geophysics	500
3.	Geochemistry	400
4.	Surveying	400
5.	Data integration	100
6.	Analytical	0
7.	Drilling *(2 RC Holes)*	1800
8.	Tenure maintenance	400
9.	Administration and overheads	400
10.	Rehabilitation	400
	TOTAL	$5,400

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.

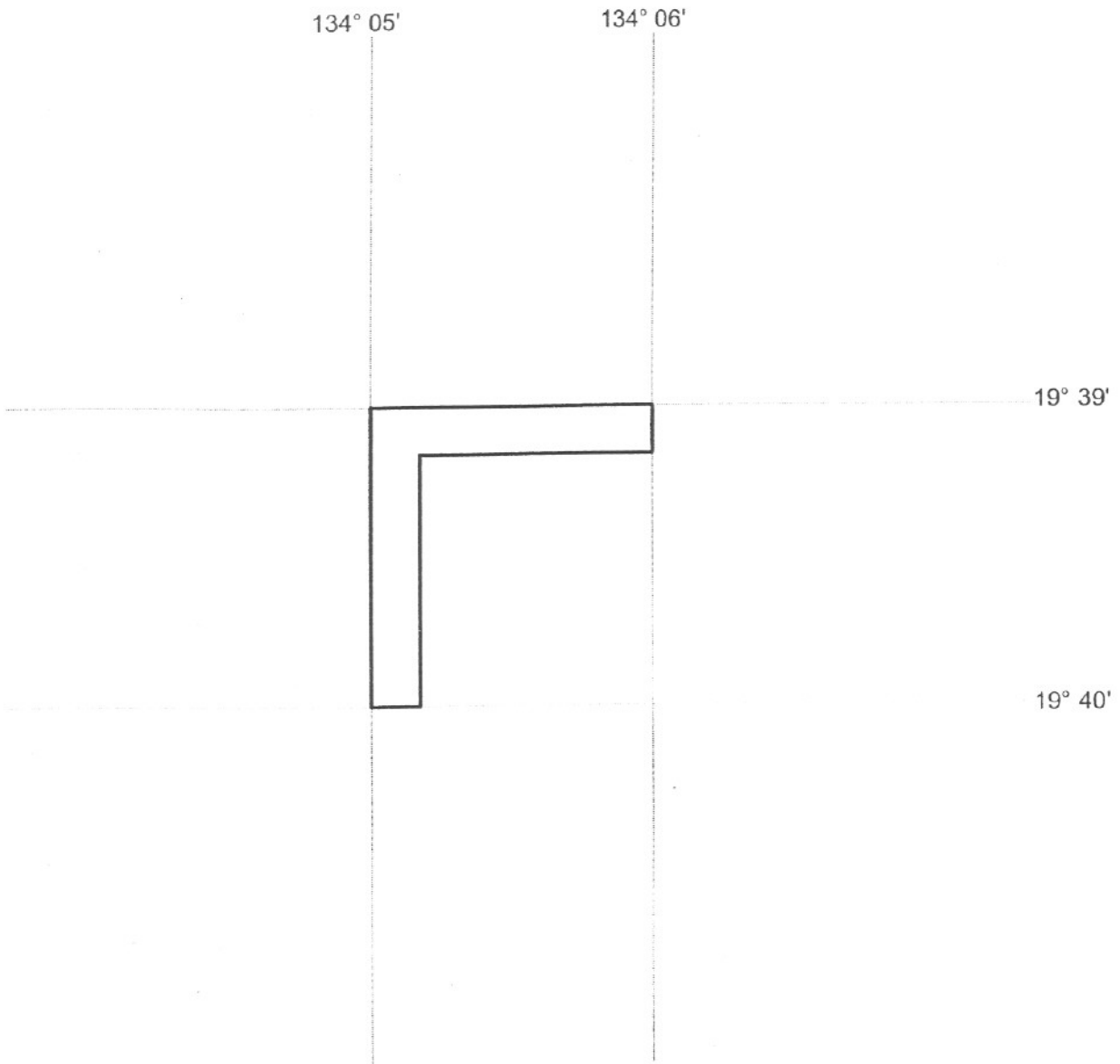
