ANNUAL EXPLORATION REPORT
EL 23516

FOR PERIOD ENDING 3rd April 2006
GREAT NORTHERN

Pine Creek SD5208 1:250,000
Batchelor 5171 1:100,000

Titleholders: Geoffrey Robert Orridge (33.34%)
Gary Anthony Clarke (33.33%)
Michael Daniel Teelow (33.33%)

GBS Report No. PC/BJV/06/15
Prepared for GBS Gold Australia Pty Ltd
By BR Smith
5th May 2006
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Figure 1  Tenement Location Map (Plan BJV010)
1. SUMMARY

EL23516 is located in the Goodall mine area (excluding Goodall mine). Work during the current tenure has consisted of a review of previous work, and appraisals of areas that may contain further mineralisation. Planned work includes digitising of previous drilling for use in planning further drilling. Evaluating the structural domains within the tenement should yield other drill targets. Drilling is planned, but will depend upon rig availability.

2. LOCATION AND ACCESS

EL23516 is situated approximately 150km SE of Darwin, and 40km ENE of Adelaide River. Vehicle access is from the Stuart Highway past Tortilla Flats to Ringwood Station, then south along the Ringwood - Ban Ban Springs road, or via the Goodall mine road.

The tenement falls on the Pine Creek 1:250,000 sheet and on the Batchelor 1:100,000 sheet (Figure 1). Underlying cadastre includes PL 6299 (Donald White) and PL6298 (Markus Rathsmann).

Topography within the tenement is mainly low-lying, covered by alluvium and black soil plains, with low hill ranges.

3. TENEMENT STATUS AND OWNERSHIP

EL23516 was granted on 4th April 2003 and expires on 3rd April 2009. It comprises 34 blocks that cover approximately 113.7 sq. km. A deferral from reduction was granted for both Years 2 and 3. A deed of agreement signed by the Titleholders in November 2005 exists between the Titleholders and Terra Gold Mining Ltd, a subsidiary of GBS Gold. The agreement gives Terra the sole and exclusive right of prospecting and exploring on a number of tenements held by the Titleholders. While Terra has the agreement under consideration, Terra has agreed to take responsibility for exploration and administration of the tenements.

MLN’s 872-877 and MLN883 (held by Australasia Gold) lie within the NW part of the tenure covering Star of the North, and MLN 1049 (Morestoe Pty Ltd) covers the area around the Goodall mine, and these areas are excised from EL23516.

The expenditure covenant set for this, the third year, was $10,000.00.
4. GEOLOGY

EL23516 is situated within the Pine Creek Geosyncline, a tightly folded sequence of Lower Proterozoic rocks. A full description of the geology and stratigraphy of the Pine Creek Geosyncline can be found in several texts, including Ahmad et al., (1993). The 1:100,000 Batchelor – Hayes Creek Region Geological Special map covers the tenement area (Crick, 1980).

The tenement area covers the Finniss River Group (Burrell Creek Formation), except for the 3 blocks to the southeast, which cover Gerowie Tuff and Mt Bonnie Formation from the Mt Partridge Group. The structure consists of N-NE trending symmetrical folds with gentle northerly plunges in the western part of the tenement. The southeastern part of the tenement may possibly be the northern extension of the Pine Creek Shear Zone.

There are no recorded MODAT occurrences within the tenement area, although Star of the North occurs within mineral claims excised from EL32516, and Great Western and Great Northern are near tenement boundaries.

5. PREVIOUS MINING AND EXPLORATION

Orridge (2004) conducted a ‘preliminary and selective review’ of work done within the tenement area. This work found that the most significant results were found in the NW portion of EL23516, with gold mineralisation following a hingeline of a major regional anticline. Prospects along this trend include Star of the North, C3, C4 and C5 anomalies.

More details of previous exploration were highlighted from a historic data review, which was carried out in Year 3 of the tenement, and is detailed in the next section.
6. EXPLORATION DURING CURRENT TENURE

During the first year of grant of the tenement, the work consisted of a selective review of previous work, which focussed on the NW blocks. Fieldwork by the Titleholder consisted of general prospecting using metal detectors. The prospecting discovered coarse gold at many sites, including those not previously recorded as prospects. During the second year of tenure, the Titleholder carried out further prospecting work in the northwestern area between Johns Hill and C5 anomaly. Photogeological mapping was carried out to see if previous soil sampling done by Western Mining was done in areas of transported cover. It was concluded that the area along the Johns Hill anticline had been insufficiently tested due to transported cover being previously sampled.

During the third year of tenure (2005) Terra Gold expressed interest in exploring the tenement. Terra Gold spent 2005 focussing on its newly acquired Maud Creek Project, carrying out due diligence and other testwork. In July 2005, Terra Gold was subjected to a reverse takeover by Emerson Exploration Inc (now GBS Gold International Inc) which was complete by November 2005.

