GBS GOLD AUSTRALIA PTY LTD

ANNUAL REPORT

SEL 10012, MT RINGWOOD PROJECT

For Reporting Period Ending 27 November 2008

PINE CREEK: 1:120 000
McKinlay River: 1:100 000

Tenement Holder: Northern Gold Pty Ltd

Distribution:-

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

GBS Report Number: PC/BJV/08-32

Zia U. Bajwah
December 2008

SUMMARY

SEL 10012 (Substitute Exploration Licence) is located approximately 110 kilometres southeast of Darwin, and 35km east of Adelaide River on the McKinlay River (1:100 000) and Pine Creek (1:250 00) sheets. SEL 10012 was granted on 28 November 2003 for a period of four years, with two further extensions thereafter.

SEL 10012 is situated within the Pine Creek Orogen which is a folded and metamorphosed sequence of Palaeoproterozoic pelitic and psammitic sediments, with interlayered cherty tuff units. These rocks have been intruded by the late-orogenic Palaeoproterozoic granites, causing wide spread contact/thermal aureole which contains most of the gold mineralisation in the Orogen. Much of the geology of the tenement is dominated by the Burrell Creek Formation, transected by the Pine Creek Shear Zone - an important structural feature for the localisation of gold mineralisation in the area.

During the reporting period, a peripheral review of the project area was undertaken which identified significant potential in gold and possibly uranium mineralisation. No substantial ground activity was undertaken due to company resources being focused in bringing online projects such as Chinese South, Toms Gully, Cosmo Deeps and Maud Creek. Chinese South came online in April 2008 whereas Toms Gully re-commenced production in July 2008. GBS Gold has developed a genetic model can be used to describe the type of structures, and mineralisation styles that are expected to be encountered within the structural domains within the Pine Creek Orogen. SEL 10012 is considered to be prospective for gold and uranium mineralisation. In the next reporting period, targets identified during technical reviews will be checked in the field and a soil/rock chip sampling program will be undertaken. The area will undergo for further geophysical appraisal and refined targets will be drill-tested.

TABLE OF CONTENTS

LIST OF FIGURES

LIST OF APPENDIX

1.0 INTRODUCTION

SEL 10012 is an important tenement within GBS Gold Australia's port folio and is located in the central part of the McKinlay River (1:100 000) sheet. The area is covered by Quaternary sediments masking the bed rock geology which mainly comprises gold prospective the Burrell Creek Formation. This report describes the exploration activities carried out during the reporting period 2007-08.

2. TENEMENT DETAILS

SEL 10012 is located approximately 110 kilometres southeast of Darwin, on the Pine Creek (1:250 000) and McKinlay River (1:100 0000) sheet. The tenement consists of 22 graticular blocks totalling 73.6 square kilometres in area, lies between latitude 13°07' south and 13°15'south and longitudes 131°20' east and 131°30' east (Figure 1). SEL 10012 covers the areas which originally comprised four active exploration licences previously held by Northern Gold. These exploration licences were EL 8573, EL 8780, EL 9122 and EL 8887.

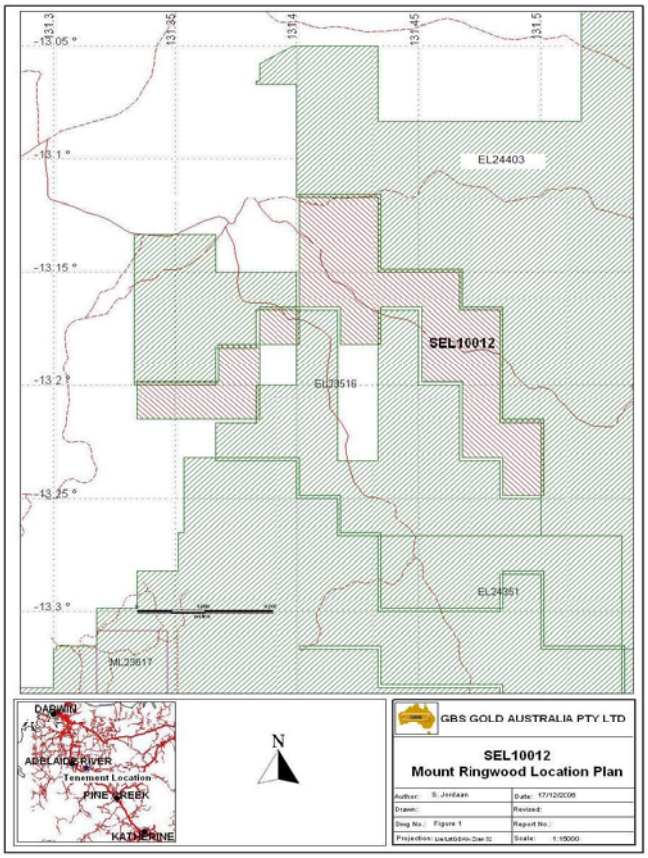
SEL 10012 was granted to Northern Gold on 28 November 2003 for a period of four years, with the ability for two further time extensions thereafter. A waiver from reduction application was submitted in June 2006. The waiver was granted on June 2006 for 12 months, enabling the 22 graticular blocks to be retained until November 27, 2006. In September 2007, a renewal application for further two years was submitted to the Department of Primary Industry and Fisheries.

