WARREGO REPORTING GROUP:

MLCs 22, 39-41, 71-76, 83-84, 102, 107-108, 682 & 692,
WARREGO LEASES

and

MLCs 158-165,
WARREGO GRAVEL LEASES

LICENSEE:
GIANTS REEF EXPLORATION PTY LTD
A.B.N.58 009 200 346
(A wholly owned subsidiary of Centralian Minerals Limited)

and

MLCs 81-82, 103-106 & 682

OPERATOR:
GIANTS REEF EXPLORATION PTY LTD
A.B.N.58 009 200 346

LICENSEE:
TERRITORY IRON PTY LTD
ACN 100 552 118

ANNUAL REPORT
26 March 2004 – 25 March 2005

AUTHOR: B J PARKER
April 2005

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Department of Primary Industry, Fisheries & Mining
Central Land Council
Giants Reef Exploration Pty Ltd
Centralian Minerals Limited
Territory Iron Pty Ltd

MAP SHEETS:
□ TENNANT CREEK SE53-14
□ 1:250 000
□ FLYNN 5759
□ 1:100 000
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1. SUMMARY

The Warrego group of leases were acquired by Giants Reef Exploration Pty Ltd (Giants Reef) to search for Tennant Creek style iron oxide copper-gold deposits. The Warrego leases contain the Warrego deposit and the Warrego ore treatment plant infrastructure. The Warrego ore processing facility was recommissioned by Giants Reef in 2003 and processing commenced on 17 October 2003.


Although MLC s 81, 82, 103, 104, 105, 106 and 682 were transferred to Territory Iron Pty Ltd in 2003, Giants Reef was appointed as the Operator of these leases until 30 June 2005. Giants Reef requested this arrangement in order to utilise dams (Dams 2 and 3) located in these, for future tailings storage from its Warrego Ore Treatment Plant if required. To date Giants Reef have not utilised these dams and do not anticipate any requirement to do so in the future. Consequently Giants Reef will advise Territory Iron Pty Ltd that we wish to terminate our appointment as operator for these leases.

The Warrego deposit was included in a Gold-Copper Expansion Study undertaken during the year.

Two phases of RC drilling for a total of 1,046 metres was undertaken to test the Warrego Hanging Wall lens. A sectional resource estimated indicated that the Warrego Hanging Wall Lens contained approximately 35,000 t at 11.8g/t Au and 1.3% Cu. An economic evaluation of the open pit mining potential was completed with negative results.

The discovery of the haematite-magnetite Chariot deposit in 1998 has shown the potential for variations on the classic magnetite ironstone hosted gold +/- copper deposits, where lower order magnetic anomalies, plus gravity methods can define new targets. Discoveries by Giants Reef of mineralisation such as at Malbec West, Marathon and Billy Boy further support this. Giants Reef considers the potential for the discovery of mineralisation in hematite dominant ironstones in this group of tenements is good.
2. INTRODUCTION

The Warrego Leases were acquired by Centralian Minerals Limited (formerly Giants Reef Mining Limited) to search for Tennant Creek style iron oxide copper-gold deposits ("IOCG").

This report details exploration undertaken on the Warrego leases (ML C22, C39-C41, C71-C76, C81-C84, C98-C108, C682 & C692) and the Warrego Gravel Leases (ML C158-C165) for the period between 26 March 2004 and 25 March 2005. The leases fall within the Warrego Reporting Group.

MLCs 81, 82, 103, 104, 105, 106 and 682 were transferred to Territory Iron Pty Ltd in 2003, however Giants Reef was appointed as the Operator of these leases until 30 June 2005.

3. LOCATION

The Warrego Leases (ML C22, C39-C41, C71-C76, C81-C84, C98-C108, C682 & C692), which incorporate the Warrego mine and associated mine site infrastructure, are located approximately 51km northwest of the township of Tennant Creek, Northern Territory. Access to the Warrego mine is via the sealed Warrego road from Tennant Creek.

The Warrego Gravel Leases (ML C158-C165) are located approximately 7km west of Warrego mine site. Access is via Wiso road, a gravel road that heads west of Warrego mine, to the Wiso bore field.

