GBS GOLD AUSTRALIA PTY LTD

ANNUAL EXPLORATION REPORT
MLN’s 809, 884-892; 993, 1000, 1027, 1053, 1062
MCN’s 1014-1015; 1231-1232; 3422; 4299; 4860-4861
FOR PERIOD ENDING 31 December 2008
HOWLEY TENEMENT GROUP
BURNSIDE PROJECT NT

Tipperary 5170 1:100,000
Batchelor 5171 1:100,000
Pine Creek SD5208 1:250,000

Distribution:
DPIFM Darwin NT
GBS Gold Australia P/L Perth
Burnside Operations P/L Brocks Creek NT
Union Reef Mine Site Pine Creek NT

GBS Report No: PC/BJV/08-40

Zia U. Bajwah
Peter Harris
February 2009
SUMMARY

The Cosmo-Big Pit area is the most significant project within GBS Gold Australia’s portfolio, which is located within the Howley group of tenements. This group of tenement is situated approximately 140km SSE of Darwin, NT. It comprises the southern section of the Howley Anticline, an economically important fold structure that hosts numerous historic gold mines and prospects. These include the important Cosmo Howley mine (Cosmo Deeps) and its satellites including the Phantom, Chinese No. 1, Chinese No. 2, Chinese South, Mottrams and Big Howley. Most have been the subject of historic underground and more recently, open pit mining. Territory Goldfields NL (a Northern Gold subsidiary) purchased the Howley group of tenements from Dominion in late 1994 and independently conducted exploration programs along the Howley Line until April 2002. On the formation of Burnside Joint Venture on 4 April 2002, all the tenements and related infrastructure in the area were merged under the management of Territory Goldfields NL and Buffalo Creek Mines, which are wholly owned subsidiaries of GBS Gold Australia.

During reporting period, an extensive drilling campaign targeting gold and uranium mineralisation was undertaken. Work also concentrated on resource definition with infill drilling, assaying and density testing. During the reporting period, significant gold mineralisation was encountered during drilling in the “Big Pit” area which led to a new resource model. In the reporting year, 211 RC holes were drilled for 15209, targeting gold mineralisation. Geological modeling of the ore bodies in the project was undertaken to better understand the mineralisation style. In addition, another drilling campaign by Thundelarra focused on delineating uranium mineralisation (7 RC drill holes for 512 meters). A radiometric survey was conducted and samples retrieved during drilling were assayed for uranium and base metals.

During 2009 further infilling drilling will be carried out to supplement resource inventory. Samples retrieved during drilling programs will be analysed for gold and uranium.
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1. INTRODUCTION
The Cosmo-Big Pit area is the most significant project within GBS Gold Australia’s port folio, which is located within the Howley group of tenements. This report covers exploration work on the Howley Group of tenements carried out during the report year ending 31 December 2008.

This work principally involved RC drilling targeting the “Big Pit area” which led to revised resource model. In addition, uranium exploration commenced with radiometric survey and a drilling campaign.

2. LOCATION AND ACCESS
The Howley Group tenements are located on the Burnside area on the Batchelor and Tipperary map sheets, between latitudes 13°29’ south and 13°33’ south and longitudes 131°20’ east and 131°23’30” east (Figure 1). The project area is situated within Pastoral Lease No. 903, Douglas, held by Tovehead Pty. Ltd. Access to the ground is via the old Stuart Highway (Dorat Road), which passes to the south of the tenements, then along existing access and hauls roads leading north from the Cosmo Howley mine area. A new access road has been constructed on the northern part of the project area which is connected to Stuart Highway, but it is restricted only GBS Gold vehicles at present.

3. TENEMENT STATUS AND OWNERSHIP
Territory Goldfields NL. which is a subsidiary of Northern Gold N.L. purchased the Howley (Burnside) tenements in late 1994 from Dominion Mining Limited. Following the finalisation of the Burnside Joint Venture, the management of the tenements passed to Burnside Operations P/L on 4 April 2002.

The tenements that comprise the Howley Group (formerly Burnside) are listed in Table 1 and comprises a total 1 507.25ha.

