

AJS:MF:GW:D11
G Webb

16 September 2008

**GBS GOLD AUSTRALIA PTY LTD (ADMINISTRATORS APPOINTED)
ACN 115 384 319
AND SUBSIDIARIES AS SET OUT IN THE SCHEDULE
(Collectively referred to as "the Group")
Appointment of Voluntary Administrator**

TRADING AS GBS GOLD**CIRCULAR TO CREDITORS**ADELAIDE
BRISBANE
MELBOURNE
SYDNEY
HONG KONG
JAKARTA
KUALA LUMPUR
MANILA
MUMBAI
SINGAPORE
TOKYO
affiliated through
Kroll Worldwide
UNITED STATES
UNITED KINGDOM

I advise that Martin Jones, Andrew Saker and I were appointed Joint and Several Voluntary Administrators of the Group pursuant to Section 436A of the Corporations Act 2001 ("the Act") on 15 September 2008.

We now control the Group's operations and we are assessing the Group's financial position. The Group's directors have been requested to prepare a statement about the Group's business, property, affairs and financial circumstances as at the date of our appointment. I raise the following matters regarding the administration.

1. First Meeting of Creditors

We are required to call a first meeting of creditors within eight business days of our appointment pursuant to Section 436E of the Act. The purpose of this meeting is to provide creditors with an opportunity to:-

- Appoint a Committee of Creditors; and
- Appoint an alternative Administrator, if they so desire.

In this regard, I enclose the following documents:

- (a) Notice of Meeting of Creditors. A meeting of the creditors of the Group will be held at the Grand Ballroom of the **Crowne Plaza, Second Floor, 32 Mitchell Street, Darwin NT on Thursday 25 September 2008** at 10.30am NT. An alternative venue is available for creditors to attend the meeting via telephone conference at the Sandalwood / Sheoak Room of the Holiday Inn, 788 Hay Street, Perth WA at 9.00am WST. *Please note that the meeting commences at 10.30am NT (9.00am in WA). You should arrive for registration at least 30 minutes prior to the meeting.*



- (b) Informal Claim Form for Voting Purposes. A person is not entitled to vote at the meeting unless they provide particulars of the debt or claim to the Administrators before the meeting. **Please note this form is for voting purposes only.** All creditors must furnish full details of their claims, indicating whether they rank as secured, preferential or unsecured, and whether they claim title to any goods supplied to the Group or any lien over goods in their possession which are property of the Group.
- (c) Appointment of Proxy form. The form enables you to appoint a person to act on your behalf at the meeting.

The Informal Claim Form for Voting Purposes and Proxy form should be lodged with this office before the meeting and, in any event, no later than **4.00pm on the day prior to the meeting**. Forms can be sent by facsimile on (08) 9214 1400 marked to the attention of Geoff Webb or scanned and emailed to gwebb@perth.fh.com.au. However, Corporations Regulation 5.6.36A requires lodgement of the original of the Proxy form with the Administrators' office within 72 hours of lodging the faxed copy.

2. Declaration by Administrators

Pursuant to sections 435DA(2) and (3) of the Act and the IPA Code of Professional Practice, I enclose the Administrators', 'Declaration of Independence, Relevant Relationships and Indemnities'.

3. Trading

At this stage, the Administrators intend continuing the Group's trading operations and draw your attention to the following.

3.1 Trading Accounts

The Act provides that the Administrators are personally liable for liabilities arising from services rendered, goods bought or property hired, leased, used or occupied during the administration. Please note that the Administrators do not accept liability for any goods purchased or services rendered without:

- A purchase order authorised by one or more of the specified authorised signatories set out in the list accompanying this circular; and
- A Tax Invoice. Where you do not provide a Tax Invoice, we are obliged by law to deduct 48.5% from any payment due and remit the amount to the Australian Taxation Office.

