ANNUAL AND FINAL EXPLORATION REPORT
EL10213

FOR PERIOD ENDING 18th APRIL 2006

‘MAUD CREEK EAST’

MAUD CREEK PROJECT NT

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

Titleholders: Terra Gold Mining Limited

GBS Report No. PC/MC/06/06
Prepared for GBS Gold Australia Pty Ltd.
By BR Smith
Rocksearch Australia Pty Ltd
17TH July 2006
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1. SUMMARY
EL 10213 was granted for 6 years from 20th June 2000. The tenement was cancelled when SEL25054 was granted on 18th April 2006. This report summarises the activities on EL 10213 for the past 6 years. Work consisted of examination of the airborne magnetic features and topography as an aid to plan fieldwork in 2002, part of a photogeological interpretation in 2003, and a literature review/data compilation in 2006. A full exploration programme was not carried out due to numerous management/staff/budget changes during the life of tenure. GBS (through subsidiary Terra Gold Mining) have planned work on SEL25054, which is outlined in the Maud Creek MMP submitted last month.

2. LOCATION AND ACCESS
EL 10213 is 30km east of Katherine, and is on the eastern side of the Maud Creek Project (Figure 1). Minor tracks and fencelines give access either east from Maud Creek, or north from the Stuart Highway via a track to King River and Rodgers Knoll. Access within the tenement is not well developed. Topography within the tenement varies with undulating plains, ridges and mesas. Earlier reports note that traversing within the tenement is difficult due to remnant spear grass covering most of the tenement, and deeply incised creeks and gullies accessible by helicopter.

3. TENEMENT STATUS AND OWNERSHIP
Kilkenny Gold (then Katherine Mining NL) applied for EL10213 on 23rd September 1998. The tenement, consisting of 20 blocks, was granted on 20th June 2000. In late 1999 Kilkenny Gold NL was transformed into a technology company and all of the mineral assets were subsequently vendored into a new public listed company named Phoenix Mining Ltd. During 2001, Hill 50 Gold NL purchased the Maud Creek project tenements. Ownership of Hill 50 Gold NL passed to Harmony Gold (Australia) Pty Ltd following a takeover of the company in mid 2002. Harmony developed a focus on other projects at Burnside and Papua New Guinea, and viewed the Maud Creek project as geographically isolated from its core projects and sold the tenements to Terra Gold in 2005. Transfer of the Titles to Terra Gold was completed on 17th June 2005. GBS Gold International acquired Terra Gold Mining Ltd on 7th November 2005, but the Titles remain in the name of Terra Gold Mining.

Terra Gold applied for SEL 25054 which covers all of EL10213 in November 2005. SEL 25054 was granted on 18th April 2006, which effectively cancelled EL10213. The covenant for the final year was $500.

Underlying cadastre is Freehold land held by Graham Michell.
4. GEOLOGY

Regional geology is outlined in many publications, notably Kruse et. al., (1994). The Maud Creek goldfields lie within the exposed southern 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).

EL 10213 straddles the southern margin of exposed Early Proterozoic rocks of the Pine Creek Geosyncline represented here by the Finniss River Group. Only the upper part of the Finniss River sequence is represented and comprises the greywacke/tuff assemblage of the Tollis Formation and the interleaved mafic rocks of the Dorothy Volcanic Member.

The Middle Proterozoic Katherine River Group crops out extensively in the northeast of EL 10213. It comprises the oldest parts of the sequence (sandstone-dominant Kombolgie Formation with interlayered volcanic members). The basal contact is locally concordant, but in a more regional sense is unconformable and transgressive. The Kombolgie Formation was folded on northwest-trending axes with geometry possibly related to reactivation of basin faults. It was also intruded along fault/fractures by numerous NE-trending dolerite dykes.

According to mapping by the AGSO, within EL10213 the basement geology occupies erosion windows of Lower Proterozoic Tollis Formation rocks that correlate with the host rocks of the Maud Creek gold field immediately to the west. The prospective sequence is irregularly exposed by creek erosion of onlapping younger Proterozoic, Palaeozoic and Mesozoic cover.

Gold mineralisation at the nearby Main Zone deposit at Maud Creek (west of EL10213) occurs at the sheared/brecciated contact between bedded Tollis Formation sediments (footwall) and mafic tuff (hanging wall). The contact (Main Zone Structure) is a N-striking, E-dipping complex multistage reverse dislocation cut by cross-faults which interacted to assist dilation and focusing of the mineralisation (Harmony, 2002). Other known mineral occurrences in the project area are Mount Gates, Chessman-Red Queen and Carpentaria Valley. No gold occurrences have been reported in EL10213.

Numerous NE-trending dolerite and/or lamprophyre dykes cut the Lower Proterozoic sequence and have a magnetic expression. A NE-trending lineament visible on the regional TMI image transects EL 10213.
5. PREVIOUS EXPLORATION

Part of the work done on EL10213 for the final year is a literature review, and the results are in the section below:

**EL 145** covered a large area in the Katherine area, including most of EL 10213. Pancontinental Mining along with JV partners explored for uranium mineralisation in the early 1970’s. A target zone was the ABC prospect which reportedly had 1073t @ 0.4% U as estimated by the BMR, and is located in the McAddens Creek Volcanic Member (outside of EL 10213). Radiometric anomalies were followed up, but did not reveal any uranium concentrations.