The tenement is situated within Mt Ringwood Station, Pastoral Lease No. 1182 owned by Markus Anthony Rathsmann. A minor portion of the tenement lies within the Mt Kepler Station, Pastoral Lease No. 1183 owned by Donald Aaron White.

3. LOCATION AND ACCESS

The centre of the SEL is approximately 35km east of the township of Adelaide River in the Northern Territory (See Figure 1). The licence area can be accessed via the old

Figure 1: Location of the Project area



Goodall Mine Access Road, turning north off the Stuart Highway approximately 15 km southeast of Adelaide River and via pastoral tracks.

4. GEOLOGICAL SETTING

4.1 Regional Geology

SEL 10012 is situated within the Pine Creek Orogen and regional geology of the Orogen is outlined in many publications, notably Ahmad *et al*. (1993), Needham and Stuart-Smith (1984) and Needham *et al.* (1988). The Pine Creek Orogen is a folded and metamorphosed sequence of Palaeoproterozoic pelitic and psammitic sediments, with interlayered cherty tuff units. These rocks have been intruded by the late-orogenic Palaeoproterozoic granites, causing wide spread contact/thermal aureole which contains most of the gold mineralisation in the Orogen (Bajwah, 1994). Less deformed Mesoproterozoic sedimentary and volcanic sequences unconformably overlie the Palaeoproterozoic rocks and, in turn, overlain by Cambrian-Ordovician lavas, sediments and Cretaceous strata. Much of the project area is covered by the Quaternary sediments, which obscure parts of the Orogen lithologies.

4.2 Local Geology

Bureau of Mineral Resources ("BMR") and company prospect mapping has identified the area of SEL 10012 to be dominated by meta-sedimentary rocks of the Palaeoproterozoic Burrell Creek Formation (Socic, 1997). These consist of tight to isoclinally folded sequences of interbedded greywacke and shale units-representative of Flysch sedimentation and Bouma cycles. Individual greywacke and shale units commonly exceed tens of metres in thickness (Hardy, 2002). Further south, minor rocks of the Mt Bonnie Formation are present. Geology of the project area is shown in Figure 2.

Unconformable, and building on these Proterozoic sediments, are quaternary 'black soil' alluvial floodplains, which follow drainage pathways into the Margaret River. These

