



GBS GOLD AUSTRALIA PTY LTD

ANNUAL REPORT ON

MLN 1058 TOMS GULLY GOLD MINE

YEAR ENDING 2 August 2009

TITLE HOLDER: GBS Gold Australia (Toms Gully) Pty Ltd

Darwin SD5204 1:250,000

Mary River 5272 1:100,000

Distribution:-

- 1. DRPIFR Darwin NT**
- 2. GBS Gold Australia Humpty Doo**
- 3. Burnside Operations P/L Brocks Creek**

Report Number: DA/TG/09-43

**Zia U. Bajwah
November 2009**

SUMMARY

MLN 1058 hosts the Toms Gully Gold mine and processing plant and is located approximately 90 km south east of Darwin, Northern Territory, and some five kilometers south of the Arnhem Highway. It covers about 681.8 hectares and was granted on 8 March 1989 and will expire on 2 August 2014. In July 2007, by virtue of an agreement, GBS Gold Australia acquired Toms Gully tenement package including gold plant.

The Project area is located within the northern portion of the Pine Creek Orogen. It mostly contains the Wildman Siltstone, a sequence of tightly folded strata with an unconformable contact with the Koolpin Formation, which covers south-western corner of MLN 1058. Towards south-east, Mount Bundey Granite intrudes the host sequence, imparting contact metamorphic aureole which could be several kilometers wide.

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.

It is expected that after the transfer of assets, including Toms Gully project, exploration and mining activities will commence immediately. Toms Gully feasibility study to commence production is already taking place. A new resource definition program will be undertaken in order to delineate new resource and better define already existing resource base.

TABLE OF CONTENTS

	SUMMARY	2
1.0	INTRODUCTION	4
2.0	TENEMENT DETAILS	4
3.0	LOCATION AND ACCESS	4
4.0	REGIONAL GEOLOGY	6
	4.1 The Mount Partridge Group	6
	4.2 The South Alligator Group	7
	4.3 The Finnis River Group	8
	4.4 Intrusive	9
	4.5 Deformation and Metamorphism	10
5.0	PREVIOUS EXPLORING AND MINING	10
6.0	EXPLORATION AND MINING ACTIVITIES 2008-09	15
7.0	PROPOSED ACTIVITY FOR YEAR 2009-10.	15
8.0	REFERENCES	16

LIST OF TABLES

Table 1: December 2007 Mineral Resources

LIST OF FIGURES

Figure 1: MLN 1058 Location Map

Figure 2: Geological setting of the project area

Figure 3: Toms Gully open pit showing location of CEC/MIM portal east of the Crabb Fault and newer Tom's Gully Mining Pty Ltd, portal cut into the footwall between the Crabb and Williams Faults. Photo taken from western edge of pit looking

1.0 INTRODUCTION

MLN 1058 is located approximately 90 km south-east of Darwin, Northern Territory and some five kilometers south of the Arnhem Highway. The tenement hosts the Toms Gully Mine. This report covers the status of the tenement during the year ended 2 August 2008.

2.0 TENEMENT DETAILS

MLN 1058 was granted on 8 March 1989 and will expire on 2 August 2014. Toms Gully Gold mine is located within the tenement which covers about 681.8 hectares. In July 2007, by virtue of an agreement, GBS Gold Australia acquired Toms Gully tenement package including gold plant, and since then embarked on to re-commission the mine and gold plant.

The underlying cadastre of MLN 1058 includes two Perpetual Pastoral Leases. These are PPL1131 (NT Por 1170) and PPL 1163 (NT Por 4937).