4
Figure 1: Tenement Location Map
Table 1: Howley Group Tenement Details

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4. GEOLOGICAL SETTING

Regional geology is outlined in many publications, notably Ahmad et al. (1993); Needham and Stuart-Smith (1984), and Needham et al. (1988). The tenements are within the Pine Creek Orogen, a folded sequence of Palaeoproterozoic pelitic and psammitic sediments, with interlayered cherty tuff units. Mafic sills of the Zamu Dolerite (~1.87Ga) intruded lower formations of the South Alligator Group. The Howley Group tenements straddle the NW striking and plunging axis of the Howley anticline that comprises members of the South Alligator Group and semi-concordant pre-orogenic sills of Zamu Dolerite (Figure 2).

The Howley Anticline is a macroscopic, west convex arcuate, asymmetric fold structure that has been mapped over a distance of 30 km from the Cosmo Howley gold mine in the south to Mount Paqualin in the north. Within the Howley area the fold has a moderate NW plunge (50 degrees, locally up to 75 degrees). This plunge reverses to southerly in the Bridge Creek area. Parallel fold axes lie east and west of the Howley structure, and there is evidence of strike-extensive SW-dipping thrust faulting affecting the tenement area. At the Cosmo mine the west limb of the fold dips moderately west while the east limb dips steep east at surface and passes through vertical to steep overturned at depth. Both limbs of the Howley Anticline, particularly the higher grade sub vertical northeast limb, and the axis of the fold have been mined by shallow underground methods and recently by open pit. Mineralised shoots plunge north-westerly within the favoured litho-structural setting, sub parallel to the local plunge of the Howley Anticline. The principal mineralisation at Cosmo Howley is hosted by the Koolpin Formation, which is divided into Lower, Middle and Upper Members. The Lower Member is up to 250 m thick and consists of carbonaceous and micaceous mudstone and siltstone. The prospective Middle Member consists mainly of interbedded, carbonaceous mudstone, mudstone and iron formation (10-15% FeO including iron sulphide), and attains a thickness of up to 100m. The Upper Member consists of carbonaceous mudstone and varies in thickness from 50m-150m. Gold is found at various horizons within the Middle Koolpin but significant economic mineralisation has so far been confined to the uppermost ironstone
Figure 2: Geological Setting of the Howley Group of Tenements
and mudstone units known locally as I5, M4 and I4. The **I5 Unit** comprises upper and lower members, separated by a pellletal mudstone. The lower member (6-12m) has at its base a siliceous unit usually recrystallised into oval shaped chert nodules, overlain by a silicate facies banded iron formation. The later is a greenschist metamorphic assemblage of chlorite-actinolite with lesser amounts of mica, quartz, garnet, graphite and fine grained pyrite. The silicate facies BIF is overlain by interbedded and intermixed mudstone and silicate BIF with actinolite content decreasing with an increase in micaceous minerals. The “pellet marker” is a one metre thick carbonaceous mudstone and is characterised by randomly oriented ellipsoidal pellets about 5mm long. The upper I5 member varies in thickness from 8-12 m and comprises a silicate facies BIF which is overlain by an intermixed iron formation-mudstone unit which in-turn is overlain by silicate facies BIF with a siliceous top.

The **M4 Unit** is 20 m thick and is predominantly a mudstone assemblage with several intercalated ‘iron formation’ beds up to 2 m thick. The mudstone varies from micaceous to chloritic to carbonaceous. The interbedded iron formations range in composition from almost pure chert to silicate facies BIF dominated by actinolite. The **I4 Unit** immediately underlies the M4 mudstone and is usually 4-6 m thick. It consists of silicate facies BIF comprising laminated chlorite-actinolite with minor chert nodules. Gold is associated with quartz-sulphide veining in bedding-parallel or cross fracture and radial sites, complex dilational stock-work style settings and as saddle reef style bodies. Pyrite and or pyrrhotite with arsenopyrite are the most common introduced sulphides and minor chalcopyrite has been reported. Fine grained pyrite is dispersed through the whole sequence and generally aligned with the cleavage. The BIFs contain about 5-15% pyrite, mudstone to 10% and carbonaceous mudstone 5-30%. Thin “beds” of fine prismatic arsenopyrite occur within the BIFs. Silicification and chlorite alteration are in close association with the gold event which is considered to be epigenetic and superimposed on pre-existing, reactivated structures. Lesser, but significant amounts of gold are associated with structures hosted by the Middle Member of the Gerowie Tuff (Chinese Howley, Big Howley). Lesser occurrences are hosted by Mt Bonnie Formation silt-greywacke settings. Structural features are considered to be the primary controls, with interactive lithology a close second.

