EXPLORATION LICENCE 9789
CHAUMONT

THIRD ANNUAL REPORT
21 May 2004 - 20 May 2005

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

AUTHOR:
B. J. PARKER

June 2005
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 third year of tenure, from the 21st May 2004 to the 20th May 2005.

Work completed during year 3 focussed on the compilation of all exploration data for all previous work undertaken in EL 9789. The tenement has received considerable exploration in the past by exploration companies and data comprising geochemistry, drilling and geophysics were compiled, validated and integrated in the Company’s database system. This work will assist with the next stage of target generation.
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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 third year of tenure, from the 21st May 2004 to the 20th May 2005.

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.

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 COMPLETED DURING YEAR 3

Work completed during year 3 focused on compiling exploration data for all previous work undertaken in EL 9789. The tenement has received considerable exploration in the past by exploration companies and data comprising geochemistry, drilling and geophysics were compiled, validated and integrated in the Company’s database system. This work will assist with the next stage of target generation.

6. REHABILITATION

No rehabilitation was required as exploration was limited to reconnaissance and desktop studies.

7. CONCLUSIONS

Work completed during year 3 focused on the compilation of all exploration data for all previous work undertaken in EL 9789. The tenement has received considerable exploration in the past by exploration companies and data comprising geochemistry, drilling and geophysics were compiled, validated and integrated in the Company’s database system. This work will assist with the next stage of target generation.
8. EXPENDITURE

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

<table>
<thead>
<tr>
<th>Item</th>
<th>Year 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Geology</td>
<td>1,294</td>
</tr>
<tr>
<td>2. Geophysics</td>
<td></td>
</tr>
<tr>
<td>3. Geochemistry</td>
<td>487</td>
</tr>
<tr>
<td>4. Surveying</td>
<td></td>
</tr>
<tr>
<td>5. Data integration</td>
<td>555</td>
</tr>
<tr>
<td>6. Analytical</td>
<td></td>
</tr>
<tr>
<td>7. Drilling</td>
<td></td>
</tr>
<tr>
<td>8. Tenure maintenance</td>
<td>840</td>
</tr>
<tr>
<td>9. Administration and overheads</td>
<td>910</td>
</tr>
<tr>
<td>10. Rehabilitation</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$ 4,086</strong></td>
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</tbody>
</table>

Total expenditure amounted to $4,086.

9. PROPOSED PROGRAM AND EXPENDITURE FOR YEAR FOUR

<table>
<thead>
<tr>
<th>Item</th>
<th>$</th>
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</thead>
<tbody>
<tr>
<td>1. Geology</td>
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<tr>
<td>2. Geophysics</td>
<td>1,500</td>
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<tr>
<td>3. Geochemistry</td>
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<td>4. Surveying</td>
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<tr>
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<td>500</td>
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<td>500</td>
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<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$ 4,000</strong></td>
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</tbody>
</table>

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.

B. J. PARKER
SENIOR GEOLOGIST – REGIONAL
Location of EL 9789 and Surrounding Tenure

Author: GRM  Date: June 2005
Drawn: DMC  Revised:
Dwg No:  Report No.: Figure 1
Projection: GDA94  Scale: 1:100,000

Perpetual Pastoral Lease
Aboriginal Freehold Land
Special Purpose Lease
Crown Land Perpetual
REPORT NAME: EL 9789 CHAUMONT, THIRD ANNUAL REPORT 21st May 2004-20th May 2005

PROSPECT NAMES(s): CHAUMONT

GROUP PROSPECT NAME:

TENEMENT NUMBERS(s): EL 9789

ANNIVERSARY DATE: 21st May 2005

OWNER/JV PARTNERS: SANTEXCO PTY LTD

AUTHOR(s): B. J. PARKER

COMMODITIES: GOLD, COPPER, LEAD, ZINC, SILVER, BISMUTH

MAPS 1:250 000: TENNANT CREEK SE53-14

MAPS 1:100 000: SHORT RANGE

MAPS 1:25 000

TECTONIC UNIT(s): TENNANT CREEK INLIER

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

AMF GENERAL TERMS:

AMF TARGET MINERALS: GOLD, COPPER, LEAD, ZINC

AMF GEOPHYSICAL:

AMF GEOCHEMICAL: GEOCHEMICAL BEDROCK ANOMALY

AMF DRILL SAMPLING:

HISTORIC MINES: WARREGO

DEPOSITS:

PROSPECTS:

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