ANNUAL EXPLORATION REPORT
MCN’s 3839 - 3844

FOR PERIOD ENDING 31ST December 2005
EVA VALLEY (YEURALBA GROUP)
MAUD CREEK PROJECT NT

Katherine SD5309 1:250,000
Eva Valley 5469 1:100,000

Titleholder: Terra Gold Mining Ltd

GBS Report No. PC/MC/06/05
Prepared for GBS Gold Australia Pty Ltd.
By BR Smith
Rocksearch Australia Pty Ltd
28th April 2006
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1. SUMMARY
The Eva Valley tenement group comprises six MCNs centred some 68km north east of Katherine NT and 3km north of the old Eva Valley (Manyallaluk) homestead.

The tenements cover a prospective sector of Tollis Formation volcanics, greywackes, Maud Dolerite and banded ironstones striking NNW. The prospect has been explored for base metals and gold mineralisation since the mid 1960s. Copper and gold occurrences are known at several locations including the Copperflower prospect.

The base metal sulphide deposits held by GBS/Burnside are being appraised. A proposal involving modeling of previous work to help identify further work that is necessary for the full evaluation of these deposits.

2. LOCATION AND ACCESS
The tenements are located 3km NNW of Manyallaluk (previously old Eva Valley Homestead) approximately 68km north east of Katherine (Figure 1).

Access via Katherine is SE along the Stuart Highway for 65km to the turn off northwards onto the Central Arnhem Highway for 20km to the Manyallaluk turnoff. A graded road continues northwards for 35km to the homestead and a further 3km by bush track to the tenements. It is understood that the owners of Manyallaluk conduct tourist activities on the property.
3. TENEMENT STATUS AND OWNERSHIP

The Eva Valley tenement group comprises MCN 3839-3844 inclusive, a contiguous group totalling 240 ha. They were originally pegged by Denehurst Limited to protect the Copperflower prospect prior to surrender of EL4457.

Denehurst later joint ventured the property to Billiton/Acacia Resources Limited with Acacia earning 34%. Denehurst and Acacia sold the tenements to Kilkenny Gold NL (Dolomatrix International) in 1998. The tenements were transferred to Harmony Gold in 2001. During 2005, Terra Gold purchased Harmony Gold’s Maud Creek tenements, including the Eva Valley tenements. Terra Gold is now part of GBS Gold International.

Table 1  Eva Valley Group Tenement Details

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The land covered by the claims is situated on old Eva Valley Station (Manyallaluk) held under pastoral lease 705 that is operated by the Barunga-Wugularr Aboriginal Community. Prior discussions with the Northern Land Council would be required prior to conducting ground disturbing exploration programs.
4. GEOLOGY

Regional geology is outlined in many publications, notably Kruse et. al., (1994). The Eva Valley tenements lie in the extreme south-eastern margin of the Pine Creek Geosyncline, and the geology of the Pine Creek Geosyncline is detailed in many publications, including Needham and Stuart-Smith (1984), and Needham et. al (1988).

Within the Eva Valley tenements the rock sequence comprises Tollis Formation greywackes, siltstones and mafic volcanics that strikes generally NNW. In the prospect area Maud Dolerite has intruded and dilated Tollis Fm. as a pre orogenic, semi-concordant package of mafic to microdioritic sills.

The sequence is truncated to the north west by faulting and by outcrops of Eva Valley Granite, a fine grained biotite leucogranite. To the west, Tollis Formation is intruded by Yeuralba Granite that has greisenised parts of the contact zone and induced tin-tungsten occurrences. The airborne magnetics show that a strong crustal lineament strikes NW close to the Eva Valley prospect and passes beneath Cretaceous cover to the south.

At the prospect the sequence strikes north westerly parallel to the lineament and is bounded to the west by a strong sinuous shear zone within Tollis Fm. To the east of the shear, and sub parallel to it, copper showings associated with banded ironstone units occur over a strike length of 3km. A major dolerite unit of the Maud Dolerite suite occurs just east of the prospective sequence.

