
Second Administrators' Report

Pursuant to Section 439A of the Corporations Act 2001



**GBS GOLD AUSTRALIA PTY LTD ACN 115 384 319
AND SUBSIDIARIES
AS SET OUT IN THE SCHEDULE
(Administrators Appointed)**

Darren Weaver

Andrew Saker

Martin Jones

18 February 2009



TABLE OF CONTENTS

Contents

GLOSSARY OF TERMS.....	3
LISTING OF ANNEXURES	3
1. EXECUTIVE SUMMARY.....	4
2. INTRODUCTION	6
2.1 Second Meeting of Creditors	6
2.2 Deed of Cross Guarantee (“DXG”)	7
2.3 Second Meeting of Creditors	7
2.4 Purpose of Report	7
2.5 Non-Disclosure of Certain Information.....	8
2.6 Statement of Independence.....	8
3. GROUP INFORMATION	10
4. HISTORICAL FINANCIAL INFORMATION	10
5. STATEMENT OF POSITION	11
5.1 Current Dividend Estimate.....	11
5.2 Causes of Failure	12
6. TRADING BY ADMINISTRATORS	12
6.1 Overview and Trading Issues	12
6.2 Pine Creek Environmental Issues.....	13
6.3 Summary of Receipts and Payments.....	13
7. SALE OF ASSETS	13
8. STATUTORY INVESTIGATIONS	14
9. CREDITORS’ OPTIONS, DIVIDEND ESTIMATES AND COST ESTIMATES.....	15
9.1 Administration to End	15
9.2 Winding up of the Group.....	15
10. ADMINISTRATORS’ OPINION	16



11.	REMUNERATION AND DISBURSEMENTS.....	16
11.1	Administrators' Remuneration	16
11.2	Prospective Liquidators' Remuneration	16
12.	FURTHER QUERIES	17



GLOSSARY OF TERMS

Abbreviation	Description
ABN	Australian Business Number
ACN	Australian Company Number
Act	The Corporations Act 2001
ASIC	Australian Securities and Investments Commission
ASX	Australian Stock Exchange
CTCC	The Computershare Trust Company of Canada
DOCA	Deed of Company Arrangement
DXG	Deed of Cross Guarantee
ERV	Estimated Realisable Value
Macquarie	Macquarie Bank Limited

LISTING OF ANNEXURES

Annexure 1	Schedule of Subsidiaries
Annexure 2	Administrators' Remuneration
	Liquidators' Prospective Remuneration
	The Firm's Schedule of Hourly Rates & General Guide to Staff Experience
Annexure 3	Summary of Receipts and Payments



1. EXECUTIVE SUMMARY

On 15 September 2008, Andrew Saker, Darren Weaver and Martin Jones were appointed as Joint and Several Administrators of GBS Gold Australia Pty Ltd and its subsidiaries (collectively referred to as “the Group” for the purposes of this report), pursuant to Section 436A of the Corporations Act 2001 (“the Act”). We refer to our previous Report to Creditors dated 12 December 2008 which should be read in conjunction with this further report.

At the second meeting of creditors held on 23 December 2008 creditors resolved to adjourn the meeting for a period of up to 45 business days as per the Administrators’ recommendation for the following reasons:

- a) To allow the Administrators further time to continue discussions with a number of interested parties (and submit final offers as per the Administrators’ timeframe discussed within this report) with regard to the possible restructure and recapitalisation of the Group ultimately leading to a Deed of Company Arrangement (“DOCA”) proposal being put forward to creditors; and
- b) Following resolution of the above matters, to allow the Administrators to be in a better position to assess the Group’s financial position and advise of the potential return to creditors under the various options that are proposed regarding the future of the Group.

At the second meeting of creditors no quorum was present for the below companies. Further investigations have concluded that the below entities have no assets or liabilities. In view of the above, following the second meeting we ceased to act as Joint and Several Administrators of these entities and control of these entities was handed back to the directors. The directors have since applied for the deregistration of these entities.

Company
Camelot Northern Territory Pty Ltd
Excor Resources Pty Ltd
E-Auction Australasia Pty Ltd

The Administrators have continued to maintain the Group’s mining assets on a state of care and maintenance and retained a minimum amount of staff to assist with this process. Following approval by the secured creditors, Committee of Creditors and the Supreme Court of Western Australia approval was received to pay employees’ outstanding pre-appointment entitlements. In this regard, a distribution was made shortly before Christmas and the Administrators have since worked to resolve and finalise payment of a number of other complicated employee claims.