Warrego Leases (ML C22, C39-C41, C71-C76, C81-C84, C98-C108, C682 & C692) fall on the Short Range (5659) 1:100,000 map sheet, and the Warrego (5659-2) 1:50,000 map sheet.

Figure 1 shows the location of the Warrego Mineral Leases.
4. TENURE

On 13th June 2001 Normandy Tennant Creek Pty Ltd and (NTC) its tenement holdings (including the Warrego Reporting Group) were purchased by Centralian Minerals Limited (Centralian). NTC was renamed to Santexco Pty Ltd (Santexco, which is a wholly owned subsidiary of Centralian.

Santexco entered into an agreement to transfer the tenements covering Tailings Dams 2 and 3 (ML C81-C82, C103-C106 and ML C682) on the Warrego Mine site to Territory Iron Pty Ltd (TI). Under this agreement a provision was made for reciprocal access to each of the Companies’ tenements. Centralian may require the usage of these dams for the purpose of storing tailing from it’s Warrego Ore Treatment Plant. Leases that were not the subject of the sale agreement with Territory Iron Pty Ltd, were transferred from Santexco Pty Ltd to Giants Reef Exploration Pty Ltd (Giants Reef). Transfer Dealing 91747 was approved on the 15th May for ML C71-C75, C101-C102, C108 & C692 from Santexco Pty Ltd (100%) to Giants Reef Exploration Pty Ltd (100%). Transfer Dealing 91738 was approved on the 15th May for ML C22, C39-C41, C76, C83-C84, C98-C100 & C107 from Santexco Pty Ltd (100%) to Giants Reef Exploration Pty Ltd (100%).

Giants Reef was appointed as the Operator until 30 June 2005 for MLC s 682, 106 and MLC s 81, 82, 103, 104 and 105. To date Giants Reef have not utilised these dams and do not anticipate any requirement in the future. Consequently Giants Reef will advise Territory Iron Pty Ltd that we wish to terminate our appointment as operator for these leases.

The Mortgage Dealing 91793 between ANZ Banking Group Limited (Mortgagee) and Giants Reef Exploration Pty Ltd (Mortgagors) was registered on the 17th July against the Warrego Leases ML C22, C39-C41, C76, C83-C83, C98-C99 and C107, amongst other Leases not of the Warrego Reporting Group.

A review of the tenements during the year has shown a discrepancy in their location and size between licenced surveys undertaken Auslig Surveys and Blakemen Surveys (on behalf of Normandy) and the Department’s (Minerals & Energy) tenement boundaries on TIS (Tenement Information System). It would appear that either the licenced survey data was not provided to the Department or the latter have not updated TIS. Details of the licenced surveys will be sought and forwarded to the Department in order to update TIS.

The Warrego Leases lie within NT Portion 408, Perpetual Pastoral Lease 946, Phillip Creek Station that was established for cattle grazing. The Warrego project area, which includes an ore treatment plant and associated infrastructure, is separated from the station by means of perimeter fencing.
5. GEOLOGY

5.1 Regional Geology

The reader is referred to AusIMM Monograph 14 (Geology of the Mineral Deposits of Australia and Papua New Guinea), Volume 1, pp. 829-861, to gain a good introduction to the regional geology and styles of gold-copper mineralisation of the area.

In 1995 the Northern Territory Geological Survey released a geological map and explanatory notes for the Flynn 1:100,000 sheet, which covers the area of the licenses.

The rocks of the Warramunga Formation host most of the orebodies in the region and underlie most of the Exploration Licenses.

5.2 Local Geology

The Leases are located at the western limit of the Tennant Creek Province. Outcrop within the tenements is limited within MLC106 and comprises weathered porphyry intrusive and minor siltstone and greywacke of the Palaeoproterozoic Warramunga Formation.

More than 90% of the region is covered by Quaternary sands and gravels in relict fluvial systems, active channels, floodplains and quartz-rich dissected colluvial fan deposits.