Please open a new account styled "GBS GOLD AUSTRALIA PTY LTD (Administrators Appointed)", addressed to the Group's premises and charge future authorised orders to that account. Accounts will be paid in accordance with your usual terms of credit, or other credit terms agreed between you and the Administrators, provided the supply of goods or services has been properly authorised and the invoice



value is the amount specified on the authorised order. Invoices submitted for amounts exceeding the authorised amount will only be paid to the amount authorised.

If there are any outstanding or unfulfilled orders placed by the Group prior to my appointment, including those under which there are goods in transit, please contact either Derek Keir or Geoff Webb of this office to obtain written confirmation that the order should proceed, by way of a re-issued purchase order with an authorised signature.

You may be aware that payment of unsecured creditors' accounts as at 15 September 2008 is postponed pending the outcome of the second meeting of creditors (see section 6 below).

3.2 Consignment Stock, Retention of Title and Liens/Pledges

If you supplied consignment stock to the Group, or believe you provided stock subject to a 'Retention of Title' clause, please contact my office as a matter of urgency.

If you claim a lien/pledge over any of the Group's assets, you are asked to set out details of your claim in writing to the Administrators immediately.

3.3 Contracts/Agreements

The Administrators expressly refrain from personally adopting any of the Group's contracts existing at the date of their appointment. All contracts are currently under review. The Administrators will advise the status of contracts as soon as practicable; that is, whether or not they remain on foot.

3.4 Property Used but Not Owned by the Group

In accordance with Section 443B of the Act, the Administrators' liability under hire purchase or lease agreements does not commence until five business days after the Administrators' appointment. Further, pursuant to Section 440C of the Act, the lessor or owner of property in the Group's control is not entitled to take possession of such property without leave of the Court or the Administrators' written consent.

We will write separately to known lease and hire purchase creditors regarding such assets. Please contact this office if you do not receive my letter.

4. Legal Proceedings

The appointment of Administrators stays a proceeding in a court against the Group. You cannot commence or continue a proceeding against the Group without my written consent or with the leave of the Court.



5. Employees

I have written separately to employees regarding the appointment of Administrators.

6. Report to Creditors and Second Meeting of Creditors

The Administrators will prepare a report to creditors under Section 439A of the Act which will include details on the Group's business, property, affairs and financial circumstances.

A second meeting of creditors will be held on or before 21 October 2008 unless the Court extends this date. It is at this meeting that creditors will consider the Administrators' report and consider resolutions regarding the Group's future.

7. Administrators' Remuneration

For the purposes of the Group's administration, the Administrators intend that their remuneration be fixed on the basis of time spent by them, and their staff of an appropriate level having regard to the nature and complexity of the work, and calculated by reference to hourly rates. Enclosed for your information are the following:

- Statement regarding remuneration setting out the four basic methods of calculating remuneration together with an explanation as to why hourly rates are appropriate in this administration; and
- Schedule of Rates and General Guide to Staff Experience.

The Administrators will provide creditors with a remuneration report pursuant to Section 449E of the Act with the report to creditors referred to in section 6 above.

An information sheet concerning approval of remuneration in external administrations can be obtained from www.ipaa.com.au or through this office.

8. Electronic Notification

You may elect to receive future correspondence from this office via email. Should you wish to do so, please email gwebb@perth.fh.com.au with the following information:

- The person to whom matters regarding the administration should be directed;
- The full name of the entity; and
- The email address at which the creditor is to receive future correspondence.



9. Further Information

For further information concerning the Voluntary Administration process and Ferrier Hodgson, you may wish to visit our website at www.ferrierhodgson.com. You may also wish to consider the IPA's website www.ipaa.com.au, which contains the IPA's Statements of Best Practice, applicable to IPA members and/or the website www.asic.gov.au for information sheets on the following topics:

- **Insolvency: a glossary of terms**
- **Voluntary administration: a guide for creditors**
- **Voluntary administration: a guide for employees**
- Liquidation: a guide for creditors
- Liquidation: a guide for employees
- Receivership: a guide for creditors
- Receivership: a guide for employees
- Insolvency: a guide for shareholders
- Insolvency: a guide for directors
- Independence of external administrators: a guide for creditors
- Approving fees: a guide for creditors.

