



# **GBS GOLD Australia Pty Ltd**

## **4<sup>th</sup> ANNUAL EXPLORATION REPORT**

***EL 23174***

***Au Quest Project***

**YEAR ENDING SEPTEMBER 18<sup>th</sup> 2007**

**Darwin 1:250,000 SD5204  
Noonamah 1:100,000 5172**

**Distribution:-**

- 1. DPIFM Darwin NT**
- 2. GBS Gold Australia Perth**
- 3. Burnside Operations P/L Brocks Creek**
- 4. Union Reefs, Pine Creek**

**Report Number: DAT/TG/07-02**

**M Muir & Z Bajwah  
October 2007**

## SUMMARY

EL23174 is situated 80km East of Darwin NT and 3.5km North of the Toms Gully Mine along the Arnhem Highway. On 25 July 2007, GBS Gold Australia Pty Ltd acquired all tenements and Toms Gully gold mine held by Renison Consolidated Mines NL, including EL 22232 in Toms Gully area, Northern Territory. This tenement package is in the process of being registered in the name of GBS Gold Australia. During this transferring period, GBS Gold Australia also has the obligation of statutory reporting on these tenements.

EL23174 is located within the Pine Creek Orogen, which has been interpreted as an intracratonic basin lying on an Archaean basement, and containing 14 km thick sequence of Proterozoic sediments, accompanied by lesser volcanics, granitic plutons and dolerite intrusions. In the tenement area rocks of the Mount Partridge Group, South Alligator Group and Finniss River Group are exposed.

Work during the reporting period from September 19<sup>th</sup> 2006 to September 18<sup>th</sup> 2007 concentrated on the compilation and understanding of data assembled by Renison Consolidated, tenement administration and report writing. Exploration had to be reprioritized in the region as the majority of the year was taken up with the formalities of takeover. This was due to the acquisition of the Renison Consolidated by GBS Gold Australia Pty Ltd on 25 July 2007.

The proposed work programme for the project area will include a review of historical data compiled by Renison Consolidated to identify if any areas of anomalism had previously been detected by other explorers in the region, ground-truthing by GBS Gold Australia Pty Ltd staff, and a further assessment of the exploration potential of the region. A grass roots programme of reconnaissance geological mapping, rock chip sampling and soil sampling will also be undertaken.

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|--------------------|--|

## **1.0 INTRODUCTION**

EL23174 was originally applied for by Renison Consolidated Mines NL on the 19<sup>th</sup> September 2003 as part of a group of tenements (AuQuest Project) that have a northwest trend, which covered Renison Consolidated Mines NL Noonamah-Corroboree trend. This report deals with exploration activity carried out during the fourth year of this tenement, ending 18<sup>th</sup> September 2007.

## **2.0 TENEMENT DETAILS**

EL23174 was granted on 19<sup>th</sup> September 2003 and expires on 18<sup>th</sup> September 2009. It comprises 21 graticular blocks that comprises approximately 54.88 sq. km.

