Dear Sir

Annual Exploration Report on AN 416 (Pine Creek 1:100 000)

AN 416 is located about 220 km south of Darwin and 1.3 km NW of Pine Creek Township. It covers 2.59 Hectares and was granted to Shell Company of Australia on 21 March 1994. GBS Gold Australia acquired this tenement along with other mining assets/tenements in the region and commenced mining (Brocks Creek, Rising Tide and Fountain Head) and gold ore processing at Union Reefs. So far, the company has spent over $40 million on mining and development programs, and has strong resource definition and exploration programs with a budget of several million dollars. During 2008-09, the main emphasis has been in developing Toms Gully, Chinese South Extended (Big Pit) Cosmo Howley and Maud Creek deposits with a budget of tens of million dollars. Chinese South Extended (Big Pit) came on-line in April 2008 and Toms Gully commenced production in July 2008.

AN 416 is an auxiliary tenement and is being used as mining camp facility. During the reporting year administration and reporting costed $720.00. For the next reporting period, a sum of $ 800.00 is proposed. If you require any further information, please do not hesitate to contact me on (08) 89436403 or by email (zbajwah@gbsgold.com).

I request that this letter may be accepted in lieu of annual report for AN 416.

Yours sincerely

Zia U. Bajwah
GBS Gold Australia Pty Ltd