There are sections of this report wherein we considered it inappropriate to disclose certain information to creditors. Such information includes:



- Identity and nature of interest of the interested parties;
- Valuations of specific assets; and
- Valuation of the business.

We recognise the need to provide creditors with adequate disclosure of necessary information relating to the Group. However, we believe that as some of this information is commercially sensitive it is not in the creditors' interests to disclose the information publicly at this stage. We note that at the appropriate time creditors will be apprised of this information.

As you would be aware, we appointed PCF Capital Group Pty Ltd ("PCF") to assist us with the solicitation process for expressions of interest for the sale of the Group's assets and / or recapitalisation of the Group. As per our timetable we called for final offers for the purchase of the Group's assets and / or recapitalisation of the Group to be submitted by 30 January 2009. In this regard, a number of final offers were received from various parties.

The final offers have been reviewed and assessed by PCF and the Administrators. The Administrators have held discussions with the secured creditors of the Group, being The Computershare Trust Company of Canada ("CTCC") and Macquarie Bank Limited ("Macquarie") who have supported accepting an offer from a party (herein referred to as the "Preferred Bidder" throughout this report) given that the terms of the proposal provide for the greatest return to the secured creditors with similar completion risks to the other offers received. It is not anticipated that sufficient funds will be available for a dividend distribution to the unsecured creditors of the Group.

Given that it is likely that the offer submitted by the Preferred Bidder may be accepted by the Administrators, the fact that the Group is clearly insolvent and no DOCA proposal has been put forward, the Administrators recommend that the Group be wound up.

We further note that if the Group is placed into liquidation, the potential recoveries, (albeit unlikely to have a material impact on any dividend that may be available to unsecured creditors), as identified in section 8 of this report may be pursued by the Liquidators for the benefit of creditors.

The reconvened second meeting of creditors of the Group will be held on Friday, 27 February 2009 and will be held concurrently in Darwin at the Crowne Plaza Hotel, 32 Mitchell Street, Darwin NT at 10.00 am NT time and in Perth at the offices of Ferrier Hodgson, Level 26, BankWest Tower, 108 St George's Terrace, Perth WA at 9.30 am Western Standard time.



2. INTRODUCTION

2.1 Second Meeting of Creditors

Creditors attended a second meeting of creditors of the Group which was held concurrently at the Holiday Inn Hotel in Darwin and the Mantra on Murray Hotel in Perth on Tuesday, 23 December 2008. At that meeting, creditors resolved to adjourn the meeting for a period of up to 45 business days as per the Administrators' recommendation for the following reasons:

- a) To allow the Administrators further time to continue discussions with a number of interested parties (and submit final offers as per the Administrators' timeframe discussed within this report) with regard to the possible restructure and recapitalisation of the Group ultimately leading to a Deed of Company Arrangement ("DOCA") proposal being put forward to creditors; and
- b) Following resolution of the above matters, to allow the Administrators to be in a better position to assess the Group's financial position and advise of the potential return to creditors under the various options that are proposed regarding the future of the Group.

At the second meeting of creditors convened on 23 December 2008 no quorum was present for the below companies. Further investigations have concluded that the below entities have no assets or liabilities. In view of the above, following the second meeting we ceased to act as Joint and Several Administrators of these entities and control of these entities was handed back to the directors. The directors have since applied for the deregistration of these entities.

Company
Camelot Northern Territory Pty Ltd
Excor Resources Pty Ltd
E-Auction Australasia Pty Ltd

2.1.1 Third Committee of Creditors' Meeting

A third meeting of the Committee of Creditors was held on 7 January 2009 wherein an update was provided by the Administrators on the following matters:

- Solicitation process;
- Statement of position and estimated return to creditors; and
- General administration update, including working capital estimate, employee entitlement issues, environmental works and Administrators' remuneration approval.

A fourth meeting of the Committee of Creditors is anticipated to take place in the week leading up to the full creditors meeting scheduled for Friday, 27 February 2009



to discuss the final offers received and options available regarding the future of the Group.

