MINERAL LEASES C15-C16 & C528-C529

CAT’S WHISKERS

ANNUAL REPORT
31 December 2001– 31 December 2003

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

AUTHORS:
J. L. CAHILL
S. C. RUSSELL

March 2004
SUMMARY

This report records the work completed on ML C15-C16 & C528-C529 Cat’s Whiskers during the period from the 31st December 2001 to the 30th December 2003.

Exploration targets are shallow haematite-ironstone related gold deposits and deeper extensions to the currently defined ore reserve at Cat’s Whiskers.

Work conducted over the Cat’s Whiskers Leases ML C15-C16 & C528-C529 during the reporting period has included a literature, data and internal tenement review, CLC work program and Mine Management Plan (MMP) approval, CLC site clearance, drill site clearance and RC drilling, CLC post-drilling site visit and an independent assessment of drill results. Additionally a Small Mines Development Agreement was entered into to enable the development of the Cat’s Whiskers gold mineralisation.

A literature review and data compilation revealed the potential for further exploration and development of the Cat’s Whiskers ironstone, being a typical shallow high-grade ironstone with mineralisation confined to a narrow ironstone–chlorite footwall zone.

A MMP was completed for Giants Reef’s proposed drill holes at the site, and an authorisation (Authorisation 0031-01) was issued by DBIRD. The proposed drill sites were submitted to the CLC as a work program and a site clearance was conducted. The CLC cleared the drill sites, however instructed Giants Reef that no exploration activities were to be carried out within an area of 50m from the base of outcrop which contains the historical Cat’s Whiskers workings.

In October 2003, Giants Reef drilled 9 RC holes for an advance of 1,820m. The drilling at Cat’s Whiskers upgraded the gold zone within the ironstone which appears constrained to the footwall position and remains open down plunge and to the east. An independent resource geologist was contracted to review the drill data and to assess the potential of advancing the Cat’s Whiskers project to an underground operation.

Negotiations between Giants Reef Mining Limited and Craigs Mining Services (CMS) were entered into late 2003, in respect of a Small Mines Development Agreement (SMDA). The Cat’s Whiskers Lease ML C529 was listed in Schedule 1 List of Small Resources in the Agreement. This agreement will effectively enable early and concurrent development of potentially small mines such as Cat’s Whiskers.

Drill sites for the pilot and ventilation RC holes were proposed and subsequently approved by the CLC. An attempt to drill the holes in late December 2003 was postponed due to the inaccessibility of the site as a consequence of the wet season.

Giants Reef intends to work with CMS under the terms of the SMDA to develop a small underground mine at Cats Whiskers in 2004. A Mine Management Plan will be submitted to DBIRD in 2004 outlining the methods of operation. During the course of underground mining, potential remains for further exploratory drilling to the east and at depth.
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FIGURES

1. Location of ML C15-C16 and C528-C529 and Surrounding Tenure
2. Location of RC Drill Holes
3. Section 16320 East, Cat's Whiskers

APPENDIX

1. Micromine Drilling Data
1. INTRODUCTION

This report records the work completed on ML C15-C16 & C528-C529 Cat’s Whiskers during the period from the 31st December 2001 to the 30th December 2003.

Exploration targets are shallow haematite-ironstone related gold deposits and deeper extensions to the currently defined ore reserve at Cat’s Whiskers.

2. LOCATION

Mineral Leases C15-C16 & C528-C529 are centred approximately 6km south-east of Tennant Creek, on the Tennant Creek 1:100,000 scale map sheet (5758).

Access to the Lease area from Tennant Creek Township is via the sealed Stuart Highway south of Tennant Creek then via an all weather gravel road to the Eldorado Mine and continuing east-south-east for approximately 1.5 km.

Figure 1 shows the Mineral Leases and surrounding tenements with respect to the Cat’s Whiskers and Eldorado mines.