Known mineralisation within the leases includes the Warrego deposit. The Warrego deposit consists of two major and several smaller lenses of massive magnetite-quartz-chlorite. Due to the lack of outcrop, the geology of the Warrego area has largely been interpreted from surface drilling, underground exposure and geophysics. The ‘Footwall Fault’, which is believed to be a part of the larger Navigator Fault System, runs in a north northwest direction, separating 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 gold-copper-bismuth deposit. The relative movement on the fault is unknown, but it is considered, from the contrasting lithologies on either side, to have been in the order of kilometres, with a general sense of movement of east side up. The exact age of movement is unknown, although movement along the footwall fault post dates the ironstone formation as it cuts the ore body within the upper mine levels (Wedekind & Love 1990). West of the Footwall fault are haematitic sandstones and shales that have been metamorphosed to greenschist facies. The immediate host rocks to the Warrego deposit east of the Footwall fault are variably chloritised quartz-muscovite schist, meta-quartzite and chlorite spotted slate. The Hanging Wall to the Warrego deposit comprises a 30-50m thick quartz porphyry unit.
6. PREVIOUS EXPLORATION

6.1 Targets and Concepts

Exploration within leases has been aimed at discovering Tennant Creek style iron oxide copper-gold (IOCG) deposits within the Warramunga Formation.

This type of deposit is well documented. Better known examples of the primary copper-gold type in the region include Warrego, Orlando and Gecko. These deposits are all hosted in ironstone (magnetite +/- haematite) masses with associated chloritic, dolomitic and silicic alteration. An example of the primary gold type is the White Devil deposit. A local example of the oxide gold type is the North Star deposit.

The Warrego deposit is located in MLC99 and has produced in excess of 1 million ounces of gold. The Warrego deposit comprises a plunging pipe with overlapping Au-Bi-Cu zones. Concordant quartz porphyry forms the hanging wall. Gold in concentrated within pods in the footwall of the magnetite-chlorite + muscovite zone.

The discovery of the haematite-magnetite Chariot deposit in 1998 has shown the potential for variations on the classic magnetite ironstone hosted gold +/- copper deposits, where lower order magnetic anomalies, plus gravity methods can define new targets. Discoveries by Giants Reef of mineralisation such as at Malbec West, Marathon and Billy Boy further support this. Giants Reef considers the potential for the discovery of mineralisation in hematite dominant ironstones in this group of tenements is good.

6.2 Previous Exploration

Explorer 5 (Warrego - MLC 22) was first identified as a 2200nT magnetic anomaly from the Bureau of Mineral Resource’s 1956 airborne magnetic survey of the Tennant Creek region. Peko Mines NL (Peko) pegged MLC 22 in 1958 and surrounding tenements in the 1960s and early 1970s. A preliminary economic assessment (White, 1964) and a detailed report on the geology and ore reserves (Elliston, 1966), were completed prior to the 1967 commencement of shaft sinking on what was, at that time, essentially a copper resource. Limited production of the copper ore began in 1972 and full scale production commenced in late 1973. The discovery of a gold and bismuth rich zone during routine ore-blocking below the crusher station on eight level in early 1972 changed the Warrego deposit from a copper deposit into a major gold deposit. Total reserves were estimated at 5Mt @ 7g/t Au, 2.6% Cu and 0.3% Bi for approximately 1.1 M oz. Production of ore from the Warrego Mine ceased in late 1989 (Wedekind & Love, 1990).

In 1991, tenements comprising the Warrego Reporting Group were acquired by Poseidon Gold Limited (later Normandy Tennant Creek). Between 1991 and 2001 Posgold conducted vacuum drilling, rotary air blast (RAB), reverse circulation (RC) and diamond drilling programs to test a number of targets on the Warrego leases. Vacuum and RAB drilling was carried out in 1993 to ‘sterilize’ areas covering proposed sites for tailings Dams 2 and 4. Significant Au intercepts (13m @ 9g/t Au from 5m in WGRB005) resulted in the
plans for the construction of Tailings Dam 4 being abandoned (located approx. 300m NW of the Warrego Shaft).

