EXPLORATION LICENCE 10199
LYNX

FIFTH ANNUAL REPORT
7 April 2004 - 6 April 2005

LICENSEE:
GIANTS REEF EXPLORATION PTY LTD
A.B.N. 009 200 346

AUTHOR:
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May 2005
SUMMARY

Exploration Licence 10199 Lynx, totally encloses the non-magnetic haematite-rich Chariot gold deposit. The Licence is centred 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 has been subject to much interest by Giants Reef for its potential to a host orebodies of a similar style of mineralisation as the Chariot mine.

This report records the exploration work completed on EL 10199 during its fifth year of tenure, from the 7th April 2004 to the 6th April 2005.

Targets are shallow haematite-magnetite ironstone related gold deposits.

In the third year of EL 10199’s tenure a regional gravity survey was conducted as part of a larger more regional survey. Several new gravity target areas were identified.

A second gravity survey was undertaken in September 2003 completing the gravity section over the northern portion of EL 10199. This data generated several priority gravity anomalies and these areas were further enhanced with detailed modelling resulting in the decision that, apart from the magnetic Traminer ironstone there was considerable haematite ironstone proximal to this larger traditional style ironstone. This area was termed the West Traminer prospect.

The West Traminer prospect was drill tested with 4 RC holes for an advance of 448m in Year 4. No alteration was seen and no ironstone was intersected. Given the strength of the West Traminer gravity response, the interpreted density contrast and the vicinity to the Traminer ironstone the Traminer West target remained of high interest and further work was recommended.

During Year 5 thirty four RAB holes (TRRB031 to TRRB064) were drilled for and advance of 693 metres extending exploration of the West Traminer target. All holes were drilled to the south to a nominal depth of 21 metres. This drilling pattern was designed to further test shallow gravity anomalies previously identified during the September 2003 ground gravity survey carried over the area.

Drilling intersected Warramunga Formation sediments however no alteration was seen and no ironstone was intersected. The gravity anomalies may be explained by a pisolitic iron horizon intersected in many holes at a consistent depth of 6-9 metres. No significant assay results were returned and results were considered disappointing.

Exploration will continue within EL 10199, primarily to identify strike extensions to the Chariot Line (ie:Chariot East) and to continue the testing of a number of shallow gravity targets with the Licence area.

Geophysical remodelling of the historical NTC data will commence during the next reporting period and it is anticipated that additional drilling will be proposed targeting the Traminer ironstone at depth.
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1 Micromine Database for Traminer RAB Drilling
1. INTRODUCTION

Exploration Licence 10199 Lynx, covers 4.6 square kilometres to the south, east and west of the developing Chariot gold deposit.

This report records the exploration work completed on EL 10199 during its fifth year of tenure, from the 7th April 2004 to the 6th April 2005.

Targets are shallow haematite-ironstone related gold deposits.

2. LOCATION

EL 10199 is centred approximately 9km west of Tennant Creek, on the Tennant Creek 1:100,000 scale map sheet (5758).

Access to the Licence area from Tennant Creek Township is via Udall Road to Giants Reef’s TC8 mine, through the TC8 mine compound and over the Darwin to Alice Springs rail line, on to an all-weather unsealed haul road. This road extends west from TC8, traversing the northern boundary of EL 10199 for approximately 5km to the Chariot mine site.

Figure 1 shows the Licence and surrounding tenements.

3. TENURE

Exploration Licence 10199 Lynx, was granted to Anthappi Pty Ltd on the 7th April 2000 for a period of six years. The EL covers an area of 2 graticular blocks (4.64 km$^2$). Soon after the grant, the Licence was transferred to Normandy Tennant Creek Pty Ltd (NTC). This transfer was registered on the 13th April 2000.

The interests of NTC in the Tennant Creek region were acquired by Giants Reef Mining Limited in mid-June 2001, and soon afterwards the title was transferred to Giants Reef Exploration Pty Ltd (Giants Reef). This transfer was registered on the 26th June 2001.

The Licence is within Aboriginal Freehold Land held by the Warumungu Aboriginal Land Trust, NT Portion 4115. All exploration activities within the Licence area are governed by the Deed of Terms and Conditions for Exploration as described in the “Lynx Agreement” signed between the Central Land Council (CLC), on behalf of Warumungu Traditional Owners, Anthappi Pty Ltd and NTC on the 29th March 2000.