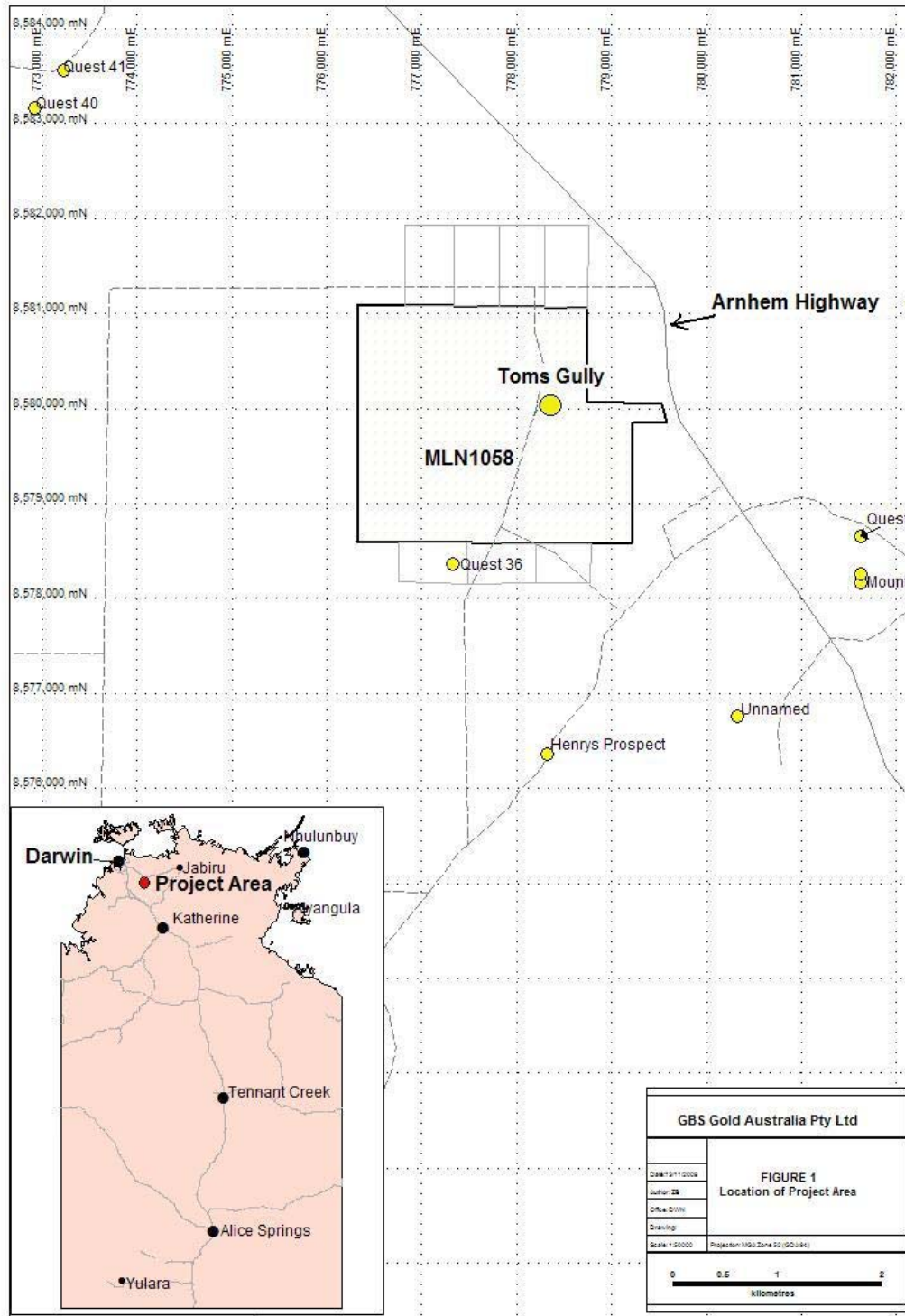
3.0 LOCATION AND ACCESS

MLN 1058 is located approximately 90km SE of Darwin, Northern Territory some five kilometers south of the Arnhem Highway (Figure 1). The tenement abuts a number of MCNs north and south of the project area, which are also held by GBS Gold Australia.