Should you have any queries in relation to this matter, please do not hesitate to contact Geoff Webb or Derek Keir of this office, whose contact details are as follows:

Geoff Webb

Email: gwebb@perth.fh.com.au
Telephone: +61 8 9214 1491

Derek Keir

Email: dkeir@perth.fh.com.au
Telephone: +61 8 9214 1438

Yours faithfully

A handwritten signature in black ink that reads 'D Weaver'.

DARREN WEAVER
Joint and Several Administrator of
GBS Gold Australia Pty Ltd
and subsidiaries as set out in the schedule

Encl.

THE SCHEDULE

Company	ACN
GBS Gold Australia (Tom's Gully) Pty Ltd	124 581 862
Northern Gold Pty Ltd	009 620 937
Camelot Northern Territory Pty Ltd	062 734 178
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
Excor Resources Pty Ltd	095 987 518
E-Auction Australasia Pty Ltd	078 168 886

GBS GOLD AUSTRALIA PTY LTD
(ADMINISTRATORS APPOINTED)
ACN 115 384 319

AUTHORISED SIGNATORIES

SPECIMEN SIGNATURES

NAME: ANDREW SAKER

SIGNATURE:  _____


NAME: DARREN WEAVER

SIGNATURE:  _____

NAME: MARTIN JONES

SIGNATURE:  _____

NAME: MALCOLM FIELD

SIGNATURE:  _____

NAME: SEAN POWELL

SIGNATURE:  _____

NAME: WAYNE RUSHTON

SIGNATURE:  _____

NAME: ANDREW SMITH

SIGNATURE:  _____

CORPORATIONS ACT 2001

NOTICE OF FIRST MEETING OF
CREDITORS OF COMPANY UNDER ADMINISTRATION

**GBS GOLD AUSTRALIA PTY LTD
(ADMINISTRATORS APPOINTED)
ACN 115 384 319**

AND SUBSIDIARIES AS SET OUT IN THE SCHEDULE

1. Notice is given that on 15 September 2008, the companies under Section 436A of the Corporations Act 2001 appointed Martin Jones, Andrew Saker and Darren Weaver of Ferrier Hodgson, Level 26 BankWest Tower, 108 St Georges Terrace, PERTH WA 6000, as the Joint and Several Administrators of the company.
2. Notice is also given that meetings of the creditors of the companies will be held at the Grand Ballroom of the **Crowne Plaza, Second Floor, 32 Mitchell Street, Darwin NT** on Thursday 25 September 2008 at 10.30am NT. An alternative venue is available for creditors to attend the meetings of the companies via telephone conference at the Sandalwood / Sheoak Room of the Holiday Inn, 788 Hay Street, Perth WA at 9.00am WST.
3. Receive the Administrators' Declaration of Independence, Indemnities & Relevant Relationships.
4. The purpose of the meeting is to determine:
 - a. whether to appoint a committee of creditors; and
 - b. if so, who are to be the committee's members.
5. At the meeting, creditors may also, by resolution:
 - a. remove the Joint and Several Administrators from office; and
 - b. appoint someone else as Administrator of the company.

DATED this 16th day of September 2008.



DARREN WEAVER
Joint and Several Administrator 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
Camelot Northern Territory Pty Ltd	062 734 178
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
Excor Resources Pty Ltd	095 987 518
E-Auction Australasia Pty Ltd	078 168 886

DECLARATION OF INDEPENDENCE, RELEVANT RELATIONSHIPS AND INDEMNITIES**GBS GOLD AUSTRALIA PTY LTD
(ADMINISTRATORS APPOINTED)
ACN 115 384 319
AND SUBSIDIARIES AS SET OUT IN THE SCHEDULE****Independence**

We, Martin Jones, Andrew Saker and Darren Weaver of Ferrier Hodgson have undertaken a proper assessment of the risks to our independence prior to accepting the appointments as Joint and Several Voluntary Administrators of GBS Gold Australia Pty Ltd (Administrators Appointed) and the subsidiaries as set out in the Schedule. This assessment identified no real or potential risks to our independence. We are not aware of any reasons that would prevent us from accepting these appointments.