To the south of Cosmo Howley, the fold has a core of Wildman Siltstone, the upper unit of the Mt Partridge Group that has been domed and intruded by the Fenton Granite. Biotite
alteration, andalusite spotting, tourmalinisation and garnet are associated with the thermal aureole of the local granites, a few of which are believed to be non outcropping, their presence suggested only by their thermal or geophysical signatures. The late stage granites have had the effect of warping the fold axes and refracting the later phases of faulting.

5. PREVIOUS EXPLORATION

Previous exploration carried out in the Howley Project area has been described by Shaw (2005) and following summary is based on his work. Gold was discovered at Cosmo Howley in 1873, during the construction of the Adelaide to Darwin overland telegraph. The mine was worked under tribute by Chinese from 1892 to 1903 with an approximate production of 34,000 oz from ore averaging 22.0g/t Au. In 1936-37, Anglo Queensland Mines undertook a program of underground sampling.

During the 1950’s the BMR drilled several deep core holes to evaluate the underground potential of the mine. The first major assessment of the property was undertaken by Homestake-Damco (BHP) from 1975-79. Some 38 diamond holes totaling 6,000m were completed.

In 1982, the Golden Dyke Joint Venture (GDJV) partners, Geopeko-Anaconda, optioned the property from Homestake-Damco and drilled a further 21 diamond holes totaling 6,500 m. They tested the main deposit to depths between 300 m and 600 m. The GDJV partners sold on their option on the property to Regent-Southern Goldfields joint venture in 1984. Dominion Mining Ltd acquired 50% interest in 1985 by exercising the option to purchase from Homestake-Damco. The Regent-Southern-Dominion joint venture drilled a further 60 diamond holes for 6,000m. To 1988 the open pit and underground potential of the deposit had been tested by a total of 164 diamond holes for 17,500m. In late 1987 Dominion Mining Ltd started heap leach production from oxide open pits at Cosmo Howley. CIL treatment of open pit ores from Cosmo, Phantom, Chinese South, Chinese Howley, and Big Howley commenced in November 1988. Between 1986-1990 alluvial gold mining was conducted in the Chinese Howley East area by Metana Mining under agreement with the tenement holders, Northern Gold N.L.
Territory Goldfields N.L which is managed by Northern Gold N.L acquired the operations in late 1994. Mining and milling was suspended in April 1995 after production of 6.94Mt @ 2.14g/t Au. During 1996 Northern Gold N.L re-established grids and conducted RAB drilling and RC drilling.

RAB drilling (397 holes for 2,690 m) was undertaken in order to identify areas of bedrock mineralisation away from the existing pits which showed anomalous soil results. The grid conversion for Cosmo grid was reported as follows:-

**LOCAL GRID AMG**

7289.16E 759270E 705.71N 8503040N

with a bearing of 44° 05' 34" from true north.

A total of 284 RC drill holes were completed for 22,972m. Drilling was undertaken in order to determine the extent and style of bedrock mineralisation around the existing open cuts. Bulk density determinations were completed on 146 RC samples. These samples were a representative sample of the drilling completed (Glassock, 1997a). Several resource estimates were also completed using RC and diamond core data. During 1997 Northern Gold N.L. completed an RC drilling program over MLN 884, MLN 885, MLN 993, MLN 1000 and MCN 3422. A total of 33 holes were drilled for 2,585m. A block model was constructed of the Cosmo Howley mineralised zone using a three dimensional geological solid to constrain the block modelling process. A top cut of 15 g/t Au was used.

The block model gave a resource outside the existing pit at a 2.5 g/t cut-off and to 535 RL as follows:

**Cosmo Howley Tonnes g/t Au**

**Measured** 1,515,850 @ 5.03 g/t Au

**Indicated** 656,910 @ 5.15 g/t Au

**Inferred** 449,190 @ 5.00 g/t Au

**Total** 2,621,950 @ 5.05 g/t Au

During 1998 exploration Northern Gold N.L completed infill soil sampling over Chinese Howley West, drainage channel rock chip sampling at Fleur de Lys and RC drilling programs
and rock chip sampling over Chinese Howley. 84 Soil samples were collected at 50 m intervals along eleven, 200 m spaced lines over Chinese Howley West. One additional line was completed, approximately 600 m north-west of the soil lines. Analysis was for Au, using FALL method, and Ag, As, Cu, Pb and Zn, using G400M method.[Assaycorp]