Until January 2003, EL 10199 was 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 10199.

A waiver of reduction was granted at the end of Years 2, 3, 4 and 5 enabling the retention of 2 blocks.

Mineral Lease 23216 was granted to Giants Reef Exploration Pty Ltd on the 19th July 2002. ML 23216 covers an area within EL 10199 adjacent to the western boundary of ML’s C176 and C177, which contain the ore at the Chariot deposit. This ML covers the western extension of the Chariot ore reserve as currently defined.
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

There are no outcrops of Proterozoic basement rocks in EL 10199, which is blanketed by a layer of colluvium 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 all the magnetite-haematite (ironstone–hosted) gold-copper-bismuth mineralisation and ore bodies in the Tennant Creek goldfield. The Chariot gold deposit is hosted by haematite dominated ironstone which is quite unique to the Tennant Creek goldfield.

5. WORK DONE DURING THE YEAR

5.1 Area of Reporting

EL 10199 consisting of 2 blocks (4.64 km²) was originally applied for by NTC in October 1998 to cover a magnetic anomaly, which has since been developed into the Chariot Gold Mine by Giants Reef. The Chariot mine is situated in the northern portion of the EL and is fully covered by Giants Reef's Mineral Leases C176, C177 and ML 23216. Development of the Chariot open pit commenced in December 2002, and was completed in March 2003.

The Chariot mine continues as an underground operation.

Exploration conducted on the remaining area outside of the Chariot Leases in Exploration Licence 10199 is reported. Activities conducted within the Chariot Leases will be reported in separate, relevant Mineral Lease Annual Reports to the Department of Business, Industry and Resource Development.

5.2 Exploration Concepts


5.3 CLC Work Proposal and Clearance

Under the terms of Giants Reef's "Lynx" 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 drilling could enter the Licence area. A work program was submitted to the CLC which outlined the work Giants Reef proposed to undertake over EL 10199.

A site clearance for proposed exploration within EL 10199 was conducted on 1st October 2004. The CLC under instruction from the Traditional Aboriginal Owners of the land approved a proposed RAB
drilling program. Routine precautions to protect mature trees were requested however no protected or sacred areas were identified within the Licence area.

5.4 Drill Site Preparation

A small loader was used to lightly clear and prepare for the upcoming RAB program. Individual drill hole pads were not constructed. Surface vegetation was lightly scraped with care taken not to destroy seed or root stock.

5.5 RAB Drilling

Thirty four RAB holes (TRRB031 to TRRB064) were drilled for 693 metres. All holes were drilled to the south to a nominal depth of 21 metres. This drilling pattern was designed to test shallow gravity anomalies previously identified during the 2002 ground gravity survey carried over the area.

Drilling intersected Warramunga Formation sediments, typically sandstone and siltstone. No alteration was seen and no ironstone was intersected. The gravity anomalies may be explained by a pisolithic iron horizon intersected in many holes at a consistent depth of 6-9 metres. No significant assay results were returned and results were considered disappointing.

The drill contractor was Bostech Drilling Pty Ltd, Midland West Australia using a RCD 150 drill rig.

Samples collected during the drilling were 3-metre speared, composite samples which were 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.

Magnetic susceptibility of all drill chips, was undertaken 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 iPAQ 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).

5.6 Geophysical Review of Drilling Results

At the completion of the drill program consultant geophysicist Mr Mat Cooper (Resource Potentials) spent one week on site, compiling geophysical data and assessing the effectiveness of gravity as an exploration tool within the Chariot Mineralised Corridor (CMC) and numerous other prospects.

Mat considered the gravity anomalies to have been sufficiently tested with this shallow drilling and agreed that the anomalous gravity signature targeted was most likely to be a result of iron rich concentrations at the base of transported material.

Additional geophysical modelling was also undertaken over remaining prospects outside of EL 10199 but within the West TC8 Project Area.

5.7 Future Exploration Focus for EL 10199

The apparent success of the gravity method in locating non-magnetic (haematite-rich) ironstone within the gravity survey area carries serious implications for the exploration future over EL 10199 and all other Exploration Licences over Warramunga Formation sediments.

However the recent RAB drilling has also provided information and increased the Company’s understanding of the risks associated with targeting these lower order gravity anomalies. A great deal
of time and expense can be consumed by drilling gravity only targets. It must be remembered that
gravity is another layer to the overall geological story for a particular area. Care must be taken during
the design process to ensure all geological layers are utilised enabling a more robust and hopefully
accurate representation of the prospect(s) discovery potential.