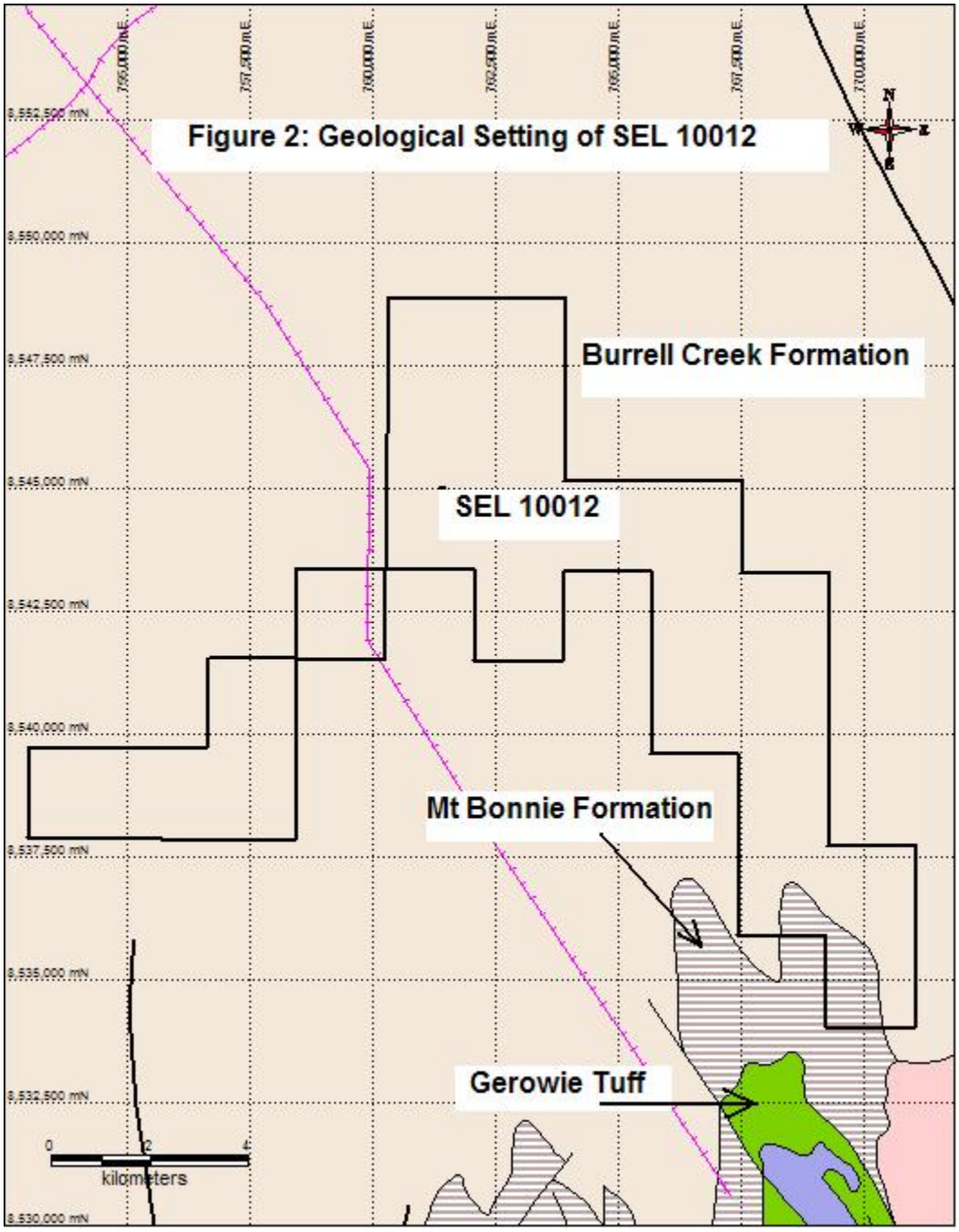


Figure 2: Geological Setting of SEL 10012
Burrell Creek Formation
SEL 10012
Mt Bonnie Formation
Gerowie Tuff
kilometers

flats cover much of SEL 10012. This veneer of recent sediments is generally less than five meters in thickness, but can often exceed this depth in buried palaeo-channels and active drainage systems (Hardy, 2002).

Mapping completed by the BMR and company geologists has shown this area to be structurally complex. The regional Howley Anticline strikes north in the western graticular blocks of SEL 10012 and flexes to the northeast where it has been mapped at the Cookies Corner gold prospect. North trending, large quartz blows (i.e. at the historic Great Western and Great Northern mine workings) appear to define a regional north south fault orientation that has been mapped in all areas of gold mineralisation. From satellite imagery and ground mapping, well defined northeast trending regional dextral faults have been mapped throughout the area of SEL 10012 and appear to have an associated northwest striking conjugate (Hardy, 2002).

Detailed costean mapping by Northern Gold at Cookies Corner has identified west dipping, north-east striking fold and thrust ramp structures, which have been subsequently rotated about a later northwest trending fold axis with associated sub-vertical axial planar cleavage. Detailed analysis of multi-client aeromagnetic data has identified a strong northwest trending fabric and this supports the detailed observations from the costean mapping (Hardy, 2002).

The spatial distribution of gold mineralisation in the area of SEL 10012 is best developed in the area of the Howley Anticline, and appears to be controlled by the intersection of north trending anticlinal hinges, and northwest striking faults and folds (Hardy, 2002).

The southeast graticular blocks of the tenement are located in the northwest extension of the northwest to southeast trending Pine Creek Shear Zone, a major structure in which a number of mineralised zones have been identified (Socic, 1996). Significantly, these blocks are situated on the northwestern flank of the Margaret Granite pluton. Regional interpretation holds such a zone, being in the pressure shadow of the granite, to be highly prospective for compressive-style mineralisation.

In the south of the tenement the Mount Bonnie Formation underlies Quaternary alluvial cover. The Margaret Granite intrudes the surrounding sediments to southeast of SEL 10012 (Socic, 1996)

5. PREVIOUS EXPLORATION

Area covered by SEL 10012 has been explored by many companies in the past. A brief overview of these exploration programs is given below.

EL 8573 – 1994 To 2003

During the life of EL 8573, gold exploration activities were conducted by Dominion Gold Operations Pty Ltd and Northern Gold. Work over EL 8573 comprised reviews of aeromagnetic data, Landsat imagery, GIS and satellite imagery, AGSO mapping and aerial mapping, as well as site-based costean excavation and channel sampling, geological mapping, rock chip sampling, RAB drilling and RC drilling.

The majority of this work was focussed on the northern block of EL 8573 at the Cookies Corner gold prospect where the north-striking regional Howley Anticline flexes to the northeast. Gold mineralisation was interpreted to be controlled by the intersection of north-trending anticlinal hinges, and northwest striking faults and folds.

Soil Sampling

Various soil sampling programs were completed by Northern Gold, primarily over the Cookies Corner prospect where an earlier gold soil anomaly was identified by Western Mining Corporation, north of the Goodall Gold Mine. Northern Gold assayed approximately 550 samples, with peak results including 985 ppb Au, 530 ppb Au and 30 ppb Au.

Rock Chip Sampling

Northern Gold assayed rock chip samples from the Cookies Corner gold soil anomaly and from the North Goodall soil anomaly. 20 samples were taken at Cookies Corner, with one sample assaying at 28.7 g/t Au, and 15 samples returning assay values greater than 1 g/t Au. Values returned from chip samples taken within costeans included gold values of

9.15 g/t and 8.14 g/t. At the North Goodall soil anomaly, 27 samples were collected with peak gold values of 1.55 g/t and 0.96 g/t being returned.

Costeaning and Channel Sampling

The costeaning program comprised the excavation of four costeans totalling 477 metres across the eastern and western soil anomalies at the Cookies Corner prospect. The results returned were highly encouraging with two costeans outlining three parallel and continuous zones of gold mineralisation coincident with the identified soil anomaly. The other two costeans also identified anomalous bedrock geochemistry and confirmed the anomalous soil sampling results. Peak intersections of the channel sampling results included 84 metres at 0.22 g/t, 9 metres at 0.65 g/t, 21 metres at 0.39 g/t and 6 metres at 0.66 g/t.