Rock chip samples (n=27) were collected from outcrop within the Chinese Howley area. Extensive channel/costean sampling was carried out along two drainage channels south of the Fleur De Lys Prospect, to follow up encouraging rock chip sampling results. A total of 123 samples were collected over a length of 327m from the two drainage trenches. Composite samples were collected over 3 metre intervals from Trench 1, and composite 3 metre samples, with additional 1 metre composite samples from 162 m to 183 m, were collected from Trench 2. Northern Gold N.L. also completed a program of RC drilling at Chinese Howley to test mineralisation in the continuing southerly extension of Chinese Howley, both in the hinge zone and in the strike extension of the No.3 pit, and to infill resource drilling at the north end of Chinese Howley. The RC drilling program consisted of 37 holes completed for a total of 2,551m.

During 2000 Northern Gold N.L. completed wire framing and resource modelling of Chinese Howley. The entire Burnside area was re-evaluated and re-interpreted, following the latter phase of RC drilling. Three dimensional models of the geology and mineralogy were wire framed using Gemcom software. This data was then passed to Scoffield and Hellman for resource block modelling, using Multiple Indicator Kriging and 0.7g/t cutoff.

**Chinese Howley Deposit Tonnes g/t Au**

**Measured** 3,200,000 @ 1.55 g/t Au  
**Indicated** 2,800,000 @ 1.42 g/t Au  
**Inferred** 3,250,000 @ 1.45 g/t Au  
**Total** 9,250,000 @ 1.48 g/t Au

During 2001 work was limited to care and maintenance, rehabilitation and reviews. During 2002 reverse circulation drilling programs were completed at Chinese South Extension and Mottrams by the Burnside Joint Venture. This work totalled 110 holes for an advance of 6,656 m. Computer wire frame modelling and resource reports were completed on both
deposits. Work commenced on the Cosmo Deeps geological and resource models. In 2003 work on the tenement group comprised three dimensional block modelling and resource reporting (Cosmo Howley, Mottrams, Chinese South Extension), reverse circulation drilling (2 pre-collars at Cosmo for 266m) and one RC hole at Fortress for 78m (FOR001).

The indicated mineral resource at Cosmo Howley was calculated at 1.02Mt @ 4.76g/tAu to 885mRL. At Chinese South Extension, the indicated and inferred mineral resource totalled 506,185t @ 2.16g/t Au. The Mottrams deposit totalled an indicated and inferred mineral resource of 824,745t @ 1.60g/t Au. Following the geologically constrained wire framing and modelling, exploratory and resource definition diamond core drilling was initiated late in the year at Cosmo Howley. A total of 2 holes for 598.3 m of coring was completed by year’s end. (CNT002, 136m-229.3m, CNT005, 130m-369m).

In 2004 the joint venture undertook pre-collared diamond core drilling plus wire frame and resource block modelling at Cosmo Howley, and resource reviews and modeling at Mottrams and Chinese South Extension. The first stage of the Cosmopolitan Howley “deep” resource definition diamond drilling program was initiated in late 2003. This was completed mid year and stage two was completed in the second half of 2004. The program had the objective of advancing the state of understanding of the distribution, grade and structure of the deposit beneath the Cosmo open pit, and particularly of the higher grade, steep to overturned, east limb of the anticlinal structure. A stratigraphically contained resource model was released in November 2004, giving a Total Resource (Indicated and Inferred) of 7,507,300t @ 4.3g/t Au for 1.0389Moz Au. A consultant geologist undertook a technical review of the Mottrams and Chinese South Extension gold deposits located to the north west of Cosmo Howley (MLN889, MCN1014, MCN1015).

During 2005, work continued to evaluate gold mineralisation in the project area. Drilling was designed to further define the resource, test geological interpretation to explore further gold mineralisation. Salient features of the exploration program were the identification of structurally controlled lode mineralisation which can be present at depth. Similar structural regime can exist on the western limb, providing additional targets for further exploration. A total of 3462 m of RC/Diamond drilling was carried out. 2370 drill hole samples were retrieved and analysed for gold, whereas specific gravity of 228 samples was reported. A new
resource model of mineralisation using the drilling was completed. In addition, data from old reports were loaded into DataShed.