Given the strength of the West Traminer gravity response, the interpreted density contrast and the
vicinity to the known Traminer ironstone the Traminer Prospect remains of high interest and will be
further refined. This will involve further geophysical modelling and the drill targeting and
reinterpretation of the NTC drilling completed in 2000 which intersected ironstone and coincident low
level gold and base metal credits.

6. REHABILITATION

On ground exploration work over EL 10199 during the fifth tenure year consisted of a 32 RAB hole program
of which ground disturbance was minimal. All samples were placed directly onto the ground next to the drill
collar. All drill hole sites were rehabilitated one month after the completion of the drilling program and prior
to the wet season. This rehabilitation work included the collection and removal of all “drilling rubbish” and
loose plastic sample bags and cement “flower pot” plugging of each hole. A wooden picket with an
aluminium tag was placed next to each collar identifying the hole position and number.

7. CONCLUSIONS

Exploration Licence 10199 Lynx, totally encloses the non-magnetic haematite-rich Chariot gold deposit. The
Licence is centred 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 has been subject to much interest by
Giants Reef for its potential to a host orebodies of a similar style of mineralisation as the Chariot mine.

The Chariot deposit and associated sub-economic mineralisation is held under granted Mineral Leases
(Mineral Leases C176, C177 and ML 23216), all located within EL 10199.

In the third tenure year a regional gravity survey was conducted over EL 10199 and surrounding tenure, with
several new target areas identified.

A second gravity survey was undertaken in September 2003 completing the gravity section over the northern
portion of EL 10199. The data generated several priority gravity anomalies and detailed modelling
highlighted that apart from the magnetic ironstone there was considerable haematite ironstone proximal to
the Traminer ironstone.

The West Traminer prospect was drill tested with 4 RC holes for an advance of 448m in Year 4. No
alteration was seen and no ironstone was intersected. Given the strength of the West Traminer gravity
response, the interpreted density contrast and the vicinity to the Traminer ironstone the Traminer West target
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During Year 5 thirty four RAB holes (TRRB031 to TRRB064) were drilled for and advance of 693 metres. All
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disappointing.

Exploration will continue within EL 10199, primarily to identify strike extensions to the Chariot Line (ie:Chariot
East) and to continue the testing of a number of shallow gravity targets with the Licence area.
Geophysical remodelling of the historical NTC data will commence during the next reporting period and it is anticipated that additional drilling will be proposed targeting the Traminer ironstone at depth.

8. EXPENDITURE

The proposed expenditure for the fifth year of tenure was $25,000. Actual expenditure was as follows:

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<td>11. Rehabilitation</td>
<td>482</td>
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**TOTAL** $127,820 $36,626 $86,043 $30,218

Year 5 total expenditure amounted to an approximate $30,218.

9. PROPOSED PROGRAM AND EXPENDITURE FOR YEAR SIX

The proposed expenditure for the sixth year of tenure is $.

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<td>11. Rehabilitation</td>
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**TOTAL** 14,000

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.

SC RUSSELL

**SENIOR EXPLORATION GEOLOGIST**
**REPORT NAME:** EL 10199 *Lynx* FIFTH ANNUAL REPORT 7TH APRIL 2004 - 6TH APRIL 2005  

**PROSPECT NAMES(s):**  

**GROUP PROSPECT NAME:** WEST TC8 PROJECT AREA, CHARIOT MINERALISED CORRIDOR (CMC)  

**TENEMENT NUMBERS(s):** EL 10199  

**ANNIVERSARY DATE:** 7TH APRIL 2005  

**OWNER/JV PARTNERS:** GIANTS REEF EXPLORATION PTY LTD  

**AUTHOR(s):** 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 REGIONAL SURVEY, GRAVITY INTERP.  

**AMF GEOCHEMICAL:**  

**AMF DRILL SAMPLING:** TRRB031-TRRB064, RAB DRILLING  

**HISTORIC MINES:** THE EXTENSION, TC8,  

**DEPOSITS:** CHARIOT  

**PROSPECTS:** CHARIOT EAST, TRAMINER, TRAMINER WEST  

**KEYWORDS:** EL 10199, LYNX, CHARIOT PROJECT, GRAVITY REGIONAL SURVEY, GRAVITY INTERP.TRRB031-TRRB064