Access from Darwin is via Arnhem Highway. Access around the Mineral Lease is linked by station tracks, cleared grid lines and boundary fence lines and also via mine tracks to the limits of the MLN 1058. Wet season access is poor due to the large number of creeks which cross cut the tenement.

The region is characterised by moderate strike ridges separated by silty creek flats. New tracks built during the development of the mine and gold plant makes access possible within the project area almost all around year.

Figure 1: MLN 1058 Location Map



4.0 REGIONAL GEOLOGY

MLN 1058 and surrounding tenements are located within the Pine Creek Orogen, which has been interpreted as an intracratonic basin lying on an Archaean basement, and containing a 14 km thick sequence of Proterozoic sediments, accompanied by lesser volcanics, granitic plutons and dolerite intrusions. The Northern portions of the project area contain the oldest sediments the Wildman Siltstone which is part of the Mount Partridge Group that is unconformably overlain by the South Alligator Group. The southern portion of the Project area is comprised of the Koolpin Formation (South Alligator Group), which conformably overlies the Burrell Creek Formation (Finnish River Group). Geology of the project area is shown in Figure 2. Tertiary and Quaternary Soils and Gravel's unconformably overlie all the lower lying portions of the tenement areas, generally referred to as "Black Soils Regions". All of the Early Proterozoic sediments and volcanics in the Mount Bunday area were folded in a major deformation event dated around 1800 million years. The fold axes trend north-northeast, and generally plunging gently to the south.