3. TENURE

A tenure summary for the Leases follows:

<table>
<thead>
<tr>
<th>TITLE</th>
<th>NAME</th>
<th>AREA (ha)</th>
<th>GRANTED</th>
<th>EXPIRY</th>
</tr>
</thead>
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<td>Eldorado</td>
<td>17</td>
<td>04/10/56</td>
<td>31/12/22</td>
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<tr>
<td>ML C16</td>
<td>Eldorado</td>
<td>17</td>
<td>04/10/56</td>
<td>31/12/22</td>
</tr>
<tr>
<td>ML C528</td>
<td>Eldorado Dingo</td>
<td>7</td>
<td>22/02/56</td>
<td>31/12/22</td>
</tr>
<tr>
<td>ML C529</td>
<td>Cat’s Whiskers</td>
<td>6</td>
<td>18/04/56</td>
<td>31/12/22</td>
</tr>
</tbody>
</table>

MLC15-C16 and MLC528-C529 covering an area of 47 hectares were first granted to Eldorado Tennant Creek Limited (ETCL) in 1956 for a period of 21 years.

Subsequent to the liquidation of ETCL in 1972 the tenements were transferred to Geopeko Limited (Geopeko). On the 14 July 1992 the ownership of ML C15-C16 was transferred to Normandy Gold Pty Ltd and ML C528-C529 were transferred to Normandy Tennant Creek Pty Ltd (NTC). The ownership of tenements ML C15-C16 were subsequently transferred to NTC.

In 1997 NTC were granted a renewal of the Leases for a further 21 years to expire December 2022.

In June 2001, Giants Reef Mining Limited (Giants Reef) purchased NTC and all its assets, including ML C15-C16 and ML C528-C529. After the purchase, NTC was re-named Santexco Pty Ltd (Santexco), and is now a wholly-owned subsidiary of Giants Reef Mining Limited.

Mineral Leases C15-C16 and C528-C529 fall on Inalienable Aboriginal Freehold land held by the Warrumungu Land Trust.

An agreement referred to as the Pre Existing Tenements Agreement was signed by the Central Land Council (CLC), Traditional Landowners and NTC on the 9th December 1998. This agreement established land access for mineral exploration upon Warrumungu Land Trust areas, including ML C15-C16 and C528-
C529. Correspondence from the CLC in February 2004 confirmed that ML C528-C529 are to be included in Schedule 1 of the Pre Existing Tenements Agreement.

In January 2004 Giants Reef entered into a Mining Tribute Agreement with Craigs Mining Services for a Small Mines Development Alliance within the Tennant Creek district. The Cat’s Whiskers Lease ML C529 was listed in Schedule 1 List of Small Resources in the Agreement.

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 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 includes a revised stratigraphy.

4.2 Local Geology

The Local geology of the Cat’s Whiskers tenure comprise Palaeoproterozoic Warramunga group sediments hosting numerous ironstone bodies within a west north west trending shear zone. The shear is broadly positioned on the Nobles Nob to Mt Samuel line of ironstones. To the north of the ironstone a number of porphyry bodies have been mapped.

The Cat’s Whiskers Leases are located on the north side of a northeast - southwest trending ironstone ridge. Soils in the area are sandy clays, becoming sandier near the creek to the north of the ridge. Topsoil cover, which is generally in the order of 5≥10cm thick, is minimal over the ironstone outcrop.

4.3 Cat’s Whiskers Mine Geology

The Cat’s Whiskers mine is situated within ML C529. The Cat’s Whiskers mine and its similarly-sized immediate neighbours (Ellen to the west and Dingo to the east) lie along the east-west trending Nobles Nob-Juno-Eldorado line, which has historically had the highest gold production of the clearly defined trends in the Tennant Creek region.

The Cat’s Whiskers ironstone is continuous from surface where it has been worked as a small mine by trenching, winzing and underground stoping to a depth of 45m. It is a narrow, sinuous, east-west striking haematite rich ironstone that has been emplaced along a shear. The ironstone dips approximately 75° to the north and plunges gently to the east.

In general the ironstone is dominantly magnetite with subordinate quartz. The ironstone is typically fractured, rubbly and vuggy. The Cat’s Whiskers ironstone is surrounded by altered Warrumunga sedimentary rocks. The alteration halo around the ironstone includes chlorite, haematite, and sporadic silica.

The mineralisation at the Cat’s Whiskers deposit includes anomalous levels of gold, bismuth, and copper. Of these, gold is the only mineral to occur in economic quantities. The gold mineralisation is limited to the ironstone, though not all the ironstone is mineralised. The gold mineralisation tends to occur on the footwall side of the ironstone and within the footwall chlorite-haematite alteration.

