GBS GOLD AUSTRALIA PTY LTD

ANNUAL EXPLORATION REPORT
EL.24288
FOR PERIOD ENDING 3 APRIL 2009
‘AuQuest Project Area’
Toms Gully NT

Distribution:
• DRDPIFR Darwin, NT
• GBS Gold Australia P/L, Darwin
• GBS Gold Australia P/L, Perth
• Union Reef Mine Site Pine Creek, NT

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SUMMARY

Exploration Licence (EL) 24288 is one of the significant tenements amongst GBS Gold Australia’s portfolio. It is located approximately 100 kilometres south east of Darwin and 15 kilometres south east of the Toms Gully Mine Site, and surrounds the Quest 29 and Quest 30 mining leases.

In April 2004, the tenement was granted originally to Renison Consolidated Mines Ltd. On 25 July 2007, by virtue of an agreement, GBS Gold Australia Pty Ltd acquired all mining and exploration assets, including EL 24288, located in the Toms Gully Region.

The Project area is located within the central northern portion of the Palaeoproterozoic Pine Creek Orogen. Rocks of the Koolpin Formation, Mount Bonnie Formation, Gerowie Tuff and Burrell Creek Formation are exposed in the project area, which have been intruded by Mount Bundy/Mount Goyder Syenite towards north. In the last thirty years, there has been significant exploration activity in the project area, which led to the discovery of gold mineralisation in a number of localities. The area is considered to be prospective for gold, base metal, uranium and iron mineralisation.

In 2008-09 reporting period, the project area was flown by high-resolution geophysical survey (magnetic, radiometric and EM). Processing and interpretation of these data have identified gold and uranium potential of the project area, leading to the identification of several magnetic and radiometric anomalies. In the next reporting period, targets identified so far will be checked in ground-truthing exercise, and samples will be taken for assay. In addition, if any drill rig became available, it will lead to a campaign of RC/RAB drilling to test the magnetic and radiometric anomalies. Samples retrieved during drilling will be assayed for gold, uranium, base metals and iron.
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1.0 INTRODUCTION

EL 24288 is located some 100 kilometres south east of Darwin and 15 kilometres south east of the Toms Gully Mine Site. This Report covers the status of the tenement during the year ending 3 April 2008.

2.0 LOCATION AND ACCESS

EL 24288 is situated 100 km SE of Darwin NT and 15 km south east of the Toms Gully Mine Site and to the south of the Arnhem Highway (Figure 1). Access to tenement is available from the all weather haul road from Quest 29 to Tom’s Gully, which passes through tenement. This road then links to station tracks and fence lines that provide good access for 4WD vehicles during the dry season. However these tracks become impassable after heavy rain, and therefore no access is possible throughout the wet season.

Most of the licence is dominated by three anticlinal ridge systems following the regional folding to the south. Extensive black soil planes both run parallel and cross cut these ridges. Low scrubby flora dominates the countryside, including spear grass following the wet season.

3.0 TENEMENT STATUS AND OWNERSHIP

EL 24288 was granted on 4 April 2005 to Renison Consolidated Mines NL and expires on 3 April 2011. It comprises of 14 blocks that cover approximately 46.68 km². Underlying cadastre is held under PPL 1184.

On 25 July 2007, by virtue of an agreement, GBS Gold Australia Pty Ltd acquired all mining and exploration assets, located in the Toms Gully Region. Currently, arrangements are underway to register this tenement package in the name of GBS Gold
Figure 1: Location of EL 24288
Australia. During the transferring period, GBS Gold Australia has the responsibility of care and maintenance and statutory reporting.

4.0 GEOLOGICAL SETTING

The Project area is located within the central northern portion of the Palaeoproterozoic Pine Creek Orogen. EL24288 outlines a southerly plunging anticlinal structure located on the southern side of the Palaeoproterozoic Mount Bundey Granite (Venables 1998). The Palaeoproterozoic rocks of the region include Mount Partridge Group – the Wildman Siltstone which is unconformably overlain by South Alligator Group – Koolpin Formation, Gerowie Tuff and Mount Bonnie Formation. The Finniss River Group – Burrell Creek Formation, lies conformably over the South Alligator Group (Pietsch & Smith 1988). Basements Rocks in the region consist of shale, carbonaceous shale, siltstone and minor greywacke of the Koolpin Formation, siliceous tuff of the overlying Gerowie Tuff and the Mount Bonnie Formation which is inclusive of shales, siltstone, greywacke, tuff and chert rich sediments. All the Palaeoproterozoic stratigraphic units host significant gold and/or base metal mineralisation eg Rustler’s Roost within the Mount Bonnie Formation, Woodcutters Base Metal Mine and Toms Gully Gold Mine are located with the Mount Partridge Group. Geology of the project area is shown in Figure 2.

The mafic sills of the Zamu Dolerite – a Palaeoproterozoic altered quartz dolerite; gabbro and amphibolite - has intruded lower formations of the South Alligator Group.

