



GBS GOLD AUSTRALIA PTY LTD

ANNUAL EXPLORATION REPORT

Maud Creek Project

YEAR ENDING 31 DECEMBER 2008

MCN's 4145-4146; MCN's 4149 – 4152

MCN's 4218 – 4225

MCN's 4343-4348

MLN 1978

TENEMENT HOLDER: Terra Gold Mining Pty Ltd

Katherine 1:250,000 SD5309

Katherine 1:100,000 5369

Distribution:

DPIFM Darwin NT

GBS Gold Australia P/L Perth

Burnside Operations P/L Brocks Creek NT

Union Reef Mine Site Pine Creek

Report Number: PC/MC/08-10

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January 2009

SUMMARY

The Maud Creek Project is situated 18km east of the town of Katherine NT and 275km south east of Darwin. It also includes Red Queen/Chessman group of tenements. Ownership of the tenements has changed several times, and now controlled by Terra Gold Mining Pty Ltd, which is a wholly owned subsidiary of GBS Gold Australia Pty Ltd.

The Maud Creek goldfield is confined to the iron-rich quartz reefs hosted by the Maud Dolerite and tuffs of the Tollis Formation. Gold is fine-grained and is associated with pyrite, chalcopyrite and secondary copper mineralisation. Wall rocks are often brecciated and cemented by iron oxides.

At the Red Queen/Chessmen prospect gold occurs within mafic fragmental volcanic rocks as well as black chert and arenaceous sediments characterised by pyritic mafic fragmental rocks, possibly part of the Dorothy Creek Volcanic Member.

Exploration of the projected area commenced in 1966 and since then a number of programs have been conducted to ascertain the nature of mineralisation and determine the resources. A number of resource assessments campaigns have been conducted, and the most recent by the Terra Mining Pty Ltd, which stands at measured and indicated Resource of **9.3 Mt @ 3.1g/t for 0.935 Moz** contained Au.

In 2008 company announced the development of project subject to approval by the regulatory authorities. However, GBS Gold Austral was declared under voluntarily receivership and now projects have been placed under care and maintenance. During the reporting exploration activities included reconnaissance visits, data review, tenement administration and report writing. Currently efforts are underway to restructure the company or find financial resources to re-commence the development, mining and processing operations again.

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1.0 INTRODUCTION

The Maud Creek Project is situated 18km east of the town of Katherine NT and 275 km south east of Darwin. In 2007 GBS Gold Australia announced the development of the Maud Creek Gold deposit subject to regulatory approvals. However, company was declared under voluntarily receivership on 15 September 2008, and the project will remain under care and maintenance until the resolution all relevant issues.