There is no remaining infrastructure at the Cat’s Whiskers mine, however an adit, shaft, pit, trench and mullock heaps remain as testimony to previous mining activities on the site.
5. PREVIOUS HISTORY

The Cat’s Whiskers Project is centred on the abandoned Cat’s Whiskers gold mine, located 6km south-east of Tennant Creek township. The mine is a typical small tonnage, shallow, Tennant Creek style mine, sunk on an east-west striking, gold-bearing, haematite outcrop to a depth of about 45m.

Mining at Cat’s Whiskers was previously conducted between 1938 and 1941. Recorded production from the Cat’s Whiskers mine is 398 tonnes of ore for an average grade of 9.0 g/t Au (D.M.E. 1996). It is unclear whether this material was derived solely from the Cat’s Whiskers shaft or whether it included material from three shallow shafts further to the west (Bolger 1989).

Mineral Leases C15-C16 and C528-C529 were first granted to Eldorado Tennant Creek Limited (ETCL) in 1956. Five years later, in 1961, the Bureau of Mineral Resources (B.M.R.) conducted limited rock chip sampling of the ironstone within the mine and reported anomalous copper levels up to 1200ppm (McMillan and Debnam 1961).

The following year the B.M.R. drilled five diamond holes (DDH1 – 5) to test a magnetic anomaly (Dunn 1964) estimated to occur 120m north-east of the mine, centred at a vertical depth of 485ft (Daly 1957, as cited in Dunn 1964, and Barclay 1967). Ironstone bodies, believed to be responsible for the magnetic anomaly, were intersected in the first three holes drilled. Each of these three holes contained copper mineralization, whilst minor gold mineralization was only intersected in DDH2 and DDH3 (Barclay 1967).

Further diamond holes were drilled by both the B.M.R. and GeoPeko to determine the lateral extent of the mineralisation. The later of these holes, DDH9 was drilled to 314m in June 1980, to test the ore body west and down dip of DDH6. No significant mineralisation was intersected, effectively constraining the ore body.

In late 1987-1988 Geopeko conducted rock chip sampling, RC and diamond drilling programs that intersected patchy, thin, but high grade gold mineralization close to the footwall of the ironstone. A zone of supergene enrichment was identified between 815RL and 930RL. In 1989 the project was reviewed by Geopeko and it was recognised that a 1m to 6m wide supergene-oxide zone between 875RL and 940RL below the Cat’s Whiskers workings contained the highest gold concentrations (up to 193.8 g/t Au) (Horvath 1989).

Geopeko determined that up to 7000 tonnes of mineralised material could exist between 20m and 70m below the surface; however this could not be mined economically by open cut means as the average grade was likely to be in the order of 5-10 g/t Au. Additionally, the potential for Cat’s Whiskers to yield 1500 – 3000 tonnes of gold mineralization at 2-5 g/t Au within 10m of the surface (2m width, 40m length) was recognised by Geopeko who considered that the best economic potential lay within this zone (Bolger 1989). In 1990 surface mapping and rock chip sampling of outcrops and the adit was completed, however high grade gold was very patchy (Lang 1990).

Normandy conducted vacuum drilling (84 holes for 126m) and rock chip sampling over ML C528-C529 as part of a more regional program over the (now expired) EL 7491. Ward (1997) report the results of the vacuum drilling and rock chip sampling program to be largely redundant. Normandy conducted a ground magnetics survey over a 200m x 1m spaced grid.
6. WORK CONDUCTED DURING THE TERM

6.1 Literature Review and Data Compilation
In July 2002 a detailed literature assessment of the Cat’s Whiskers tenements was conducted, including an assessment of the results of previous exploration conducted over the tenure. This review compiled all the exploration data over the tenure. Compilation and translation of historical paper and digital exploration data into standard Giants Reef Mining (Santexco) format was conducted.

6.2 Work Program to CLC and Site Clearance
Under the terms of the Pre Existing Tenements Agreement 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 the Aboriginal Freehold Land. In April 2002 a work program was submitted to the CLC which outlined the reverse circulation drill program that Giants Reef proposed to undertake over a 200m by 200m area north of the historical Cat’s Whiskers mine.

A site clearance was conducted over ML C15-C16 and C528-C529 by the Traditional Owners and representatives of the CLC in April 2002.