During 2007 drilling campaign to better define the gold mineralisation in the project area continued. To test the gold potential of the area, a drilling campaign was carried out in 2007, involving 8 RC holes for a total of 882 metres. This campaign focused in the Big Howley and Mottrams project. It was complemented by assaying of 21375 samples retrieved during drilling program. All that information was used to generate a new resource model. Wireframes were also generated for the eastern area of Mottrams, incorporating the mineralisation that was previously interpreted as a steeper, quite bulky lode. Some exploration activity was carried out at Chinese South and Cosmo Howley area. Resource estimates for Cosmo Deeps Eastern and Western loads were also estimated which are given below.

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<th>Eastern Load</th>
<th>Western Loads</th>
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<tr>
<td>Indicated: 3.5 Mt @ 5.0g/t for 57 000 Oz Au</td>
<td>1.2 Mt @3.5g/t for 1333 000 Oz Au</td>
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<tr>
<td>Inferred: 4.4 Mt @3.6g/t for 505 000 Oz Au</td>
<td>0.8 Mt @3.3g/t for 95 000 Oz Au</td>
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**6. EXPLORATION PROGRAM FOR YEAR ENDING 31 DECEMBER 2008**

During the reporting year, another extensive drilling campaign was carried out to define gold resources in the Howley project area. Drilling campaign by GBS Gold Australia focused on the Chinese South and Chinese South Extended areas (“Big Pit”) whereas Fleur De Lys, a uranium prospect, was also subjected to drilling campaign by JV partner (Thundelarra Exploration Pty Ltd).

**6.1 Drilling – “Big Pit” Area**

Chinese South area is now part of the “Big Pit” area which will also include all the historical and recent mines such as Big Howley, Chinese Howley, Chinese Pits 1, 2, 3 and Mottram. Location of “Big Pit” with respect to Cosmo Deeps project is shown in Figure 3.
Figure 3: Location of “Big Pit” area/zone with respect to Cosmo Deeps project

Cosmo Deeps: The Next Key Project

Chinese "Big Pit" Area

Cosmo Deeps

Deposit zones

www.gbsgold.com
In the Chinese South and Chinese South Extended areas, RC campaign during 2008 led to drilling of 211 holes for 15209 metres. Amongst these 136 drill holes were for sterilisation of the area. A total of 10378 chip samples were analysed for gold and some were also assayed for base metals. All data are given in Appendix 1. Assessment of data indicate that significant areas of mineralisation have been identified during this drilling campaign. Overall gold values range from 0.06 ppm to 144 ppm with an average of 2.89 ppm. These have been complemented by As concentrations which range from 14 ppm to 1888 pp m with an average of 321 ppm.

Dominant rocks in the Chinese “Big Pit” area are the Gerowie Tuff (meta-sediment metamorphosed to greenschist facies) and Zamu Dolerite. The Gerowie Tuff has since been intruded by the Zamu Dolerite and other smaller dolerite sills, folded to form the Howley Anticline that locally plunges 10 degrees to the north and weathered down to 40 m. During the folding, the brittle Zamu Dolerite was fractured and later filled with auriferous fluids. The mineralisation within the “Big Pit” area is controlled by the Zamu Dolerite which is a significant geological feature. Most of the high grade lodes in the project area occur within the Zamu Dolerite but as this dolerite plunges, lodes are more apparent in the Gerowie Tuff and are sub-parallel to the bedding.

Gold mineralisation is developed in the hinge zone and steeply dipping flanks of a shallow north-plunging anticline structure. Mineralisation at Chinese South occurs in numerous styles, for example:

- Silica rich alteration within the host rocks and associated to finer grained arsenopyrite
- Arsenopyrite and pyrite within quartz veining
- Contact lithologies to the inner and outer Zamu dolerite

Sericite and chlorite alteration are present within host rocks such as the Zamu Dolerite and Gerowie Tuff. Drilling and geological investigations reveal that deposits in the “Big Pit” area form part of a larger continuous geological domain and mineralised system.
Resource Up-Date

The up-dated resource estimate for the Chinese “Big pit” area was carried out by GBS Gold personnel and Geostat Services Pty Ltd, based upon detailed geological and resource wireframes constraining the mineralisation. The grade determination calculated using ordinary kriging and applying top-cut grades ranging from 2-40 g/t gold depending on the characteristics of the particular domain modeled. GBS geologist prepared 3D lode wireframes interpreted from drillhole geology and assays and digital terrain models (dtm) defining the base of alluvium, base of weathering and base of oxidation. Statistical and grade continuity analyses were completed to characterise the mineralisation and subsequently used to develop grade interpolation parameters. A typical 3D wireframe from the “Big Pit” on lodes along 4100mE is shown below.