4.1 The Mount Partridge Group

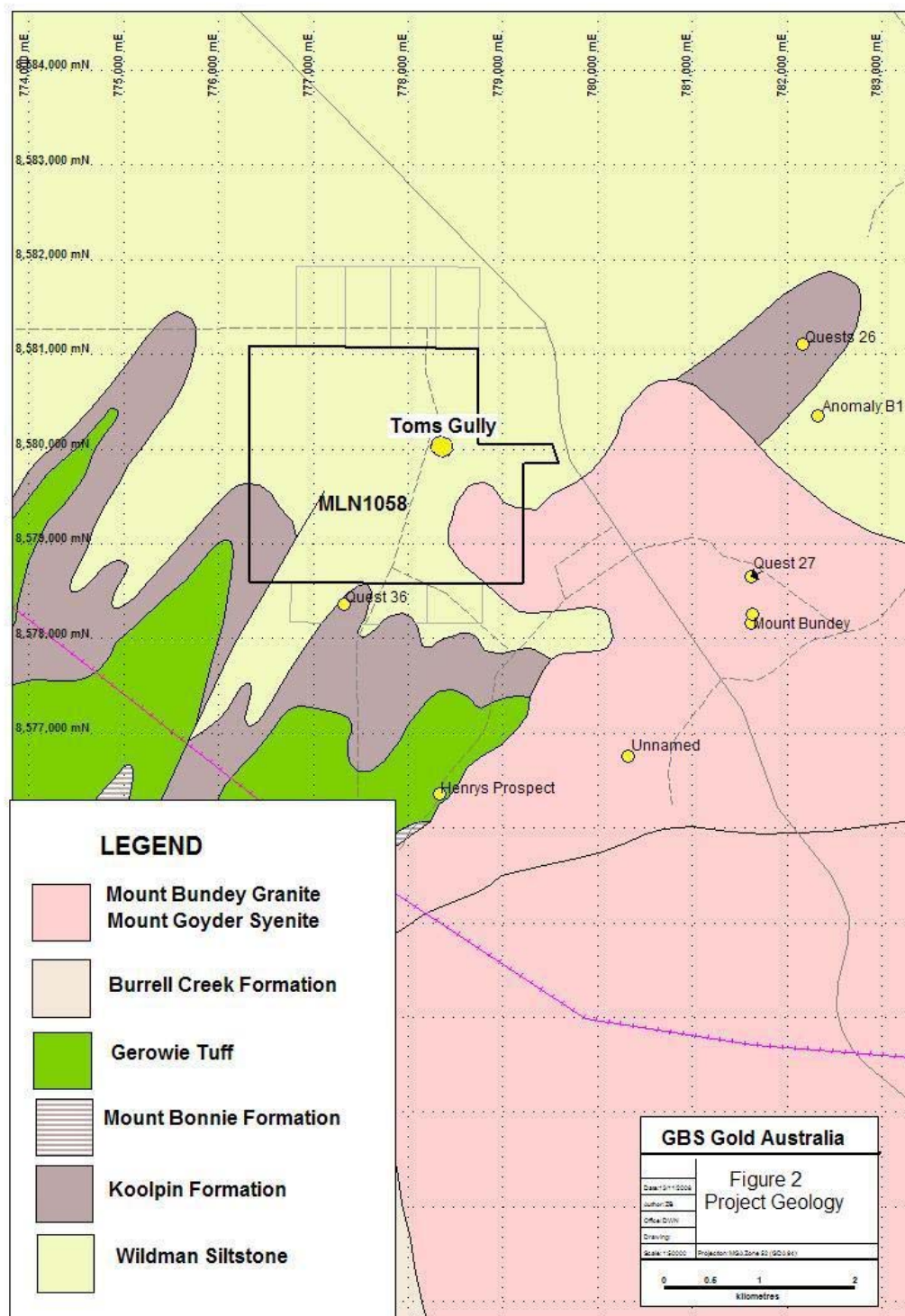
Wildman Siltstone

The Mount Partridge Group is represented by the Wildman Siltstone, which is interpreted to be up to 1500m thick. In the Mount Bunday Region the Wildman Siltstone consists of laminated and banded shale, carbonaceous and often pyritic siltstone inter bedded with undifferentiated volcanics in up to 100m interbeds, minor dolomitic sediments may also be present. The sediments near the granite intrusion may also be hornfelsed. The Wildman Siltstone is interpreted to be prospective for large tonnage, low-grade gold deposits and small tonnage, high-grade deposits. Wildman Siltstone hosts the Tom's Gully gold deposit.

4.2 The South Alligator Group

The Koolpin Formation, Gerowie Tuff and the Mount Bonnie Formation represent the South Alligator Group. The rocks of the South Alligator Group are considered to be prospective for either large tonnage, low grade gold deposits (such as that at the nearby Rustler's Roost gold mine) or small tonnage, high grade deposits. Folded rocks of the Koolpin Formation are present in the southwestern part of MLN 1058.

Figure 2: Geological setting of the project area



Koolpin Formation

The Koolpin Formation comprises ferruginous siltstone and shale, which is commonly carbonaceous and pyritic. Chert bands and nodular horizons are common and lenses of ironstone occur occasionally, as haematitic breccias throughout the sequence into undisturbed quartz-veined siltstone and shale. Minor components of dolomite can also occur. The Koolpin is one of the most prospective units in the Mount Bunday Region for hosting mineralisation (West Koolpin, Taipan, BHS and North Koolpin Open Pits at Quest 29 are all within Koolpin sediments)

Gerowie Tuff

The Gerowie Tuff conformably overlies the Koolpin Formation and has similar characteristics of siltstones and shales but is not as iron rich. Within the Mount Bunday Region it is dominated by graded beds of siliceous tuffaceous mudstones grading to greywacke and arenite, diagenetically altered, up to 600m thick, and generally poorly mineralised. The highly siliceous component of the tuffs and arenites make them resistant to erosion, and they tend to form areas of high relief.

Mount Bonnie Formation

The Mount Bonnie Formation conformably overlies the Gerowie Tuff and is dominated by a shallow marine sequence of interbedded and graded siltstone, chert and greywacke with occasional BIF's. The unit can be up to 600 m thick and is generally iron rich and may be siliceous in places. The Mount Bonnie Formation hosts the Rustler's Roost deposit.

