GBS GOLD AUSTRALIA PTY LTD

ANNUAL EXPLORATION REPORT
EL 24151
FOR PERIOD ENDING 1 AUGUST 2009

Northern Territory

Darwin SD5204  1:250,000
Noonamah 5172    1:100,000

Titleholders: GBS GOLD Australia (Toms Gully) Pty Ltd

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Report No: DA/TG/09-11

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SUMMARY

EL 24151 is a significant tenement within Toms Gully portfolio and is located about 75km SE of Darwin, Northern Territory. Toms Gully Mine and processing facility is about 20 kilometres south-east of the project area. The tenement was granted initially to Renison Consolidated Mines NL. GBS Gold Australia Pty Ltd acquired the tenement during the third quarter of 2007 and now controls this tenement.

The Project area is located within the central northern portion of the Proterozoic Pine Creek Orogen. The Palaeoproterozoic rocks of the region include Mount Partridge Group – the Wildman Siltstone which is unconformably overlain by South Alligator Group, which comprises the Koolpin Formation, Gerowie Tuff and Mount Bonnie Formation. The Finniss River Group – Burrell Creek Formation, lies conformably over the South Alligator Group. These meta-sediments are strongly folded along a NNE trending anticlinal and synclinal axis.

During the reporting year, a review was undertaken which identified the significant potential of the tenement for gold, uranium and base metals. Processing and interpretation of the high resolution geophysical further support the mineral prospectivity of the project area (Gold, Uranium and Base Metals). To test the full potential of EL 24151, selected areas will be mapped and geochemical sampling campaign will be conducted in 2009-10. A ground radiometric survey will also be carried out. High priority targets will undergo Aircore/RC drilling.
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1.0 INTRODUCTION

EL 24151 is situated within the Pine Creek Orogen, and lies adjacent to several gold prospect and deposits and south of the west of the Kakadu National Park. The tenement is located within a folded and faulted zone of the Wildman Siltstone, Koolpin Formation and Burrell Creek Formation. The tenement appears to have potential for gold, uranium and base metal mineralisation.

2.0 LOCATION AND ACCESS

EL 24151 is located about 75km SE of Darwin, Northern Territory, and 20 kilometres north west of the Toms Gully Mine Site on the Arnhem Highway.

The Arnhem Highway bounds the tenement to the north (Figure 1). The tenement encompasses Leaning Tree Lagoon and is two kilometres east of the Adelaide River. The north and north west of the tenement are marked as old river beds and black soil plains making access difficult in this region. The tenement falls on the Darwin 1:250,000 sheet and on the Noonamah 1:100,000 sheet.

3.0 TENEMENT STATUS AND OWNERSHIP

EL24151 was granted on 2 August 2007 and expires on 1 August 2013. It comprises 25 graticular blocks that cover approximately 56.01² km. EL24151 was registered in the name of Renison Consolidated Mines NL and was acquired by GBS Gold Australia Pty Ltd in the third quarter of 2007. Underlying cadastre (NTP 1731) belongs to private party.
Figure 1: Location of EL 24151
4.0 GEOLOGICAL SETTING

The Project area is located within the central northern portion of the Proterozoic Pine Creek Orogen. The Palaeoproterozoic rocks of the region include Mount Partridge Group – the Wildman Siltstone which is unconformably overlain by South Alligator Group that comprises the Koolpin Formation, Gerowie Tuff and Mount Bonnie Formation (Figure 2). The Finniss River Group – Burrell Creek Formation, lies conformably over the South Alligator Group. The main lithologies in the project area 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 Proterozoic stratigraphic units host significant gold and/or base metal mineralisation e.g. Rustler’s Roost within the Mount Bonnie Formation, Woodcutters Base Metal Mine and Toms Gully Gold Mine are located with the Mount Partridge Group. The above sediments are strongly folded along a NNE trending anticlinal and synclinal axis.

The mafic sills of the Zamu Dolerite – a Palaeoproterozoic altered quartz dolerite; gabbro and amphibolite - has intruded lower formations of the South Alligator Group. Two intense magnetic lineament pass through the tenement (see Figures 3 and 4).

Intrusive rocks of the Mount Bundey Granite or the Mount Goyder Syenite outcrop some 16 kilometres to the east of the tenement. Surficial deposits consist of black soils associated with the Adelaide River. There is also upwards of 40 metres of Cretaceous cover recorded in drilling.
Figure 2: Geological Setting of the project area
5.0 PREVIOUS EXPLORATION

Work commenced during the first year of tenure included a review of the previous exploration that has covered the tenements.