Figure 2: Regional Geology EL24288
4.1 Deformation & Metamorphism

Regional deformation with north-northeast folding plunging gently south occurred around 1800 My, based on a rubidium-strontium analysis, causing metamorphism to greenschist, and sometimes higher to amphibolite facies. This event also resulted in the intrusion of thin sills of Zamu Dolerite, and the post – tectonic emplacement of the Mount Bundey Granite and Mount Goyder Syenite is a comparable cogenetic pluton dated at 1790 + 110 My in the region. Structural deformation of the meta-sediments is complex.

The major folding episode resulted in tight folds whose axes plunge southwest. However within these major folds the more incompetent beds, i.e. carbonaceous shales, have been deformed into localised complex structures. The granitic emplacement has also influenced the fold structures as can be seen on the regional geological map. Metamorphism to greenschist facies through dynamic compression associated with intense folding is common. The granitic emplacement and the associated structural deformation and generation of hydrothermal fluids are thought to have been responsible for most of the gold enrichment throughout the Pine Creek Geosyncline. e.g. Cosmo Howley, Rustlers Roost, Toms Gully, Moline, Mt Todd and Quest.

5.0 PREVIOUS EXPLORATION

The previous exploration summary is taken from Hall and Kobiolke (2006).

The earliest record of exploration in the Mount Bundey region was Australian Geophysical Pty. Ltd. (AP 1727-1730, AP 1751 & AP 2226-2228) from 1967 – 1971 utilising geochemical and geophysical surveys and some limited follow up RAB drilling, primarily looking for Uranium and Base Metals with no recorded success.

The next significant exploration within the region was undertaken by Geopeko (EL 142) during the early 1970's following their acquisition of the then relatively new BMR aeromagnetic and radiometric survey data, which was flown during 1970. Interpretation of this geophysical data outlined a large number of potential target areas throughout the
region, which were subsequently investigated by ground based geophysics, geochemical sampling, stream sediment sampling; soil geochemistry; rock chipping, geological mapping, costeaneing, and limited drilling. These sampling programmes defined anomalies, which were thence-designated "Quest" numbers for identification. These anomalies became the focus of Geopeko's exploration activities for some six years. The majority of the Quest prospects were covered by Mining Claims during this exploration programme. Which now make up Quest 29 Mining area and the Quest 30 area within EL 24288, Quest 36 & 42 also occur within EL 9161 but are not covered by MCN’s.

After the mineral claims were pegged by Geopeko the AJP Joint Venture 1978-1983 (EL 1653) Aquitaine, Jimberlana Minerals & Pan d’Or Mining came to the region also looking for uranium and base metals with a minor focus on gold. The AJP JV also utilised geophysical and geochemical surveys, which included rock chipping, and stream sediments with follow up trenching and drilling. Their targets were given names of “Anomaly 1-15” which were pegged with Mineral Claims N68-N91 many of which abutted the original GeoPeko claims and also some of the Quest Targets. Renison currently holds these claims.

All of this early exploration was focused on uranium and base metals with gold being of minor consideration. Geopeko having located some base metal and gold mineralisation at Quest 29 then brought in Carpentaria Exploration.

In 1986 EL 4927 was granted to Carpentaria Exploration who from a stream sediment survey discovered a new gold deposit at Tom's Gully in the Wildman Siltstone.

Following the successful discovery of the Tom's Gully gold deposit during 1986 - 1993, Carpentaria launched a regional gold exploration programme, largely completed under Joint Venture agreements with smaller companies or syndicates, which held exploration tenure within the area. (EL 4165, EL 5345, EL5346, EL 5923 EL 5924, EL 5942, EL 6214, EL 7083, EL7166, EL 7322, SEL 7389). Comprising mainly of stream sediment sampling, which had successfully discovered Tom’s Gully. The work on the rest of the Mount Bundey Region however produced limited success with follow up rock chipping and drilling only finding very small scale prospects, such as Bandicoot, Henry’s Prospect, Fenceline, Block X and further delineated Quest 29 Dolerite deposit.
With the discovery of gold at nearby Tom’s Gully by Carpentaria Gold, the exploration focussed more on gold, with work completed by Newmont 1987 – 1988 (EL 5008), Pinnacle Mining Gold and Base Metals 1993 – 1995 (EL 8505).

Normandy Poseidon 1993 – 1995 (SEL8019, EL7352, EL7473, EL7566, EL7567, EL7568, EL7569, EL7582, EL7583, EL7624, EL7625, EL7643, EL7644, EL7750, EL7751, EL7568) searching for Diamonds, Base Metals and Gold. The most recent exploration completed by Poseidon Exploration under a regional exploration programme aimed primarily at the discovery and evaluation of lamprophyre dykes, which were found to be shedding kimberlitic indicator minerals. Exploration was based upon interpretation of kimberlitic target signatures from aeromagnetic imaging. The project area consisted of 15 separate Exploration Licences that were subsequently amalgamated under Substitute Exploration Licence 8019. Of the original tenements, EL's 7569 and 7643 collectively covered the entire area of the current EL 9196. Logs of heavy mineral concentrates show one sample to have contained a trace of visible gold, but no follow-up was undertaken within EL9196. The tenement was subsequently relinquished.