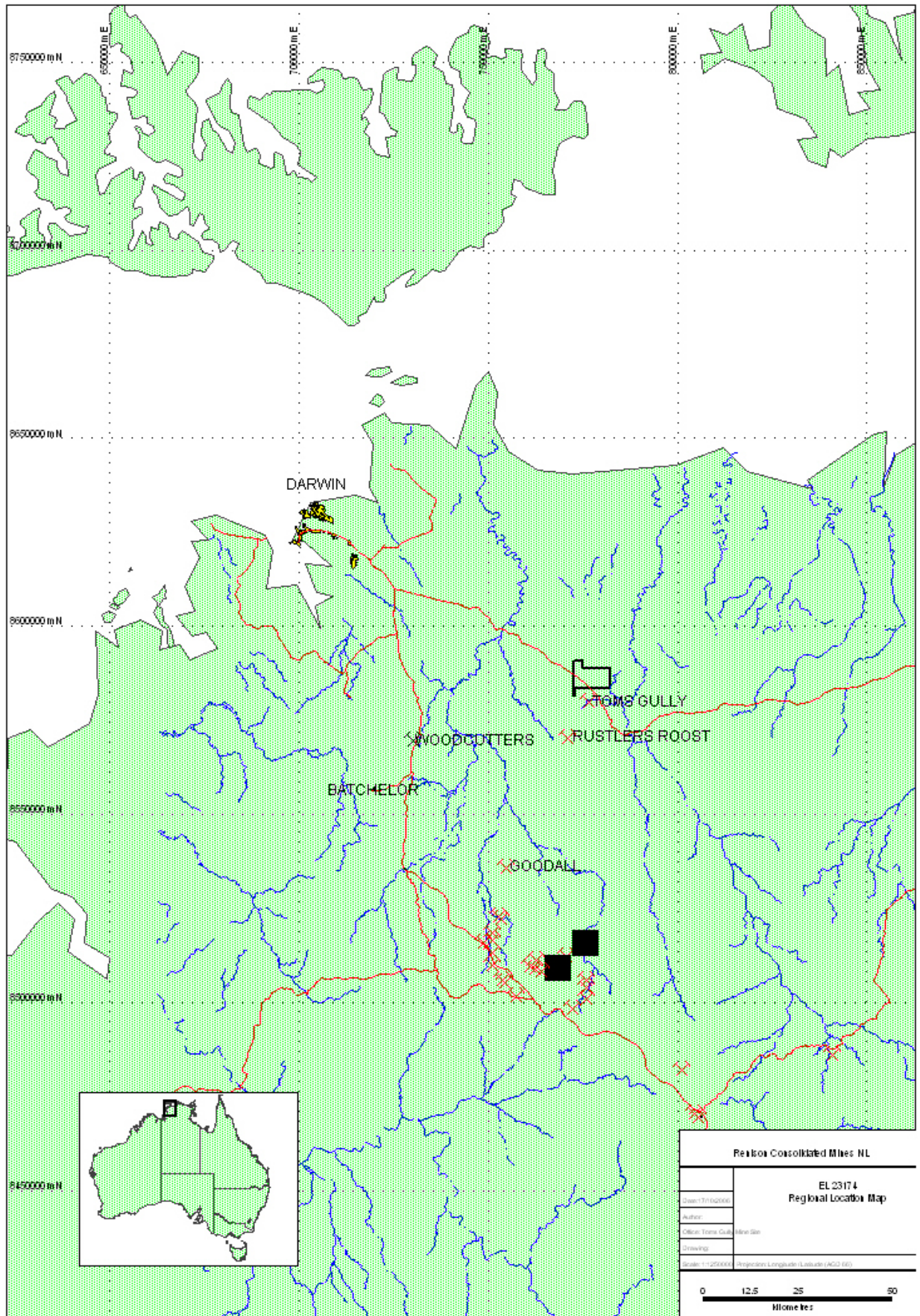
On 25 July 2007, GBS Gold Australia Pty Ltd acquired all tenements and Toms Gully gold mine held by Renison Consolidated Mines NL including EL 22232 in Toms Gully area, Northern Territory. This tenement package is in the process of being registered in the name of GBS Gold Australia. During this transferring period, GBS Gold Australia also has the obligation of statutory reporting on these tenements.

## **3.0 LOCATION AND ACCESS**

EL23174 is situated 80km East of Darwin NT and 3.5km North of the Toms Gully Mine along the Arnhem Highway.

Access to the tenement is via the Arnhem Highway, thence via secondary tracks that provide good access during the dry season although crossing creeks can be challenging. After heavy rain the tracks become impassable during the wet season.

Figure 1: EL23174 Tenement Location



The existing bush tracks lead to and from Scott Creek, and in the east old station tracks were utilised to gain access into the denuded laterite and residual soil areas.

A major wet season creek (Scott Creek) drains the region to the northwest towards the Adelaide River Floodplains. Black soil plains cover the tenement and subdued areas of eroding laterite and residual soils cover the remainder.

The tenement falls within the Marrakai Pastoral Co. Pty Ltd (PPL 1131).

## **4.0 GEOLOGICAL SETTING**

The following description is taken from Kobiolke and Hall (2006).