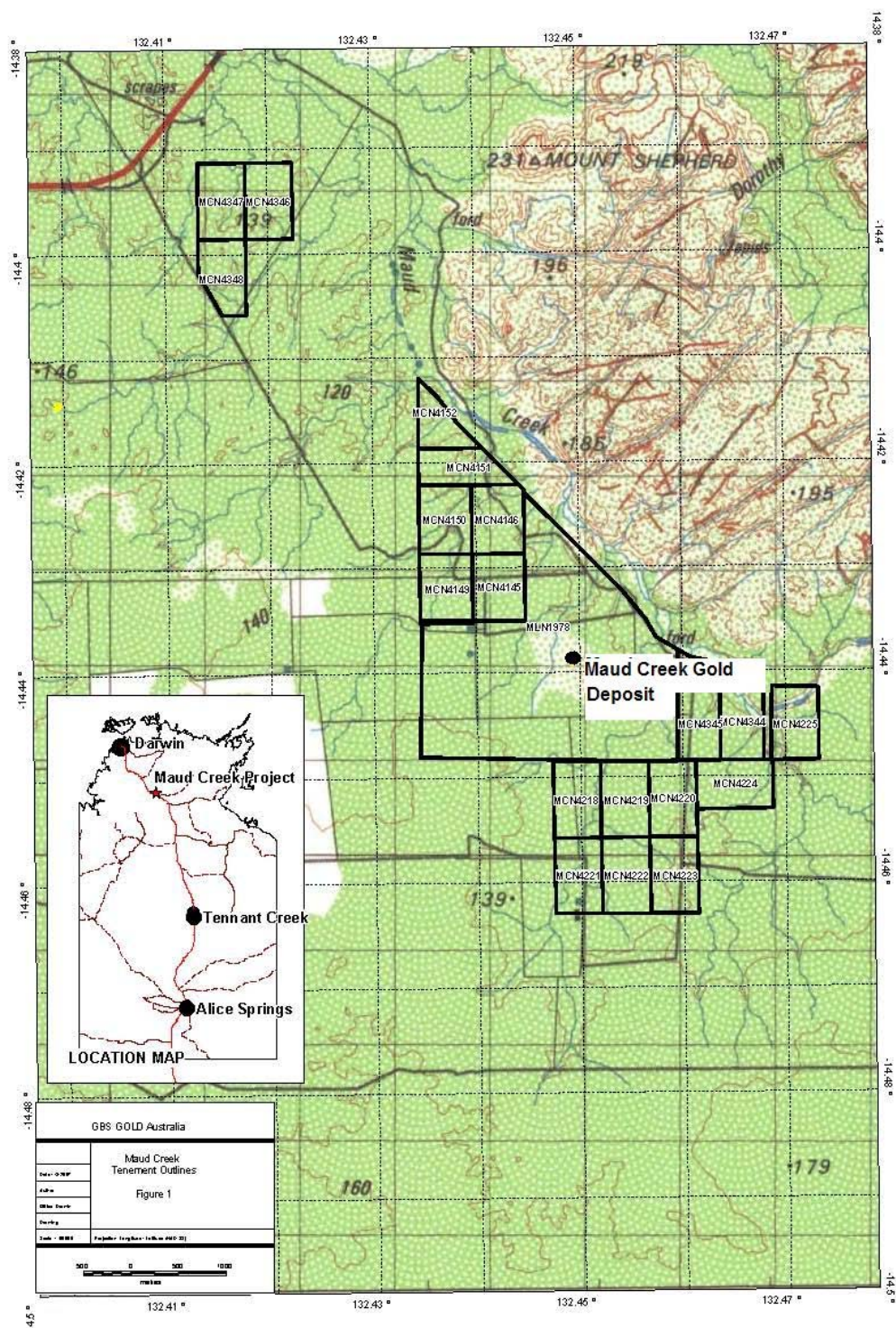
2.0 LOCATION AND ACCESS

The Maud Creek Project, including the Red Queen/Chessman tenements are situated 18 km east of the town of Katherine NT and 275 km south east of Darwin (Figure 1).

The preferred access is via the Stuart Highway, 18 km ESE of Katherine, turning left onto Ross Road. After 1km travel along Ross Road turn left (north) past the Maud Creek Station homestead, and travel north for 8km along station firebreaks and fence lines, following the route of AngloGold's haul road. Alternative access is via the all weather bitumen Katherine Gorge Road north easterly from Katherine for 20 km, turning SE onto a firebreak track for 9km that follows Maud Creek upstream to the old Maud Creek Goldfield and the Main Zone Deposit. This off-road access is usually more difficult due to creek washouts after the wet season. Off-track access is generally reasonable in the dry season except for rugged rocky areas underlain by Kombolgie Formation or limestone units of the Daly Basin sediments. Areas of black soil and several well-incised stream channels severely limit access during the wet season.

Access to the Red Queen/Chessman tenements is by travelling east along the Katherine Gorge road for 16km, then SW along the firebreak track for 1.5km. The tenements may only be accessed by 4WD and only in dry weather as incised creek crossings and black soil are present. Alternative access is possible from the Maud Creek Main Zone open pit, using tracks heading north-west towards the prospect. These tracks are only accessible in the dry season, and usually require rehabilitation after the wet season.

Figure 1: Location of the Maud Creek Project Tenements



Due to heavy monsoonal rains in the wet season, strong vegetation re-growth can make access difficult in some areas.

3.0 TENEMENT DETAILS

The Maud Creek project now cover tenements include Maud Creek, Red Queen and Chessman groups tenements located about 18 km east of Katherine. The area covered by these tenements totals 1220.9 ha. A list of tenements with details is given in Table 1 and location is shown in Figure 1.

Ownership of the tenements has changed several times, with the first change from Placer Exploration Limited, to Kalmet Resources NL. In September 1997 Kalmet Resources became a wholly owned subsidiary of Kilkenny Gold NL. In late 1999 Kilkenny Gold NL was transformed into a technology company and all of the mineral assets were subsequently vendored into a new public listed company named Phoenix Mining Ltd. During 2001, Hill 50 Gold NL purchased the Maud Creek project tenements. Ownership of Hill 50 Gold NL passed to Harmony Gold (Australia) Pty Ltd following a takeover of the company in mid 2002. Harmony developed a focus on other projects at Burnside and Papua New Guinea, and viewed the Maud Creek project as geographically isolated from its core projects and sold the tenements to Terra Gold in 2005. Transfer of the Titles to Terra Gold was completed on 17 June 2005. GBS Gold International acquired Terra Gold Mining Ltd on 7th November 2005, but the Titles remain in the name of Terra Gold Mining.