RC Drilling Program

A program of eight RC holes for a total of 591 metres was completed in 1998/1999 over the Cookies Corner prospect, targeting previously identified soil and costean gold anomalies. The drilling intersected four zones of gold bedrock mineralisation, confirming previous soil geochemistry and costeaning anomalies. Gold mineralisation is localised along vertical northeast-trending structures, and is associated with pyrite/arsenopyrite micro-fracture alteration. Gold grades increase significantly below the base of oxidation at a vertical depth of approximately 25 metres.

RAB Drilling Program

Two RAB drilling programs were completed over the Cookies Corner prospect. The first RAB drilling program, undertaken in 1999/2000, targeted three previously identified soil anomalies over three 400 metre spaced lines with holes at 40 and 80 metre intervals. A total of 34 holes for 525 metres were completed, resulting in 175 3-metre composite samples. The program successfully extended and further defined four zones with significant gold and coincident arsenic bedrock mineralisation.

The western anomaly comprises a north-striking zone of gold bedrock mineralisation beneath previously identified soil and costean anomalies. Significant results were delineated over a strike length of 750 metres and width of 200 metres. Mineralisation is open to the north. Results included 9 metres at 0.119 g/t Au from surface. A 200 metre

north-northeast strike extension was identified to the central mineralised structure previously identified by Western Mining Corporation and Northern Gold. Significant results have been identified over a strike length of 700 metres and width of 100 metres, with bedrock mineralisation open to the east and north. Intersections include 12 metres at 0.19 g/t from surface, and 9 metres at 0.12 g/t from surface. A 200 metre northeast strike extension to the central mineralised structure was identified to extend over a strike distance of 800 metres and width of 200 metres, and is open to the northeast. Intersections included 9 metres at 0.12 g/t from 3 metres, and 6 metres at 0.12 g/t from 9 metres. Drilling completed north-northwest along strike from the historic Great Western hardrock diggings returned a single hole near-surface anomaly, within a peak intersection of 3 metres at 0.24 g/t Au from surface.

The second RAB drilling program, undertaken in 2000/01, targeted the western, central and eastern gold anomalies identified at the Cookies Corner prospect. RAB drilling was carried out over three 400 metre spaced lines, with holes drilled at 80 metre intervals. A total of 15 holes were drilled for 291 metres. The program identified anomalous gold bedrock geochemistry within the previously defined central and eastern mineralised zones. Intersections in the central zone included 12 metres at 0.36 g/t Au from surface, 9 metres at 0.33 g/t Au from surface and 12 metres at 0.52 g/t Au from surface. Intersections from the eastern zone included 12 metres at 5.15 g/t Au from surface, including 3 metres at 19.70 g/t from 3 metres.

EL 8887
1994 - 2001

EL 8887 covers the ground north of the Great Northern historical alluvial sites, which were worked at the turn of the century. Geopeko, W.R. Grace Australia Ltd and Oceania Exploration have undertaken systematic exploration of the area since early alluvial mining period. During the life of the tenement (EL 8573), gold exploration activities were completed by Northern Gold. EL 8887 lies within the Margaret River and McCallum Creek flood plains, and therefore is almost entirely covered by black soil and alluvium.

Northern Gold conducted soil sampling and RAB drilling programs on EL 8887 during the 1994/95 exploration season. The soil sampling program was carried out within the western block of the licence. Samples were collected at 25 metre intervals and composited to 50 metres along three 400 metre spaced lines. Following this soil sampling program, a total of 222 RAB holes were drilled for 1,698 metres. All holes were drilled vertically at 50 metre intervals over five 400 metre spaced lines. The drilling encountered widespread background to low level gold and arsenic anomalism. The peak values obtained were 498 ppb Au, 230 ppb Au and 510 ppb Au.

Following the drilling program, Northern Gold completed work programs based on digital data acquisition and manipulation during the 1995/96 year of tenure. Landsat Imagery, AGSO mapping, aerial magnetics and remote sensing data were obtained and used in conjunction with aerial mapping to determine the best method of exploration to be used on the tenement. GIS and satellite imagery were used to log soil types and to interpret the structural geology of the region. Geochemical soil sampling, targeting an anomalous gold zone identified by the earlier RAB drilling, was conducted during the 1996/97 field season. Samples were collected at 25 metre intervals over two 400 metre spaced lines. A total of 43 samples were obtained, with the peak value being 0.55 ppb Au.

During the 1997/98 field season, Northern Gold completed a further geochemical soil sampling program and a comprehensive literature review of all exploration completed within the licence area. The soil sampling program was completed over three 400 metre spaced lines. A total of 54 samples were obtained with the highest results being 0.83 ppb Au and 0.82 ppb Au.

Infill geochemical soil sampling program was completed over the southern block of the licence during 1998/99. Samples were collected on 50 metre centres along three 400 metre spaced lines with maximum values of 0.88 ppb Au and 3.18 ppb Au being returned.

During the 1999/2000 field season, Northern Gold completed a further infill soil sampling program. Samples were collected on 50 metre centres along two 200 metre spaced lines, with peak values of 11 ppb Au and 4 ppb Au being returned.

