ANNUAL EXPLORATION REPORT
EL24403
FOR PERIOD ENDING 7th SEPTEMBER 2006
‘Mt DOUGLAS’
BURNSIDE PROJECT NT

Pine Creek SD5208 1:250,000
McKinlay River 5271 1:100,000

Titleholders: Geoffrey Robert Orridge (33.34%)
Hugh Pinniger (33.33%)
Michael Daniel Teelow (33.33%)

GBS Report No. TBA

John Vinar

December, 2006
CONTENTS
1. SUMMARY
2. LOCATION AND ACCESS
3. TENEMENT STATUS AND OWNERSHIP
4. GEOLOGY
5. PREVIOUS MINING AND EXPLORATION
6. EXPLORATION DURING CURRENT TENURE
7. PLANNED EXPLORATION DURING 2006
8. REFERENCES
9. EXPENDITURE

List of Figures
Figure 1 Tenement Location Map (Plan BJV006)
1. SUMMARY
No work was completed for the year as the formal agreement between the parties, Orridge, Pinniger, Teelow and Terra Gold Mining Pty Ltd, a subsidiary of GBS Gold Australia Pty Ltd, (“GBS”) has not been signed by all parties. The main causal factor being one of the parties, Pinniger is unable to be located and therefore is unable to sign and complete the legal documentation.

Numerous efforts have been made to locate Pinniger with little success. Discussions between DPIFM and GBS to determine the best way forward to enable exploration activities to be undertaken have also been progressed.

GBS rank this tenement highly prospective and are very keen to commence exploration activities. This is contingent to completing an agreement with the above mentioned parties.

Discussion between the other two parties, ie Teelow and Orridge are ongoing to determine the best solution to enable exploration to progress for the following year, in 2007. GBS is willing and supportive for a positive outcome to commence exploration as soon as practicable.

EL24403 surrounds EL23532 Ringwood, Ringwood North and South Ringwood workings that comprise small shafts and pits over a 6km length. The structural deformation and ideal host rocks make this location a highly prospective tenement which will add value and mine life to the GBS resource inventory.

2. LOCATION AND ACCESS
EL24403 is situated 120km SE of Darwin. Vehicle access is limited to the dry season. Tracks from the Ringwood Station homestead go to the tenement. The tenement falls on the Pine Creek 1:250,000 sheet and on the McKinlay River 1:100,000 sheet (Figure 1). The tenement also is within the Mount Ringwood pastoral lease. The northwestern and eastern parts of the area are mainly low-lying, open, black soil plains; the central and southwestern parts are moderately elevated, wooded hill ranges.

3. TENEMENT STATUS AND OWNERSHIP
EL24403 was granted on 13th February 2003 and expires on 8th September 2005. It comprises 227 blocks that cover approximately 757 sq. km. The expenditure covenant set for this first year was $0.00.

4. GEOLOGY
EL24403 is situated within the Pine Creek Geosyncline, a tightly folded sequence of Lower Proterozoic rocks. Within the tenement the dominant rock type is Burrell Creek Formation, comprising low-grade metamorphic rocks derived from clastic sediments of turbidite sediments. There are also small intrusions of the Zamu Dolerite.
The metasediments are tightly folded about axes which swing from near N-S trends in the south, to NW-trending axes in the northwest. Plunges are to the north or northwest, mainly at low angles, although steep plunges are seen in the vicinity of the North Ringwood gold workings. The sheared sediments lie in the NW extension of the Pine Creek Shear Zone (Ahmad et al., 1993).

Gold mineralisation is found in saddle reefs in anticlinal closures (North Ringwood), fissure veins in N-S shear zones (South Ringwood), bedding parallel veins, and stockworks (Pelican prospect). Gold is associated with minor sulphides in quartz veins.

5. PREVIOUS MINING AND EXPLORATION

Production of around 2800oz Au came from the North Ringwood, Ringwood and South Ringwood mines between 1894 and 1902. The mines comprised shafts, pits, and small open cuts along a 6km trend.

In 1978, the NTGS drilled 4 diamond holes at North Ringwood, and intersected 2 zones of gold mineralisation, confirming that mineralisation continues to at least 40m below workings. North Ringwood is within an MCN located within EL23532.

Gold potential of the Ringwood field was evaluated during the 1980’s and 1990’s by several exploration companies, including White Gold Mines, Carpentaria Gold, Delta Gold, Solomon Pacific, Acacia Resources, Billiton, Northern Gold and Dominion. These activities are described Orridge (2004).

Orridge (2005) identified anomalies from this work, and gave an interpretation of areas which have potential for further mineralisation, and this is below:

At Pelican, programmes of soil sampling, trenching and drilling (26 holes) disclosed a zone of low-grade gold mineralisation, up to 60m wide, and extending along a SE-NW trend for around 400m. The areas to the NW and SE that may have further mineralisation potential remain untested. These areas are covered by superficial cover.

At Old Workings prospect, programmes of mapping, sampling, costeaming and RC drilling were undertaken. White Gold Mines gave a combined estimate of around 4000oz Au from 3 zones.

6. EXPLORATION DURING CURRENT TENURE

No work other than attempts to locate Mr Pinniger to complete the legal proceeding for the agreement has been completed.

7. PLANNED EXPLORATION DURING 2007

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.

EL24403 is within a dilatant mineralisation zone (Zone B) which is characterised by anticline-hosted ore, with best mineralisation towards fold hinges (eg; as in North Ringwood).
The first step of evaluating the tenement will include digitising previous drilling, and plotting Au anomalies from previous work. Examination of the aeromagnetic data for structures indicating dilatant mineralisation zones will be carried out. Drilling is planned for testing target zones delineated from earlier work and from geophysical targets, but will be dependent upon rig availability. Expenditure for Year 1 is expected to be around $10,000.

8. REFERENCES