MLN 1978 amalgamates MCN 4134-MCN 4144 (inclusive) for the purposes of future mining operations. The tenements lie on Freehold title covering Maud Creek Pastoral Station that is owned by Terra Gold (now GBS Gold Australia Pty Ltd).

Table 1: Tenement Details Maud Creek Project

Ten. ID	Grant date	Date Expiry	Area (Ha)
MCN4145	6/6/1991	31/12/13	39.9
MCN4146	6/6/1991	31/12/13	39.4
MCN4149	6/6/1991	31/12/13	39.9
MCN4150	6/6/1991	31/12/13	39.9
MCN4151	6/6/1991	31/12/13	32.6
MCN4152	6/6/1991	31/12/13	23.5
MCN4218	10/6/1992	31/12/14	40
MCN4219	10/6/1992	31/12/14	40
MCN4220	10/6/1992	31/12/14	40
MCN4221	10/6/1992	31/12/14	40
MCN4222	10/6/1992	31/12/14	40
MCN4223	10/6/1992	31/12/14	40
MCN4224	10/6/1992	31/12/14	40
MCN4225	10/6/1992	31/12/14	40
MCN4343	7/1/1993	31/12/18	22.1
MCN4344	7/1/1993	31/12/18	36
MCN4345	7/1/1993	31/12/18	36
MCN4346	7/1/1993	31/12/13	40
MCN4347	7/1/1993	31/12/18	40
MCN4348	7/1/1993	31/12/18	34.32
MLN1978	29/1/2003	28/1/2028	477.3
		Total	1206.6

4.0 GEOLOGICAL SETTING

Geology of the Maud Creek Project area was outlined by Smith (2006). Regional geology is outlined in many publications, notably Kruse *et al.* (1994), and depicted in Figure 2. The Maud Creek goldfields lie within the exposed southern margin of the Pine Creek Orogen, and the geology of the Pine Creek Orogen is detailed in many publications, including Needham and Stuart-Smith (1984), and Needham *et al.* (1988).

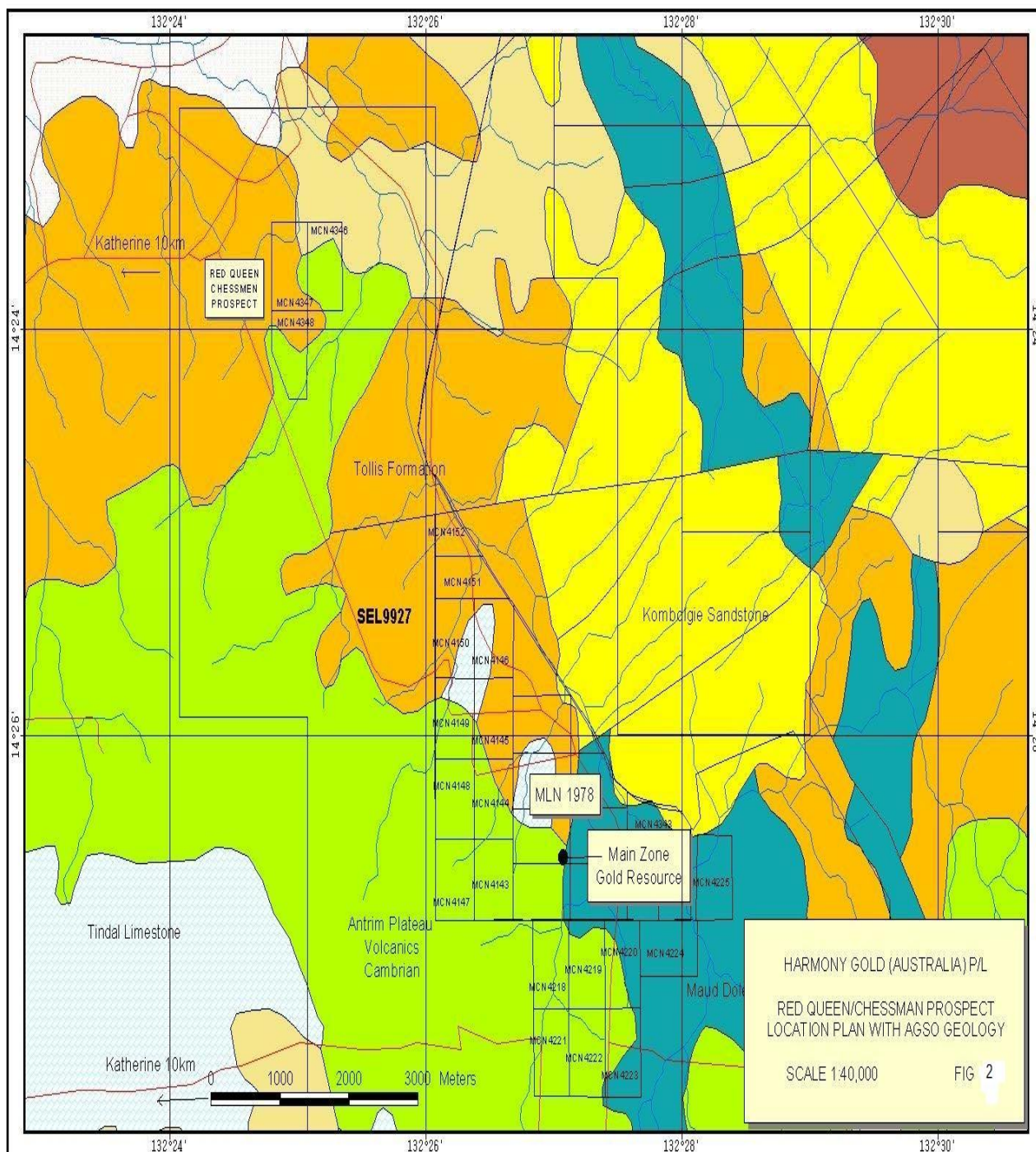
Within the Maud Creek project area, the oldest exposed rocks are the Palaeoproterozoic Tollis Formation, which comprise tuffs, greywacke, mudstone, laminated quartz arenites and thin banded ironstone. Thick sills of Maud Dolerite have intruded the Tollis Formation. The Maud Dolerite forms irregular bodies up to