EL 8780
1994 – 2001

The exploration licence has previously been explored by Western Mining Corporation Ltd (over EL 2362 and EL 5318). Oceania Exploration and Geopeko Ltd. Western Mining completed a program of stream sediment and rock chip sampling in the region. The exploration area included EL 8780, which outlined an anomalous area they termed C2. Shallow airtrack holes were drilled to 9 meters across the geochemical anomaly (Quick, 1991, and Warren, 1985).

Oceania Exploration completed aeromagnetic surveys, BLEG stream sediment sampling and rock chip sampling. Poor stream development and lack of outcrop hampered the effectiveness of this exploration program. In addition, computer simulated “Stress Mapping Technology” was applied in an attempt to outline areas of minimum stress (Ferguson, 1989, 1990). Geopeko carried out a study of the available literature and conducted a brief helicopter supported reconnaissance of the area.

During the life of the tenement (EL 8780), gold exploration activities were conducted by Dominion Gold Operations Pty Ltd and Northern Gold NL. EL 8780 contains various quartz veining including several prominent quartz reefs previously outlined by Western Mining Corporation over a strike length of 1,000 metres. The tenement is dominated by black soil plains. The tenement forms the northeast portion of Northern Gold's leases in the Mt Ringwood area. Exploration work undertaken has comprised digital data studies, geophysical interpretations, soil sampling and RAB drilling programs.

The soil sampling programs have comprised:

17 samples from the central and south-western areas of the tenement, highlighting gold anomalism in the central area of the tenement within an area termed "C2" by Western Mining Corporation, with a peak value of 405 ppb Au being returned. 379 samples over ten 400 metre spaced lines at 25 metre intervals over the entire tenement were taken. This program successfully identified a north-northeast trending zone with anomalous gold and arsenic geochemistry with a peak anomalous result of 38 ppb Au. 84 samples from the centre of the tenement were retrieved, targeting and confirming the above anomalies, with maximum gold values of 6.07 ppb Au and 1.31 ppb Au.

67 samples from the central and south-western areas of the tenement outlined low tenor northern and southern extensions of the C2 gold soil anomaly with peak results of 2.65 ppb Au in the south and 2.33 ppb Au in the north. 36 infill samples in the central and south-western regions of the tenement successfully extended the length of the previously identified north-northeast trending geochemical gold anomaly. The anomaly, with a strike length of 300 metres and a width of 200 metres, returned peak results of 30 ppb Au and 27 ppb Au.

A RAB drilling program was completed in 1995 over the tenement on a 1,500 metre by 200 metre pattern. A total of 56 vertical holes, to a maximum depth of 18 metres for 251 metres in total, were completed. A peak intersection of 7 ppb was returned from the central east of the tenement.

EL 9122
1995 – 2001

This tenement comprises sediments of the early Proterozoic Burrell Creek Formation which are tightly folded within fold axes generally trending northwest to southeast. The area is low-lying with poor stream development and extensive areas of alluvium. Work on this tenement has included digital data interpretations and various surface geochemical surveys.

A regional soil sampling program was commenced in 1997/98 over the central western portion of the tenement, targeting stream sediment gold anomalies identified by previous tenement holders in the late 1980's. The program comprised 241 samples collected over twelve 400 metre spaced lines, and successfully identified two northwest trending gold and base metal soil anomalies in an area with significant black soil and paper bark swamp cover.

The first anomalous zone, in the central northwest of the tenement, is 800 metres in length and 500 metres in width with maximum values of 8.8 ppb Au, 41.5 ppb Ag, 16 ppm As, 27 ppm Cu, 22 ppm Pb and 45 ppm Zn. The second anomaly, located north of the first zone, is approximately 800 metres in length and 500 metres in width, with maximum values of 4.6 ppb Au, 59.9 ppb Ag, 12 ppm As, 23 ppm Cu, 19 ppm Pb and 34 ppm Zn. Both anomalies are open to the northwest.

In 1998/99, an infill soil sampling program was completed in the central western area of the tenement targeting previously identified anomalous gold results, and a regional sampling program was undertaken in the central part of the tenement. Results included 36.3 ppb Au and 27.6 ppb Au.

Soil sampling work in 1999/2000 followed up on these gold anomalies and was successful in extending the length of the previously outlined northwest-trending gold soil anomaly. The anomalous zone has a strike length of 3.2 kilometres with a maximum width of 800 metres.

SEL 10012
2003 - 2006

During the 2003/04 year of tenure, Northern Gold carried out a program of infill soil sampling at Cookies Corner and North Goodall prospects. At the Cookies Corner soil sampling outlined a gold anomaly over a 600 metre strike extent and confirmed the continuity of gold mineralisation between the north and southern soil anomalies. Peak assay results of 367 ppb Au and 230 ppb Au were returned which are consistent with a rock chip anomaly where results commonly exceeded 5 g/t Au.

At North Goodall soil sampling delineated a +100 metre broad 25 ppb Au soil anomaly with a +75 ppb Au core over 400 metres in strike extent. Peak assay result of 408 ppb Au and 113 ppb Au were returned. The soil anomaly is coincident with a rock chip anomaly confirming a strike extent of greater than 600 metres. The soil anomaly confirmed a broad low level MMI soil anomaly interpreted from five 400 metre spaced lines with samples collected at 80 metre centres.