J L CAHILL
EXPLORATION GEOLOGOST

S C RUSSELL
SENIOR EXPLORATION GEOLOGIST



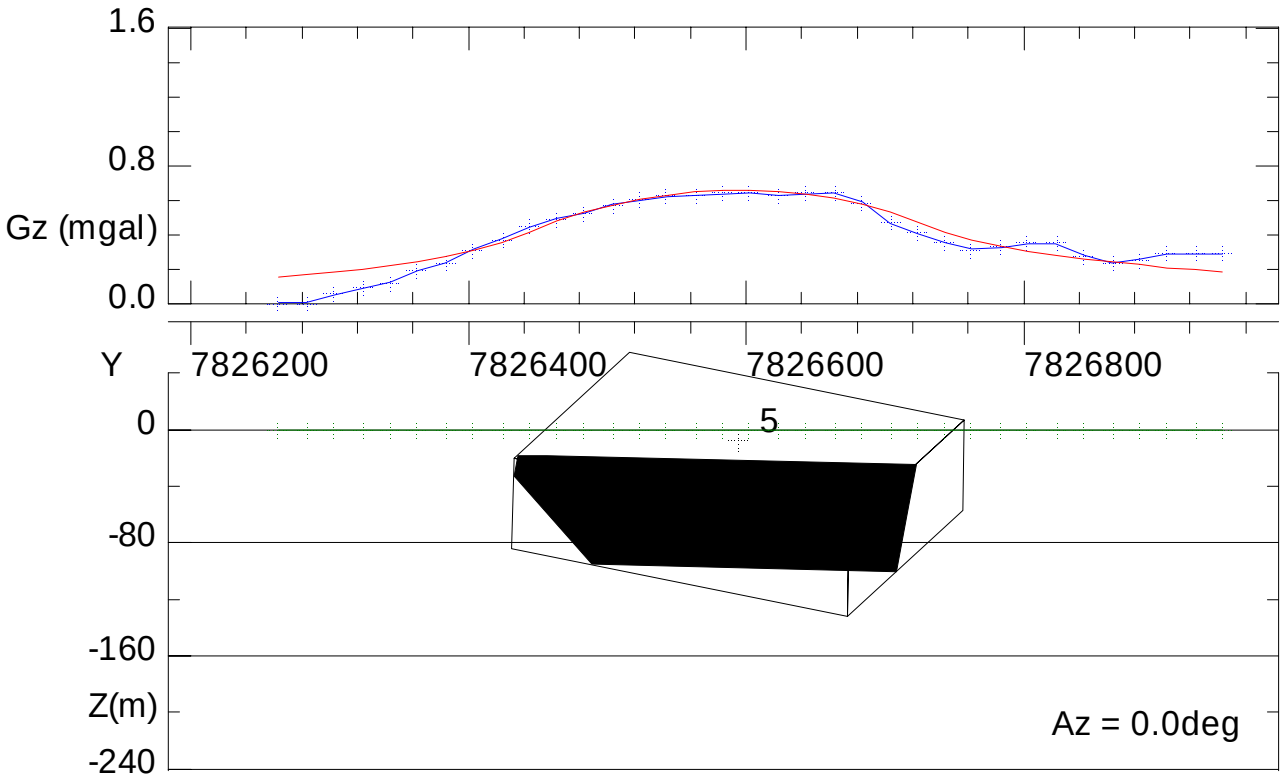


SANTEXCO PTY LTD TENNANT CREEK NORTHERN TERRITORY			
AREA	EL 22240 MORGAN		
MAP REF.	5758 TENNANT CREEK 1:100 000		
SUBJECT	Location and Surrounding Tenements		
DATE	AUTHOR	SCALE	
JUL 2002		1:25 000	FIGURE 1