In 1998 four RC holes (WGRC-054-057) for 440m closed off the Hanging Wall gold lens up-plunge with the mineralisation becoming weaker and lensing out against the overhanging porphyry. Weak gold-copper mineralisation was also encountered in chloritic sheared sediments 10-15m south of the Hanging Wall gold lens, probably up-dip from the Northeast Pod. One RC hole (WGRC-058) for 130m was drilled into the projected up-plunge position of the main Warrego orebody. This drill hole intersected weakly chlorite-hematite altered porphyry, effectively ruling out a near surface offshoot of the main Warrego ore body (Mouchet, 1999). In the same year fifteen vertical RC holes (WGRC-059-073) for 300m were drilled under tailings dam one (TD1) ruling out that high gold values from auger sampling of the clay base of the old tailings dam being caused by a rich bedrock source. All holes drilled through three metres of recent cover into weathered porphyry except for one hole that encountered weathered siltstone. No significant assays were returned (Mouchet, 1999).

Between July 1998 and Jan 1999 a shallow oxide gold deposit was drilled out. The resource was 3-8m thick, striking grid N-S on 2050E, near vertically dipping, and plunging 60° to the south. Mining of the shallow oxide gold resource was carried out from June – October 1999. The deposit produced approximately 11,500t @ 7g/t au for 80kg (2,570oz) Au, however blending of the ore with ore from the White Devil mine prevented a mill reconciliation.

In 1999 environmental rehabilitation commenced after mining and processing of the Warrego Shallow ore deposit was completed. Monitoring, waste rock characterisation studies, tailing dam design, hydrology and contaminate analysis were carried out around the Warrego mine site. Rehabilitation carried out included stabilisation of the subsidence area and tailing dams, ripping, seeding and fencing of rehabilitated areas (Mouchet, 1999). Monitoring of rehabilitation areas continued into 2000 (Orton, 2000).

Several companies including PosGold Limited, Normandy, Western Mining Corporation Limited, Roebuck Resources NL, North Flinders Mines Limited and Delta Gold, explored the area around the Warrego Mine under EL 7151 (Ward, 1994), EL 7414 (Fox, 1992), EL 7686 that became part of SEL 9214 (Hinde, 1996 and Simpson, 1997), SEL 8814 (Mouchet, 1996; Clifford, 1997), EL 9640 (Ward, 1997a), EL 9574 (Ward, 1997b), EL 8956 and EL 8535. EL 8535 was applied for to allow for application of MLC 692, in the NW corner of the EL. MLC 692 was obtained for use as a tailings dam used in conjunction with the treatment of the Warrego Mine Tailings Project (Evans, 1995a & b), however it has not been used for this purpose. Exploration Licences EL9789 and EL9800 were granted to Santexco Pty Ltd on 06/12/2001 and 21/05/2002, respectively.

In 2003 Warrego Ore Treatment Plant (OTP) and other infrastructure stands, was refurbished and recommissioned by Giants Reef and processing of the Company’s Chariot mine ore commenced on 17 October 2003.
A number of initiatives were completed as part of the refurbishment of the OTP. Site drainage was reinstated and water reticulation and a septic system were installed. A new site office, was established to the south of the CIP plant incorporating a training room, crib room and amenities facilities. A packaged power station was installed to provide power to the site and processing plant. The Tailings Storage Facility was constructed to engineered design and specifications.

Ore processing, maintenance of the Warrego OTP, and environmental monitoring are the principal activities conducted on the site.

Details of operations and process at the Warrego site on the Warrego Reporting Leases are presented in the Mining Management Plan for the Warrego Project Area (GRM Environmental Department, July 2004) submitted to the Department of Business, Industry and Resource Development (DBIRD).

During 2004 Giants Reef compiled and validated all digital and hard copy data for the evaluation of the Warrego Hanging Wall zone. This included the integration of digital data from Datamine to Micromine format, validation, generation of drill sections and plans and interpretation.

The Warrego Hanging Wall mineralisation as defined by NTC, is set in the up plunge extension of the mineralised Warrego ironstone, and located approximately 50m below surface. The mineralisation is situated below the shallow Warrego oxide pit (Salvage Yard pit) exploited in 2000 by NTC which produced 2,935 oz Au at a grade of 8 g/t Au.