**EL 4824** covered all of EL 10213, plus a large area to the south and east of EL 10213. EL 4824 covered the area around the Maranboy tin field. Hunter Resources were granted EL 4824 in 1987, but were then informed by the DME that approximately 20 blocks covered Aboriginal Freehold Land, and should not have been granted. Hunter (through Eupene Exploration) conducted a stream sediment sampling programme to test the Proterozoic units for gold mineralisation. Stream sediment samples were collected from creeks draining Early Proterozoic rocks. Five kg samples were collected for cyanide leach gold analysis. The samples were composited from several sites of recently deposited alluvium over about 20m of creek length. The samples were sieved to -4mm in the field. At each sample site an additional 500g of -40 mesh was collected and analysed for As, Cu, Pb and Zn by AAS. Seventeen stream sediment samples were collected within EL 10213. All Au values were <1ppb, and As <10ppm. Mild anomalism in Cu, Pb and Zn were attributable to Antrim Plateau Volcanics. The tenement was surrendered after the first year.

**EL 6141** covered an area slightly larger than EL 10213, as well as covering the whole of EL 10213. Trescabe Pty Ltd explored EL 6141 contiguously with EL’s 6137, 6172 and 6198 as part of their Maud Creek project for base metal and gold deposits. Twenty-two (5kg) BLEG stream sediment samples were collected, with a maximum value of 13.9ppb Au in the northwest corner of the licence. This was not followed up as the anomaly was deemed to be outside the tenement area, and also there were no exploration funds budgeted for this area. In the second year Trescabe focused on concentrating on areas of outcropping Maud Dolerite. There was none found on EL6141, and the ground was relinquished. Sample locations can be found in Figure 2, and results in Appendix 1.
Figure 2 EL 10213
Stream Sed Samples from EL6141
Au_ppb BLEG

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Date: 11/7/2006
Scale: 1:50000
Projection: AMG Zone 53 (AGD 66)

Drawing:
Figure 2 EL 10213
Stream Sed Samples from EL6141
Au_ppb BLEG

GBS Gold Australia Pty Ltd
6. WORK CARRIED OUT DURING LIFE OF TENURE

As outlined in Section 3, the tenement has had numerous changes of ownership from the time of application (Kilkenny Gold) to grant (Phoenix Mining). In the first year of grant Hill 50 Gold NL acquired EL10213 as part of the Maud Creek project, and focussed on the known Maud Creek Main Zone mineralisation. No geological work was carried out between 20th June 2000 and 19th June 2001. Work done from Years 2 – 5 comes from the annual reports written by John Shaw.

Brief studies were made of the airborne magnetic settings and topographic features in order to plan exploration by Harmony Gold in 2001/2002 (Shaw, 2002).

Work reported for the 2002-2003 tenement year consisted of a detailed photogeological interpretation of the Maud Creek goldfield (Shaw, 2003). The area mapped included only a small western sliver of EL 10213, and most of the work in this report is for the area west of EL 10213.

No field work was carried out during the 2003-2004 year, as Harmony had found that the adjacent Maud Creek project did not meet its corporate objectives, so expenditure on the project was minimal while Harmony sought a buyer for Maud Creek.

During 2004-2005 year Terra Gold bought the tenement (as part of the Maud Creek Project) from Harmony. Terra focussed on updating the Maud Creek resource to a NI 43-101 compliant resource. Also during 2005 Terra Gold were taken over by GBS Gold International, and EL 10213 was included as part of an application for SEL 25054. No geological work was carried out during this time.

Exploration during the final year has consisted of a data search and literature review of previous work, and a summary of work on previous tenure is contained in the previous section. This work involved;

a) check of known geological & geophysical maps/datasets
b) check of Explorer 3 datasets (rock chip, soil stream sediment, drilling) to see if any data is within the tenement
c) check of COREDAT
d) integrating geological maps and datasets into MapInfo.
Results from this work indicated that there are no recorded geochemical samples from the NTGS Explorer 3 database, and no COREDAT drillholes within EL10213. The stream sediment sample locations from work done on EL4824 were captured in MapInfo, but a check of the reports found the analytical data (Appendix 1 of CR1988-0242) missing from the Departmental copy, so this data could not be used. The stream sediment sampling data from work done on EL 6141 is in Figure 2, and Appendix 1.

GBS have planned work on SEL25054 (previously EL 10213) as outlined in the Maud Creek MMP submitted to the Department last month.

7. REFERENCES


8. EXPENDITURE

Expenditure for most of the life of tenure is difficult to substantiate, as there were so many changes of ownership during the life of tenure.

Year 1 had 'minimal' expenditure (as reported by Humbertson 2001). Year 2 had $1926.30 of allowable expenditure. Year 3 had $2000 from the Snodin photogeology work done over the whole Maud Creek area. Year 4 had expenses from reporting of $500. No geological work was carried out in Year 5. The final year had expenses related to the literature review and tenement administration. Other expenditure on EL 10213 as supplied by GBS Gold is listed below:

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