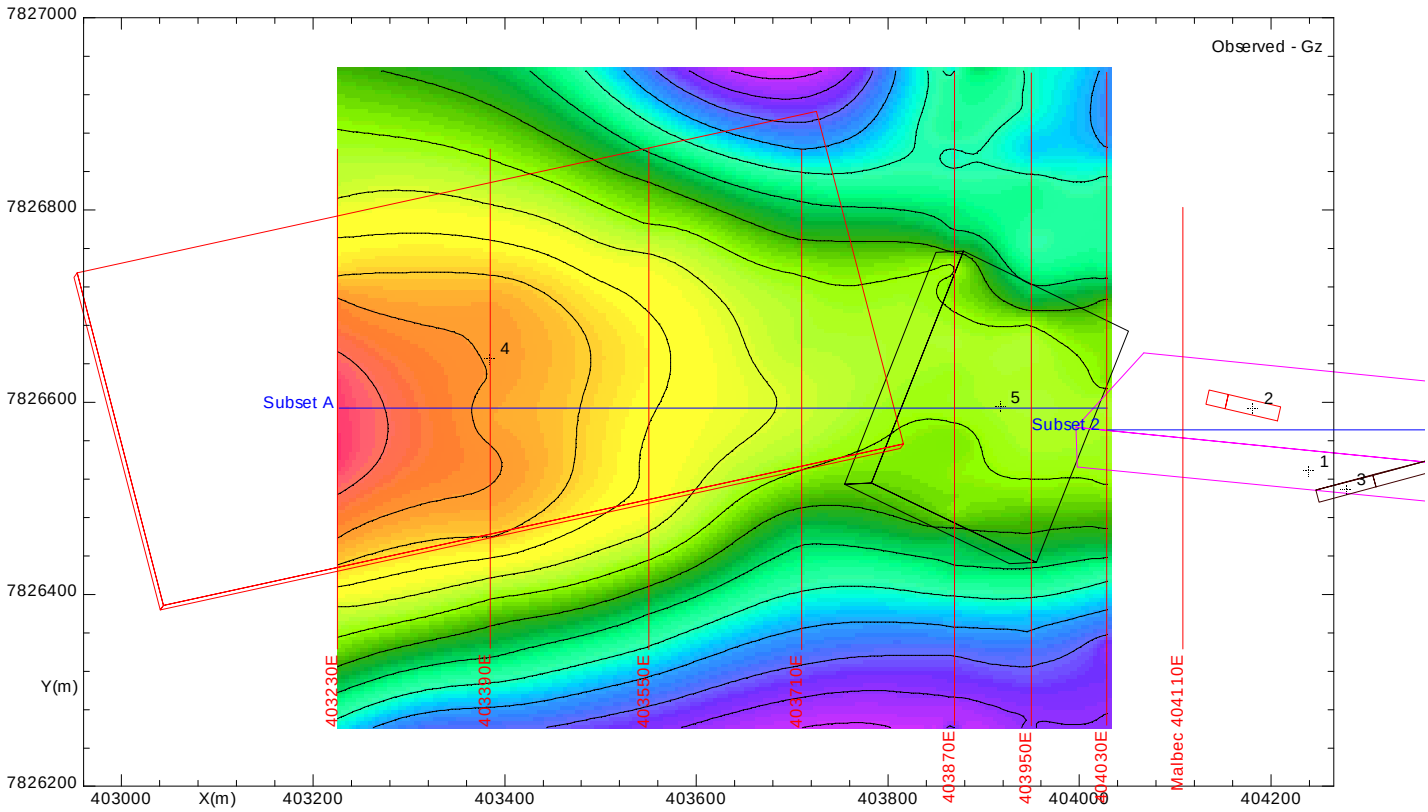
EL 22240
1 BLOCK
3.22 sq kms

SANTEXCO PTY LTD TENNANT CREEK NORTHERN TERRITORY			
AREA	EL 22240 MORGAN		
MAP REF	5758 TENNANT CREEK 1:100 000		
SUBJECT	EL 22240 Year 2 Licence Area *Extract DME SECOND SCHEDULE*		
DATE	AUTHOR	SCALE	
JUL 2001		1:25 000	FIGURE 2