Changes in management and exploration staff during the year impacted on the exploration work done. Work consisted of:

a) reviewing the extent of geochemical digital data available
b) compiling drillhole data into DataShed
c) conducting a full literature review of open file company reports from historic tenure.

The literature review is divided into 2 areas; the NW tenement portion (in the Goodall area) consisting of 11 blocks, and the SE tenement portion (21 blocks). Results of the literature review are below.

NW portion of EL23516

Orridge (2004, 2005) has focussed on this area, and this review builds upon work done in the first year of tenure.

There are no COREDAT holes recorded within the tenement.

From the NTGS Explorer 3 database there are 32 vacuum holes drilled as part of exploration by Acacia Resources on EL9375.
SE portion of EL23516

There are no COREDAT holes recorded within the tenement.

From the NTGS Explorer 3 database there are:

a) 4 RC holes drilled by Peko as part of exploration on SEL8335

b) 12 RAB holes drilled by Acacia as part of exploration on SEL8335

c) 55 rock chip samples with max values of 10ppb Au (#28283); 5450ppm As (#28928); 1440ppm Pb (#28299)

d) 919 soil samples comprising 569 auger, 339 aircore and 11 soil samples. An anomalous As zone is within the SE corner of EL23516.

Central Pacific Minerals explored a large part of the Pine Creek Geosyncline (including the eastern part of EL23516) under AP1959 between 1968 and 1972. From 1970, the work focussed on identified prospects and explored for U and base metals. None of the prospects are within EL23516. Central Pacific continued to explore an area north of the Burnside granite (covering the 2 SE blocks of EL23516) under EL 616 for U and base metals. None of their work can be reliably located within the tenement boundaries.

EL921 covered 2 of the southern blocks of EL23516, in the area north of the Burnside Granite, and west of the Margaret Granite. Comalco explored the area between 1973 and 1976 as part of a large group of tenements. Comalco concluded (after carrying out prospecting, mapping in selected area, sampling and costeaneing) that only ‘uneconomical vein and replacement type fluorite mineralisation’ was found.

EL1195 covered the 5 southern blocks of EL23516 between 1976 and 1980. Geopeko focussed most of their attention on Quest 85, which lies outside EL23516.

Aquitaine Australia explored a very large area (EL 1653) around Mt Bundey that also covered most of EL23516 on its southern boundary. Exploration focussed around the Mt Bundey granite for uranium and base metals between 1977 and 1981. Aquitaine concluded that the area was still prospective for base metals.

Mines Administration explored EL1994 for uranium between 1978 and 1980, which included 3 southern blocks of EL23516. Work consisted of rock chip sampling and geological mapping.

WR Grace Australia (in JV with WMC) explored EL2361 and 2362, focussing on Anomaly 1, Bundey 1, Johns Hill and Goodall mine areas in the 1980’s. Work was done in 2 phases; helicopter-assisted geochm sampling by WJ and EE Fisher, with follow-up work by WMC in later years. Applications for ERL’s and mineral claims were made over prospective areas. Goodall was Anomaly 1, but there were 13 medium-small gold
anomalies, plus one small Cu-Pb-Au anomaly also delineated from this work. Anomalies that fall within EL23516 include C3, C4, and C5.

The WR Grace Australia and WMC JV also explored **EL3320** which covered 3 southern blocks of EL23516, and **EL3643** which covered the 2 SE blocks during the 1980’s. Work included rock chip sampling, mapping, stream sediment sampling. Some Au values were found from stream sediment sampling but these were outside of EL23516 area, and later concluded as spurious. RC drilling on EL3643 found low tenor gold anomalism within Zamu Dolerite in an area south of EL23516.

**EL4217** covered 2 blocks in the NW part of EL23516 in the 1980’s. Work involved looking for favourable structures hosting mineralisation. MCN’s 3290-3298 were taken out by Zapopan over the most favourable area, and RAB drilling intersected anomalous Au (to 0.48g/t Au) in 4 holes in the position inferred to be the northern extension of the Goodall anticline.

**EL4218** covered 4 middle blocks within EL23516. Soil, stream and rock chip sampling plus geological mapping were used to try to locate ‘favourable anticline structures’ hosting gold mineralisation. Disappointing stream sediment sample results in EL4218 led to the tenement being relinquished.

**EL4919** covered the Goodall area, and covered 2 blocks of EL23516 between 1986 and 1992. Work done is poorly documented under this licence, and consists mainly of mapping (Goodall held under different tenure).

Zapopan conducted RAB drilling on **EL5011** in 1989, but these holes are located outside EL23516 boundaries (on SEL10012). Soil sampling returned a maximum gold value of 44ppb at 760600E / 8541640N (MGA94 Zone52) in quartz gravel. All other values were below 9ppb.