200 m wide, and the western margin is strongly sheared and quartz-veined, with well-documented gold and copper mineralisation.

The Tollis Formation has been subjected to both tight and open folding and shearing. Bedding strikes 300° - 350°. Unconformably, overlying the Tollis Formation is the volcanics and sandstones of the Edith River Group. The Kombolgie Formation Unconformably overlies both of the above units, and characteristically crops out as tablelands and mesas. The Cambrian Antrim Plateau Volcanics cover much of the Proterozoic rocks to the south and west of the Maud Creek area. The tenements cover both the historic Maud Creek goldfield, and the Gold Creek/Main Zone deposit. The Maud Creek goldfield is confined to the iron-rich quartz reefs hosted by the Maud Dolerite and tuffs of the Tollis Formation. The lodes are up to 0.9 m thick and trend NNE to SE following local shears (Kruse *et al.* 1994). Gold is fine-grained, associated with pyrite, chalcopyrite and secondary copper mineralisation. Wall rocks are often brecciated and cemented by iron oxides. At Gold Creek/Main Zone, mineralisation is concentrated along the faulted contact of hanging-wall mafic tuffs (probably from the Dorothy Creek Volcanic Member of the Tollis Formation) and footwall lithic sandstone/greywacke. The Gold Creek Fault Zone is a N-S striking reverse fault that dips east (Morrison and Tracey, 1998). The contact mineralised zone is characterised by multiple phases of stock-work and massive quartz veining, silica flooding, brecciation, commonly intense graphite and/or chlorite alteration. Within the primary ore zone arsenic is highly anomalous.

Shaw (2005) notes that the deposit dimensions are 150m long by 10m-20m thick. The upper 50m appears to have been overturned to a very steep west dip. The gold arsenic mineralisation appears to have post dated the majority of deformations. Both north east and north west striking fractures and faults have offset and "shuffled" the mineralised zone, and assisted in progressive dilation of the setting. The mafic tuff sequence above Main Zone is extensively altered, veined and locally well mineralised for 100m above the deposit.

Figure 2: Geological setting of the project area



The deposit is highly oxidised to 15m-20m depth, then moderately oxidised (transition ore) to 25m-30m depth. This passes abruptly into primary mineralisation that has refractory characteristics. Maud Dolerite outcrops 250m to the east of Main Zone. Immediately to the west and south, the sequence is blanketed by up to 40 m of flow trachy-andesite of the Antrim Plateau Volcanics. This has precluded all exploration methods except drilling. The effectiveness of airborne magnetics is downgraded over this Cambrian-Ordovician cover.