4.3 Finnis River Group

Burrell Creek Formation

Conformably overlying the Mount Bonnie Formation is the Burrell Creek Formation interpreted as a flysch sequence of fine to coarse marine sediments and appears to be part of continuous sedimentation process. Due to the lack of marker horizons and poor exposure the width of the unit is unknown but is thought to be >1000m. This Formation is considered prospective for large low-grade gold deposits as typified by the Batman deposit of Mount Todd. The potential also exists for small high-grade deposits similar to Possum and Happy Valley with John Shields GIGIAC Theory (Gold in Greywacke in Anticlinal Crests). Also high-grade deposits such as

Bandicoot, Marrakai and the Ringwood line which all lie on a major deep-seated magnetic trend.

4.4 Intrusives

Zamu Dolerite

The Zamu Dolerite occurs as small bodies that are poorly exposed, as a result of its weathering, some rubble boulders may be present at surface. It consists of altered quartz dolerite and gabbro and is generally narrow and broadly conformable to bedding as thin sills. The Zamu Dolerite is the only known suite of mafic intrusives that were emplaced prior to regional metamorphism and deformation. The Zamu Dolerite appears to have a controlling influence on the mineralisation at Quest 29 within the Koolpin sediments but this is not fully understood at this stage. Mineralisation is also hosted within this unit at Quest 29 and also at Cosmo and Chinese Howley.

Mount Bunday Granite & Mount Goyder Syenite

The sedimentary sequences and the Zamu Dolerite are intruded by the Proterozoic Mount Goyder Syenite and Mount Bunday Granite which form a co-genetic complex which crops out over about an 80km area (Figure 2). This intrusion is believed to have been the heat and fluid source for the mineralisation, which occurs throughout the local region. Their mineralogy and geochemistry suggests they are both differentiated from a common magma, which intruded into the gently south plunging folded belt of sediments. A thermal metamorphic overprint associated with the southern margin of the Mount Bunday Granite intrusive has resulted in the development of both cordierite and andalusite, and probably was the generator for the local gold mineralisation. Further to the south of the Mount Bunday and Mount Goyder intrusive is possibly a second deep-seated pluton to the south as indicated by a roughly circular magnetic feature (Discussions with Williams Resources 1998).

4.5 Deformation & Metamorphism

Regional deformation with north-northeast folds which plunge 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 Orogen. e.g. Cosmo Howley, Rustlers Roost, Toms Gully, Moline, Mt Todd and Quest 29.

5.0 PREVIOUS EXPLORATION AND MINING

Tom's Gully was discovered in 1986 by Carpentaria Exploration Company Pty Ltd (CEC), a wholly owned subsidiary of Mount Isa Mines Ltd (MIM). Following completion of the approvals processes, development of the sulphide/oxide mine commenced in mid 1988 with processing of ore starting from February 1989 at 150,000 tonnes per annum. A number of the key water/environmental systems such as the evaporation dams, environmental ponds, high-wall dewatering bores and No 1 Tailings dam (Old Tailings Dam) were designed and constructed at this time. In late 1989, a NOI/EMP was lodged for the development of a room and pillar underground mine with production to be scheduled after completion of the open cut. The decline was commenced in January 1990 from the east end of the open pit and progressed well until the Crabb Fault Zone was encountered and development was delayed by poor mining conditions. Development was stopped 465 metres from the portal in December 1990 after transecting the fault with a second development attempt and accessing the orebody. Unfortunately, the underground mine was by now significantly behind schedule and it was impossible to move from open cut to underground supply without a significant break in ore processing. Under such circumstances, and after the poor experiences with the Crabb Fault, CEC/MIM decided to close Tom's Gully after the open cut was completed in May 1991 and move the transportable components of