### **4.1 Regional Geology**

EL23174 is located within the Pine Creek Orogen, which has been interpreted as an intracratonic basin lying on an Archaen basement, and containing 14 km thick sequence of Proterozoic sediments, accompanied by lesser volcanics, granitic plutons and dolerite intrusions. The Northern portions of the project area contain the oldest sediments of the Mount Partridge Group that are unconformably overlain by the South Alligator Group, which comprises most of the tenement areas. The southern portion of the Project area is comprised of Burrell Creek Formation, which conformably overlies the South Alligator Group. Tertiary and Quaternary Soils and Gravel's unconformably overlie all the low lying portions of the tenement areas, generally referred to as "Black Soils Regions". All of the Palaeoproterozoic sediments and volcanics in the Mount Bunday area were folded in a major deformation event dated around 1800 million years. The fold axes trend north-northeast, and generally plunging gently to the south. General geology of the project area in regional context is presented in Figure 2.



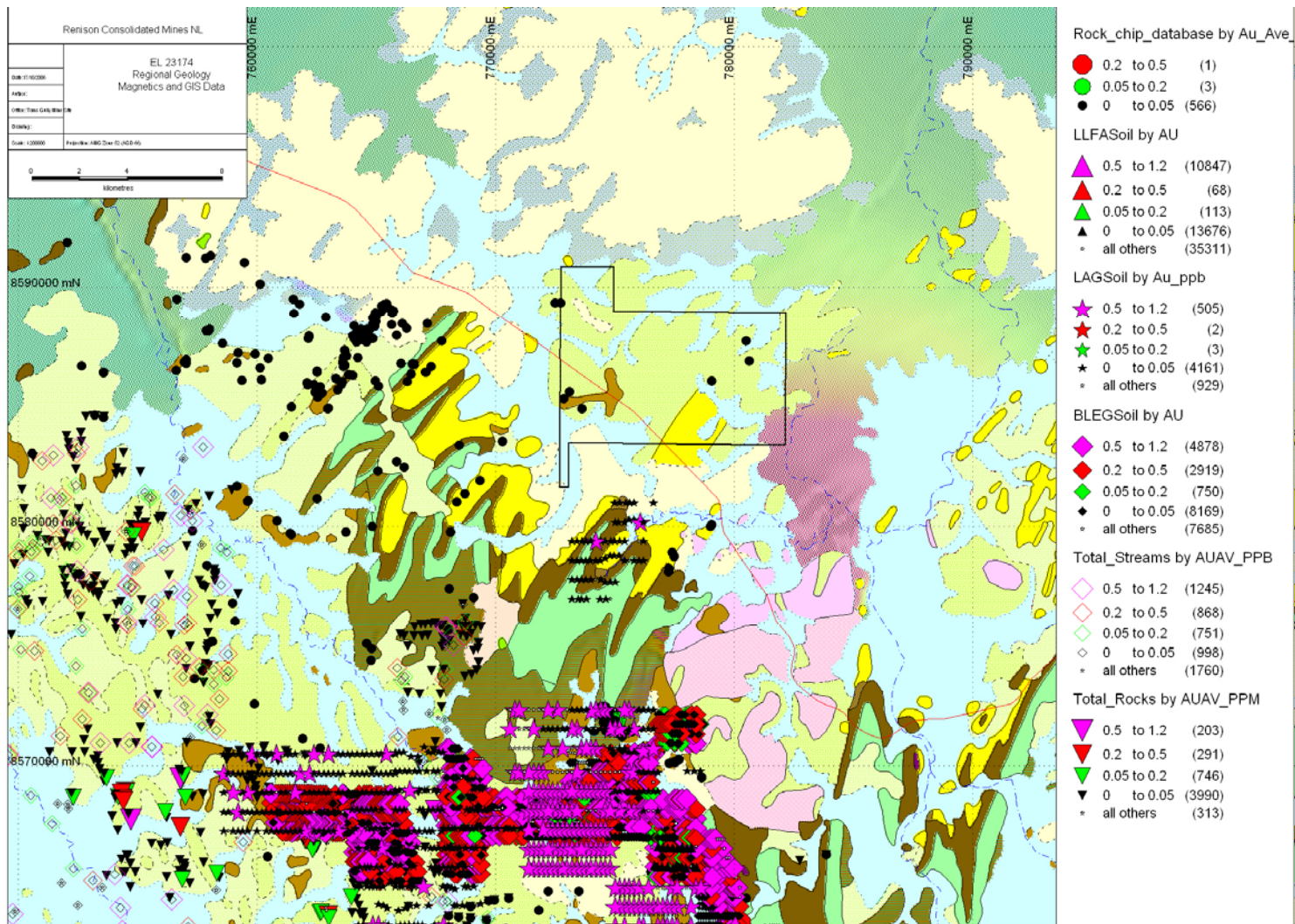


Figure 2: Regional Geology and GIS Data

## 4.2 Local Geology

- The *Mount Partridge Group* is represented by the **Wildman Siltstone**, which is interpreted to be up to 1500m thick. In the Mount Bunday Region the Wildman Siltstone consists of laminated and banded shale, carbonaceous and often pyritic siltstone interbedded with undifferentiated volcanics up to 100m interbeds, minor dolomitic sediments may also be present. The sediments near the granite intrusion are generally hornfelsed. The Wildman Siltstone is interpreted to be prospective for large tonnage, low-grade gold deposits and small tonnage, high-grade deposits. Wildman Siltstone hosts the Tom's Gully gold deposit. The majority of EL23174 is within Wildman Siltstone.
- The *South Alligator Group* is represented by the **Koolpin Formation**, which comprises ferruginous siltstone and shale and is commonly carbonaceous and pyritic. Chert bands and nodular horizons are common and lenses of ironstone occur occasionally, as haematitic breccias throughout the sequence into undisturbed quartz-veined siltstone and shale. Minor components of dolomite can also occur. The Koolpin Formation is one of the most prospective units in the Mount Bunday region for hosting mineralisation (West Koolpin, Taipan, BHS and North Koolpin Open Pits at Quest 29 are all within Koolpin Formation).