At the Red Queen/Chessmen prospect mafic fragmental volcanic rocks as well as black chert and arenaceous sediments are present within what has been termed a NE striking graben-like structure. The reddish haematitic colouration of the volcanics on weathering lead to the name Red Queen. Iron stained, superficial, siliceous breccias occur within the volcanics along with quartz and chalcedony and are gold mineralised in the Red Queen area. Haematite rich floaters on the west side of the structure have been strongly enriched in gold. These have been interpreted as pyritic lenses within the mafic suite.

Gold mineralisation occurs in association with pyritic carbonaceous chert and sheared pyritic mafic fragmental rocks (possibly part of the Dorothy Creek Volcanic Member). Vein quartz and chalcedonic silica crop out as siliceous and ferruginous breccias. Arsenic and copper are both associated with gold at Red Queen.

5.0 PREVIOUS EXPLORATION ACTIVITY

Smith (2006) has reviewed the previous exploration activity in the Maud Creek project area. The summary follows: The Maud Creek Goldfield was discovered in 1887. A battery was set up and the field was worked from 1890 – 1892 and then was deserted until 1932-1940. Recorded total production from this time of 540oz Au was affected by the fine grained nature of the gold and the high sulphide content of the primary ore. Ore was produced from around 20 shallow shafts and potholes, with an average head grade of about 30-45 g/t Au. Shafts of 6 to 12 metres deep, with drives of 15 to 30 metres in length were the norm. Cottle (1937) sampled the Maud Creek goldfield, with maximum values of 26.1g/t Au and 6% Cu.

Shaw (2005) gives a comprehensive overview of previous work until last year (below):

Between 1966 and 1973 several companies including Western Nuclear Australia and Magnum Exploration explored the area for copper, gold and uranium. IP surveys and drilling of siliceous and gossanous breccias intersected low, albeit anomalous, concentrations of copper and molybdenum and numerous pyritic zones. The NT Geological Survey carried out IP surveys, soil sampling and petrographic investigations in the late 1970s as part of an assessment of an extension to Katherine Gorge National Park.

C.S.R.Limited 1985-1986. The company was granted several exploration licences covering the Maud Creek Goldfield and adjacent areas. (EL4716, Mt Gates: EL4914 Maud Creek: **EL 4669 Mt Shepherd:** EL 4874 Peckham Hill) Their exploration objective was to locate gold in Lower Proterozoic. dolerites analogous to WA's Golden Mile.

During 1985 work was carried out on Mt Shepherd EL and the Mt Gates workings near the old Homestead. **The Mt Shepherd EL 4669** covered most of the western half of the Maud Goldfield including the present Main Zone pit. In 1985, following on from an airborne, 200m spaced magnetic and radiometric survey, ground work included stream sediment BLEG sampling over Maud Dolerite. Some 26 samples were taken and analysed for Au, Ag and Cu. Soil sampling was also carried out (158 samples As, Cu, Fe) Rock chip sampling was carried out on old mining pits (6 samples) Petrographic samples were also collected.

In 1986 further soil sampling programs were completed totalling 630 samples sieved to -80 mesh, and analysed for As, Cu and Fe. The area covered included **Maud Creek EL5914**, that included the central and eastern Maud workings. Ground magnetics were conducted over the soil grid. A total of 25 trenches were dug in the vicinity of workings, and were channel sampled (Au, Ag, Cu, As, Pb, Zn and Fe) Thirteen petrographic samples were submitted from the area. Regional rock chip sampling was undertaken. CSR withdrew following disappointing results in the Maud Dolerite.

Placer Exploration Ltd 1988-1992: Placer purchased all of CSR's Australian mineral assets in August 1988. No field work was carried out at Maud Creek until 1989-1990.

Placer Exploration 1989-90: Placer conducted a program of detailed geological

mapping and rock chip sampling (274) supported by 6.6 line/km of IP. Project total drilling, 26 holes for 2,830m were completed including the Chessman-Red Queen area. Placer followed up a CSR BLEG stream anomaly (1.3ppb Au) and sampled the mineralised Main Zone breccia veins that gave strong gold values. These were drill tested (WP1-WP10, 1137m) along with the rest of the "Western Shear Zone" that hosts the Main Zone gold deposit. The program met with significant widths and grades of gold mineralisation.

Placer Exploration Ltd 1990-1991: Most of the work carried out was on the Western Shear Zone (Main Zone) prospect and comprised systematic RC drilling, 36 holes for 2746.3m (incl. WP11 to WP42) and diamond core drilling, 726.84m, in 7 holes (WD1-7). The drilling was supported by traverses of gradient array IP over the whole Western Shear Zone along with ground magnetics, detailed geological mapping at 1:500 scale and rock chip sampling.