Previous exploration by NTC of the Hanging Wall mineralisation returned high grade Au intersections with anomalous Cu. Significant intersections included, 8m @ 9.6 g/t Au from 66m vertical depth (WS42), 8m @ 9.6 g/t Au from 66m vertical depth (WS42) and 9m @ 6.5 g/t Au from 103m vertical depth (WS35), over a 30m strike length.

A review by Giants Reef in 2002 of the Warrego Hanging Wall ranked the prospect as a high-priority partially delineated resource with a high chance of producing relatively short term gold ounces for the Warrego OTP. Giants Reef considered that the drilling completed by NTC had not sufficiently defined the top of the Hanging Wall gold pod, and that mineralisation appeared open at depth.
7. WORK DURING THE REPORT PERIOD

A Gold-Copper Expansion Study commenced in June 2004 with the recruitment of a Study Manager. The Warrego deposit was included as part of this study and work included:

- Compilation of an inventory of all copper-gold resources and drilled prospects;
- Assessment and ranking of resources and prospects;
- Further detailed work was carried out on the Orlando mineral resource including:
  - Geological modelling and resource estimation;
  - Examination of metallurgical process options for recovery of gold and copper;
  - Examination of mining options; and
- Financial modelling.

A resource estimate for the Warrego main lens (referred to as Lens 2 by Normandy) indicates the ore body contains some 55,000 t at 9 g/t Au and 2% Cu, and is positioned between 50 m and 150 m below surface. This represents approximately half the tonnes, but similar grades (exclusive of the previously unreported Cu), to an earlier estimate undertaken in November 2002. There may be some potential to increase the resource by deepening the pit and accessing parallel lodes, Lenses 3 and 4.

Cross sections at 10 m intervals (8440N to 8570N local grid) were prepared for determining the outline of the mineralised lenses for the Warrego Main hanging wall lens and a preliminary resource estimation was calculated by sectional end area. There is one main lens and twelve smaller lenses, predominantly in the hanging wall of this main lens. An SG of 2.8 was applied throughout but this may be low for parts of the Main Hanging Wall Lens. Based on a lower cut of 1 g/t Au the following resource is estimated (Table 1):

<table>
<thead>
<tr>
<th></th>
<th>Tonnes</th>
<th>No Top Cut</th>
<th>Cut to 15 g/t Au, 2.9 % Cu</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Au g/t</td>
<td>Cu %</td>
</tr>
<tr>
<td>Main Lens</td>
<td>82,320</td>
<td>21.8</td>
<td>1.2</td>
</tr>
<tr>
<td>Subsidiary Lenses</td>
<td>72,590</td>
<td>3.45</td>
<td>0.92</td>
</tr>
<tr>
<td>Total</td>
<td>154,910</td>
<td>11.60</td>
<td>1.07</td>
</tr>
</tbody>
</table>
At a lower cut of 2.46 g/t Au a high-grade section of the Main Hanging wall Lens is identified with the following resource potential (Table 2);

Table 2.

<table>
<thead>
<tr>
<th>Tonnes</th>
<th>No Top Cut</th>
<th>Cut to 15 g/t Au, 2.9 % Cu</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Au g/t</td>
<td>Cu %</td>
</tr>
<tr>
<td>Main Lens (&gt;2.46 g/t Au)</td>
<td>22,400</td>
<td>52.94</td>
</tr>
</tbody>
</table>

Four RC holes for a total of 456 metres (WRGC0-104 to 107) were completed to confirm the grade and extent of the Warrego Hanging Wall lens mineralisation, as previously defined by NTC, and obtain samples for metallurgical testing. The first phase of the drilling was undertaken within Leases MLC22 and MLC99 (Table 3);

Table 3.