- The *South Alligator Group* is represented by the **Gerowie Tuff** which comprises siltstone, argillite and crystal tuff. Pale green, brown or grey siliceous siltstone and phyllite interbedded with pale cherty argillite, black cherty crystal tuff, spotted feldspathic crystal tuff and lithic tuff; minor felsic ignimbrite, chloritic volcanoclastic shale, lithic tuff and lapilli tuff; porphyritic dacite. The depositional environment is described by the NTGS as Subaerial dacitic volcanic ash with shallow marine lutites.
- The *South Alligator Group* is represented by the **Mount Bonnie Formation** which conformably overlies the Gerowie Tuff and is dominated by a shallow marine sequence of interbedded and graded siltstone, chert and greywacke with occasional BIF's. The unit can be up to 600m thick and is generally iron rich and may be siliceous in places. The Mount Bonnie Formation hosts the Rustler's Roost deposit.



- The *Finniss River Group* is represented by the **Burrell Creek Formation** which conformably overlies the Mount Bonnie Formation and is interpreted as a flysch sequence of fine to coarse marine sediments and appears to be part of continuous sedimentation process. Due to the lack of marker horizons and poor exposure the width of the unit is unknown but is thought to be >1000m thick. This formation is considered prospective for large low-grade gold deposits as typified by the Batman deposit of Mount Todd. The potential also exists for small high-grade deposits similar to Possum and Happy Valley with John Shields GIGIAC Theory (Gold in Greywacke in Anticlinal Crests). Also high-grade deposits such as Bandicoot, Marrakai and the Ringwood line which all lie on a major deep-seated magnetic trend.
- *Intrusives* within the Exploration Licence include the **Zamu Dolerite**. This occurs as small bodies that are poorly exposed, as a result of its weathering, some rubble boulders may be present at surface. It consists of altered quartz dolerite and gabbro and is generally narrow and broadly conformable to bedding as thin sills. The Zamu Dolerite is the only known suite of mafic intrusives that were emplaced prior to regional metamorphism and deformation. The Zamu Dolerite appears to have a controlling influence on the mineralisation at Quest 29 within the Koolpin Formation but this is not fully understood at this stage. Mineralisation is also hosted within this unit at Quest 29 and Chinese Howley.