Placer Exploration Ltd 1991-1992: Work continued on the Western Shear Zone, comprising 1,208m of pre-collar RC holes, and 12 diamond core hole tails totalling 941m, and deepening WD2. (WP43-WP53, WD8-WD20). The Main Zone deposit was estimated at 1Mt @ 4.0g Au/t when Placer optioned the project to Kalmet Resources NL in December 1992.

Kalmet Resources NL 1992-1993: Kalmet took an option from Placer (exercised on 22/8/96) and conducted colour aerial photography, and photogrammetry to produce scale base maps. In addition, Placer's drilling data was entered into a Surpac database.

At Main Zone, 15 close-spaced costeans were dug over a 550m strike to gain bedrock information. A total of 845 samples were collected.

Kalmet Resources NL 1993-1994: The upper 60m of the deposit had not been drilled and an RC program comprising 36 holes for 2211m was completed. (MRC-1 to MRC-36). Metallurgical testing of five high grade RC samples was completed and core samples were sent to AMDEL for further work. A project manager was appointed with a view to mining. An environmental impact study was commissioned.

Mt Carrington Mines Ltd 1993-1994: Mt Carrington independently carried out exploration on MCNs4218-4225 south and east of Main Zone. They undertook gridding and RAB drilling comprising 588 holes for a total of 2451m on 200m line spacing and 25m separation. (RAB1-RAB588). Follow up RC drilling comprising 25

holes for 933m (MC1-MC25). A stream sediment BLEG survey determined gold and arsenic. 45 samples. Mt Carrington Mines became Norminco and conducted reviews. A further 991m in 73 RAB holes on airmag targets, and 95 soil samples taken by Norminco.

Kalmet Resources NL 1994-1995: Sterilisation RC drilling comprised 21 holes each to 99m depth, to the west of the Main Zone deposit. (MCP1-MCP21). Exploratory RC drilling to detail the oxide zone, (MCP37-MCP50) totalled 595m. Metallurgical tests showed the primary sulphide mineralisation was refractory (arsenopyrite). Biox tests undertaken. Feasibility showed project marginal.

Kalmet Resources NL 1995-1997: Geological detailed 1:500 mapping at Western Shear.

RC drilling MCP51-MCP301, for an advance of 25,548.2m.

Diamond core drilling, 20 holes for 1,949.92m (MD14-MD33).

RAB drilling , 282 holes for 3,674m.

Work implemented comprised surveying and gridding, Aerial photography, geological mapping, Soil sampling, stream sediment sampling, RC drilling, diamond drilling, data validation, petrography, resource estimations, metallurgical testwork, pre feasibility work and EIS document preparation. The Main Zone deposit was estimated at 415,000oz as a result of this work but the bulk of the deposit was determined to be refractory. Kalmet Resources NL became a wholly owned subsidiary of Kilkenny Gold NL in

September 1997.

Kilkenny Gold NL 1997-1998

Kilkenny Resources NL reviewed the Kalmet reports using a consultant, and conducted due diligence on underground and open pit mining scenarios with a view to acquiring the prospect. Structural assessment, metallogeny, exploration review. (B.Hill)

Aerial magnetic interpretation and review

Rock chip sampling, 8 samples, gold, arsenic.

Soil sampling, 99 samples, 100/25m grid, -200 mesh, gold, arsenic.

RC drilling, 102 holes for 9,759m. Divided into Main Zone testing plus prospects O'Shea's, Maud Flats, Chlorite Hill, Surprise, Curlies and Roo Plains. (MCP, MCW, MCE, SRRC, SWM)

Diamond drilling, 8 holes for 1139.9m, MD047-MD054.

Resource estimation, measured, indicated and inferred, 9Mt @ 3.0g/t Au.

Optimised open pit, proved and probable reserve, 463,000t @ 6.79g/t Au.

Underground design study in progress.

O'Shea's, resource total, 19,000t @ 3.07g/t Au.

Biox met. Testing, Leachwell base of oxidation testing, SAG mill test work.

Kilkenny Gold NL 1998-1999

Consultant geological and magnetic interpretation around Main Zone deposit.

Geological mapping

Main Zone oxide pit design commissioned. 151,000t @ 5.02g/t Au.

Metallurgical testwork, Albion process.

The Maud Creek feasibility study and environmental sciences, heritage and aboriginal artifact field surveys related to MLN 1978 application were completed.