Figure 4: Section 4100mE wireframe on dolerite (green outline) with ore lodes
The resource estimate now comprises:

<table>
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<th>Category</th>
<th>Tonnes</th>
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<td>387,000</td>
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<tr>
<td>Total</td>
<td>10,061,000</td>
<td>1.65</td>
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The resource estimate for the Chinese “big pit” area now comprises global resources of 10.06 million tonnes at an average grade of 1.65 grams per tonne (“g/t”) for 538,000 ounces of contained gold.

Open pit mining activities recently commenced within the Chinese South area. The new resource model is now being optimized for mine planning purposes with GBS Gold expecting the mine designs to confirm the Chinese “Big Pit” area as a key open pit mining location for the next 1-2 years. The Chinese “Big Pit” area is located approximately 2km north of the Company’s Cosmo Deeps project (which contains indicated resources of 4.2Mt at 4.9g/t for 670,000 ounces and inferred resources of 4.5Mt at 3.9g/t for 570,000 ounces of contained gold). The Cosmo-Chinese area is planned to form a key mining centre for the future of the Company’s operations. Considerable exploration upside remains within the Chinese “Big Pit” area, near surface and at depth, and along strike to the south between the Cosmo Deeps deposit where minimal drilling has occurred.

**Implication**

GBS Gold will continue various drilling programs within the Chinese “Big Pit” area in order to further upgrade the existing resource and to test the southern and northern strike extensions. The Company’s objective is to expand the current open pit mining operations through the creation of a single or several large open pit mine(s) in the area. Given the positive results of the drilling programs and resource upgrades achieved to date, the zone is considered by GBS Gold to have good potential to host a large open pit or a number of pits which, in conjunction with the nearby Cosmo Deeps underground project, would enable the
Cosmo-Chinese area to be a long term mining centre and ore source for the Union Reefs Operations Centre. The following diagram (Figure 5) is an aerial plan view of the Chinese

Figure 5: Aerial view of the Howley Project area
“Big Pit” area depicting the modeled strike length of the mineralised structures, the two initial open pits currently being mined, and the targeted areas for future drilling. The Chinese mineralised corridor is open-ended in the direction of the large Cosmo Deeps gold deposit which is located approximately 2km to the south.

There is virtually no effective historic drilling in this gap (Figures 5 and 6). Future exploration drilling within this gap will target both near-surface and deeper mineralisation which may be associated with the northern extensions of the Cosmo Deeps gold system. Conceptual geological modeling has also highlighted the possibility of continuations of the Cosmo Deeps gold system directly beneath the Chinese “Big Pit” area. Figure 6 illustrates the integrated Cosmo-Chinese model and shows target zones that will be tested in future exploration drilling.

Figure 6: Diagrammatic representation of Cosmo-Chinese longitudinal section showing potential of Howley project area.
6.2 Cosmo Deeps

Cosmo Deeps gold deposit located on the southern edge of the Howley Group of tenements (Figures 1, 5, 6) and is the most significant ore body in the GBS Gold Australia’s portfolio, and together with Chinese “Big Pit” will form a key mining centre for the company’s future operations. Figure 7 shows geometry of Eastern and Western loads with significant intercepts of gold mineralisation. Estimated resources of each lode are also shown.

Figure 7: Eastern and Western lodes of Cosmo Deeps with significant gold intercepts
To understand Cosmo Deeps better particularly Western Lodes system, a 3D geological interpretation was undertaken. As a result six lode domains were delineated for the Cosmo Western Lodes deposit (Figure 8), which extends over a strike length of 350 m and a dip extent of 200 m along the western limb of the Howley Anticline. These planar lodes have an average thickness of 6 m and dip to the west at 50°. Several reverse faults within the west limb and hinge zone of the Howley Anticline have cut through the lodes and occasionally thickened this mineralisation, which is stratigraphically continuous with the Eastern Lodes. Mineralisation along the west limb is lower grade than that of the eastern limb.