## **5.0 PREVIOUS EXPLORATION ACTIVITY**

The earliest record of exploration in this area of the Mount Bundey region was by Geopeko from 1974 until 1977. They were primarily looking for uranium and base metals using costeaning and the sampling of rock chips within EL142, however results from these samples were poor, with no economic value. Four costeans were completed in 1975, along with seven diamond drill holes and the collection of soil and rock chip samples. One further diamond hole was drilled in 1976.

During the 1980's and into 1990 Western Mining Corporation used stream sediment sampling, trenching, and drilling to explore for gold and base metals in EL4720. Carpentaria Gold was also collecting stream sediments samples in 1989, within EL6223 following the discovery of Tom's Gully by this method in 1987.

In 1992 Mount Isa Mines held the EL7554 tenure, and in 1993 Poseidon Exploration used stream sediment samples for location of gold anomalies in EL7568. From 1994 - 95 Normandy Exploration held the EL7568 and EL8019 tenures, using stream sediment samples, and drilling in their exploration. In 1995 they completed three hundred twenty five RAB holes, and ten Percussion holes with diamond tails.

This work has been compiled into GIS format for target generation and to prevent repetition with follow up work.

### **2005-2006**

Initial work on EL 23174 comprised in-house interpretation of processed aeromagnetics and radiometric data along with reconnaissance and geological traverses. Subtle north to north-east trending magnetic anomalies reflect lithological and structural trends in the Wildman Siltstone. A north-east/south-west oriented magnetic linear feature in the south-eastern sector of the tenement probably indicates a deep seated dyke. Regionally, this feature passes just to the west of Toms Gully and continues to the south-west to underlie the Bandicoot and Williams gold occurrences. Residual lateritic soils are present in the topographically flat land surface in the west and north-west of the tenement. Occasional outcrops of Laterite are also present scattered throughout this sector. The central and eastern areas of EL 23174 are presently undergoing active dissection during the Monsoonal wet season. The topographically flat lateritic duricrust over the licence is being gullied and eroded

away by creeks draining to the north-east and east into the Mary River, and to the south west into Scott Creek.

A prominent topographic ridgeline trending north-east with incised gullies draining east is present in the eastern sector of the licence. Saprolitic Wildman Siltstone weathered maroon-orange in colour crops out along this ridgeline. Occasional more ferruginous bands are also present. Several roadside cuttings along the Arnhem Highway have exposed more resistant arenaceous/sandstone interbeds within the Wildman Siltstone.

## **6.0 EXPLORATION YEAR ENDING 18<sup>th</sup> SEPTEMBER 2007**

Work during the reporting period from September 19<sup>th</sup> 2006 to September 18<sup>th</sup> 2007 concentrated on the compilation and understanding of data assembled by Renison Consolidated, tenement administration and report writing. Exploration had to be reprioritized in the region as the majority of the year was taken up with the formalities of takeover. This was due to the acquisition of the Renison Consolidated by GBS Gold Australia Pty Ltd on 25 July 2007.

Currently, documents have been filed with the Government agencies for transfer and to register the tenement package against GBS Gold Australia Pty Ltd. Since then, reconnaissance visits by the GBS geologists have been undertaken to assess the area. In addition data review is being undertaken. It appears that no significant on-ground exploration activity took place during the reporting period. Exploration activities during the reporting year are given below.

- Reconnaissance visit
- Data review
- Report writing
- Tenement Administration

This exploration activity costed \$000 and details are given in Appendix 1.

## **7.0 FORWARD PROGRAMME YEAR ENDING 18<sup>th</sup> SEPTEMBER 2008**

The proposed work programme for the project area would include a review of historical data compiled by Renison Consolidated to identify if any areas of anomalism had previously been detected by other explorers in the region, ground - truthing by GBS Gold Australia Pty Ltd staff and a further assessment of the exploration potential of the region.

A grass roots programme of reconnaissance geological mapping, rock chip sampling and soil sampling is recommended to extend GBS Gold Australia Pty Ltd knowledge of the region and gain in-house familiarity with the region.