Relevant Relationships

Aside from the note below, neither Andrew Saker, Martin Jones or I, nor our firm, have, or have had within the preceding twenty-four (24) months, any other relationships with the companies, an associate of the companies, a former insolvency practitioner appointed to the companies or any person or entity that has a charge on the whole or substantially whole of the companies' property.

Macquarie Bank Limited ("Macquarie") holds a fixed and floating charge over three of the subsidiaries, specifically, Territory Goldfields Pty Ltd, Northern Gold Pty Ltd and GBS Gold Australia (Tom's Gully) Pty Ltd. The firm may provide professional advice to Macquarie either formally or informally, though no specific examples have been identified in the preceding twenty-four (24) months.

Prior Engagements with the Insolvent

Aside from preliminary advice in relation to this appointment (to date unremunerated, that preliminary advice having commenced on 10 September 2008), neither Andrew Saker, Martin Jones or I, nor our Firm, have undertaken any prior engagements for GBS Gold Australia Pty Ltd (Administrators Appointed) or the subsidiaries as set out in the Schedule.

There are no other prior professional relationships or engagements that should be disclosed.

Indemnities

Martin Jones, Andrew Saker and I have not been indemnified in relation to this administration, other than any indemnities that we may be entitled to under statute.

Dated this 16th day of September 2008.



DARREN WEAVER
Joint and Several Administrator of
GBS Gold Australia Pty Ltd
and subsidiaries as set out in the schedule

NOTE: If circumstances change, or new information is identified, I am required under the IPA Code of Professional Practice to update this Declaration and provide a copy to creditors with my next communication as well as table a copy of any replacement declaration at the next meeting of each of the company's creditors.

INFORMAL PROOF OF DEBT FORM

Regulation 5.6.47

Please indicate the company against which your claim is made (please tick)

✓	Name	ACN
	GBS Gold Australia Pty Ltd	115 384 319
	GBS Gold Australia (Tom's Gully) Pty Ltd	124 581 862
	Northern Gold Pty Ltd	009 620 937
	Camelot Northern Territory Pty Ltd	062 734 178
	Territory Goldfields Pty Ltd	066 581 075
	GBS Gold Australia (Land Holdings) Pty Ltd	119 998 793
	E-Auction Australasia Pty Ltd	078 168 886

✓	Name	ACN
	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
	Excor Resources Pty Ltd	095 987 518

Name of creditor:

Address of creditor:

ABN:

Telephone number:

Amount of debt claimed: \$ (including GST \$.....)

Consideration for debt (i.e. the nature of goods or services supplied and the period during which they were supplied):

.....

Is the debt secured? YES/NO

If secured, give details of security including dates, etc:

.....

Other information:

.....

Signature of Creditor
 (or person authorised by creditor)

Notes:

Under the Corporations Regulations, a creditor is not entitled to vote at a meeting unless (Regulation 5.6.23):

- a. his or her claim has been admitted, wholly or in part, by the Joint and Several Administrators; or
- b. he or she has lodged with the Joint and Several Administrators particulars of the debt or claim, or if required, a formal proof of debt.

At meetings held under Section 436E and 439A, a secured creditor may vote for the whole of his or her debt without regard to the value of the security.

Proxies must be made available to the Joint and Several Administrators.

GBS GOLD AUSTRALIA PTY LTD (ADMINISTRATORS APPOINTED)
ACN 115 384 319
AND SUBSIDIARIES AS SET OUT IN THE SCHEDULE

STATEMENT REGARDING REMUNERATION

A. Remuneration methods

There are four basic methods that can be used to calculate the remuneration charged by an insolvency practitioner. They are:

Time based/hourly rates

This is the most common method. The total fees charged is based on the hourly rate charged for each person who carries out the work multiplied by the number of hours spent by each person on each of task performed.