Phoenix Mining Ltd 1999-2000

Kilkenny Gold NL became Phoenix Mining Ltd in 1999.

AngloGold Australasia Ltd acquired rights to mine the Main Zone deposit and treated the ore at the Union Reef operation in February 2000. AngloGold conducted a thorough investigation of the resource and collected 14 rock chips for multi-element analysis plus petrographic study. Mining of oxide and transition ore from the deposit occurred during 2000. Total production comprised 173,581t @ estimated* 3.32g Au/t.

Hill 50 Gold NL 2000-2001 (Hill 50 Limited)

Hill 50 acquired the tenements in May 2001 and Drillcorp was commissioned in August 2001 to carry out pre collar and diamond core drilling positioned south of the existing pit. During that year a total of 204m of RC precollar and 2,712.1m of

diamond core drilling was completed from four surface collar positions and daughter wedges.

At 'Chlorite Hill', 1km to the NE, an RC drilling program comprising 12 holes for 691m tested the old workings. All holes were drilled in dolerite, and some met with narrow intercepts at moderate grade.

Rock chip sampling comprising 11 samples plus reconnaissance geological work was also carried out. Expenditure for the year totalled \$728,101.

Harmony Gold Operations Ltd 2001-2002

The 2002 program was an extension of the drilling initiated in 2001. The primary objective was to further evaluate the down plunge component of the Main Zone deposit and the Eastern Shear hanging wall mineralisation. Stanley Drilling was commissioned to drill 25, deep RC holes, including 5 RC pre-collars and 6 diamond core holes. The coring component totalled 1,010m while RC drilling totalled 6,233m. S.Snowdin was commissioned to conduct an air photo and geophysical interpretation of the Maud Creek project area at photo scale (1:25,000) which included the area subject to this report. Expenditure for the year was \$567,06

Harmony Gold Operations Ltd 2002-2004

During 2003 Harmony focused on reviewing the extensive drilling data from its previous two years of work, plus the drilling data that pre-dated open pit mining. A consultant was commissioned to apply geostatistical treatments to Harmony's sectional grade interpretation so as to arrive at an updated gold resource figure for the deposit. The consultant concluded that the Main Zone gold deposit contained a global indicated plus inferred resource totalling **5,686,308t averaging 4.51g Au/t with over 800,000oz gold contained**. Expenditure for the 2002-2003 year totalled \$16,571.00. Following the resource estimate, Harmony reviewed its NT gold resources and decided that Maud Creek was a 'non-core' asset. Maud Creek was offered for sale in early 2004, and Terra Gold Mining Ltd signed an option to purchase agreement in the same year. Terra started carrying out due diligence during 2004, which comprised diamond drilling of the Gold Creek deposit, and metallurgical bench testing of preexisting material. Hole TMCD-04-001 was designed to intersect the Main Zone at the 10mRL, where it has a true thickness of 33m. Due to the lack of availability of an RC rig and the approaching wet season, the hole was diamond drilled from surface. A

total of 18.3m of diamond drilling were completed. The hole was abandoned due to poor ground conditions and bogged drill rods. The fractured nature of the ground may have been caused by previous blasting activity in the pit, located ~20m to the west. Hole TMCD-04-002 (also called TCMD02) was pre-collared to a vertical depth of 132m using a local water bore drill rig, Hughes Drilling. Underdale Drillers deepened the hole with diamond drilling in January 2005. This vertical hole is located at the southern extremity of the pit and is designed to intersect 50m of mineralization, which has a true width of 12m and is dipping at 70 degrees to the east. The estimated grade for this intersection is 5.85g/t, based on the average grades for the adjoining drill holes, MCP133 and MCP085. TCMD04-002 was designed to be a metallurgical testwork hole. Results from metallurgical test-work, and drilling of TCMD04-002 are reported in this year's exploration.

Terra Gold Operations for Year Ending 31st December 2005

Results from the due diligence and feasibility were incorporated into a technical report written by Independent Engineers (Australia) Pty Ltd which was provided last year. This report covers the whole of the Maud Creek project area, so it also includes references to Red Queen/Chessman (MCN's 4346, 4347, 4348), SEL9927, EL(A) 9541, EL(A) 10151, EL 10213.