The CLC under instruction from the Traditional Aboriginal Owners approved the proposed drilling activities in June 2002. One proviso was that all mature trees of any species must be protected, and stands or groups of trees must be protected. Additionally, the CLC noted that the ridge and various ironstone outcrops that runs through the Cat’s Whiskers mine is of strong cultural significance to the Local People. The work program was accepted subject to the condition that no exploration activities are carried out within an area of 50m from the base of the outcrop which contains the historical workings.

Giants Reef subsequently erected star pickets around the culturally sensitive area designated by the CLC.

6.3 Mine Management Plan
Giants Reef submitted a Mining Management Plan, detailing all aspects of the planned drilling to test mineralisation within ML C529. The plan was subsequently approved by the Department of Business, Industry & Resource Development (DBIRD) under Authorisation 0031-01.

Pursuant to condition 4 of the Authorisation, a security of $3,000 was lodged with DBIRD. This security covered all the tenements included within the Eldorado Project Area, of which includes ML C15-16 and C528-C529. Release of the $3,000 security is conditional upon Giants Reef’s compliance with the activities and commitments contained in the accepted plan (Authorisation 0031-01).

6.4 Internal Tenement Review
An internal review of the Giants Reef tenement portfolio and a classification of exploration opportunities in September 2002 assessed the future exploration potential of the Cat’s Whiskers tenements. The review was based on the potential to discover high-grade gold mineralisation in both magnetic and haematite-dominant ironstones.

The location of the Cat’s Whiskers prospect along the Nobles Nob/Juno/Eldorado line ranked these tenements as a highly prospective target area due to structural significance. Additionally the close proximity of the target area to town ranked this Licence area as a first class project.

Giants Reef noted that no exploration had been conducted over the tenements since 1999. Review of the compiled data showed the target is a typical high grade Tennant Creek ironstone with mineralisation confined to a narrow ironstone-chlorite footwall zone. The prospect was recommended
for immediate confirmatory and definition drilling. It was noted that drilling conditions were likely to be difficult due to the oxidised nature of the ironstone and chloritic shear zone.

6.5 Drill Site Preparation

Drill pads over a 200m x 200m area were lightly cleared to allow access to the Cat’s Whiskers drill sites. A small loader was used in the preparation of the drill pads. The location of the drill pads were centred around a drainage line north of the historical Cat’s Whiskers mine, and due care was taken not to disturb the natural drainage of the line.

During drill site preparation much of the ancient rubbish associated with previous mining and exploration was removed from site. A number of historical drill holes were capped.

6.6 Reverse Circulation Drilling

Reverse Circulation (RC) drilling commenced in September 2003, to confirm and define the Cat’s Whiskers mineralisation. Nine RC holes were drilled at the Cat’s Whiskers prospect for an advance of 1,012m.

The drill contractor was Gomex Drilling, Dry Creek, South Australia using a RCD 150 drill rig.

Samples collected during the drilling were riffle split in metre intervals. 3-metre speared, composite samples were collected and sent to North Australian Laboratories (NAL) Pine Creek for analysis. Samples were assayed for Au, Fe, Cu and Bi using FA50 and mixed-acid digest respectively. A low-grade standard was added at the end of each drill hole for analysis, to monitor quality control of laboratory results.

Further 1-metre riffle split samples were collected for anomalous intervals(>0.1 ppm Au), and were sent to NAL Pine Creek for the same method of analysis.

The magnetic susceptibility of all drill chips was measured at the end of each drill hole, and noted on all drill chip logs using a Kappameter KT-5 magnetic susceptibility meter.

Geological logging was completed on site, using a Hewlett Packard 200LX palmtop computer and downloaded in the evenings. Downloaded geology and magnetic susceptibility data was then validated and printed out as separate log sheets and then loaded into a Micromine database, along with collar, survey and assay data (Appendix 1).