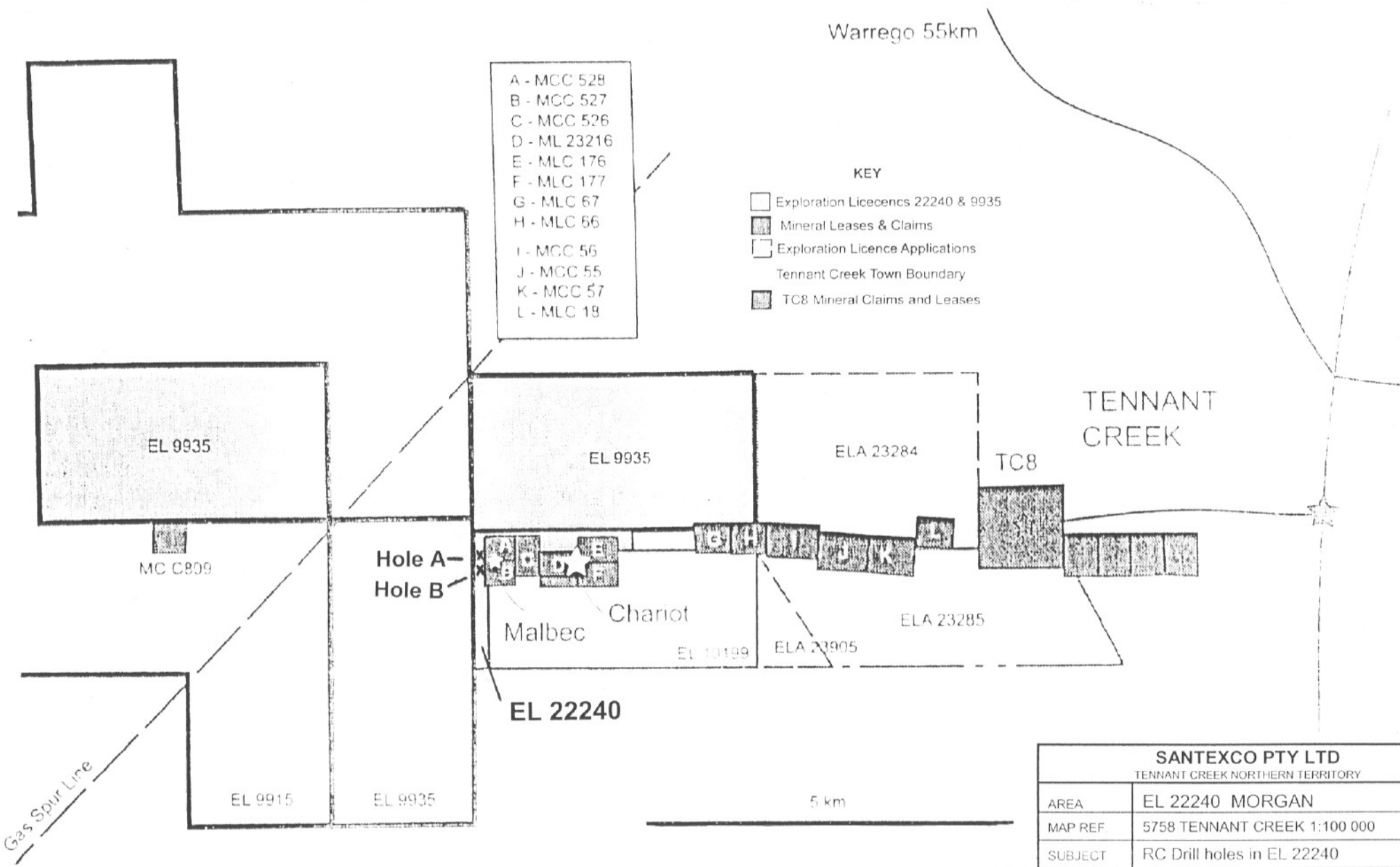


SANTEXCO PTY LTD TENNANT CREEK NORTHERN TERRITORY			
AREA	EL 22240 MORGAN		
MAP REF.	5758 TENNANT CREEK 1:100 000		
SUBJECT	Malbec West 404950E – Body 5 Geophysical Modelling		
DATE	AUTHOR	SCALE	
MAY 2003	FWL		**FIGURE 3**

Note: Body 5 represents the Malbec West prospect in EL 22240.



SANTEXCO PTY LTD TENNANT CREEK NORTHERN TERRITORY			
AREA	EL 22240 MORGAN		
MAP REF.	5758 TENNANT CREEK 1:100 000		
SUBJECT	Malbec West Bouguer Gravity Plan and Modelled Bodies		
DATE	AUTHOR	SCALE	
MAY 2003	FWL		**FIGURE 4**



SANTEXCO PTY LTD TENNANT CREEK NORTHERN TERRITORY			
AREA	EL 22240 MORGAN		
MAP REF	5758 TENNANT CREEK 1:100 000		
SUBJECT	RC Drill holes in EL 22240		
DATE	AUTHOR	SCALE	
SEPT 2003	JLC		FIGURE 5

GIANTS REEF MINING LIMITED

HARD COPY REPORT META DATA FORM

REPORT NAME:	EL 22240 *Morgan* SECOND ANNUAL REPORT 24TH JULY 2002-23RD JULY 2003
PROSPECT NAMES(s):	MORGAN
GROUP PROSPECT NAME:	WEST TC8 PROJECT AREA
TENEMENT NUMBERS(s):	EL 22240
ANNIVERSARY DATE:	24TH JULY 2003
OWNER/JV PARTNERS:	SANTEXCO PTY LTD
AUTHOR(s):	J.L.CAHILL S.C.RUSSELL
COMMODITIES:	GOLD
MAPS 1:250 000:	TENNANT CREEK SE53-14
MAPS 1:100 000:	TENNANT CREEK 5658
MAPS 1:25 000	
TECTONIC UNIT(s):	TENNANT CREEK INLIER
STRATIGRAPHIC NAME(s)	WARRAMUNGA FORMATION
AMF GENERAL TERMS:	
AMF TARGET MINERALS:	GOLD, BISUMITH
AMF GEOPHYSICAL:	GRAVITY ORIENTATION AND REGIONAL SURVEY, GRAVITY INTERPRETATION, GEOPHYSICAL MODELLING
AMF GEOCHEMICAL:	
AMF DRILL SAMPLING:	RC DRILLING
HISTORIC MINES:	THE EXTENSION, TC8
DEPOSITS:	CHARIOT
PROSPECTS:	WEST MALBEC
KEYWORDS:	EL 22240, MORGAN, CHARIOT MINE, WEST TC8 PROJECT AREA GRAVITY ORIENTATION AND REGIONAL SURVEY, GRAVITY INTERPRETATION, GEOPHYSICAL MODELLING

APPENDIX 1

EL 22240 MORGAN

GRAVITY SURVEY DATA
Malbec West Prospect