Work done by Terra Gold included:

- Diamond drilling MD063 – MD065 in July-August 2005 (infill drilling for resource estimates – logs and assays)
- Verification of rock density measurements on 60 samples of drill core taken from the Main Zone mineralisation
- Commissioning 'The Mining Centre' to provide a mineral resource estimate for the high-grade portion of the Main Zone deposit
- Commissioning Snowden Mining Industry Consultants to audit the resource estimates to NI43-101 status
- Completed diamond drilling TCMD04-002 in January 2005 for metallurgical test work
- Database construction and validation by GEOCRAFT Pty Ltd

Rock chip samples were collected from MCN's 4343-4345 as part of a regional

sampling programme. Assay results are available for re-sampling of historic Maud Creek core, and from the diamond holes drilled during July-August. It appears that these results have not been fully uploaded into the Maud Creek database.

The Snowden audit of the TMC estimate of the high-grade only portion of the resource gave an Inferred Estimate of **2,754,000t at 7.42g/t Au (cut) for 656,000oz** contained Au. The most recent Resource estimate gave measured and indicated Resource of **9.3 Mt @ 3.1g/t for 0.935 Moz** contained Au. Ammtec Ltd carried out a flotation test-work programme on 3 composite samples from drillhole TMCD04002, from 192-208m depth. Gold recovery averaged 95.3% from flotation into a sulphide plus gravity concentrate. Terra Mining commissioned GEOCRAFT to validate the Maud Creek database so that the analytical results could be confidently used in resource assessments. During the course of this work, additional data was added to the database, including 57 rock chip samples previously reported in an annual report by Kalmet; 576 rock chip samples from a printed listing by Geologists Australia for Kilkenny Gold (in 1998). GEOCRAFT concluded that the database 'has fundamental, logical internal consistency and structural integrity.'

Shaw (2004) has outlined previous exploration at the Red Queen / Chessman tenements, and this is reported here. The BMR originally mapped the Chessmen-Red Queen prospect area as Cambrian basalt occupying a depression. Breccias in the area were interpreted as basal Cambrian regolith. Later regional mapping showed that the area comprised Tollis Formation mafic fragmentals and arenaceous sediments in what was interpreted as a graben setting.

In 2007, GBS Gold Australia announced plans to develop and mine the Maud Creek Deposit. Processing of ore was planned at Union Reefs where preparations were made to construct additional processing circuit based on GEOCOAT[®] technology. However, company was declared under voluntarily receivership in 2008, and Maud Creek project was placed under care and maintenance.

6.0 EXPLORATION for year ending 31 December 2008

In 2007 GBS Gold Australia announced the intention to develop the Maud Creek Gold deposit in 2008-09, where ore mined from underground mine will

be processed at the Union Reefs CIL gold. Gold production at the Union Reef plant was to increase steadily over the next years to an annual rate of approximately 150 000 ounces in mid 2008 and to further increase with the mining and treatment of refractory gold ores from Maud Creek to an annual rate of approximately 300 000 ounces in 2010-11.

However, GBS Gold Australia was declared under voluntarily administration on 15 September 2008, and circumstances leading to voluntarily administration did not favor development of the project in accordance with the schedule announced in 2007. Since then the project has been placed under care and maintenance, and efforts are underway to find a new investor or restructure the company to recommence the operations again.

During the reporting exploration activities included reconnaissance visits, data review, tenement administration and report writing. Table 2 provides expenditure details during the course of investigation in 2007.

Table 2: Exploration Expenditure year ending 31 December 2008

TENEMENT NOS.	EXPENDITURE (\$)
MCN4145	3360.00
MCN4146	253. 00
MCN4149	253. 00
MCN4150	553. 00
MCN4151	253. 00
MCN4152	253. 00
MCN4218	1347. 00
MCN4219	653. 00
MCN4220	650. 00
MCN4221	1325. 00
MCN4222	653. 00
MCN4223	653. 00
MCN4224	653. 00
MCN4225	653. 00
MCN4343	1710. 00
MCN4344	653. 00
MCN4345	636. 00
MCN4346	653.00
MCN4347	675. 00
MCN4348	625. 00

MLN1978	252. 00
TOTAL	16416.00

7.0 PROPOSED PROGRAMME year ending 31 December 2009

As mentioned previously, GBS Gold Australia was declared under voluntary receivership on 15 September 2008, and all mining and processing operations ceased. Now, all projects including Maud Creek is under care and maintenance.

To maintain the tenements in good standing, statutory reporting will continue and other requirements have to be met. There is strong possibility that under the present circumstance where gold is holding well as compared to other commodities, an investor will come on board and operations of the company will re-commence again. An exploration program for year 2009 will include detail project review and keep it in readiness state for mining and processing. For this program, a budget of \$8500.00 has been set-a-side

9.0 REFERENCES

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