GBS GOLD AUSTRALIA PTY LTD

ANNUAL EXPLORATION REPORT
EL10347
FOR PERIOD ENDING 14th APRIL 2009
‘GOLDEN DYKE DOME’
BURNSIDE PROJECT NT

Pine Creek SD5208 1:250,000
Pine Creek 5270 1:100,000

Titleholder: Northern Gold NL

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

GBS Report No: PC/BJV/09-18

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May 2009
SUMMARY

Exploration Licence (EL) 10347 is located 145km SE of Darwin, and is centered on the Golden Dyke Dome, a faulted anticlinal feature at the southern end of the historic Yam Creek-Golden Dyke gold-mineralised belt. Several historic gold mines occur within the tenement including Golden Dyke, Davies No 2, Fishers Adit, Afghans Gully and Langley’s.

Gold mineralisation in the tenement is associated with the Middle Koolpin Formation of the South Alligator Group. Prospects lie along an arcuate fold axis trend, (Good Shepherd Anticline) which is parasitic to the west limb of the Dome. The gold closely follows stratigraphy and the bulk of mineralisation is confined to the contact zone between the Koolpin Formation and the Zamu Dolerite. It is hosted mainly by dark, nodular, cherty, chloritic and magnetic iron formation horizons thought to correlate with the same strata at the Cosmopolitan Howley Mine 16km to the west.

During the reporting period a peripheral review of the tenement was undertaken which re-affirmed significant mineral potential of the project area. EL 10347 contains a number of deposits/prospect which has produced gold in the past and the area still has considerable exploration potential. TMI image of the tenement area shows that apart form Golden Dyke, Afghan’s Gully, Langley’s, there is significant area, situated toward north and south of the tenement, which is characterised by the contrasting lithologies. It could have significant potential for additional resources.

In 2009-10 reporting year, project area will be explored for gold and base metal mineralisation. For this purpose, area identified during this review will undergo soil/rock chip sampling along with geological mapping. If encouraging results received, some RAB/RC drilling may also take place. A minimum budget of $8500.00 is proposed.
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1.0 INTRODUCTION

EL 10347 is located 145 km SE of Darwin, and is centred on the Golden Dyke Dome, a faulted anticlinal feature at the southern end of the historic Yam Creek-Golden Dyke gold-mineralised belt. Several historic gold mines occur within the tenement including Golden Dyke, Davies No 2, Fishers Lode, Afghans Gully and Langley’s. Northern Gold NL acquired the area from Dominion Mining in the mid 1990s. In April 2002 Territory Goldfields NL (Northern Gold NL) entered into a joint venture agreement with Buffalo Creek Mines NL (‘Burnside JV’) that included a schedule of tenements and mining assets within a 30km radius of the Brocks Creek treatment plant.

2.0 LOCATION AND ACCESS

The tenement is centered about 145 km SE of Darwin, NT and 14 km SE of the Brocks Creek exploration and mining office (Figure 1). It is accessed via the Stuart Highway a few km south of Hayes Creek roadhouse, taking a turnoff north towards the Grove Hill Siding and Mt Bonnie access road. The unsealed road crosses the EL just north of the Stuart Highway. The topography of the area comprises a series of low hills and ridges with sub-crop present on the crests and flanks. Seasonal creeks forming the headwaters of the Margaret River have incised the area. In the north-west Sandy Creek has been extensively dammed for process water as part of extensive historic and recent alluvial gold mining.

3.0 TENEMENT STATUS AND OWNERSHIP

EL 10347 comprises three contiguous blocks, enclosing three pre existing mining leases and one MCN (Figure 1). A small excision is generated by an overlap by EMPN 1323 on the southern boundary. Another tenement excision occurs in the NE quadrant. Underlying cadastre is NT Portion 2683, held by Branir Pty Ltd. The EL was granted on 15th April 2002 for a period of 6 years, expiring on 14th April, 2008. It is held 50% by Buffalo Creek Mines Pty Ltd and 50% Territory Goldfields NL, previously called the Burnside JV. GBS Gold made a successful takeover of Northern Gold.
Figure 1: Tenement Location Map
NL during 2005, and entered into an agreement to purchase Harmony Gold’s 50% share of the JV. Since April 2006, GBS now have 100% ownership of the Burnside Project. A deferral from reduction was granted for the past 2 years.

### 4.0 GEOLOGICAL SETTING

Regional geology is outlined in many publications, notably Ahmad *et al.* (1994) and Needham and Needham and Stuart-Smith (1984), and Needham *et al.* (1988). The tenement is 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 Golden Dyke Dome area contains a sequence of South Alligator Group rocks ranging from the Koolpin Formation in the centre of the dome to the base and the Burrell Creek Formation on the flanks (Figure 2). The Koolpin Formation comprises mudstone, carbonaceous mudstone, and iron formation facies rocks. The overlying Gerowie Tuff comprises felsic cherty tuff and siltstone, and this is overlain by siltstone-greywacke-mudstone lithologies of the Mt Bonnie Formation. Several concordant sills of the Zamu Dolerite are interleaved with these sediments. Towards south, McMinns Bluff Granite intrudes the sequence (Figure 2).

These rocks have been tightly compressed into a series of north-south trending folds with west limbs generally shallower dipping than the east. North east striking faults have truncated parts of the Golden Dyke Dome and may have played a part in localising gold mineralisation. North-west trending cross fractures may also play a part in localising gold mineralisation. Shaw’s (2005) interpretation of the SPOT image indicates that the most important gold mineralisation in the Golden Dyke Dome is focused on an arcuate parasitic anticline (“Good Shepherd Anticline”) on the western limb of the Dome. This extends from Langley’s in the south to Afghans Gully-Black Rock in the north, a distance of 3km. Gold mineralisation in the tenement is associated with the Middle Koolpin Formation of the South Alligator Group. Prospects lie along an arcuate fold axis trend, (Good Shepherd Anticline) which is parasitic to the west limb of the Dome. The gold closely follows stratigraphy and the bulk of mineralisation is confined to the contact zone between the Koolpin Formation and the Zamu Dolerite. Some may also be present.
Figure 2: Geology of the Project Area
between the Koolpin Formation and the Gerowie Tuff (Langley’s). It is hosted mainly by dark, nodular, cherty, chloritic and magnetic iron formation horizons thought to correlate with the same strata at the Cosmopolitan Howley Mine 16km to the west. Gold appears to be preferentially emplaced in the same carbonate-silicate facies iron formation and mudstone packages. Several gold bearing localities, within or close to the tenement, have been worked intermittently since 1872. These are listed as the Golden Dyke Mine, Davies No.1, Fishers Lode, Corbetts, Langleys, Black Rock Shaft and Afghans Lode. Base metal occurrences have been recorded near the eastern boundary of the EL and along the Golden Dyke trend. Heatley’s Prospect includes lead-zinc and copper occurrences. The Davies Creek Prospect is a reported lead-zinc occurrence. Gold is associated with disseminated pyrite, arsenopyrite, chalcopyrite, chloritisation and quartz-sulphide veins. Some workers have advanced a syngenetic or syn-sedimentary origin for the gold. Vein quartz is not as prominent as in gold deposits in Gerowie Tuff, Mt Bonnie Formation or Burrell Creek Formation. The strata-bound aspect is most likely reflecting a compositional and chemical contrast that favours the epigenetic deposition of gold.

5.0 PREVIOUS EXPLORATION

Much of the notes on previous exploration come from Shaw (2005). The Golden Dyke area, containing some of the earliest worked gold deposits in the Northern Territory, was first prospected in 1872, after the initial discovery of alluvial gold. Early production, estimated at approximately 1,000t for 300oz was largely derived from auriferous reefs and alluvial deposits. In 1915, using costean excavation, Jack Davis reported an auriferous lode, with an average of 0.5 ounce per ton for a length of 275m and a width of 4.5 to 7.6m. The peak costean results obtained were 102.6 g/t Au and 13.5 g/t Au (Hossfeld, 1936). Following the favourable results, a shaft was sunk at the Shackle, the former name for the Golden Dyke Mine. From 1924 to 1925 additional shafts were sunk to test for mineralisation at depth. Battery treatment of open cut ore also commenced, yielding 80.0oz of gold from 275t of ore (9.0g Au/t) (Hossfeld, 1936). In 1934, the Golden Dyke Mine (NL) took over the mine from Davis, deepening the main shaft to
33m. Only one payable ore-shoot was tested, identified as dipping 68 degrees south-west. The Golden Dyke Mine Company developed and worked the ore-shoot, averaging 10.8 to 12.4gAu/t gold in the Main Reef. The Main Reef was found to be 762m in length and was cut only by 3 costeans outside the actual mine developments. A large number of parallel to sub-parallel reefs, continuing in a zone between two hornblendite horizons, for a distance over 6.4km were identified, however, due to the limited exploration at the time, consisting of only a few costeans, very little was known about them.

Based on the lack of thorough and systematic testing of the mineralised zone, and the primary focus on only the main ore-shoot, the 1936 AGGSNA report concluded that the mine would never become a large scale producer (Hossfeld, 1936). Between 1934 and 1937, it is estimated that the Golden Dyke Mine (NL) treated 6,100t for 1600 ozs (Nicholson, 1985a). The mine closed in the late 1930’s amid allegations of mismanagement and government interference (Eupene in Nicholson, 1980). Anglo-Queensland Mining Pty. Ltd. investigated the previous sampling of the Golden Dyke ore-shoot and surrounding prospects with the hope of finding commercial ore hoots additional to that at the Golden Dyke Shaft (Blanchard, 1937). Their costeanning and rock chip sampling programs focused on the Golden Dyke ore hoot. Their checks of previous sampling generally returned lower results than the original sampling (Blanchard, 1937). Costeanning and rock chip sampling check programs were also completed over Davies No. 1, Davies No. 2 and the Corbett workings, as the previous work completed over these prospects was seen as unreliable. Anglo-Queensland Mining Pty. Ltd. also obtained lower results over these areas, down grading their potential. One of the discrepancies encountered was at Davies No. 2. The previous costean channel sampling returned 4.8m @ 36.0g/t Au, however, check sampling of this costean resulted in 6m @ 1.3 g/t Au (Blanchard, 1937). Anglo-Queensland Mining Pty. Ltd. concluded that commercial ore was confined to Golden Dyke main ore-shoot (Blanchard, 1937). Later periods of production were estimated to have been carried out in 1940, by Waggaman Gold Mining Co. Ltd. (2,240t for 190ozs), and in 1970, by Casey (Nicholson, 1985). Recorded production totals 10,900t for approximately 2,100 ozs (Nicholson, 1985).

Prospector Mick Corbett secured leases over the most favourable ground in the late 1930’s, and intermittently worked the leases. In 1972, he sold the leases (GML’s 97B,
116B, 128B and 142B) to Hans Koberstein. In 1978, Peter Nicholson completed his thesis on the Golden Dyke area, which gave greater insight into the geology and ore controls on the Dome. Nicholson concluded that there are several favourable horizons throughout the sequence exposed in the domal structure, and recommended that the whole of the Dome be systematically explored for gold and base metals. Geopeko sponsored the thesis, and became interested in the area. Between 1979 and 1980, CRAE and Geopeko hotly contested the lease rights over the Golden Dyke area. CRAE held ML1244B and 1294B and drilled a hole before dropping the leases in 1979. Koberstein (leaseholder) offered his leases to both Geopeko and CRAE. CRAE reportedly refused while Geopeko entered into an agreement with Koberstein. Both CRAE and Geopeko over pegged each other’s leases, with the matter going to court. CRAE and Geopeko later entered into a JV agreement on some of the tenements (Nicholson, 1980).

During the 1980 field season, Geopeko completed a preliminary appraisal, rock chip sampling and diamond drilling over Golden Dyke, Davies No. 1, Black Rock and Good Shepherd. The aim of the programs was to identify stratabound BIF type and tourmalinite-associated gold bodies with supergene enriched caps (Nicholson, 1981). The preliminary appraisal showed that further potential existed, based on the fact that the Cosmo Howley deposit occurred within the same horizon. It was believed that there was potential for several other gold occurrences around the Golden Dyke Dome as, unlike the Cosmo Howley area, the region had not been the subject of systematic investigations. It was found that proven reserves of 27,000t @ 10.0g/t Au from surface to 40m existed at the Golden Dyke Mine, with a probable resource of 37,000t @ 10.0g/t Au above 70m. Geopeko research also concluded a probable resource at Black Rock of 27,000t @ 7.6 g/t Au. A total of 23 diamond drill holes were completed for 3,859.9m. Ground magnetics and down-hole logging was also carried out at Golden Dyke, Black Rock and Davies No. 1. The rock chip sampling programs consisted of the collection of a total of 102 samples for gold assay. Geopeko conducted systematic stream sediment sampling in the 1981 field season. Best values are in the table below:
Geopeko carried out soil sampling during the 1982 field season, concentrating on areas north (Black Rock and Northern Costeans) and south (Langleys) of Golden Dyke mine. The results from the soil sampling identified three areas of possible economic interest within the Golden Dyke Dome; Northern Costeans and the Good Shepherd Anticline, the Black Rock Flexure, and Langley’s Prospect. Soil sampling results from the Good Shepherd Anticline, in the Black Rock area, indicated peak anomalous results up to 1.5g/t Au, associated with dolerites intruded into tourmaline-bearing mudstone. The anomalous values decreased southwards from the hinge zone of the Good Shepherd Anticline. Arsenic results ranged from 250 ppm to 600 ppm, with values in excess of 500 ppm coinciding with higher gold values. The soil sampling results returned from the Black Rock Flexure showed anomalous gold values to 0.4 g/t Au and corresponding As values to 2,450 ppm, associated with banded iron formation along the western limb. Samples collected from areas containing quartz-tourmaline veins hosted by dolerites, contained up to 5.12 g/t Au, and 500 to 1,000 ppm As (Radford and Rolfe, 1983, Rolfe 1983). East of the hinge zone, northwards towards Northern Costeans, gold values were generally low and sporadically distributed.

The Langley’s Prospect soil sampling, returned sporadic anomalous arsenic and gold values to 310 ppm As and to 0.2 g/t Au, from the Lower Koolpin Formation which was

<table>
<thead>
<tr>
<th>Prospect</th>
<th>SampleNo</th>
<th>AMG_E</th>
<th>AMG_N</th>
<th>Au_ppb</th>
</tr>
</thead>
<tbody>
<tr>
<td>Davies No2</td>
<td>6373/4</td>
<td>772435</td>
<td>8499010</td>
<td>156ppb</td>
</tr>
<tr>
<td></td>
<td>5937/8</td>
<td>772885</td>
<td>8499616</td>
<td>301ppb</td>
</tr>
<tr>
<td>Black Rock/Afghans Gully</td>
<td>6411/2</td>
<td>773885</td>
<td>8500520</td>
<td>11ppb</td>
</tr>
<tr>
<td>Northern Costeans</td>
<td></td>
<td></td>
<td></td>
<td>150.1</td>
</tr>
<tr>
<td>Langleys/Shady Camp</td>
<td></td>
<td></td>
<td></td>
<td>587.7</td>
</tr>
<tr>
<td>Golden(W)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
tourmaline bearing soils. Peak gold and arsenic anomalism, in the north of the lease (MLN 866), was found to be associated with Lower Koolpin Formation, banded iron formation (I4), with values up to 1.02 g/t Au and 880 ppm As. At the southern end of the lease, values decreased to 0.1 g/t Au and 300 ppm As. At Black Rock, Costean 82/20, excavated west of the Black Rock shaft contained 4.2m @ 2.0 g/t Au, however, the gold values decreased to the south to 0.2 g/t, in costean 82/17. Rock chip sampling completed at the portal of Fisher’s Adit, returned results of 2m @ 6.44 g/t Au. Quartz-tourmaline veins, within carbonaceous mudstone and dolerite, were investigated by costean excavation between Davies No. 2 and Black Rock, resulting in 2m @ 2.85 g/t Au, from Costean 82/27. Rock chip samples of BIF collected from the Langley’s Prospect returned values ranging from 0.04 g/t Au to 1.6 g/t Au, indicating increasing anomalism to the southeast. Four of the costeans excavated at this location returned results of 2 to 4m averaging 5.3 g/t Au.

Geopeko continued exploration during the 1983 field season under EL4010. Stream sediment sampling identified 4 anomalies at Three Peaks, Telegraph Ridge, Central Dome and Langley’s Extension. The peak results were 6,509 ppb Au at Telegraph Ridge, and 1,100 ppm As at Central Dome. Follow-up soil sampling at Central Dome gave peak values of 128ppb Au/240ppm As; and 240ppb Au / 530ppm As at MGA 773239E / 8498941N. Follow-up soil sampling at Three Peaks returned 304ppb Au/152ppb Au from the northernmost line associated with Lower Koolpin Formation tourmalinite. Soil sampling from Telegraph Ridge returned disappointing results. Best result from 2 lines of soil sampling over MLN794 (Afghan’s Gully) in 1983 was 0.391ppm Au from the NW corner of the lease. After the combination of soil sampling, rock chip sampling and reconnaissance mapping, Geopeko concluded that there was little potential for large tonnage gold mineralisation in the Black Rock/Good Shepherd and Langley’s areas of the Golden Dyke Dome.

In 1985, Geopeko completed costeanning and rock chip sampling over EL 4010, under a joint venture agreement with Anaconda Australia. Henry and Walker Ltd farmed into the licence, and Anaconda sold its interest to Dominion Gold Operations Pty Ltd. Henry and Walker Ltd acquired tenements within the Golden Dyke area in the late 1980’s developed four, small open-cut operations at Fisher’s Lode/Afghan’s Gully, Golden Dyke, Davies
No. 2 and Langley’s. A total of 295,000t of ore at 4.0 g/t Au was produced and treated through the Mount Bonnie Plant (Dominion Gold Operations Pty Ltd report 1993). During the 1986 exploration season, Henry & Walker concentrated their work programs over the Fisher’s Lode deposit, in the Black Rock area of EL 4010, as C.R.A.E. relinquished their leases. The programs included the excavation of 5 costeans, 10 percussion drill holes (P3 – P12) and 12 diamond drill holes; D1 – D12 (Nicholson, 1987). Diamond drillholes had percussion precollar samples were taken at the top of the holes and split to 10kg. All core was cut and half submitted for assay. Some analysis was done at Mount Bonnie Plant, however, due to poor repeatability and random errors, these results were discarded. The following lists the best intersections returned from the diamond drilling program.

1986 EL 4010 Diamond Drilling Best Intersections

<table>
<thead>
<tr>
<th>Hole No.</th>
<th>From (m)</th>
<th>To (m)</th>
<th>Width (m)</th>
<th>Grade (g/t Au)</th>
</tr>
</thead>
<tbody>
<tr>
<td>D1</td>
<td>24.8</td>
<td>25.8</td>
<td>1</td>
<td>2.65</td>
</tr>
<tr>
<td>D2</td>
<td>16</td>
<td>20.5</td>
<td>4.5</td>
<td>3.5</td>
</tr>
<tr>
<td>D3</td>
<td>23.95</td>
<td>24.95</td>
<td>1</td>
<td>8.5</td>
</tr>
<tr>
<td>D4</td>
<td>31.1</td>
<td>33.2</td>
<td>2.1</td>
<td>13.5</td>
</tr>
<tr>
<td>D4</td>
<td>36.5</td>
<td>37.8</td>
<td>1.3</td>
<td>3.4</td>
</tr>
<tr>
<td>D5</td>
<td>25.8</td>
<td>30.1</td>
<td>4.3</td>
<td>2</td>
</tr>
<tr>
<td>D6</td>
<td>34.2</td>
<td>39</td>
<td>4.8</td>
<td>3.6</td>
</tr>
<tr>
<td>D6</td>
<td>53.5</td>
<td>54.7</td>
<td>1.2</td>
<td>4.3</td>
</tr>
<tr>
<td>D7</td>
<td>31.5</td>
<td>41.5</td>
<td>10</td>
<td>5.7</td>
</tr>
<tr>
<td>D7</td>
<td>62.5</td>
<td>66.5</td>
<td>4</td>
<td>2.41</td>
</tr>
<tr>
<td>D10</td>
<td>5.1</td>
<td>8.4</td>
<td>3.3</td>
<td>5.6</td>
</tr>
<tr>
<td>D10</td>
<td>29.7</td>
<td>33</td>
<td>3.3</td>
<td>5.4</td>
</tr>
<tr>
<td>D12</td>
<td>64</td>
<td>72.9</td>
<td>8.9</td>
<td>2.5</td>
</tr>
</tbody>
</table>

During 1988 a total of 28 percussion holes (for 1,625m) were drilled at Davies No. 2, Black Rock, Fisher’s Lode and Northern Costeans. Eighteen holes (P13-18, 21-30, 35
and 36) were drilled over a tight grid, oriented along strike in a NE-SW, near Black Rock. The peak intersections obtained were 4m @ 2.3 g/t Au from 34m, 2m @ 3.56 g/t Au from 36m and 6m @ 1.7 g/t Au from 12m. A total of 6 drill holes (P19, 20, 38-41) were completed at Northern Costeans. The best intersection was 4m @ 4.1 g/t Au from 26 metres (Hickey, 1987). No coordinates (local or otherwise) and no maps covering Northern Costeans were submitted with the report. The drillholes can’t be located. At the Davies No. 2 Prospect, 4 holes (P31-34) and 14 diamond holes (DAV1 – DAV14) were drilled. The only hope of locating the Davies No.2 holes is by finding the bore shown in Figure 4 (Hickey 1987). The drilling identified three main geological units, similar to the tight geological sequence at Fishers Lode. These units consist of interbedded iron formation and mudstone, carbonaceous mudstone and metadolerite. The drilling confirmed the host geology at Black Rock, and identified some significant gold assays at Davies No. 2 (Hickey, 1987).

Oceania Exploration and Mining started exploration in the Golden Dyke area during 1987, with geochemical sampling, ground magnetics and diamond drilling over MLNs 497, 866, 867, 896, 900, 914, 915, 917, 1039 and MCNs 319 and 320, under an agreement with the Langleys, Tapp and the Forscutts. Six diamond drill holes (KD-1 to KD-6) were also completed for 608m, over MLN 866, MLN 867 and MLN 896. All holes were drilled east. The lode intersections identified in KD-6, returning a peak of 2.49 g/t Au over 4 m, contained abundant haematite. Further work was aimed at defining a near surface gold resource on Langley’s claim (MLN 866), and testing for deep extensions of the main orebody in Forscutt’s claim (MLN 798), immediately SE of Henry and Walker’s open pit.

Oceania increased the depth of 12 old trenches, within MLN 866, to between 2 and 3m to expose banded iron formations. Best result was 7m @ 10.58g/t Au from Trench 2. Eleven diamond drill holes (KD7 – 17), were also completed for 476.36m in MLN 866. Best result was 8m @ 4.44g/t Au from 37.7m in KD12. A single drill hole (KD21A) was completed for 149.92m, to test the extension of the main reef immediately south-east of Henry and Walkers (Black Rock) open pit. The only mineralisation intersected was 1m @ 2.39 g/t Au from 96.8m. Oceania Exploration and Mining completed mapping and soil sampling over EL4841 (1 block, 300m SE of Golden Dyke mine) in 1988/89. These
programs identified anomalous gold and arsenic associated with banded iron formations at three localities (Shady Camp, Marchfly and Rockwall area, southeast of Golden Dyke). This raised the possibility of mineral deposits similar to those mined at Golden Dyke and Black Rock, which occur at the same stratigraphic position on the west side of the dome. Twelve holes were drilled using an airtrack rig at Shady Camp prospect, with best result of 4m @ 3.09g/t Au from 19m in SCD10. All holes were shallow (<30m) due to poor sample recovery in moist ground. The prospective ground was covered with MCN’s 3754 – 3763, which were not granted until 1991. At this time they were transferred to Zapopan N.L., who conducted geochem sampling and geological mapping in 1993 (Pevely, 1994). The peak gold result returned was 275 ppb Au, with a corresponding As value of 1,100 ppm, from the central area of MCN 3755. All other gold values were generally disappointing. Other peak results included 213 ppm Cu, just to the north-east of MCN 3759, and 356 ppm Pb and 533 ppm Zn, in central east of MCN 3754. Northern Gold and Camelot NT farmed into the Forscutt leases (MLN’s 497, 867, 896, 900, 914 and 917) in 1994.

A programme of RC drilling on the Forscutt mineral leases was completed in October 1994. The programme targeted extensions to mineralization in the main reef north and south of Golden Dyke pit. Drilling returned anomalous ‘subeconomic’ mineralization Au mineralization with 1m @ 0.81g/t Au from 26m in FD10. Anomalous Au mineralization was returned from drilling the eastern reef but below economic grade, except for 1m @ 12.6g/t Au from 46m in FD7. Holes targetting hangingwall mineralization along metasedimentary-dolertie contacts in this programme intersected 1m @ 1.62g/t Au from 33m (FD3) and 3m @ 0.67g/t Au from 28m (FD4). Qasco Surveyors surveyed some of Northern Gold’s drillholes in 1994, and also picked up AMG coordinates from a marker at Golden Dyke in 1996. Northern Gold converted all their drillholes (FD-series, DV-series, plus KD1 – KD6, and Geopeko holes S12, 17, 18, 19, 20) to AMG coordinates. It is assumed that Qasco survey points were used to convert the NGNL local grids at Golden Dyke and Davies No.1 to AMG coordinates during the mid-late 1990’s as part of a regional NGNL programme to import regional data into MapInfo. The Burnside JV focused its attention on the Zapopan, Cosmo Howley, Yam Creek and Woolwonga deposits between 2001 and 2003. Work on EL10347 in 2003 consisted of a remote
sensing and structural study using SPOT imagery. During 2004 and 2005, work consisted of reporting and review. The Golden Dyke tenements were assigned a low-medium ranking due to its mature status in terms of historic and recent exploration. Readily accessible known oxide ores had been mined and treated during the 1980’s.

6.0 EXPLORATION DURING CURRENT TENURE

During the reporting period, company resources remained focused in the development of projects such as Chinese South (Extension), Toms Gully and Cosmo Deeps projects with a budget of tens of million dollars. Chinese South (Extension) came on-line in April and Toms Gully commenced production in July 2008. At the same time significant progress was made in developing Maud Creek deposit with the targeted production of over 75 000 ounces of gold per year. For this purpose a specialised circuit developed by GEOCOAT® technology will be built at Union Reefs treatment facility. This technology will have the ability to process refractory ore with upto 90% gold recovery. However, on 15 September 2008, GBS Gold Australia was declared under voluntary receivership, and all exploration and mining projects were placed under ‘Care and Maintenance’.

During the reporting period a peripheral review of the tenement was undertaken which re-affirmed significant mineral potential of the project area. The tenement area contains a number of deposits/prospect which has produced gold in the past and the area still has considerable exploration potential. Previously, at Golden Dyke, a resource of 1.6 Mt @ 3.8 g/t Au has been established. Technical review of the data suggests that there is possibility of additional ore. In the area, gold mineralisation is confined to the BIF horizon or contact zone between contrasting lithologies such as the Koolpin Formation and Zamu Dolerite. TMI image (Figure 3) of the tenement area and surroundings show that apart form Golden Dyke, Afghan’s Gully, Langley’s, there is significant area, situated toward north and south of the tenement which is characterised by the contrasting lithologies. It could have significant potential for additional resources.
Figure 3: TMI image of the project area
During 2008-09 additional work completed over EL 10347 consisted of:

1. Reconnaissance field visit
2. Tenement Administration
3. Report Preparation

During the current year, exploration activity costed $4600.00 and details are attached in Appendix 1.

7.0 FORWARD PROGRAMME 2009-10

Currently, GBS Gold Australia is voluntary administration, however, Forbes Manhattan, a Canadian investment bank has announced to acquire all GBS Gold Australia assets with the intention to commence gold production in an immediate future. It is expected agreement between Forbes Manhattan and company Administrators will be signed soon and that will lead to company operations again in the region.

In 2009-10 reporting year, project area will be explored for gold and base metal mineralisation. For this purpose, area identified during this review will undergo soil/rock chip sampling along with geological mapping. If encouraging results received, some RAB/RC drilling may also take place. A minimum budget of $8500.00 is proposed.

8.0 REFERENCES

Dominion Mining Limited 1993. Evaluation of the Mt Bonnie Project (unpubl)
Hickey, SH., 1987. Exploration Licence 4010, Annual report for the area retained,

Nicholson, P., 1980. Recent CRA Exploration Pty Ltd Leasing in the Golden Dyke Area, NT. Geopeko (unpubl)