Dominion 1995 – 1996 (EL 8045, EL 8160 & EL 8243) completed LAG sampling on western portions of the area.

Field work completed by Renison during the period of 1994-2000 while holding EL8508, of which a portion of EL24288 covers, included power auger soil sampling, rock chipping, soil sampling, remote imagery interpretations, RAB drilling, field mapping & costeanning.

6.0 EXPLORATION DURING THE REPORTING YEAR 2008-9

After Securing the Toms Gully assets including exploration and mining tenements, GBS Gold Australia embarked on the appraisal of previous geoscientific and exploration data. In 2008, GBS Gold Australia also entered into an optional agreement with Rum Jungle Uranium Pty Ltd to explore uranium in the Toms Gully area. During the reporting period ending on 3 April 2009, the project area was flown by high resolution geophysical
survey (magnetic, radiometric and EM) which has provided significant assistant in selecting targets for gold and uranium mineralisation for further exploration. Magnetic and radiometric data in appropriate format of all tenements in the Toms Gully area have already been provided to the Department of Regional Development, Primary Industry, Fisheries and Resources. EM survey has been recently flown and will be provided after processing and interpretation.

Geological setting of the area is ideal for medium size gold deposit, where prospective lithologies of the Koolpin Formation, Mt Bonnie Formation Gerowie Tuff and Burrell Creek Formation, have been intruded by the Mount Bundy Granite (Figure 2). These formations have been folded in north-easterly trending folds and together with the presence of contact aureoles point towards characteristic features of gold mineralised settings in the Pine Creek Orogen. Previous exploration programs have delineated a number of gold deposits/prospects within EL 24288 (Figures 2, 3).

TMI image of the project area (Figure 3) shows that these gold deposits/prospects (e.g., Quest 29, Quest 30) are confined to pronounced magnetic ridges which were the result of the intrusion of Mt Bundy Granite into the surrounding Palaeoproterozoic strata represented by the Koolpin Formation, Mt Bonnie Formation, Gerowie Tuff and Burrell Creek Formation. These formations were deformed into NE-trending folds earlier which generated porosity and permeability in the project area, facilitating flow of metal-rich flows responsible for mineralisation (gold and uranium). Drilling and geochemical sampling campaigns undertaken, so far, have not explored the whole area properly. There is need to target these strong magnetic anomalies located in the northern part of the area properly with dedicated geochemical and drilling programs. It may be noted that project area is also characterised by the presence of subtle magnetic anomalies which are in many cases also host several gold deposits in the Pine Creek Orogen such as Goodall gold deposit. The whole project area represent good target for gold mineralisation and should be explored extensively.
Figure 3: TMI Image of the Project area
Geological setting is also fertile for the localisation of small to medium size uranium deposit. EL 24288 is located in the vicinity of world-class Alligator River Uranium Field which contains deposits such as Ranger, Jabiluka and Koongarra. Further north, Archaean Woolner Granite is overlain by Palaeoproterozoic strata with possible unconformity, which is a typical feature of unconformity-related uranium deposits in the Orogen. The Koolpin and Burrell Creek Formations also contain sizeable vein-type uranium mineralisation in the Orogen. This observation points towards the uranium prospectivity of the project area.

Figure 4 shows radiometric (U-counts) image of the project area which shows significant anomalies. Northern part of EL 24288 is characterised by a large radiometrically enhanced area which joins with the Mt Bundy Granite. The Granite body is high in U concentrations (Bajwah, 1994), however, isolated NS linear radiometric anomaly belongs to the Palaeoproterozoic meta-sediments probably of the Koolpin Formation. This linear anomaly probably follows the NE-trending fold hinge. It is not clear whether it is due to surficial accumulation of uranium in the recent sediments, or it present bed rock geochemistry. Figure 4 also shows a number of isolated individual anomalies which could be of significant interest. It is recommended that linear and individual isolated radiometric anomalies should be thoroughly tested with ground radiometric survey and followed up with geochemical survey to ascertain their significance properly.

During the reporting year exploration activities included:

- A review of the project area
- Reconnaissance visit
- Tenement administration
- Report writing

This activity costed a sum of $22510.00 and details are given in the Appendix 1.
Figure 4: Radiometric Image of the Project Area
7.0 PROPOSED EXPLORATION PROGRAM YEAR ENDING 3 April 2010

In-depth technical review of the project area has identified gold and uranium potential. To follow up this mineral potential a dedicated exploration program has been designed for the project area. It includes further target refinement with the help of newly flown EM survey. In the next reporting period, targets identified so far will be checked in ground-truthing exercise and samples will be taken for assay. In addition, if any drill rig became available, it will lead to a campaign of RC/RAB drilling to test the magnetic and radiometric anomalies. Samples retrieved during drilling will be assayed for gold, uranium, base metals and iron. For this program a minimum budget of $18000.00 is proposed.

8. REFERENCES