<table>
<thead>
<tr>
<th>Hole Number</th>
<th>Easting (Local)</th>
<th>Northing (Local)</th>
<th>Dip (deg)</th>
<th>Azi (deg)</th>
<th>Depth (m)</th>
<th>Date Drilled</th>
<th>Tenure</th>
</tr>
</thead>
<tbody>
<tr>
<td>WGRC 004</td>
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<td>8,530</td>
<td>-65</td>
<td>225</td>
<td>114</td>
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<td>ML C99</td>
</tr>
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<td>-65</td>
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<td>18.04.04</td>
<td>ML C99</td>
</tr>
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<td>WGRC 006</td>
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<td>8,510</td>
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<td>230</td>
<td>90</td>
<td>19.04.04</td>
<td>ML C99</td>
</tr>
<tr>
<td>WGRC 007</td>
<td>2,104</td>
<td>8551</td>
<td>-65</td>
<td>230</td>
<td>102</td>
<td>20.04.04</td>
<td>ML C22</td>
</tr>
</tbody>
</table>

The drilling was undertaken by Gorey and Cole Drillers Pty Ltd, Alice Springs, using an Ingersollrand TH75 drill rig.

Samples collected during the drilling were riffle split in metre intervals. 3-metre speared, composite samples were collected, with 1-metre riffle split samples collected through the observed ore zones, and then dropped off at NAL Tennant Creek for sample preparation. The pulps were then sent to NAL Pine Creek for analysis. All samples were assayed for Au, Fe, Cu and Bi by FA50 for gold and multi-acid digest for the base metals. Ore grade analysis was conducted on all Cu results greater than 1%, for a more accurate analysis. A duplicate sample 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 (>500 ppb Au) not already sampled in 1-metre riffle split intervals. Samples were prepared in Tennant Creek then sent to NAL Pine Creek for the same method of analysis. Significant results
are summarised in Table 4. Magnetic susceptibility of all drill chips was undertaken at the end of each drill hole using a Kappameter KT-5 magnetic susceptibility meter and recorded on drill logs. Geological logging was completed on site, using a Hewlett Packard 200LX palmtop computer and merged into Micromine for validation.

During drilling the holes were downhole surveyed and on the completion of drilling the holes were PVC cased and then magnetically logged using a 3-Component fluxgate magnetometer. Drilling by previous explorers in this area has shown excessive hole deviations, consequently data from the magnetic logging provide a more accurate azimuth direction and drillhole trace.

Significant results were received from the Warrego HW program including 16m @ 22 g/t Au and 1.57% Cu from 86m in WGRC104 and 14m @ 3.3 g/t Au and 1.47% Cu from 118m in WGRC105. The results confirm the drilling completed by Normandy in 1995 and follow-up drilling was undertaken to further test for extensions with a view to defining sufficient resources to justify enlargement of the current open pit. The five follow-up RC holes (WRGC0-107 to 112 for 590 metres) returned significant intercepts including 12m @ 5.9g/t Au and 3.3% Cu from 90m (WGRC110). Other results ranged from 1 to 3.5 g/t Au and 0.2 to 3% Cu over narrow widths (1-2m).

The Hanging Wall mineralisation is within a haematite-magnetic ironstone in both the oxide and fresh zone, typically vuggy, weathered and disseminated. A significant chlorite zone envelopes the ironstone with the ironstone hanging wall hugging the contact of the thick feldspar-porphyry found east and west of the chlorite zone. Significant disseminated sulphides and magnetite are present through the chlorite zone. Sulphides, present in the oxide zone as malachite, and in the fresh zone as chalcopyrite are visible throughout the ore and chlorite alteration zones, indicating the presence of significant copper. Cu assays are most notable on the footwall position of the ironstone and chlorite zone, with grades up to 4% Cu.

Due to azimuth deviation the drill hole WGRC 104 missed the intended target, and incidentally twinned NTC’s WS40 (13m @ 87g/t Au), thus validating NTC’s anomalous drill results.

Figure 2 shows drill hole locations for both phases of RC drilling.

Figure 3 and 4 show a longitudinal and cross schematic section of the Warrego Hanging Wall prospect and geological interpretation.

A desk top study was completed to analyse the resource hurdle requirements and economic potential for open pit mining of the Hanging Wall lens. Components which impact on this are the existing open pit, which reduces pre-strip requirements, and the use of waste oxide rock for TSF rehabilitation. Based on results of this study a further 5 RC holes to test for extensions up- and down-dip, and along strike of this lens was undertaken.
### Table 4.