Oceania Exploration and Mining held **EL5298** for 4 years in the late 1980’s. Work outlined the Little Mary anomaly but was considered to have limited potential. Mapping showed 5 target zones derived from stress/strain mapping (indicating potential dilation zones) which were not followed up. It appears that the Little Mary anomaly and stress/strain zones all lie outside EL23516.

Zapopan/Pegasus explored **EL5313** contiguously with other EL’s as part of their Mount Bundey project. Work concentrated on 5 prospects; Little Mary, Firebomb, Hallelujah North, Hallelujah South, Three Rest Hill and Copper Pits, which are all outside the tenement area.
Work done by WR Grace Australia on **EL5318** outlined the C2, C3, C4 and C17 anomalies. These anomalies were found during exploration under EL2362. The prospective areas were replaced by MLN1049 (currently covering Goodall) and MLN1037. Work done was quite detailed, and included drilling (in local coordinates) and mapping.

**EL5514** covered 3 blocks in the SE corner of EL23516 during the late 1980’s. Work consisted of airborne geophysics and geochemistry, with no anomalous zones outlined.

**EL7090** covered 3 blocks of EL23516, plus the Great Northern mine. Work consisted of evaluating the alluvial gold potential around Great Northern. An extension to Great Northern had 250kg of quartz yield 6oz Au during this work. Northern Gold conducted RAB drilling on EL7090 in 1994, but all holes are located outside EL23516.

Peko Wallsend explored **EL's 7426, 7511 and 7913**, targetting a north-trending anticline that was affected by NW-trending shears. EL 7426 extended further north and east of EL23516, covering only 5 blocks within the tenement. EL 7511 covered 5 blocks in the SE corner of EL 23516, while EL7913 covered 3 NE blocks. Drilling done by Peko was captured by Acacia, when they held SEL8335.

**SEL8335** was substituted for EL's 7426, 7511 and 7913 within the EL23516 area, and remained active from 1991 to 2001. Acacia did a data capture of all historic geochem data within SEL8335, but unfortunately not all that data has been captured in the NTGS Explorer 3 database.

**Dominion** held EL8139 in the early 1990’s, covering 6 of the southern and central blocks of EL23516. Dominion drilled 23 RAB holes and collected 82 lag samples within EL23516, with several zones of weakly anomalous Au geochemistry. The highest result from drilling was 7ppb Au at 7-9m in 94RDVR296 (759730E / 8537180N). The drillholes have been compiled in DataShed, and the Lag sampling has been digitised by Northern Gold.

**EL8504** (one block) is within the central portion of EL23516. The tenement is masked by black soil plains. Dominion drilled 18 RAB holes and outlined a very low tenor Au anomaly with a maximum value of 7ppb Au. The drillholes have been compiled in DataShed.

MMI Geochem sampling on **EL8573** did not extend into EL23516, and no other geochem data was collected over the one block of EL23516 that formed part of EL8573.
Northern Gold carried out limited MMI Geochem and soil sampling on EL9122, which covers 2 NE blocks on EL23516. This geochem sampling does not appear to be within EL23516.

Agricola Gold held EL9306 (covering 5 central blocks in EL23516) in the late 1990’s. Rock chip sampling returned a max value of 7.83g/t Au. Agricola Gold also held EL9667 (2 central blocks in EL23516) but no work was reported.

Work is in progress for compiling data into DataShed. The data should be validated and available for inclusion in next year’s report.

7. PLANNED EXPLORATION DURING 2006/07

GBS Gold have developed an exploration strategy for use in the greater Burnside area that involves recognising broad structural domains. The genetic model can be used to describe the type of structures, and mineralisation styles that are expected to be encountered within the structural domain, and to generate further target areas.

In the area of EL23516, the SE blocks are within a compressive zone NNW of the Burnside / Margaret Granites, with the interpreted NW extension of the Pine Creek Shear Zone truncating the tenement. GBS have identified a target on the SE boundary of EL23516; the target (ST001; 766095E / 8531965N; MGAZone52) appears to be in a pressure shadow area from an interpretation of the regional TMI.

In the NW area, north-trending anticlines have been previously tested by WMC. GBS will review this data to determine if previous exploration has adequately tested the prospectivity of this area.

Further work on EL23516 will involve;

a) further geochem data capture and review (ie; capture of Acacia data; check and add Peko data, WMC data)

b) interpretation of anomalous zones from all historic work

c) field visit to check structural zones favourable for mineralisation

d) review of geophysical data (gravity, magnetics) carried out by Acacia during work on SEL8335 to further refine drill targets, and RAB/RC infill drilling on target zones (subject to rig availability)

Work is expected to cost at least $8000.
8. REFERENCES


Crick, I., 1980. Geology of the Batchelor-Hayes Creek Region. BMR 1:100,000 Geological Special.


9. EXPENDITURE

Below is expenditure on EL23516 as supplied by GBS.

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