During the 2004/05 year of tenure, Northern Gold N.L completed a program of costeaning at the North Goodall and the C6 Prospect. At North Goodall the costean targeted an identified high grade soil and rock chip anomaly associated with the ferruginous quartz stock-works vein system. 200 one meter samples were collected along the length of the costean which was dug across a ridge 27 meters south of a line of soil sampling carried out the previous reporting year. The costean identified a broad +50m zone of elevated gold mineralization averaging +0.12g/t Au. The zone of mineralization is associated with the length of the costean that had a thicker saprolitic profile. This zone of gold mineralization is coincident with the soil anomaly on which the costean was

targeted. Mapping shows the lithology to be a sequence of interbedded sediment units of the Burrell Creek formation. Shearing intensity varied from massive to strong. Only two quartz veins greater then 0.5m were intersected. The remaining quartz veins were less then 15mm (average 5mm) and scattered along the costean. The best gold intersection returned was 3m at 0.39 ppm Au within a saprolitic zone with increased quartz veining (averaging <20mm thick).

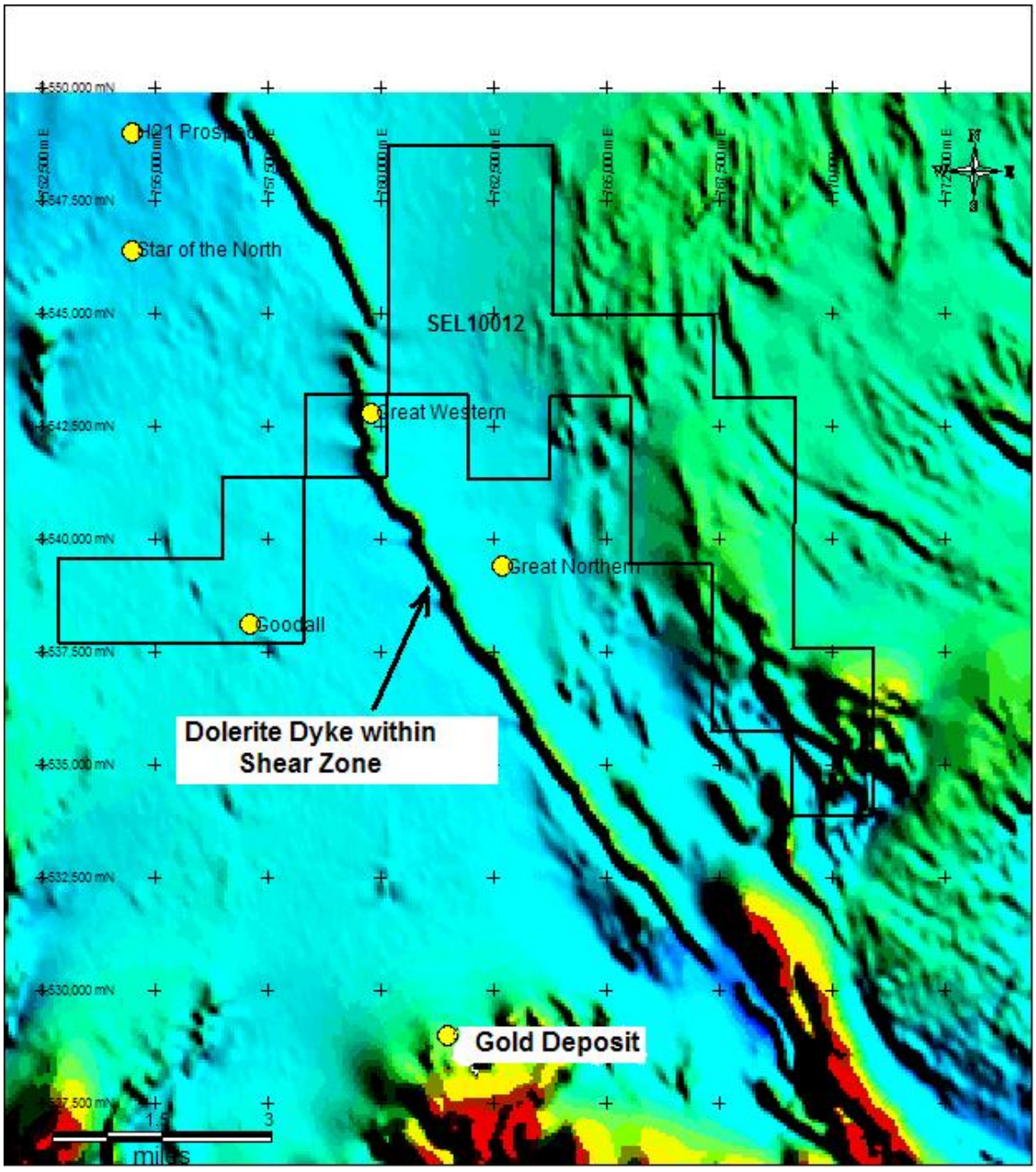
At the C6 Prospect two costeans were targeted to test for the extent of surface gold mineralization intersected at depth by RC drilling carried out by Western Mining. Assay results included; 7m @ 3.06g/t Au from 6m downhole, 14m @ 1.23g/t Au from 39m downhole in BYDC428, 6m @ 2.9 g/t Au from 49m downhole in BYDC430 and 2m @ 1.48g/t Au from 45m downhole in BYDC425. It was planned for the costeans to identify the controlling structure and host of the gold mineralisation. Weak gold mineralisation at surface was associated with zones of massive quartz veining and stock-works within intensely sheared metasediments. The host lithological unit is a west dipping interbedded sandstone/siltstone units of the Burrell Creek formation. The best gold intersection returned was 14m of 0.32 ppm Au in costean C6C001.