Drilling statistics for Cat’s Whiskers are as follows:

<table>
<thead>
<tr>
<th>Hole No</th>
<th>Easting (GDA)</th>
<th>Northing (GDA)</th>
<th>Dip (deg)</th>
<th>Azi (deg)</th>
<th>Depth (m)</th>
<th>Date Drilled</th>
<th>Tenure</th>
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<tr>
<td>CWRC021</td>
<td>416337.13</td>
<td>189.00</td>
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<td>100.00</td>
<td>Sept-03</td>
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<tr>
<td>CWRC022</td>
<td>416357.76</td>
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<td>-60</td>
<td>171</td>
<td>125.00</td>
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<tr>
<td>CWRC023</td>
<td>416446.98</td>
<td>100.00</td>
<td>-60</td>
<td>175</td>
<td>106.00</td>
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<tr>
<td>CWRC024</td>
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<td>180.5</td>
<td>100.00</td>
<td>Sept-03</td>
<td>MC C529</td>
</tr>
</tbody>
</table>

**TOTAL 1,012**
Figure 2 shows the location of the drill holes.

Significant intersections are tabulated below.

<table>
<thead>
<tr>
<th>Hole No</th>
<th>Easting (Local)</th>
<th>Northing (Local)</th>
<th>Dip (deg)</th>
<th>Azi (deg)</th>
<th>Significant intercepts</th>
<th>Interval (m)</th>
<th>Grade g/t Au</th>
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<tr>
<td>CWRC 021</td>
<td>16319.9</td>
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<td>83 90</td>
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<td>90 91</td>
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<td>85 87</td>
<td>2</td>
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</table>

The drilling at Cat’s Whiskers confirmed and upgraded the gold zone contained within the Cat’s Whiskers ironstone. The high-grade gold mineralisation appears confined to the footwall position (Figure X) and remains open down plunge to the east.

Based on these and prior owner drilling results, the Cat’s Whiskers Prospect maintains the potential to provide high-grade supplemental feed to the Warrego ore processing plant.

6.7 Post Drilling CLC Site Visit
The CLC and Traditional Owners visited the Cat’s Whiskers prospect within a month of the completion of the drilling and prior to any drilling rehabilitation.

After the field visit, Giants Reef informed the CLC that the Company would like to investigate the options for a small scale mining operation at the Cat’s Whiskers site. Giants Reef indicated the Companies awareness of the cultural significance of the area and requested advise on the viability of progressing the Cat’s Whiskers project.

6.8 Independent Assessment of Drill Results
To advance the evaluation of the Cat’s Whiskers prospect the Company contracted an independent resource geologist to review the recent and historical drill data. The Contractor, Mr Ian Cowden spent a number of days on site in Tennant Creek reviewing the data and discussing the drilling with Company geologists. Mr Cowden was then provided with all the digital and paper drill data to assess at his Perth office.

6.9 Small Mines Development Agreement
Negotiations between Giants Reef Mining Limited and Craigs Mining Services (CMS) were entered into late 2003, in respect of a Small Mines Development Agreement (SMDA). This agreement is to
effectively enable the early and concurrent development of potentially small mines such as Cat's Whiskers and Edna Beryl (ML C705).

In January 2004 Giants Reef entered into a Mining Tribute Agreement with Craigs Mining Services for a Small Mines Development Alliance within the Tennant Creek district. The Cat's Whiskers Lease ML C529 was listed in Schedule 1 List of Small Resources in the Agreement.

Initially Giants Reef has entered into a SMDA in respect to only Edna Beryl and Cat's Whiskers but, subject to effectiveness and return, intends to extend the agreement to enable the development of other potentially small mines.

Mining and rehabilitation of Cat's Whiskers Mine will be conducted by the Operators, Craigs Mining Services. The Owner, Giants Reef, will oversee the operations.

6.10 Pilot Hole Proposal

In December 2003 Giants Reef had contract of an operational RC drill rig in Tennant Creek. In order to utilise the drill rig and speed operations at Cat's Whiskers the Company and Craigs Mining Services decided to drill the pilot and vent hole at Cat's Whiskers prior to the wet season.

6.11 CLC Clearance

Two site visits by the CLC and Traditional Owners were conducted at Cat's Whiskers. The site visit was regarding the development of the main shaft and ventilation shaft at the Cat's Whiskers prospect within the exclusion zone previously established by the Traditional Owners.

The proposed location for the holes are given below.