A banded ironstone horizon that hosts copper and gold mineralisation has been traced within Tollis Formation discontinuously for 8km. It has been displaced by NW and NE trending faults. The unit at surface comprises magnetite, haematite, tourmaline and chert, with secondary copper minerals and limonite. Increased gold values are associated with higher copper concentrations. Drilling has shown that the primary sulphide suite comprises finely disseminated chalcopyrite, sphalerite, and galena with some pyrrhotite and arsenopyrite.
5. PREVIOUS EXPLORATION

Shaw (2005) has outlined previous exploration at the Eva Valley tenements, and this is reported here.

Exploration for base metals and gold has been intermittent since the early 1960s. Early work was conducted by Geopeko (1966-1970) Nord Resources P/L on EL1594 (1977-1982) and Newmont Pty Ltd (1979). Newmont conducted EMP surveys targeting large massive sulphide deposits without success. Billiton Australia explored the area between 1984-1987 with Denehurst Limited taking over in 1988.

In the late 1980s Denehurst Ltd conducted work on EL4457 in the Eva Valley area. In 1989 this work culminated in costeaning and the drilling of 25 reverse circulation drill holes at the Copperflower prospect. The drilling met with significant gold and copper values with a best intercept at 13m @ 3.38g Au/t and 0.93% copper from 30m in CFRC1. Primary sulphides were generally encountered from about 28m down hole.

Using a density of 2.3 for oxide and 2.7 for fresh a cross sectional resource using halfway extrapolation (12.5m) identified 116,000t @ 1.98g Au/t and 1% copper to a depth of 50m.

The mineralisation was described as sub vertical narrow higher grade zones up to 4m wide that exceed 5.0g Au/t, within a much wider zone of lower grade (>0.5g Au/t material.

The mineralised envelope dips steeply to the west and is about 30m wide at surface, narrowing to 10m wide at 50m depth. The host rock is described as a propylitically altered fine grained andesitic volcanic. The main mineralised zone at Copperflower extends for about 80m and appears to be cut off by a fault at the northern end where a second zone is offset about 25m to the west.

The relative small dimensions of the shoots and strike length, low average gold grade and the presence of metallurgically problematic copper oxides led to the project being downgraded. There has been no further field work reported to date. Kilkenny Gold NL conducted database reviews, acquired aerial photography and geological and topographic maps. These are yet to be located and reviewed by GBS Gold.

During 2002, Harmony reviewed available historic data that led to the above geological and exploration summary and formed the basis for annual reporting.
6. EXPLORATION FOR YEAR ENDING 31ST DECEMBER 2005

During the year data integration into DataShed has been ongoing on a regional basis. Many of the reports have been added to the site library and catalogued for easy retrieval. The acquisition of Terra Gold by GBS Gold has led to the acquisition of different datasets, which are being consolidated. A quick review of STRIKE shows that no geochemical data has been captured (and on open file) in this area.

During 2005 Terra Gold commissioned Geocraft Pty Ltd to compile and validate the Maud Creek database. This included the 25 RC drillholes and costeaneing carried out at Copperflower. This work requires further modification; Geocraft did not validate its database against the original datasets, and the Geocraft database contains obvious errors, such as the costeans being recorded as RAB drilling. The downhole dip/azimuth, geology and assay data were also not recorded, only the drillhole collar data. An excerpt from this database has not been included, as the data requires validation, plus the addition of the downhole data. The data is expected to be in next years’ report.

7. PLANNED EXPLORATION FOR 2006

Due the prevailing high commodity prices GBS Gold Australia will conduct a thorough review of their base metal deposits. This will involve a literature survey on the work done to date and an exploration proposal for further work. It includes the ranking/priority of the base metal deposits held by GBS, with further work planned on those identified as ‘Priority 1’ targets. At this stage the Copperflower deposit may be ranked as a ‘Priority 2’ target, after Iron Blow and Mount Bonnie deposits.

The issue of ground disturbance/tenement access will be addressed during 2006, as this will affect the overall prospectivity of the tenements, and any proposed field work programme.

Data integration into DataShed will also be ongoing as part of this exercise, as well as reviewing data collected by Kilkenny Gold, and checking with NTGS for previous reports covering the area.

Expenditure is estimated for the 2006 year of at least $1,500 per tenement.
8. REFERENCES

Department of Mines and Energy, Northern Territory Geological Survey.


9. EXPENDITURE

Expenditure as received from GBS Gold (below)

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