<table>
<thead>
<tr>
<th>Drill Hole Number</th>
<th>Ironstone Intersection</th>
<th>Assay Intersection</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Drill Hole Depth</td>
<td>From</td>
</tr>
<tr>
<td></td>
<td></td>
<td>m</td>
</tr>
<tr>
<td>WGRC104</td>
<td>90.00</td>
<td>96.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>86.00</td>
</tr>
<tr>
<td></td>
<td>including:</td>
<td>86.00</td>
</tr>
<tr>
<td></td>
<td>including:</td>
<td>93.00</td>
</tr>
<tr>
<td>WGRC105</td>
<td>118.00</td>
<td>126.00</td>
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<td></td>
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<td>103.00</td>
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<td>128.00</td>
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<tr>
<td></td>
<td>93.00</td>
<td>94.00</td>
</tr>
</tbody>
</table>
The second phase of drilling include five RC holes for a total of 590 metres (WRGC0-108 to 112). These were undertaken to test for dip and along strike extensions to the Hang Wall Lens. The second phase of the drilling was undertaken within Leases MLC22 and MLC99 (Table 5).

Table 5.

<table>
<thead>
<tr>
<th>Hole Number</th>
<th>Easting (Local)</th>
<th>Northing (Local)</th>
<th>Dip (deg)</th>
<th>Azi (deg)</th>
<th>Depth (m)</th>
<th>Date Drilled</th>
<th>Tenure</th>
</tr>
</thead>
<tbody>
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<td>WGRC 008</td>
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<td>8,520</td>
<td>-65</td>
<td>228</td>
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TOTAL 590m

Results of the second phase of drilling effectively constrained the mineralisation between 8510mN and 8550mN, and closed off the mineralisation up and down dip. The ironstone plunges to the south, strikes north-south and displays the characteristics of a vertically-dipping en echelon shaped lozenge. Significant Au-Cu grades are located in the thickened en echelon zone of the ironstone. Significant results are listed in Table 6.

A preliminary sectional resource estimate was completed for the Warrego Hanging Wall lens and calculated at 35,000 t at 11.8g/t Au and 1.3% Cu. An economic evaluation of open pit mining potential was completed with negative results.

Other work completed during the year included a sampling programme of the Warrego copper-gold dump returned an average grade of 0.62 g/t Au, 0.99% Cu, and 0.19% cyanide soluble Cu. This is unsuitable mill feed and no further work is recommended.
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8. REHABILITATION

Rehabilitation during the report period included the plugging of all RC drill holes with cement plugs and removal of any waste associated with drilling activities at the Warrego Hang Wall project. Exploration within the remainder of the Leases was limited to non-invasive reconnaissance mapping programmes and as such no rehabilitation was required.
9. CONCLUSIONS

The Warrego Leases contain the Warrego ore body and the Warrego Ore Treatment Plant infrastructure. The Warrego deposit is located in MLC99 and has produced in excess of 1 million ounces of gold. The Warrego deposit comprises a plunging pipe with overlapping Au-Bi-Cu zones. Concordant quartz porphyry forms the hanging wall. Gold in concentrated within pods in the footwall of the magnetite-chlorite + muscovite zone.

The Warrego ore processing facility was recommissioned by Giants Reef in 2003 and processing commenced on 17 October 2003.

Details of operations and process at the Warrego site on the Warrego Reporting Leases are presented in the Mining Management Plan for the Warrego Project Area submitted in July 2004 to the Department of Business, Industry and Resource Management.

A Gold-Copper Expansion Study commenced in June 2004 with the recruitment of a Study Manager. The Warrego deposit was included as part of this study and work included:

- Compilation of an inventory of all copper-gold resources and drilled prospects;
- Assessment and ranking of resources and prospects;
- Further detailed work was carried out on the Orlando mineral resource including:
  - Geological modelling and resource estimation;
  - Examination of metallurgical process options for recovery of gold and copper;
  - Examination of mining options; and
  - Financial modelling.