Proposed Expenditure for the year ending 18<sup>th</sup> September 2008 would be \$10,500.

## 8.0 REFERENCES

AGSO 1998. SD5204 Darwin Digital Data, Second Edition.

Hall S, 2003. 2003 Annual Report On Exploration Licence EL 23177. AuQuest Project, for the Period Ending 15<sup>th</sup> June 2003. Renison Consolidated Mines NL. *Unpublished statutory report for Northern Territory Department of Mines and Energy.*

Hall S, 2003. 2003 Annual Combined Report On Exploration Licence's EL8508, EL9161, EL9196, EL9346 & EL9594. Mount Bunday Special Project Area, for the Period Ending 31<sup>st</sup> December 2003. Renison Consolidated Mines NL. *Unpublished statutory report for Northern Territory Department of Mines and Energy.*

Hall S, 2002. 2002 Annual Combined Report On Exploration Licence's EL8508, EL9161, EL9196, EL9346 & EL9594. Mount Bunday Special Project Area, for the Period Ending 31<sup>st</sup> December 2002. Sirocco Resources NL. *Unpublished statutory report for Northern Territory Department of Mines and Energy.*

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Hall S, Catherall D, 2000. 2000 Annual Combined Report On Exploration Licence's EL8508, EL9161, EL9196, EL9346 & EL9594. Mount Bunday Special Project Area, for the Period Ending 31<sup>st</sup> December 2000. Sirocco Resources NL. *Unpublished statutory report for Northern Territory Department of Mines and Energy.*

Hall S, Catherall D, 1999. 1999 Annual Combined Report On Exploration Licence's EL8508, EL9161, EL9196, EL9346 & EL9594. Mount Bunday Special Project Area, for the Period Ending 31<sup>st</sup> October 1999. Sirocco Resources



NL. *Unpublished statutory report for Northern Territory Department of Mines and Energy.*

Kobiolke, P and Hall, S, 2006. 2006 Annual Report on Exploration Licence EL23174. AuQuest Project. Period beginning 19th September 2005 to period ending 18<sup>th</sup> September 2006.

Nicholson, PM, Ormsby, WR and Farrar, L, 1994. A review of the Structure and Stratigraphy of the Central Pine Creek Geosyncline, in *Proceedings AusIMM Annual Conference, 1994.*

Rabone, G., 1995. Preliminary Report on the Mineral Occurrences Within a 25 Kilometre Radius of the Rustler's Roost Gold Mine, Northern Territory. *Unpublished in-house report for Valdora Mining Pty Ltd.*

**APPENDIX 1: NORTHERN TERRITORY EXPLORATION EXPENDITURE for**

|  |
|--|
| <b>NORTHERN TERRITORY EXPLORATION EXPENDITURE<br/>FOR MINERAL TENEMENT</b> |
|--|

MINERAL TENEMENT EL2317

|  |
|--|
| <b>Section 1. Tenement type, number and operation name: (One licence only per form even if combined reporting has been approved)</b> |
|--|

|                                  |                            |
|----------------------------------|----------------------------|
| <b>Type</b>                      | <i>Exploration Licence</i> |
| <b>Number</b>                    | <i>23174</i>               |
| <b>Operation Name (optional)</b> | <i>GBS Gold Australia</i>  |

|  |
|--|
| <b>Section 2. Period covered by this return:</b> |
|--|

|                                    |                   |                         |  |
|------------------------------------|-------------------|-------------------------|--|
| <b>Twelve-month period:</b>        |                   | <b>If Final Report:</b> |  |
| From                               | <i>19/09/2006</i> | From                    |  |
| To                                 | <i>18/09/2007</i> | To                      |  |
| Covenant for the reporting period: |                   | <b>\$10,500.00</b>      |  |

|  |
|--|
| <b>Section 3. Give title of accompanying technical report:</b> |
|--|

|                           |  |
|---------------------------|--|
| Title of Technical Report | <i>4th ANNUAL EXPLORATION REPORT on EL 23174 "AuQuest Project", YEAR ENDING 18<sup>th</sup> September 2007</i> |
| Author                    | <i>M Muir and Z Bajwah</i>   |

|  |
|--|
| <b>Section 4. Locality of operation:</b> |
|--|

|                     |                          |
|---------------------|--------------------------|
| Geological Province | <i>Pine Creek Orogen</i> |
| Geographic Location | <i>Mount Bundy</i>       |