A to P 2049 (EL142) was explored by Geopeko. During this exploration three Uranium anomalies were identified – Quest 40, 41 & 39 and were held by Geopeko as MLN319 some seven kilometres to the south east of EL24151.

During 1973 John Snyder (Kewanee Australia) undertook exploration on EL114 (AP2605), EL515 (AP3075). EL114 was a tenement of considerable size on the Arnhem Highway. EL515 covers a slither through the central portion of EL24151. An airborne scintillometer and magnetometer survey was completed over the region (legible maps are present in reports see Figure 3). Concise geological mapping was completed over the EL24151 region. Diamond drilling and airtrac also were completed. Prospects A, B and C were highlighted. Manton Hill (to west of EL24151) was mapped as well with DDH7 & 8. Detailed drill logs are available in CR 19730058/ CR19730028.

Mention is made in CR19730028 that the only prominent outcrop is located around the Leaning Tree Lagoon. Diamond Holes 9 and 10 indicate that there is approximately 20 to 35 metres of Cretaceous sandstone over Prospects A and B. “The base of the sandstone is commonly strongly stained by limonite. Secondary quartz is common along the unconformity and the sandstone commonly weathers to a light reddish sandy soil.” Prospect A had higher geochemical values were related to a massive hematite – goethite outcrop. Values included Cu at 146ppm, Pb 530ppm, Zn 590ppm, Ag 9ppm, Co 133ppm and Ni 390ppm. Copper and Cobalt highs are also related to MnO rich zones. U3O8 values also recorded which are generally not higher than 10ppm.

Eight Uranium anomalies are reported within EL114 within the Acacia Gap Tongue (silicified quartz greywacke & quartz sandstone with pyrite casts). In CR19730048 the locations are reported to be in Figure 7A but could not locate this diagram.
Kewanee is reported by INCO Australasia as having completed an extensive exploration programme in the region searching for uranium and base metals. Work included airborne radiometric and magnetic surveys, mapping, RAB and auger holes and six diamond holes. Only dolerite dykes were outlined in the magnetic survey. RAB and auger holes were hampered by in excess of 40 metres of overburden. 1000ppm lead is recorded from a diamond drillhole at Manton Hill (core not in existence).

**EL1468** was explored by CRA Exploration during 1978 – 1979. EL24151 covers the northern most region of EL1468. During the first year of exploration CRA undertook regional mapping and in conjunction with this they sampled ironstones for Pb, Zn, Cu, Mn, Ag, U, Au and Sn. Also a regional soil geochemistry sampling programme was completed. Lines 449 – 453 lie within EL24151. No significant Pb, Cu and Zn values were recorded. A high of 134ppm Zn was recorded in the sampling. The second year of work focused on the Manton Hill Prospect (to the west of tenement).

**EL 2240** was explored for by gold and base metals by INCO Australasia Ltd during 1981. Sampling included Au, Cu, Zn, Pb, As, Ag, Co and Mn. EL2240 covers the south west portion of EL 24151. INCO Australasia undertook geological sampling and mapping. Mapping appears to have been undertaken on the current EL24151 with sampling concentrating to the south of the region on an area known as Mantons Hill as discovered by CRA exploration. (Mantons Hill and Dennys Hill are located roughly eight kilometres west of EL24151 adjacent to the Adelaide River). INCO describes the prospect as stockwork quartz system in the Koolpin Formation. Manganese values on EL 2240 were recorded up to 7850ppm and identified as pyritic sandstone (sample 317013) and 6500ppm identified as laterite cap (sample 317018).

**EL 5863** covers a slither of EL 24151 to the north. This tenement was sampled by Carpentaria Gold Ltd during 1989 for Au, Cu, Pb, Zn, Ag, As, U, Sn, Fe, Cd, Mo, Cr, and Mn. This tenement would be useful to show back ground values for the region. The gold BCL values peak at 0.25ppb Au. For stream sediments and soils all Arsenic values are below 15ppm and all base metals (Cu, Pb, Zn) are below 50ppm. Rock chips obtained results as follows – maximum gold was 0.08 g/t, Koolpin Formation returned results of
160ppm copper maximum, 1320ppm Zinc peak and 250ppm Arsenic peak. Uranium values were below 8ppm and manganese had a maximum of 330ppm.