Two phases of RC drilling as was undertaken to test the Warrego Hanging Wall lens. Programme included 9 RC drill holes for a total of 1,046 metres. The drilling effectively constrained the mineralisation between 8510mN and 8550mN and up and down dip. Whilst encouraging assay results were returned from the drilling, a sectional resource estimate indicated the Warrego Hanging Wall lens contained 35,000 t at 11.8g/t Au and 1.3% Cu. An economic evaluation of open pit mining potential was completed with negative results.

The discovery of the haematite-magnetite Chariot deposit in 1998 has shown the potential for variations on the classic magnetite ironstone hosted gold +/- copper deposits, where lower order magnetic anomalies, plus gravity methods can define new targets. Discoveries by Giants Reef of mineralisation such as at Malbec West, Marathon and Billy Boy further support this. Giants Reef considers the potential for the discovery of mineralisation in hematite dominant ironstones in this group of tenements is possible.
10. EXPENDITURE

10.1 Exploration

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<td>11. Land Access clearances/CLC</td>
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<td><strong>TOTAL</strong></td>
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APPENDIX 1

WARREGO HANGING WALL DRILL HOLE DATA

Digital data for the Warrego Hanging Wall drilling programme accompany this report in CSV file format.

- WGRC_COLL.csv
- WGRC_EVENT.csv
- WGRC_COLLAR.csv
- WGRC_GEOL.csv
- WGRC_SURV.csv
GIANTS REEF MINING LIMITED

HARD COPY REPORT META DATA FORM

REPORT NAME: WARREGO REPORTING GROUP: MLCs 22, 39-41, 71-76, 83-84, 102, 107-108, 682 & 692, WARREGO LEASES and MLCs 158-165, (WARREGO GRAVEL LEASES) and MLCs 81-82, 103-106 & 682

PROSPECT NAMES(s): WARREGO, DAM 2 and 3

GROUP PROSPECT NAME: WARREGO

TENEMENT NUMBERS(s): MLCs 22, 39-41, 71-76, 83-84, 102, 107-108, 682 & 692, WARREGO LEASES and MLCs 158-165, (WARREGO GRAVEL LEASES) and MLCs 81-82, 103-106 & 682 (TERRITORY IRON PTY LTD)

ANNIVERSARY DATE: 25 OCTOBER 2005

OWNER/JV PARTNERS: GIANTS REEF EXPLORATION PTY LTD / TERRITORY IRON PTY LTD

AUTHOR(s): B.J. PARKER.

COMMODITIES: GOLD, COPPER

MAPS 1:250 000: TENNANT CREEK SE53-14

MAPS 1:100 000: SHORT RANGE 5659

MAPS 1:50 000: WARREGO 5659-2

TECTONIC UNIT(s): TENNANT CREEK INLIER

STRATIGRAPHIC NAME(s): WARRAMUNGA FORMATION

AMF GENERAL TERMS:

AMF TARGET MINERALS: GOLD, COPPER, LEAD, ZINC

AMF GEOPHYSICAL: MAGNETIC INTERPRETATION, GRAVITY SURVEY

AMF GEOCHEMICAL:

AMF DRILL SAMPLING:

HISTORIC MINES: WARREGO, WARREGO HANGIN WALL LENS

DEPOSITS: WARREGO, WARREGO HANGIN WALL LENS

PROSPECTS: WARREGO, WARREGO HANGIN WALL LENS

KEYWORDS: WARREGO, WARREGO HANGIN WALL LENS, TERRITORY IRON PTY LTD

GIANTS REEF EXPLORATION PTY LTD
WARREGO REPORTING GROUP
MLCs 22, 39-41, 71-76, 81-108, 682 & 692 (WARREGO LEASES)
&
MLCs 158-165 (WARREGO GRAVEL LEASES)

DATE: APR 2005
SCALE: 1:2,000
AUTHOR: B.J. PARKER
GDA94 Z53

FIGURE 2.
Figure 3

GIANTS REEF MINING LIMITED
WARREGO DEPOSIT
Tennant Creek
LONGITUDINAL PROJECTION
Looking West
Figure 4: Warrego Hanging Wall Prospect
Schematic Section 8,520 North