6.0 PROSPECTIVITY OF THE PROJECT AREA

The area covered by SEL 10012 has been explored considerably in the past under several expired exploration licences. These exploration programs provided considerable knowledge about the geological setting and mineral potential of the area.

Geology of the area is dominated by the Burrell Creek Formation which has been intruded by late-orogenic granites towards south or at depth. In the Pine Creek Orogen, thermal aureoles with prepared structural sites are the preferred gold mineralised areas and contain the most productive mines in the region. The project area is generally covered by thick Quaternary soil cover which has masked the bed rock geology. However, geophysical imaging of the area (Figure 3) provides significant information

Figure 3: TMI image of the Project area



which is very useful in assessing the project area. Perhaps the most significant feature is NW-trending shear zone which contains doleritic dyke and a number of gold deposits are known to occur along this trend line. In addition subtle magnetic anomalies/ridges also have potential for containing sizeable gold deposit as in the case of Goodall gold deposit (Figure 2). It may be noted that gold deposits such as Goodall and Great Western within SEL 10012 are covered by other mining tenements. However, possibility exists in finding additional gold mineralisation in the project area.

Results of geochemical sampling programs undertaken during several exploration programs provide further impetus to explore the area more aggressively. Various soil sampling programs were completed by Northern Gold, primarily over the Cookies Corner prospect where an earlier gold soil anomaly was identified by Western Mining Corporation, north of the Goodall Gold Mine. Northern Gold assayed approximately 550 samples, with peak results including 985 ppb Au, 530 ppb Au and 30 ppb Au. Peak intersections of the channel sampling results included 84 metres at 0.22 g/t, 9 metres at 0.65 g/t, 21 metres at 0.39 g/t and 6 metres at 0.66 g/t. Two RAB drilling programs were undertaken in 1999/2000, targeted three previously identified soil anomalies over three 400 metre spaced lines with holes at 40 and 80 metre intervals. A total of 34 holes for 525 metres were completed, resulting in 175 3-metre composite samples. The program successfully extended and further defined four zones with significant gold and coincident arsenic bedrock mineralisation.

From the available geological, geophysical and geochemical data several anomalies in the project area have been identified for drill testing.

1) Two soil anomalies in the south-eastern part of SEL 10012 which should be checked out by costean followed by drilling.

2) At Cookies Corner, a 800m soil anomaly has been identified, and at North Goodall, a 750m anomaly has been identified; both anomalies are interpreted to represent potential near-surface quartz stock-works. Proposed RC drilling will test this possibility.

7.0 EXPLORATION DURING CURRENT TENURE

During the reporting period, a peripheral review of the project area was undertaken which identified significant potential in gold and possibly uranium mineralisation. No substantial ground activity was undertaken due to company resources being focused in bringing online projects such as Chinese South, Toms Gully, Cosmo Deeps and Maud Creek. Chinese South came online in April 2008 whereas Toms Gully re-commenced production in July 2008.

Other activities which were conducted are given below:

- Data validation
- Reconnaissance visit
- Report preparation
- Tenement administration

This activity costed $7515.00 and details are given in Appendix 1.

8.0 PLANNED EXPLORATION FOR 2008-09

On 15 September 2008 GBS Gold Australia declared for voluntary receivership/administration and since then Ferrier Hodgson has been appointed as Administrator. Currently, efforts are underway to find new financial resource to restructure the company and commence operations again. To protect the assets of the company, strategic planning must continue, and therefore, following exploration program for the year ending 27 November 2009 is proposed.

GBS Gold has developed a genetic model can be used to describe the type of structures, and mineralisation styles that are expected to be encountered within the structural

domains within the Pine Creek Orogen. SEL 10012 is considered to be prospective for gold and uranium mineralisation.

Targets identified during technical reviews will be checked in the field and a soil/rock chip sampling program will be undertaken. The area will undergo for further geophysical appraisal and refined targets will be drill-tested. A minimum expenditure of $14000.00 has been set aside for this program.

9.0 REFERENCES

Ahmad, M., Wygralak, A.S., Ferenczi, P.A., and Bajwah, Z.U., 1993. Explanatory Notes and Mineral Deposit Data Sheets. 1:250,000 Metallogenic Map Series, Department of Mines and Energy, Northern Territory Geological Survey

Bajwah, Z.U., 1994. A contribution of geology, petrology and geochemistry to the Cullen Batholith and related hydrothermal activity responsible for mineralisation, Pine Creek Geosyncline, Northern Territory. Northern Territory Geological Survey Report 8

Makar, B., (2004) Mt Ringwood Project, 2003/04 Annual Report SEL 10012, 27/11/2003 to 28/11/2004. Unpublished report on behalf of Northern Gold NL for the Northern Territory Department of Business Industrial and Resources Development.