Fixed fee

The total fee charged is normally quoted at the commencement of the administration and is the total cost for the administration. Sometimes, a practitioner will finalise an administration for a fixed fee.

Percentage

The total fee charged is based on a percentage of a particular variable such as the gross proceeds of asset realisations.

Contingency

The insolvency practitioner's fee is contingent on achieving a particular outcome.

B. Method Chosen

Time based remuneration is appropriate in this administration given:

- It ensures creditors are only charged for work performed;
- We are required to perform tasks unrelated to asset realisations; hence, fees solely based on asset realisation would be unrealistic; and
- We are unable to provide a reliable estimate of total fees to complete all tasks in the administration.

C. Fee estimate

We estimate fees for the administration of the Group's affairs at between \$300,000 and \$350,000. Please note this is an estimate only and may vary materially given the circumstances of the administration.



DARREN WEAVER
Joint and Several Administrator of
GBS Gold Australia Pty Ltd
and subsidiaries as set out in the schedule

SCHEDULE OF HOURLY RATES & GENERAL GUIDE TO STAFF EXPERIENCE

Classification	Rate (\$)	Experience
Partner/Appointee	500.00	The Partner/Appointee is a registered liquidator and member of the ICAA and IPAA bringing specialist skills to the administration or insolvency task. For specific experience and other details of the appointee/s, please visit our website at www.ferrierhodgson.com
Director	425.00	Generally, minimum of 12 years experience at least 2 years of which is to be at Manager level. University degree; member of the ICAA and IPAA with deep knowledge and lengthy experience in relevant insolvency legislation and issues.
Senior Manager	350.00	Generally, more than 7 years experience with at least 2 years as a Manager. University degree; member of the ICAA and IPAA; very strong knowledge of relevant insolvency legislation and issues.
Manager	310.00	Generally, 5-7 years chartered accounting or insolvency management experience. University degree; member of the ICAA and IPAA; sound knowledge of relevant insolvency legislation and issues.
Supervisor	270.00	Generally, 4-6 years chartered accounting or insolvency management experience. University degree; member of the ICAA; completing IPAA Insolvency Education Program. Good knowledge of relevant insolvency legislation and issues.
Senior 1	240.00	Generally, 2-4 years chartered accounting or insolvency management experience. University degree; completing the ICAA's CA, program. Good knowledge of basic insolvency legislation and issues.
Senior 2	225.00	Generally, 2-3 years chartered accounting or insolvency management experience. University degree, ICAA's CA program commenced.
Intermediate 1	175.00	0 to 2 years experience. Has completed or substantially completed a degree in finance/accounting. Under supervision, takes direction from senior staff in completing administrative tasks.
Intermediate 2	150.00	0 – 1 year's experience. Undertaking a degree part-time in finance/accounting. Under supervision, takes direction from senior staff in completing administrative tasks.
Senior Secretary	150.00	Appropriate skills including machine usage.
Junior/Filing	125.00	Completed schooling and plans to undertake further studies. Required to assist in administration and day to day field work under the supervision of more senior staff.

Notes:

1. The hourly rates are exclusive of GST.
2. The guide to staff experience is intended only as a general guide to the qualifications and experience of our staff engaged in the administration. Staff may be engaged under a classification that we consider appropriate for their experience.
3. Time is recorded and charged in six-minute increments.
4. Rates are subject to change from time to time. Disbursements are recovered on the following basis.

Disbursements	Charges (Excluding GST)
Postage	At cost
Telephone	At cost
Photocopying	35 cents a copy
Facsimile	\$1 per page
Company Search	At cost
File Set up	At cost
Advertising	At cost
Storage	At cost
Couriers	At cost

The Partners of Ferrier Hodgson, Perth are members of the Insolvency Practitioners Association of Australia and follow the IPA Code of Professional Practice.

A copy of the IPA Code of Professional Practice may be found on the IPA website at www.ipaa.com.au.