

AJS:ASM:GW:D11
G Webb

6 April 2009

**GBS GOLD AUSTRALIA PTY LTD ACN 115 384 319
(IN LIQUIDATION)
AND SUBSIDIARIES AS SET OUT IN THE SCHEDULE
(IN LIQUIDATION)
(Collectively referred to as "the Group")**

CIRCULAR TO CREDITORS

ADELAIDE
BRISBANE
MELBOURNE
SYDNEY
HONG KONG
JAKARTA
KUALA LUMPUR
MANILA
MUMBAI
SINGAPORE
TOKYOaffiliated through
Kroll Worldwide
UNITED STATES
UNITED KINGDOM

I refer to the appointment of Martin Jones, Darren Weaver and I as Joint and Several Administrators of the Group on 15 September 2008 and our subsequent appointment as Joint and Several Liquidators on 27 February 2009.

The purpose of this circular is to advise creditors that a Heads of Agreement has been negotiated and was executed between Forbes & Manhattan Inc in trust for 2115565 Ontario Inc ("F&M Ontario") and the Joint and Several Liquidators of the Group on 26 March 2009 to exclusively negotiate the sale of the Group's assets, following relevant approvals from creditors of the Group including the secured creditors and the Committee of Inspection. Definitive sale documentation is now being prepared to reflect the proposed sale by the Joint and Several Liquidators of the Group and F&M Ontario. The final sale agreement is scheduled to be finalised on or before 31 May 2009.

Until such time as the definitive sale documentation is executed and various other conditions are met under the Heads of Agreement including Foreign Investment Review Board approval, the Group's assets will remain under our control.

I further advise that a transition team from F&M Ontario is expected to visit GBS Gold's Darwin sites in the next two to three weeks to discuss the possibility of future employment being offered to existing Group employees by F&M Ontario (following successful completion of this sale transaction). In the event that F&M Ontario wish to offer any existing Group employees a position of employment moving forward, the Joint and Several Liquidators of GBS Gold will work with F&M Ontario to effect the transition of employment, as necessary.

As previously advised our statement of position of the Group indicates that a dividend payment to unsecured creditors in relation to their pre-appointment liabilities is unlikely. For this reason, I do not at present intend to formally call for proofs of debt from creditors. I will advise of any change in this position.



Creditors will be updated further with respect to the sale process in due course.

In the interim should you have any queries in relation to this matter, please do not hesitate to contact either Derek Keir or Geoff Webb of this office.

Yours faithfully

A handwritten signature in black ink, appearing to read 'A Saker', written in a cursive style.

ANDREW SAKER
Joint and Several Liquidator of
GBS Gold Australia Pty Ltd
and Subsidiaries as set out in the Schedule

THE SCHEDULE

Company	ACN
GBS Gold Australia (Tom's Gully) Pty Ltd	124 581 862
Northern Gold Pty Ltd	009 620 937
Territory Goldfields Pty Ltd	066 581 075
Burnside Operations Pty Ltd	097 922 444
Buffalo Creek Mines Pty Ltd	097 907 625
GBS Gold Holdings Pty Ltd	126 471 136
Terra Gold Mining Pty Ltd	071 444 061
Terra Metals Pty Ltd	092 922 097
GBS Gold Australia (Land Holdings) Pty Ltd	119 998 793