EXPLORATION LICENCE 9789
CHAUMONT
SECOND ANNUAL REPORT
21 May 2003 - 20 May 2004

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

AUTHOR:
J. L. CAHILL

June 2004
SUMMARY

Exploration Licence 9789 Chaumont, is located 47km northwest of Tennant Creek township and directly northwest of the Warrego mine.

Targets are ironstone related shear hosted gold-copper Tennant Creek style deposits.

This report records the exploration work done on EL 9789 during the second year of tenure, from the 21st May 2003 to the 20th May 2004.

No work was conducted over EL 9789 during the second tenure year.

Exploration Licence 9789 is recognised by Giants Reef to be an area of favourable geological setting given its structural location along the Navigator Fault line, and its geochemical anomaly extending northwest into the Licence from Warrego.

In the next year Giants Reef intend to thoroughly assess and review EL 9789 including the geochemical anomaly. A detailed geophysical appraisal of the Licence area is planned, specifically focussing on gravity and magnetic interpretation and targeting.
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## FIGURES

1. Location and Surrounding Tenements
2. EL 9789 Year 2 Licence Area
1. INTRODUCTION

Exploration Licence 9789 Chaumont, is located 47km northwest of Tennant Creek township and directly northwest of the Warrego mine.

Targets are ironstone related shear hosted gold-copper Tennant Creek style deposits.

This report records the exploration work done on EL 9789 during the second year of tenure, from the 21st May 2003 to the 20th May 2004.

2. LOCATION

Exploration Licence 9789 is located approximately 47km north-west of the Tennant Creek town and directly northwest of the Warrego mine. The Licence is located on the Short Range 1:100 000 scale map sheet (5659).

Access to Warrego mine is via the sealed Warrego road off the Stuart highway. Numerous well used tracks lead off north into the Licence area from Warrego mine.

The climate of the Tennant Creek district is mild and dry through most of the autumn to spring months. The summer period is hot with seasonal heavy rainfall between January and March making access difficult during these periods.

Figure 1 shows the Licence and surrounding tenements.

3. TENURE

Exploration Licence 9789 Chaumont, was granted to Anthappi Pty Limited on the 21st May 2002 for a period of three years. The Licence covers an area of 2 graticular blocks (6.48km²).

In June 2002 the EL was transferred to Santexco Pty Ltd (a subsidiary of Giants Reef Exploration Pty Ltd).

A number of Mineral Claims and Leases cover the south eastern portion of the Exploration Licence. These Claims and Leases cover part of the Warrego mine (4,751,000t @ 7.6 g/t Au) and mill infrastructure and will not be covered on in this report.

Figure 2 shows the Licence area held in the first tenure 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 to the north of EL 8883 and EL 10402.

A more recent reference is the geological map with explanatory notes on the Tennant Creek 1:250,000 sheet released by Northern Territory Geological Survey in 1998, which includes a revised stratigraphy.
4.2 Local Geology
The Licence area is covered by Cainozoic colluvium and red earth soils with little to no outcrop. Regional and geophysical data suggest that the western area of the Licence covers the Warrego Granite, however the extent has not been delineated.

Much of the northern area is underlain by the predominantly felsic volcanics or volcanically derived sedimentary rocks of the Flynn Sub Group.

Palaeoproterozoic Warramunga Formation sediments are assumed to underlie the south eastern portion of the Licence area, contacting the Warrego Granite. The Warramunga Formation is host to virtually all the magnetite-haematite (ironstone-hosted) gold-copper-bismuth mineralisation and ore bodies in the Tennant Creek goldfield. The Warrego deposit, a typical occurrences of this type of mineralisation, is located 5km east of the Licence area.

Due to severe lack of outcrop in the Warrego area all geological information has been derived from drilling, underground exposure and geophysics. The Navigator Fault is interpreted to run through EL 9789 in a north northwest direction. The Fault is interpreted as an extension of the ‘Footwall Fault’ at Warrego, which separates the contact metamorphosed sediments adjacent to the Warrego Granite from altered sediments and porphyritic units in the east. It is these eastern hydrothermally altered sediments which host the Warrego Au-Cu-Bi orebody.

5 WORK DONE DURING THE YEAR
5.1 Targets and Concepts
The Year 1 Annual Report for EL 9789 by Giants Reef Exploration Pty Ltd (2003) gives a detailed explanation of the exploration targets and concepts for EL 9789.

5.2 Geological Appraisal
Since the granting of the Licence in May 2002, Giants Reef has only been able to undertake a brief geological appraisal. Taken into consideration was previous exploration history, geophysics, surrounding geology and proximal targets.

Exploration Licence 9789 was applied for to cover an area of favourable geological setting (structure, lithology and geophysics), and its proximity to multiple high production mines, especially Warrego. Giants Reef view the location of the Licence as highly prospective, with a potential chance of producing local gold ounces for Giants Reef’s Warrego ore treatment plant.