Figure 8: 3D perspective view of lodes comprising the Cosmo Western Lodes, looking east
6.3 Uranium Exploration – Fleur de Lys

Uranium exploration on MLN 993 was conducted by JV partner Thundelarra and main area of interest has been Fleur de Lys uranium prospect (Figures, 1 and 2) which is also shown as quartz vein uranium mineralisation in Figures 5 and 6. It is located about 2 km north-west of Cosmo Deeps gold mine, and was discovered by Mr E Macdonald in 1953.

Geology in the area comprises siltstone, tuff, mudstone and phyllite of Gerowie Tuff that was intruded by sills of Zamu Dolerite, then folded and metamorphosed during the Barramundi Orogeny. Tight to isoclinal upright folds trend northwest and plunge gently southeast and northwest. Fleur de Lys lies in the hinge region of one these folds. Uranium-copper mineralisation occurred within bedding-parallel shears and joints, and secondary mineralisation at surface was noted in two lithological settings: 1) in and adjacent to a quartzitic siltstone bed and; 2) in a shale bed about 50 m to the southwest (Firman 1955).

In 2007, GBS Gold Australia and Thundelarra Exploration Pty Ltd/Element 92 Pty Ltd entered into an optional agreement, which allowed Thundelarra Exploration Pty Ltd to secure rights for uranium exploration and mining in all tenements except Toms Gully Group of tenements.

Exploration commenced in 2008 which involved ground-truthing, ground radiometric survey, rock chip sampling and assaying of sample collected during ground-truthing. This phase led to drilling of 7 RC holes for a total of 512 metres. A total of 12 soil and rock chip samples were assayed for uranium, thorium, gold, base metals and platinum group elements. In addition, 248 chip samples retrieved during drilling and were assayed for the same elements as mentioned above. All these data are given in Appendix 2.

During ground radiometric survey a total of 305 reading with Exploranium (GR110) Scintillometer were taken (Appendix 2). Data revealed that project area is characterised by elevated level of radioactivity, ranging from 126 c/s to 1400 c/s with an average of 247 c/s. Certainly, these data gives an indication of concealed uranium mineralisation which requires further testing. However, soil samples contained low levels of uranium, varying from 3.3 to 7.2 ppm. However, 3 rock chips assayed considerably high concentration of uranium, ranging
form 95 ppm to 13200 ppm with an average of 5353 ppm. This appears to be related to patchy concentration of uranium within quartz vein systems which are sporadically distributed in the host rocks.

Assayed samples from drilling program revealed considerable variation in uranium concentration. It ranges from 5 ppm to 2630 ppm with an average of 37 pp. There were some rocks which contained uranium below the detection limit.

So far, drilling results have been below expectation and data obtained during 2008 will be assessed further in 2009 to obtain some insights for future exploration program for uranium.

During the reporting period a total of $4168369 expended on the exploration program in 2008 and details are given below.

Table 2: Expenditure details for the Howley Project year ending 31 December 2008

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7.0 EXPLOSION PROGRAM FOR YEAR 2009

The Cosmo-Big Pit area is the most significant project within GBS Gold Australia’s portfolio. In 2008, company commenced production from “Big Pit” area, however, on 15 September 2008, GBS Gold Australia was declared under the voluntary receivership, bringing all operations to halt. Now all projects are under care and maintenance until such time when a new investor or financial resources are found. Meantime statutory reporting must continue and under the circumstances, it is imperative that all tenements are kept in good standing, in order to sustain the full value of the assets. These will play a critical in securing financial resources or attracting a new investor to re-commence company operations again.

In 2009, infilling drilling in the areas identified will be carried out to further supplement resource inventory. Samples retrieved will be assayed for the precious metal and uranium and new data will be used in generating new resource model. A minimum expenditure of $35000.00 for exploration activities has been assigned in 2009.

8.0 REFERENCES


Bajwah, Z.U, 2007, Annual Exploration Report Mln’s 809, 884-892; 993, 1000, 1027, 1053, 1062 Men’s 1014-1015; 1231-1232; 3422; 4299; 4860-4861 for Period Ending 31 December 2007 Howley Tenement Group Burnside Project NT. GBS Gold
Australia Pty Ltd Annual Report to Department of Primary Industry, Fisheries and Mines


Smith, BR, 2006, Annual exploration report, MLN’s 809, 884-892; 993, 1000, 1027, 1053, 1062, MCN’s 1014-1015; 1231-1232; 3422; 4299; 4860-4861 for period ending 31st December 2005, Howley tenement group, Burnside project NT. GBS Gold Australia P/L (unpubl).