the plant to the ultra high grade Tick Hill deposit near Mt Isa. Tom's Gully production totalled 356,651 tonnes of ore at a grade of 9.23 g/t Au. In 1992, CEC sold the mine and associated leases to Esmeralda Exploration Ltd which allowed the pit

to flood. Kakadu Resources NL (Kakadu) then acquired Tom's Gully from Esmeralda and in 1993 lodged an NOI for the re-processing the sulphide/oxide tailings. A new 250,000 tpa CIL plant was built in 1994/95 and production commenced after the 94/95 wet season. An additional tailings dam (Tailings Dam No 2, or New Tailings Dam, with a nominal capacity 350,000t) was constructed along with a wet land filter to "polish" waters prior to release from the site and additional bores for water supply and mine dewatering. Unfortunately, poor process design (for tailings re-treatment) resulted in very poor pulp density controls and recoveries of only 35% were achieved with processing. It is estimated that Kakadu treated some 65,000 tonnes of tailings prior to treatment ceasing. Also during this period an NOI was lodged to dewater the open cut to allow recommencement of underground activities. Following approval, dewatering commenced with water being discharged under discharge license during the wet season directly or after being held in evaporation dams during the dry season. This occurred initially under WDL1 during the 94/95 wet season and has continued under other licenses since.

In December 1996, Kakadu was restructured and re-capitalised. The company was renamed Sirocco Resources N.L (Sirocco") as part of the process. With the pit dewatering and discharge expected to take a number of wet seasons Sirocco focused its efforts at Quest 29 which contained gold mineralisation with the potential to be mined by open cut methods and treated at Tom's Gully. Following a period of intensive exploration at Quest 29, the company had delineated sufficient resources to consider the development of an open cut mining operation to mine oxide and sulphide ores with treatment at a refurbished Tom's Gully CIL plant and a new dump leach facility at Quest 29. After lodgment of an NOI in June 1998, the environmental assessment process (PER) process was completed after significant delay in April 1999. Development commenced in June 1999. A crushing circuit was added to the CIL circuit at Tom's Gully to allow treatment at a rate of 250,000 tpa of higher grade sulphide/oxide grade ores carted from Quest 29. A new dump leach facility was built at Quest 29 to treat lower grade oxide ores. The Tom's Gully processing plant also

provided the carbon elution circuits, gold room, maintenance, services and administration/support for the Quest 29 mining and dump leach activities.

Delays in the approval process meant that open cut mining at Quest 29 and plant commissioning at Quest 29 and Tom's Gully only started at the beginning of the wet season. The separation of higher grade ores from lower grade ones was difficult and from 2000 the operation concentrated on treating ore at the Quest 29 dump leach facility. Approximately 500,000t of ore was mined during this period and treated at either the Tom's Gully CIL plant or the Quest 29 dump leach facility. Gold dore from the Quest 29 dump leach was produced up to May 2005 under the current Tom's Gully and Quest 29 Mining and Management Plans (MMPs)

Dewatering at Tom's Gully continued with the open cut fully dewatered by mid 2001 allowing access to the underground workings following submission of an NOI. In 2003 and 2004, Sirocco (now re-named Renison Consolidated Mines NL) undertook extensive drilling programme at Tom's Gully. Detailed studies were also undertaken in related disciplines allowing the completion of a feasibility study in January 2005. With acceptance of the 2004 MMP, finalization of commercial arrangements and arrangement of debt finance, mine development and plant rehabilitation was commenced in earnest from July 2005. Ore is schedule to be produced in January 2006 and first gold from a re-commissioned CIL processing plant in March 2006. Production during the term of this MMP is expected to be approximately 150,000 tonnes of ore. An operating company, Tom's Gully Mining Pty Ltd, has been formed under an Alliance Agreement between Renison and PT Petrosea Tbk (a subsidiary of Clough Engineering Ltd) to operate the project. Tom's Gully has been principally maintained as a dewatered mine by bores and surface pumps since being dewatered in 2001. During the wet season of 2004/05, releases of stored water (from dry season pumping) or storm water were made under a wastewater discharge license (WDL 117).