From 1987 to 1991 Carpentaria Gold Ltd explored the area as **EL5290**. EL24151 covers the northern most portion of the tenement. Exploration was focused on base metals and Toms Gully style mineralisation and where gold mineralisation occurs in saddle reefs and stockworks of the Pine Creek Orogen. Sampling undertaken included Au, Cu, Pb, Zn, Ag, As, Fe, Mn, Mo, Cr, Bi, Cd, Sb, Co, Ni and Sn. Carpentaria Gold completed a detailed aeromagnetic survey, rock chip, stream sediment survey (over entire tenement) and soil sampling with one prospect being identified – Robertsons Ridge plus two magnetic anomalies (all of which lie outside EL24151). With more detailed sampling the prospectivity of the region was not improved and no significant mineralisation was identified. A joint venture agreement was signed between Stockdale Prospecting Limited in October 1990 which allowed them to explore for diamonds within the lease. Stockdale investigated unsuccessfully, a dipolar magnetic anomaly in the southern part of the lease (not within EL 24151)

The most recent work available on the EL 24151 covers the southern most portion of the tenement as part of **EL 9020**. This tenement was held by North Mining Ltd during 1995 and was applied for to explore for stratabound gold deposits in the Mount Bonnie Formation. Unfortunately the ground was relinquished as the company exploration office was closed and no work was completed.
Figure 3: Kewanee 1973 Geological and magnetic interpretation over EL24151
6.0 EXPLORATION DURING THE REPORTING YEAR 2008-09

In 2008, GBS Gold Australia and Rum Jungle Uranium Limited entered into an optional agreement for uranium exploration. Under this agreement, Rum Jungle Uranium secured exploration rights for uranium on GBS Gold Australia’s ground.

A detailed literature search and review was undertaken which identified the significant potential of the tenement for gold, uranium and base metals. The project area contains prospective geological setting in the Pine Creek Orogen which is known to host gold mineralisation elsewhere. A semi-detailed geochemical sampling undertaken during several exploration programs highlight the presence of gold, uranium and base metals mineralisation. Presence of anticlinal structures within project area further points towards the prospectivity of the area.

Processing and interpretation of the high resolution geophysical data obtained during 2008 further support the mineral prospectivity of the project area. TMI image of the project area is displayed in Figure 4 which shows that south-western part of tenement is characterised by the presence of two intense magnetic lineaments. This type of deep-seated structure is important host for gold mineralisation, and Toms Gully gold deposit is confined in similar type of structure. In addition, faulted geological sequence is another important feature which comprises Palaeoproterozoic formations that are known gold to host gold mineralisation in the Pine Creek Orogen.

Figure 5 shows the radiometric image (uranium channel) of the project area where a number of radioactive anomalies are visible. If we relate these areas with the geological map then it is clear that they areas are occupied by fold crest which are composed of the Koolpin Formation. This formation appears to important lithological unit or equivalent - Whites Formation, in the Pine Creek Orogen for hosting uranium mineralisation. Radiometric data have provided an important lead for uranium mineralisation and it is recommended that these radiometric anomalies should be drill-tested.
Figure 4: Regional TMI 1VD geophysics
Other activities completed in the first year ending 1st August 2009 consisted of:

1. Reconnaissance field visit
2. Planning for the upcoming field season
3. Administrative Duties
4. Report Preparation

This exploration incurred an expenditure of $12080.00 during the reporting year and details are given in Appendix 1.

7.0 PROPOSED EXPLORATION PROGRAM FOR YEAR 2009-10

Currently, GBS Gold Australia is under voluntary administration, however, Forbes Manhattan, a Canadian investment bank through its subsidiary Crocodile Gold Australia, has announced to acquire all GBS Gold Australia assets with the intention to commence gold production in an immediate future. Currently, registration of all assets against Crocodile Gold is underway, and it is expected that within a few weeks this process will be completed.

EL 24151 is a significant tenement within Toms Gully portfolio and has demonstrated good potential for discovery of new areas of gold, uranium and base metals mineralisation. To test the full potential of EL 24151, selected areas will be mapped and geochemical sampling campaign will be conducted in 2009-10. A ground radiometric survey will also be carried out. High priority targets will undergo Aircore/RC drilling. A minimum budget of $14000 has been proposed for this program.
Figure 5: Radiometric Image of project area
8. REFERENCES


Bajwah, Z.U., 2008, Annual Exploration Report EL24151 for Period Ending 1 August 2008 NT. GBS Gold Australia Pty Ltd.