**Section 5. Work programme for the next twelve months:**

|  |                                     |                            |
|--|-------------------------------------|----------------------------|
| <b>Activities proposed</b> (please mark with an "X"):                  | <input checked="" type="checkbox"/> | Drilling and/or costeaning |
| <input checked="" type="checkbox"/> Literature review                  | <input type="checkbox"/>            | Airborne geophysics        |
| <input checked="" type="checkbox"/> Geological mapping                 | <input type="checkbox"/>            | Ground geophysics          |
| <input checked="" type="checkbox"/> Rock/soil/stream sediment sampling | <input type="checkbox"/>            | Other: Technical review    |

|                        |                    |
|------------------------|--------------------|
| <b>Estimated Cost:</b> | <b>\$10,500.00</b> |
|------------------------|--------------------|

**Section 6. Summary of operations and expenditure:**

Please include salaries, wages, consultants fees, field expenses, fuel and transport, administration and overheads under the appropriate headings below. Mark the work done for the appropriate subsections with an "X" or similar, except where indicated. Complete the right-hand columns to indicate the data supplied with the Technical Report.

**Do not include the following as expenditure (if relevant, these may be discussed in**

- |                          |                  |                                  |
|--------------------------|------------------|----------------------------------|
| • Insurance              | • Transfer costs | • Land Access Compensation       |
| • Company Prospectus     | • Title Search   | • Meetings with Land Councils    |
| • Rent & Department Fees | • Legal costs    | • Payments to Traditional Owners |
| • Bond                   | • Advertising    | • Fines                          |

| Exploration Work type                                | Work Done<br>(mark with an "X"<br>or<br>provide details) | Expenditure | Data and Format<br>Supplied in the<br>Technical Report |           |
|--|--|-------------|--|-----------|
|  |  |             | Digital  | Hard copy |
| <b>Office Studies</b>                                |  |             |  |           |
| Literature search                                    | x  | 1248.00     |  |           |
| Database compilation                                 |  |             |  |           |
| Computer modelling                                   |  |             |  |           |
| Reprocessing of data                                 |  |             |  |           |
| General research                                     | x  |             |  |           |
| Report preparation                                   | x  | 1420.00     | x  |           |
| Other (specify) Admin                                | x  | 658.00      |  |           |
| <b>Subtotal</b>                                      |  | \$          |  |           |
| <b>Airborne Exploration Surveys (state line kms)</b> |  |             |  |           |
| Aeromagnetics  |  | kms         |  |           |
| Radiometrics   |  | kms         |  |           |
| Electromagnetics                                     |  | kms         |  |           |
| Gravity  |  | kms         |  |           |
| Digital terrain modelling                            |  | kms         |  |           |
| Other (specify)                                      |  | kms         |  |           |
| <b>Subtotal</b>                                      |  | \$3326.00   |  |           |
| <b>Remote Sensing</b>                                |  |             |  |           |
| Aerial photography                                   |  |             |  |           |
| LANDSAT  |  |             |  |           |
| SPOT   |  |             |  |           |
| MSS  |  |             |  |           |
| Other (specify)                                      |  |             |  |           |
| <b>Subtotal</b>                                      |  | \$          |  |           |
| <b>Ground Exploration Surveys</b>                    |  |             |  |           |
| <b><i>Geological Mapping</i></b>                     |  |             |  |           |
| Regional   |  |             |  |           |
| Reconnaissance                                       | x  | 1260.00     |  |           |
| Prospect   |  |             |  |           |
| Underground  |  |             |  |           |
| Costean  |  |             |  |           |
| <b><i>Ground Geophysics</i></b>                      |  |             |  |           |
| Radiometrics   |  |             |  |           |
| Magnetics  |  |             |  |           |
| Gravity  |  |             |  |           |
| Digital terrain modelling                            |  |             |  |           |
| Electromagnetics                                     |  |             |  |           |
| SP/AP/EP   |  |             |  |           |
| IP   |  |             |  |           |
| AMT/CSAMT  |  |             |  |           |