<table>
<thead>
<tr>
<th>Hole No</th>
<th>Easting (GDA)</th>
<th>Northing (GDA)</th>
<th>Dip (deg)</th>
<th>Azi (deg)</th>
<th>Depth (m)</th>
<th>Tenure</th>
<th>Hole</th>
</tr>
</thead>
<tbody>
<tr>
<td>CWPH1</td>
<td>416442.24</td>
<td>7821548.77</td>
<td>0</td>
<td>0</td>
<td>50</td>
<td>MC C529</td>
<td>Ventilation</td>
</tr>
<tr>
<td>CWPH2</td>
<td>416452.13</td>
<td>7821548.81</td>
<td>0</td>
<td>0</td>
<td>110</td>
<td>MC C529</td>
<td>Main</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>160</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The CLC consulted the Traditional Owners over the proposed RC drill sites and approved the development of the proposed holes on the 22nd December 2003. The approved location for the ventilation shaft is the revised location as advised by Giants Reef during the course of the clearance. The revised ventilation shaft is well away from the saddle of the hills within 10m of the main shaft.

6.12 Attempt to Drill Pilot Holes

The drill contractor was Gorey and Cole Drillers Pty Ltd, Alice Springs, using an Ingersollrand TH75 drill rig. An attempt to mobilise the drill rig to the Cat's Whiskers site was made. However the tracks were still moist from recent rains and the rig became bogged within 1km of the drill sites. Further attempts to access the site was abandoned and the decision was made to drill the pilot holes after the wet season.

6.13 Operational Mine Management Plan

In order to progress the Cat's Whiskers prospect to a mining operation a Mine Management Plan detailing the operations and development of the mining process is required by the Department of
Business, Industry and Resource Development (DBIRD). At the time of writing this report Giants Reef were in the process of writing a Mine Management Plan for the development of mining operations at the Cat’s Whiskers prospect.

7. REHABILITATION

During the reporting period numerous field trips to the prospect area have been undertaken. Giants Reef have made it common practice to remove ute loads of historical rubbish, including old bottles, forty four gallon drums and scrap metal during these field trips. Consequently very little historical debris and rubbish remains on the Cat’s Whiskers tenements.

It was decided not to rehabilitate the drill holes from the September 2003 drilling as it was felt that bulk-metallurgical samples may be required. A Mining Management Plan (MMP) compliance audit was conducted by DBIRD personnel (November 2003) and included a site inspection of the Cat’s Whiskers Prospect drilling. The audit was satisfied but identified a requirement to remove bags and associated drilling rubbish at Cat’s Whiskers by the end of 2003. This, as yet has not been completed. It is Giants Reef’s intention to completely rehabilitate all the drill sites within ML C529 on commencement of mining. All September 2003 Cat’s Whiskers drill holes have been capped to prevent erosion and animals falling into them.

During access negotiations Giants Reef informed the CLC that the Company intends to rehabilitate the historical Cat’s Whiskers mine shafts. This will be undertaken by filling the shafts with waste rock gained from underground development at Cat’s Whiskers.

Under the terms and conditions of the Small Mines Development Agreement Craigs Mining Services are required to;

“On completion of mining activities CMS will carry out a program of rehabilitation to the satisfaction of the Department of Business Industry & Resource Development and the Traditional Owners.”

All other environmental obligations including reporting and monitoring will remain the responsibility of Giants Reef.
8. CONCLUSIONS

Work conducted over the Cat’s Whiskers Leases ML C15-C16 & C528-C529 during the reporting period has included a literature, data and internal tenement review, CLC work program and Mine Management Plan (MMP) approval, CLC site clearance, drill site clearance and RC drilling, CLC post-drilling site visit and an independent assessment of drill results. Additionally a Small Mines Development Agreement was entered into to enable the development of the Cat’s Whiskers gold mineralisation.

A literature review and data compilation revealed the potential for further exploration and development of the Cat’s Whiskers ironstone, being a typical shallow high-grade ironstone with mineralisation confined to a narrow ironstone–chlorite footwall zone.

A MMP was completed for Giants Reef’s proposed drill holes at the site, and an authorisation (Authorisation 0031-01) was issued by DBIRD. The proposed drill sites were submitted to the CLC as a work program and a site clearance was conducted. The CLC cleared the drill sites, however instructed Giants Reef that no exploration activities were to be carried out within an area of 50m from the base of outcrop which contains the historical Cat’s Whiskers workings.