The bedrock geology of the Licence is assumed to be in contact with the Warrego Granite, resulting in the relatively complex magnetic signature of the area. To date, Giants Reef have not identified any distinct geophysical targets within the Licence, nor located targets generated by previous companies.

The discovery of the non-magnetic haematite-rich Chariot deposit in 1998 has resulted in a broader exploration model in the Tennant Creek goldfield, that allows for the presence of extensive ore grade mineralisation hosted within primary, non-magnetic (haematite-rich) ironstones. This exploration perspective essentially opens up the whole of the Traditional Tennant Creek goldfield to new targeting via the use of gravity tools. This new model has implications for exploration over EL 9789, being underlain by Warramunga Formation sediment.

Giants Reef has located little to no data detailing the geochemical Au-Cu-Bi anomaly extending out from the Warrego orebody, northwest into EL 9789. It is probable that due to the Licence area being
under application for 6 years this geochemical anomaly remains open. This geochemical anomaly warrants further investigation.

5.3 Postponement of Detailed Appraisal

Work proposed for the second year of tenure included a detailed geological and geophysical review of EL 9789. As a consequence of Giants Reef's commitments elsewhere in the Tennant Creek field the appraisal was not carried out.

Giants Reef view the Licence area as prospective for exploration, by virtue of its structural setting and close proximity to Warrego mill infrastructure. For this reason Giants Reef intend to conduct a geophysical and geological assessment of the Licence in the third tenure year.

6. REHABILITATION

No work was conducted within the Licence area to warrant rehabilitation measures.

7. CONCLUSIONS

No work was conducted over EL 9789 during the second tenure year.

Exploration Licence 9789 is recognised by Giants Reef to be an area of favourable geological setting given its structural location along the Navigator Fault line, and its geochemical anomaly extending northwest into the Licence from Warrego.

In the next year Giants Reef intend to thoroughly assess and review EL 9789 including the geochemical anomaly. A detailed geophysical appraisal of the Licence area is planned, specifically focussing on gravity and magnetic interpretation and targeting.
8. EXPENDITURE

The proposed expenditure for the second year of tenure was $5,500. Actual expenditure was as follows:

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<td>2. Geophysics</td>
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<tr>
<td>3. Geochemistry</td>
<td>0</td>
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<tr>
<td>4. Surveying</td>
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<td>5. Data integration</td>
<td>461</td>
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<td>6. Analytical</td>
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<td>7. Drilling</td>
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<tr>
<td>8. Tenure maintenance</td>
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<td>9. Administration and overheads</td>
<td>417</td>
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<tr>
<td>10. Rehabilitation</td>
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</table>

**TOTAL** $2,330

Total expenditure amounted to $2,330. As the minimum expenditure was not met for the first year, an application for variation of covenant accompanies this report.

9. PROPOSED PROGRAM AND EXPENDITURE FOR YEAR THREE

In the third tenure year Giants Reef intend to thoroughly assess and review EL 9789 including the geochemical anomaly. A detailed geophysical appraisal of the Licence area is planned, specifically focussing on gravity and magnetic interpretation and targeting.

<table>
<thead>
<tr>
<th>Item</th>
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<td>10. Rehabilitation</td>
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</table>

**TOTAL** $4,000

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.

JUSTINE CAHILL

*EXPLORATION GEOLOGIST*

SANTEXCO PTY LTD
FIGURE 1
LOCATION OF EL 9789

J. Cahill
GDA 94
June 04
EL 9789
2 BLOCKS
6.478 Sq Km
REPORT NAME: EL 9789 CHAUMONT, SECOND ANNUAL REPORT 21st May 2003-20th May 2004

PROSPECT NAMES(s): CHAUMONT

GROUP PROSPECT NAME: EL 9789

TENEMENT NUMBERS(s): 21st May 2004

ANNIVERSARY DATE: SANTEXCO PTY LTD

OWNER/JV PARTNERS: J.L. CAHILL

AUTHOR(s): GOLD, COPPER, LEAD, ZINC, SILVER, BISMUTH

COMMODITIES: TENANT CREEK SE53-14

MAPS 1:250 000:

MAPS 1:100 000: SHORT RANGE

MAPS 1:25 000

TECTONIC UNIT(s): TENANT CREEK INLIER

STRATIGRAPHIC NAME(s) WARRAMUNGA FORMATION, FLYNN SUB GROUP, WARREGO GRANITE

AMF GENERAL TERMS:

AMF TARGET MINERALS: GOLD, COPPER, LEAD, ZINC

AMF GEOFYSICAL:

AMF GEOCHEMICAL: GEOCHEMICAL BEDROCK ANOMALY

AMF DRILL SAMPLING:

HISTORIC MINES: WARREGO

DEPOSITS:

PROSPECTS:

KEYWORDS: EL 9789, CHAUMONT, EL 7153, WARREGO, NAVIGATOR FAULT