5.1 Historical Production

MIM began open cut mining of the Tom's Gully deposit in 1988 and ceased in April 1991 with total production of 356,651t at 9.23g/t Au to produce approximately 75,000oz of gold. Kakadu re-treated 100,000t of tailings at 2.5 g/t in 1995 for approximately 3000oz of gold recovered. Renison has utilised the elution and gold

room production facilities at Tom's Gully to treat ores from Quest 29, approximately 16km to the south of Tom's Gully.

An operating company, Tom's Gully Mining Pty Ltd, formed under an Alliance Agreement between Renison and PT Petrosea Tbk (a subsidiary of Clough Engineering Ltd) recommenced underground mining in September 2005 with a 5m x 5.3m portal cut into the footwall of Toms Gully open pit. The position of the portal, between the two major faults (Crabb to the east and Williams to the west) differed to the original decline of Carpentaria Exploration Company Pty Ltd (CEC), a wholly owned subsidiary of Mount Isa Mines Ltd (MIM) which commenced in January 1990 from the east end of the open pit and progressed well until the Crabb Fault Zone where development was stopped 465 metres from the portal in December 1990 (Figure 3). By December 2006 the Tom's Gully underground decline had progressed 644 metres and more than 700 metres of ore strike development had been completed. A further ~450m has also been completed in stockpiles, substations, ventilation drives, pumping stations, sumps, ore access drives and the magazine.

Figure 3: Toms Gully open pit showing location of CEC/MIM portal east of the Crabb Fault and newer Tom's Gully Mining Pty Ltd, portal cut into the footwall between the Crabb and Williams Fault. Photo taken from western edge of pit looking



Mining commenced after all preparation but during 2006-07 heavy wet season rain mine was flooded with water which led to halting of operations. Mine was placed in care maintenance.

In July 2007, by virtue of an agreement, GBS Gold Australia acquired Toms Gully tenement package including gold mine and processing plant. GBS Gold embarked on a feasibility study to evaluate the whole project area with the view to re-commence mining and processing. Based on the results of this study, the company acquired necessary permits in order to re-commencement of underground mining and processing operations in mid-2008.

The Tom's Gully Gold Project has a delineated resource estimate of approximately 1.9Mt at 8.1g/t for 486,000 ounces of contained gold as at December 2007 as detailed in **Error! Reference source not found.** This estimate comprises Indicated Resources of 1.28Mt at 8.4g/t for 346,000 ounces of contained gold and Inferred Resources of 0.59Mt at 7.4g/t for 140,000 ounces of contained gold, calculated in accordance with Canadian National Instrument NI 43-101.

Table 2 December 2007 Mineral Resources

	Indicated			Inferred			Total		
Type	Tonnes	Grade (g/t)	Ounces Gold	Tonnes	Grade (g/t)	Ounces Gold	Tonnes	Grade (g/t)	Ounces Gold
Total	1,276,000	8.4	346,000	592,000	7.4	140,000	1,868,000	8.1	486,000

Initial project capital was estimated at approximately A\$ 8 million comprising process plant modifications and re-commissioning activities, underground development works and other capital requirements. The estimated payback period is approximately 1.5 years. Total capitals on the project are estimated at approximately A\$8 million, relating primarily to ongoing underground development activities. Mining and processing of ore re-commenced on 25 July 2008 at Toms Gully again. However, due to operational difficulties which involved low ore grade then estimated and low recovery, mining and processing operation was again placed on care and maintenance.

Furthermore, GBS Gold Australia Pty Ltd was placed under voluntary receivership, and all Australia Operations were placed under care and maintenance.