In October 2003, Giants Reef drilled 9 RC holes for an advance of 1,820m. The drilling at Cat’s Whiskers upgraded the gold zone within the ironstone which appears constrained to the footwall position and remains open down plunge and to the east. An independent resource geologist was contracted to review the drill data and to assess the potential of advancing the Cat’s Whiskers project to an underground operation.

Negotiations between Giants Reef Mining Limited and Craigs Mining Services (CMS) were entered into late 2003, in respect of a Small Mines Development Agreement (SMDA). The Cat’s Whiskers Lease ML C529 was listed in Schedule 1 List of Small Resources in the Agreement. This agreement will effectively enable early and concurrent development of potentially small mines such as Cat’s Whiskers.

Drill sites for the pilot and ventilation RC holes were proposed and subsequently approved by the CLC. An attempt to drill the holes in late December 2003 was postponed due to the inaccessibility of the site as a consequence of the wet season.

Giants Reef intends to work with CMS under the terms of the SMDA to develop a small underground mine at Cats Whiskers in 2004. A Mine Management Plan will be submitted to DBIRD in 2004 outlining the methods of operation. During the course of underground mining, potential remains for further exploratory drilling to the east and at depth.

J L CAHILL
EXPLORATION GEOLOGIST

S C RUSSELL
SENIOR EXPLORATION GEOLOGIST
8. **EXPENDITURE**

Exploration expenditure over ML C15-C16 & C528-C529 for the January to December periods of tenure was as follows:

<table>
<thead>
<tr>
<th>Item</th>
<th>2002</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Geology</td>
<td>4,365</td>
<td>8,644</td>
</tr>
<tr>
<td>2. Geophysics</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>3. Geochemistry</td>
<td>0</td>
<td>1,020</td>
</tr>
<tr>
<td>4. Surveying</td>
<td>2,294</td>
<td>1,379</td>
</tr>
<tr>
<td>5. Data integration</td>
<td>1,834</td>
<td>394</td>
</tr>
<tr>
<td>6. Analytical</td>
<td>0</td>
<td>7,152</td>
</tr>
<tr>
<td>7. Drilling</td>
<td>0</td>
<td>48,042</td>
</tr>
<tr>
<td>8. Tenure maintenance</td>
<td>3,683</td>
<td>2,572</td>
</tr>
<tr>
<td>9. Administration and overheads</td>
<td>1,449</td>
<td>502</td>
</tr>
<tr>
<td>10. Feasibility &amp; pre-production</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>11. Rehabilitation</td>
<td>1,336</td>
<td>638</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$14,961</strong></td>
<td><strong>$70,343</strong></td>
</tr>
</tbody>
</table>

Total exploration expenditure amounted to an estimated $85,304.

10. **REFERENCES**


GIANTS REEF EXPLORATION

CAT’S WHISKERS LOCATION OF SEPTEMBER 2003 RC DRILL HOLES

Scale: 1:500
Imagery: MNL Data (2003, No)

DATE: 24/3/2004
OFFICE: Tennant Creek
DRAWING:
SCALE: 1:1000
PROJECTION: MGA Zone 53 (GDA 94)
AUTHOR: J. Cahill

NORTHERN TERRITORY LOCALITY MAP

DARWIN
Katherine
Barrmillina
Tennant Creek
Alice Springs

PROJECT AREA

MLC529
MLC528
MLC15

CAT’S WHISKERS MINE

LOCATIONS OF SEPTEMBER 2003 RC DRILL HOLES

CWRC021
CWRC022
CWRC023
CWRC024
CWRC025
CWRC026
CWRC027
CWRC028
CWRC029
SANTEXCO PTY LTD
TENNANT CREEK NORTHERN TERRITORY

AREA
ML C15-16 & C528-C529

MAP REF
52/5 TENNANT CREEK 1:100 000

SUBJECT
Cat’s Whiskers Section
16320 East

DATE
OCT 2003

AUTHOR
As Shown

SCALE
FIGURE 3

FIGURE 3

Chloritic siltstone
(Alteration Zone)

Brecciated haematite magnetite ironstone

Undifferentiated sediment

Ore zone

Drill intercept
APPENDIX 1

ML C529 CAT'S WHISKERS

RC DRILL EXPLORATION
Micromine Files

Cats_coll.dat
Cats_surv.dat
Cats_lith.dat
Cats_assay.dat