| Exploration Work type         | Work Done<br>(mark with an "X"<br>or<br>provide details) | Expenditure | Data and Format<br>Supplied in the<br>Technical Report |           |
|-------------------------------|--|-------------|--|-----------|
|                               |  |             | Digital  | Hard copy |
| Resistivity                   |  |             |  |           |
| Complex resistivity           |  |             |  |           |
| Seismic reflection            |  |             |  |           |
| Seismic refraction            |  |             |  |           |
| Well logging                  |  |             |  |           |
| Geophysical<br>interpretation |  |             |  |           |
| Petrophysics                  |  |             |  |           |
| Other (specify)               |  |             |  |           |



|  |  |       |  |        |                  |  |
|--|--|-------|--|--------|------------------|--|
| <b>Geochemical Surveying and Geochronology</b>       |  |       |  |        |                  |  |
| <i>(state number of samples)</i>                     |  |       |  |        |                  |  |
| Drill (cuttings, core, etc.)                         |  |       |  |        |                  |  |
| Stream sediment                                      |  |       |  |        |                  |  |
| Soil   |  |       |  |        |                  |  |
| Rock chip  |  |       |  |        |                  |  |
| Laterite   |  |       |  |        |                  |  |
| Water  |  |       |  |        |                  |  |
| Biogeochemistry                                      |  |       |  |        |                  |  |
| Isotope  |  |       |  |        |                  |  |
| Whole rock   |  |       |  |        |                  |  |
| Mineral analysis                                     |  |       |  |        |                  |  |
| Laboratory analysis<br>(type)                        |  |       |  |        |                  |  |
| Petrology  |  |       |  |        |                  |  |
| Other (specify)                                      |  |       |  |        |                  |  |
| <b>Ground Exploration<br/>Subtotal</b>               |  |       |  |        | <b>\$1260.00</b> |  |
| <b>Drilling (state number of holes &amp; metres)</b> |  |       |  |        |                  |  |
| Diamond  |  | holes |  | metres |                  |  |
| Reverse circulation (RC)                             |  | holes |  | metres |                  |  |
| Rotary air blast (RAB)                               |  | holes |  | metres |                  |  |
| Air-core   |  | holes |  | metres |                  |  |
| Auger  |  | holes |  | metres |                  |  |
| Other (specify)                                      |  | holes |  | metres |                  |  |
| <b>Subtotal</b>                                      |  |       |  |        | \$               |  |
| <b>Other Operations</b>                              |  |       |  |        |                  |  |
| Costeaming/Trenching                                 |  |       |  |        |                  |  |
| Bulk sampling  |  |       |  |        |                  |  |
| Mill process testing                                 |  |       |  |        |                  |  |
| Ore reserve estimation                               |  |       |  |        |                  |  |
| Underground<br>development (describe)                |  |       |  |        |                  |  |
| Mineral processing                                   |  |       |  |        |                  |  |
| Other (specify)                                      |  |       |  |        |                  |  |
| <b>Subtotal</b>                                      |  |       |  |        | \$               |  |
| <b>Access and Rehabilitation</b>                     |  |       |  |        |                  |  |
| Track maintenance                                    |  |       |  |        |                  |  |
| Rehabilitation                                       |  |       |  |        |                  |  |
| Monitoring   |  |       |  |        |                  |  |
| Other (specify)                                      |  |       |  |        |                  |  |
| <b>Subtotal</b>                                      |  |       |  |        | \$               |  |
| <b>TOTAL<br/>EXPENDITURE</b>                         |  |       |  |        | <b>\$4586.00</b> |  |

**Section 7. Comments on your exploration activities:**

I certify that the information contained herein, is a true statement of the operations carried out and the monies expended on the above mentioned tenement during the period specified as required under the *Northern Territory Mining Act* and the Regulations there under.

I have attached the Technical Report

1. Name: Zia U. Bajwah

Position: Geologist

Signature:

Date: 18/10/2007

2. Name:

Position:

Signature:

Date: