GBS GOLD AUSTRALIA PTY LTD

ANNUAL EXPLORATION REPORT

EL 24051
Margaret River
YEAR ENDING 9 AUGUST 2009

Pine Creek 1:250,000 SD5208
McKinlay River 1:100,000 5271

DISTRIBUTION:
1. DPIFM Darwin NT
2. GBS Gold Australia Perth
3. Burnside Operations P/L Brocks Creek
4. Union Reefs, Pine Creek

Report Number: PC/BJV/09-33

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SUMMARY

EL 24051 is one of the significant tenements among GBS Gold Australia’s portfolio and is located about 140 km SE of Darwin, and 22 km NE of Brocks Creek Mine Office, Northern Territory. The tenement was applied for on 9 October 2003 and was granted on 10 August 2004. The EL is registered in the names of Territory Goldfields NL and Buffalo Creek Mines NL in equal shares. GBS Gold Australia secured the tenement holders by a friendly takeover in 2005.

Lithologies of the Finniss River Group (Burrell Creek Formation) form the major component of the project area, which are folded and faulted on north-west axial trend in parallel with the Pine Creek Shear Zone, a ductile high strain regional feature that is some 3 km wide. The Shear Zone occupies the south western sector of the exploration licence. Minor rocks of the Mount Bonnie Formation and Gerowie Tuff are also present. Prospectivity of the area is indicated by at least four gold prospects located within the project area. TMI image of the project area shows that prospective geological setting to host gold mineralisation is the characteristic feature of the project area.

During the reporting period, project area was reviewed for the presence of uranium. EL 24051 is located towards NE of the Thunderball uranium prospect, and is probably intersected by the extension of Hays Creek Fault, which appears to have control over uranium mineralisation. Therefore, further exploration can delineate some area of additional mineralisation. GBS Gold Australia was declared under voluntary receivership in September 2008 and all assets including EL 24051 were placed under care and maintenance. Under the instructions of several Administrators (Ferrier Hodgson), all assets were prepared for sale including EL 24051. This required tenement ranking, evaluation and a peripheral review of the project.

In the next reporting year, a program of geological mapping, geochemical sampling and possible Aircore/RAB drilling will be undertaken to fully assess the mineral potential of the area. In addition, Historical geophysical data will be re-processed and interpreted.
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1.0 INTRODUCTION
EL 24051 is significant tenement which covers ground north and east of the Woolwonga open pit. This report deals with exploration activity carried out during the year ending 9 August 2009.

2.0 TENEMENT DETAILS
EL 24051 was applied for on 9 October 2003 and was granted on 10 August 2004. The EL is registered in the names of Territory Goldfields NL (50%) and Buffalo Creek Mines NL (50%), and managed under Burnside Operations Pty Ltd. GBS Gold Australia secured the tenement holders by a friendly takeover of Burnside Operations in 2005.

The tenement comprises 26 blocks that cover approximately 8,658 ha (86.87 km²). EL 24051 is adjacent to the Woolwonga project tenements on the north east side. Underlying Cadastre is owned by Ban Ban Springs Pty Ltd (PPL 1111).

3.0 LOCATION AND ACCESS
EL 24051 is situated 140 km SE of Darwin, Northern Territory and 22 km NE of Brocks Creek Mine Office on the Darwin-Alice Springs railway. Location of the tenement is shown in Figure 1. Access to the tenement is via the Stuart Highway, thence north via the Fountain Head/Ban Ban Springs sealed road that comprised the haul road for Woolwonga in the mid 1990s. The access deteriorates beyond Woolwonga but reasonable dry season access can be gained using bush tracks that service the Ban Ban Springs pastoral area. The Margaret River and tributaries meander northward through the tenement. The tenement falls on the Pine Creek 1:250,000 sheet, the McKinlay River 1:100,000 and on the Ban Ban 1:50,000 sheet. The tenement also is within the Ban Ban Springs pastoral lease.
Figure 1: EL24051, Tenement Location
4.0 GEOLOGICAL SETTING
4.1 Regional Geology

EL24051 is situated within the Pine Creek Orogen, a tightly folded sequence of Palaeoproterozoic rocks, 10km to 14km in thickness, laid down on a rifted granitic Archaean basement during the interval ~2.2-1.87Ga. The sequence is dominated by pelitic and psammitic (continental shelf shallow marine) sediments with locally significant inter-layered cherty tuff units. Pre-orogenic mafic sills of the Zamu Dolerite event (~1.87Ga) intruded the lower formations of the South Alligator Group (Ahmad et al. 1993; Stuart-Smith et al. 1986).

During the Top End Orogeny (Nimbuwah Event ~1.87-1.85Ga) the sequence was tightly folded, faulted and pervasively altered with metamorphic grade averaging greenschist facies with phyllite in sheared zones. The Cullen intrusive event introduced a suite of fractionated calc-alkaline granitic batholiths into the sequence in the period ~1.85-1.78 Ga. These high temperature I-type intrusives induced strong contact metamorphic aureoles ranging up to (garnet) amphibolite facies, and created regionally extensive biotite and andalusite hornfels facies.

Less deformed Meso and Late Neo-proterozoic clastic rocks and volcanics have an unconformable relationship to the older sequences. Flat lying Palaeozoic and Mesozoic strata along with Cainozoic sediments and proto-laterite cementation overlie parts of the Pine Creek Orogen lithologies. Recent scree deposits sometimes with proto-laterite cement occupy the lower hill slopes while fluviatile sands, gravels and black soil deposits mask the river/creek flats areas. There is a tendency for gold mineralisation to be focused in anticlinal settings within strata of the South Alligator Group and lower parts of the Finniss River Group. This sequence evolved from initial low energy shallow basinal sedimentation to higher energy deeper water flysch facies.

In the final stages of granite emplacement, the magma experienced differentiation and fractional crystallisation which subsequently led to the emanation of hydrothermal fluids, responsible for mineralisation in the adjacent meta-sediments (Bajwah, 1994).
Figure 2: EL24051, Geological Setting
4.2 Local Geology

The tenement encloses a sequence of Finniss River Group clastic sediments that are folded and faulted on north-west axial trends in parallel with the Pine Creek Shear Zone, a ductile high strain regional feature that is some 3 km wide. The Shear Zone occupies the south western sector of the exploration licence. The “Great Dyke”, a regionally persistent, thin, magnetic late stage dolerite, follows the Shear Zone through the Union Reefs area and passes close to Woolwonga Pit (Figures 2 and 3). A regional scale NE linear corridor also passes between the Burnside and the Prices Spring Granites. The intersection of these two major features occurs within the tenement and may have significance in terms of local crustal geometry and hydrothermal fluid flow. The north easterly alignment can best be seen on regional scale geological plans. The tenement occupies the country between the Margaret Granite contact and the Prices Spring Granite. In this area the Finniss River Group is represented by sparse low outcrops of Burrell Creek Formation (Figure 2) which is typically a cyclic greywacke dominated assemblage with subordinate dark siltstone and mudstone packages. Minor rocks of the Mount Bonnie Formation and Gerowie Tuff are also present. Black soil and other alluvial deposits relating to the Margaret River and its tributaries mask large areas of the tenement. Several lineament sets cross the tenements and most appear to be related to the Pine Creek Shear Zone.

4.3 Gold Mineralisation and Potential

The project area is characterised by the presence of prospective geological setting which could host gold mineralisation. Prospectivity of the area is indicated by at least four gold prospects (Figures 2 and 3) located within the project area. The Burrell Creek Formation is the dominant lithology but minor rocks of he Mount Bonnie Formation and Gerowie Tuff are also present. Furthermore, the area is intersected by the Pine Creek Shear Zone
Figure 3: TMI image of the project area
and doleritic dyke (Figure 2 and 3) and intruded by several granite plutons. These features are important for hosting gold mineralisation in the Pine Creek Orogen.

Figure 3 shows the TMI image of the project area where it shows some very promising features. Perhaps the most significant feature is the presence of magnetic highs/ridges and lows/valleys together with arcuate doleritic NW trending dyke which occurs within the Shear Zone. Gold mineralisation has been observed confined to these features. For examples a well known gold deposit such as Fountain Head occurs in a magnetic low/valley (Figure 3) whereas many gold deposits such as Rising Tide and Goodall are associated with magnetic highs/Ridges. Woolwonga gold deposit is located in close proximity to the Doloritic Dyke and southern part of the dyke runs through the project area. Southern part of the project area seems to be intersected by NE trending feature/lineation and that could be acted as fluid conduits. All these features indicate a very interesting geological setting which could be fertile ground for gold mineralisation.

5.0 PREVIOUS EXPLORATION ACTIVITY

The area has been subjected to reconnaissance stream sediment sampling. Soil and rock chip programs have been carried out in the southernmost sector of the tenement near the contact with the Prices Springs Granite where anomalous gold values were reported. Several (6) anomalous stream values in the range 40-200 ppb Au appear to align NWSE close to the interpreted north eastern boundary of the Pine Creek Shear Zone. Also in the south westernmost block, that lies on the SE strike extrapolation of the Woolwonga structural trend, RAB and soil anomalism (40-150ppb) was reported from previous work. This lies near to the 2004 RAB drilling coverage and close to the Palm Springs-Darwin gas pipeline.

During 2004 and 2005 Burnside Joint Venture carried out an angled RAB drilling program on lines across the SE trend of the Woolwonga mineralisation. This work extended across the Margaret River onto EL24051. The rationale behind the work was the recognition of a regular periodicity in cross folds along the Woolwonga trend. At intervals the prospective stratigraphy was thought to emerge due to fold plunge reversals. The drilling in EL24051 was directed at one of these interpreted emergences. Holes were
drilled on lines on local grid east-west. (45 degrees magnetic). They were all drilled vertically to an average of 13m depth. The program totalled 28 holes (SWB31-32, 41-50, 52-67) for 396m. The program was unsuccessful in locating anomalous gold values. Meta-sedimentary rocks of greywacke-siltstone facies were met with in the drilling.

Work during the period August 2005/06 was minimal and concentrated on tenement administration and report writing. This was due to the acquisition of the Burnside Joint Venture by GBS Gold Australia Pty Ltd. The takeover combined with the concentration of work on the recommencement of mining in the Brocks Creek district has meant exploration targets have had to be re-prioritised.

During 2007-08 reporting year, an air core drilling program was undertaken which involved 36 drill holes for a total of 676 m. 290 pulp samples were taken and analysed for Au, As, Cu, Pb and Zn by SGS Laboratories Townsville. Au values are generally low and ranged from 0 - 0.06 ppm. It appears that most of the sample analysed came from alluvial cover or weathered zone, which is severally depleted in gold concentration. As is also low and correspond to gold values.

6.0 EXPLORATION YEAR ENDING 9 AUGUST 2009

On 17 September 2007, GBS Gold Australia entered into JV agreement with Thundelarra Exploration Pty Ltd. In accordance with the agreement, Thundelarra Exploration Pty Ltd secured rights to explore uranium on all tenements within Burnside project area including EL 24051.

During the reporting period, project area was reviewed for the presence of uranium mineralisation. Initially, there was no significant encouragement; however, during 2008-2009 drilling campaign significant uranium mineralisation was discovered along the Hays Creek Fault which included prospects like Thunderball (EL 23431), Corkscrew and Bella Rose (Thundelarra Exploration Pty Ltd Press Release, 2009). EL 24051 is located towards NE of the Thunderball uranium prospect, and is probably intersected by the
extension of Hays Creek Fault, which appears to have control over uranium mineralisation. Therefore, further exploration can delineate some area of additional mineralisation.

GBS Gold Australia was declared under voluntary receivership in September 2008 and all assets including EL 24051 were placed under care and maintenance. Under the instructions of several Administrators (Ferrier Hodgson), all assets were prepared for sale including EL 24051. This required tenement ranking, evaluation and a peripheral review of the project area.

Other activities conducted over the EL 24051 consisted of:

1. Reconnaissance visits
2. Tenement Management
3. Report Preparation

This program costed $7965.00 and details are reported in the Appendix 1.

7.0 FORWARD PROGRAMME year ending 9 August 2010

In April 2009, Forbes Manhattan, a Canadian investment bank through its subsidiary Crocodile Gold Australia, acquired all GBS Gold Australia’s assets with the intention to re-commence gold production in an immediate future. Currently, registration of all tenements against Crocodile Gold is underway, and it is expected that within a few weeks this process will be completed.

EL 24051 is a significant asset which holds gold, uranium and base metals potential. Current technical review identified multi-commodity potential of the project which Crocodile Gold along with its JV partner intends to explore. A program of geological mapping, geochemical sampling and possible Aircore/RAB drilling will be undertaken to fully assess the mineral potential of the area. In addition, Historical geophysical data will be re-processed and interpreted. A minimum budget of $20,000.00 is proposed.
8.0 REFERENCES