Makar, B.**,** (2005) Northern Gold NL, 2004/05 Mine Management Plan for Mt Ringwood, SEL 10012. Unpublished report on behalf of Northern Gold NL for the Northern Territory Department of Primary Industry, Fisheries & Mines.

Mottram, N., (2003) EL 8573, 2003 Final Report 27/05/94 to 26/05/03. Unpublished report on behalf of N.G.N.C. for the Northern Territory Department of Business Industrial and Resources Development.

Mottram, N., (2001) EL 8780, 2001 Final Report, 5th October 1994 to 5th April 2001. Unpublished report on behalf of N.G.N.L. for the NT Department of Mines & Energy.

Mottram, N., (2001) EL 8887, 2001 Final Report, 8th November 1994 to 5th April 2001. Unpublished report on behalf of N.G.N.L. for the NT Department of Mines & Energy.

Mottram, N., (2001) EL9122, 2001 Final Report 5th June 1995 to 5th April 2001. Unpublished report on behalf of N.G.N.L. for the NT Department of Mines & Energy.

Northern Gold 2004, Mt Ringwood Project May 2004. Unpublished internal information memorandum.

Socic, N., (1996) EL 8573, 1995/1996 Annual Report, 27/05/95 to 26/05/96. Unpublished report by N.G.N.L. for the NT Department of Mines & Energy.

Socic, N., (1996) EL 9122 1996 Annual Report, 05/06/95 to 04/06/96. Unpublished report by N.G.N.L. for the NT Department of Mines & Energy.

APPENDIX 1

Exploration Expenditure for SEL 10012

NORTHERN TERRITORY EXPLORATION EXPENDITURE FOR MINERAL TENEMENT

Section 1. Tenement type, number and operation name: (One licence only per form even if combined reporting has been approved)	
Type	*SEL*
Number	*10012*
Operation Name (optional)	*Mount Ringwood*

Section 2. Period covered by this return:			
Twelve-month period:		**If Final Report:**	
From	*27/11/2007*	From	
To	*26/11/2008*	To	
Covenant for the reporting period:		**$12000.00**	

Section 3. Give title of accompanying technical report:	
Title of Technical Report	ANNUAL REPORT, SEL 10012, MT RINGWOOD PROJECT For Reporting period Ending 27 November 2008
Author	*Zia U. Bajwah*

Section 4. Locality of operation:	
Geological Province Geographic Location	***Pine Creek Orogen*** ***Mount Ringwood***

Section 5. Work program for the next twelve months:			
Activities proposed (please mark with an "X"):		[x]	Drilling and/or costeaning
[x]	Literature review	[ ]	Airborne geophysics
[ ]	Geological mapping	[ ]	Ground geophysics
[x]	Rock/soil/stream sediment sampling	[ ]	Other:
Estimated Cost:	$ **14000.00**		

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

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

Exploration Work type	Work Done (mark with an "X" or provide details)		Expenditure	Data and Format Supplied in the Technical Report	
				Digital	Hard copy
Office Studies					
Literature search			1370.00		
Database compilation					
Computer modelling					
Reprocessing of data					
General research	**x**		2185.00	**x**	
Report preparation	**x**		1565.00	**x**	
Other (specify) Admin	x		980.00		
	Subtotal		$6065.00		
Airborne Exploration Surveys (state line kms)					
Aeromagnetics		kms			
Radiometrics		kms			
Electromagnetics		kms			
Gravity		kms			
Digital terrain modelling		kms			
Other (specify)		kms			
	Subtotal		$		
Remote Sensing					
Aerial photography					
LANDSAT					
SPOT					
MSS					
Other (specify)					
	Subtotal		$		
Ground Exploration Surveys					
Geological Mapping					
Regional					
Reconnaissance	**x**		1450.00		
Prospect					
Underground					
Costean					
Ground Geophysics					
Radiometrics					
Magnetics					
Gravity					
Digital terrain modelling					

Exploration Work type	Work Done (mark with an "X" or provide details)	Expenditure		Data and Format Supplied in the Technical Report	
				Digital	Hard copy
Electromagnetics					
SP/AP/EP					
IP					
AMT/CSAMT					
Resistivity					
Complex resistivity					
Seismic reflection					
Seismic refraction					
Well logging					
Geophysical interpretation					
Petrophysics					
Other (specify)					

Geochemical Surveying and Geochronology ***(state number of samples)***									
Drill (cuttings, core, etc.)									
Stream sediment									
Soil									
Rock chip									
Laterite									
Water									
Biogeochemistry									
Isotope									
Whole rock									
Mineral analysis									
Laboratory analysis (type)									
Petrology									
Other (specify)									
Ground Exploration Subtotal							$**1450.00**		
Drilling (state number of holes & metres)									
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					
	Subtotal						$		
Other Operations									
Costeaning/Trenching									
Bulk sampling									
Mill process testing									
Ore reserve estimation									
Underground development (describe)									
Mineral processing									
Other (specify)									
	Subtotal						$		
Access and Rehabilitation									
Track maintenance									
Rehabilitation									

Monitoring				
Other (specify)				
	Subtotal	$		
TOTAL EXPENDITURE		**$7515.00**		

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 thereunder.

☐ I have attached the Technical Report			
1. Name:	Zia U. Bajwah	2. Name:	
Position:	Geologist	Position:	
Signature:		Signature:	
Date:	27/12/2008	Date:	