6.0 EXPLORATION AND MINING ACTIVITIES 2008-09

During 2008-09, company resources focused on the development of Chinese South (Big Pit), Toms Gully, Cosmo Deep and Maud Creek projects with a budget of tens of millions dollars. Chinese South 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, construction of a specialised circuit developed by GEOCOAT® technology at Union Reefs treatment facility was under consideration. This technology would have the ability to process refractory ore with up to 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'. In April 2009, Crocodile Gold Australia acquired all assets held by GBS Gold Australia (liquidated) and currently, regulatory and statutory processes are in final stage for the transfer of assets to Crocodile Gold Australia.

The Toms Gully Project is one of the significant projects which will play a major role in the revival of gold mining and processing in the region. During the reporting period, apart from Care and Maintenance activities, a technical review, tenement evaluation and ranking was undertaken in order to prepare all assets for sale. Other activities are given below:

- Reconnaissance visit
- Technical review of the tenement
- Planning for up-coming field season
- Report writing and tenement management activities

This program costed a sum of \$500 000.00 during the reporting period.

7.0 PROPOSED ACTIVITY FOR YEAR 2009-10

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.

It is expected that after the transfer of assets, including Toms Gully project, exploration and mining activities will commence immediately. Toms Gully feasibility study to commence production is already taking place. A new resource definition program will be undertaken in order to delineate new resource and better define already existing resource base.

. A minimum budget of \$25000.00 has been set-a-side for this program.

8.0 REFERENCES

- DBIRD (2004), *MMP Compliance Assessment for the Tom's Gully Project Area*, PF2-001 Mines and Petroleum Management Division, August 2003 – July 2004
- AGSO 1998. SD5204 Darwin Digital Data, Second Edition.
- Hall S, 2003. 2003 Annual Report On Exploration Licence EL 23177. AuQuest Project, for the Period Ending 15th June 2003. Renison Consolidated Mines NL. *Unpublished statutory report for Northern Territory Department of Mines and Energy*.
- Hall S, 2003. 2003 Annual Combined Report On Exploration Licence's EL8508, EL9161, EL9196, EL9346 & EL9594. Mount Bunday Special Project Area, for the Period Ending 31st December 2003. Renison Consolidated Mines NL. *Unpublished statutory report for Northern Territory Department of Mines and Energy*.
- Hall S, 2002. 2002 Annual Combined Report On Exploration Licence's EL8508, EL9161, EL9196, EL9346 & EL9594. Mount Bunday Special Project Area, for the Period Ending 31st December 2002. Sirocco Resources NL. *Unpublished statutory report for Northern Territory Department of Mines and Energy*.
- Hall S, Catherall D, 2001. 2001 Annual Combined Report On Exploration Licence's EL8508, EL9161, EL9196, EL9346 & EL9594. Mount Bunday Special Project Area, for the Period Ending 31st December 2001. Sirocco Resources NL. *Unpublished statutory report for Northern Territory Department of Mines and Energy*.
- Hall S, Catherall D, 2000. 2000 Annual Combined Report On Exploration Licence's

- EL8508, EL9161, EL9196, EL9346 & EL9594. Mount Bundey Special Project Area, for the Period Ending 31st December 2000. Sirocco Resources NL. *Unpublished statutory report for Northern Territory Department of Mines and Energy.*
- Hall S, Catherall D, 1999. 1999 Annual Combined Report On Exploration Licence's EL8508, EL9161, EL9196, EL9346 & EL9594. Mount Bundey Special Project Area, for the Period Ending 31st October 1999. Sirocco Resources NL. *Unpublished statutory report for Northern Territory Department of Mines and Energy.*
- Nicholson, PM, Ormsby, WR and Farrar, L, 1994. A review of the Structure and Stratigraphy of the Central Pine Creek Geosyncline, in *Proceedings AusIMM Annual Conference, 1994.*
- Rabone, G., 1995. Preliminary Report on the Mineral Occurrences Within a 25 Kilometre Radius of the Rustler's Roost Gold Mine, Northern Territory. *Unpublished inhouse report for Valdora Mining Pty Ltd.*