2.2 Deed of Cross Guarantee (“DXG”)

A DXG, which was registered with the ASIC on 18 December 2007, exists between the following entities of the Group:

Company
GBS Gold Australia Pty Ltd
GBS Gold Australia (Tom’s Gully) Pty Ltd
Northern Gold Pty Ltd
Terra Gold Mining Pty Ltd
Territory Goldfields Pty Ltd
Buffalo Creek Mines Pty Ltd

From a creditors’ claim perspective, the effect of the DXG is that in the event of the liquidation of any or all of the entities who were parties to the DXG, each of the parties to the DXG guarantees and is liable for the payment of the debts due to the creditors of each of the other entities who were parties to the DXG. In other words, this would mean an effective pooling of assets and liabilities of these 6 companies.

2.3 Second Meeting of Creditors

The reconvened second meeting of creditors of the Group will be held on Friday, 27 February 2009 and will be held concurrently in Darwin at the Crowne Plaza Hotel, 32 Mitchell Street, Darwin NT at 10.00 am NT time and in Perth at the offices of Ferrier Hodgson, Level 26, BankWest Tower, 108 St George’s Terrace, Perth WA at 9.30 am Western Standard time.

At the reconvened second meeting, the following options are available to creditors regarding the Group’s future:

- That the administration should end and control of the Group revert to its directors; or
- That the Group should be wound up.

We note that no DOCA proposal has been put forward for the Group and accordingly this option falls away.

2.4 Purpose of Report

Section 439A(4) of the Act explains the purpose of an Administrators’ report in providing that the notice (of second meeting) must be accompanied by a copy of:

- A report by the Administrator about the company’s business, property, affairs and financial circumstances; and*
- A statement setting out the Administrator’s opinion about each of the following matters:*



- *Whether it would be in the creditors' interests for the company to execute a DOCA; and*
 - *Whether it would be in the creditors' interest for the administration to end;*
 - *Whether it would be in the creditors' interest for the company to be wound up;*
 - *His or her reasons for those opinions; and*
- (c) *If a DOCA is proposed – a statement setting out details of the proposed deed.*

2.5 Non-Disclosure of Certain Information

There are sections of this report wherein we considered it inappropriate to disclose certain information to creditors. Such information includes:

- Identity and nature of interest of the interested parties;
- Valuations of specific assets; and
- Valuation of the business.

We recognise the need to provide creditors with adequate disclosure of necessary information relating to the Group. However, we believe that as some of this information is commercially sensitive it is not in the creditors' interests to disclose the information publicly at this stage. We note that at the appropriate time creditors will be apprised of this information.

We note that the Committee of Creditors is privy to all relevant information. The members of the Committee have signed confidentiality agreements with the Administrators.

2.6 Statement of 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 our appointments as Joint and Several Administrators of the Group. This assessment identified no real or potential risks to our independence. We were not aware of any reasons that would prevent us from accepting these appointments. These matters are discussed in greater detail below:

2.6.1 Relevant Relationships

Except as disclosed below, neither Martin Jones, Andrew Saker or Darren Weaver, nor our firm, have, or have had within the preceding twenty-four months, any other relationships with the Group, an associate of the Group, a former insolvency practitioner appointed to the Group or any person or entity that has a charge on the whole or substantially whole of the Group's property.



Macquarie holds a fixed and floating charge over three of the subsidiaries of GBS Gold Australia Pty Ltd, 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 and have recently been engaged to undertake a separate independent assignment, for which an indemnity was provided.

2.6.2 Prior Engagements with the Group

Aside from preliminary advice in relation to this appointment, neither Martin Jones, Andrew Saker or Darren Weaver, nor our Firm, have undertaken any prior engagements for the Group.

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

2.6.3 Indemnities

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

We also confirm that we have not been provided with any indemnity, guarantee or contribution from the directors or their associated businesses, a creditor or any other party for any of our fees and expenses.

Martin Jones, Andrew Saker and Darren Weaver are partners of Ferrier Hodgson. Ferrier Hodgson is Australia's and the Asia-Pacific's largest independent corporate restructuring practice with 40 partners and over 300 staff throughout Australia and Asia. Ferrier Hodgson does not provide accounting, audit, legal or taxation services.

Martin Jones is a Chartered Accountant, Registered Liquidator and member of the Insolvency Practitioners Association of Australia with over 25 years experience in corporate insolvency.

Andrew Saker is a Chartered Accountant, Registered Liquidator and member of the Insolvency Practitioners Association of Australia with over 20 years experience in corporate insolvency.

Darren Weaver is a Chartered Accountant, Registered Liquidator and member of the Insolvency Practitioners Association of Australia with over 17 years experience in corporate insolvency.

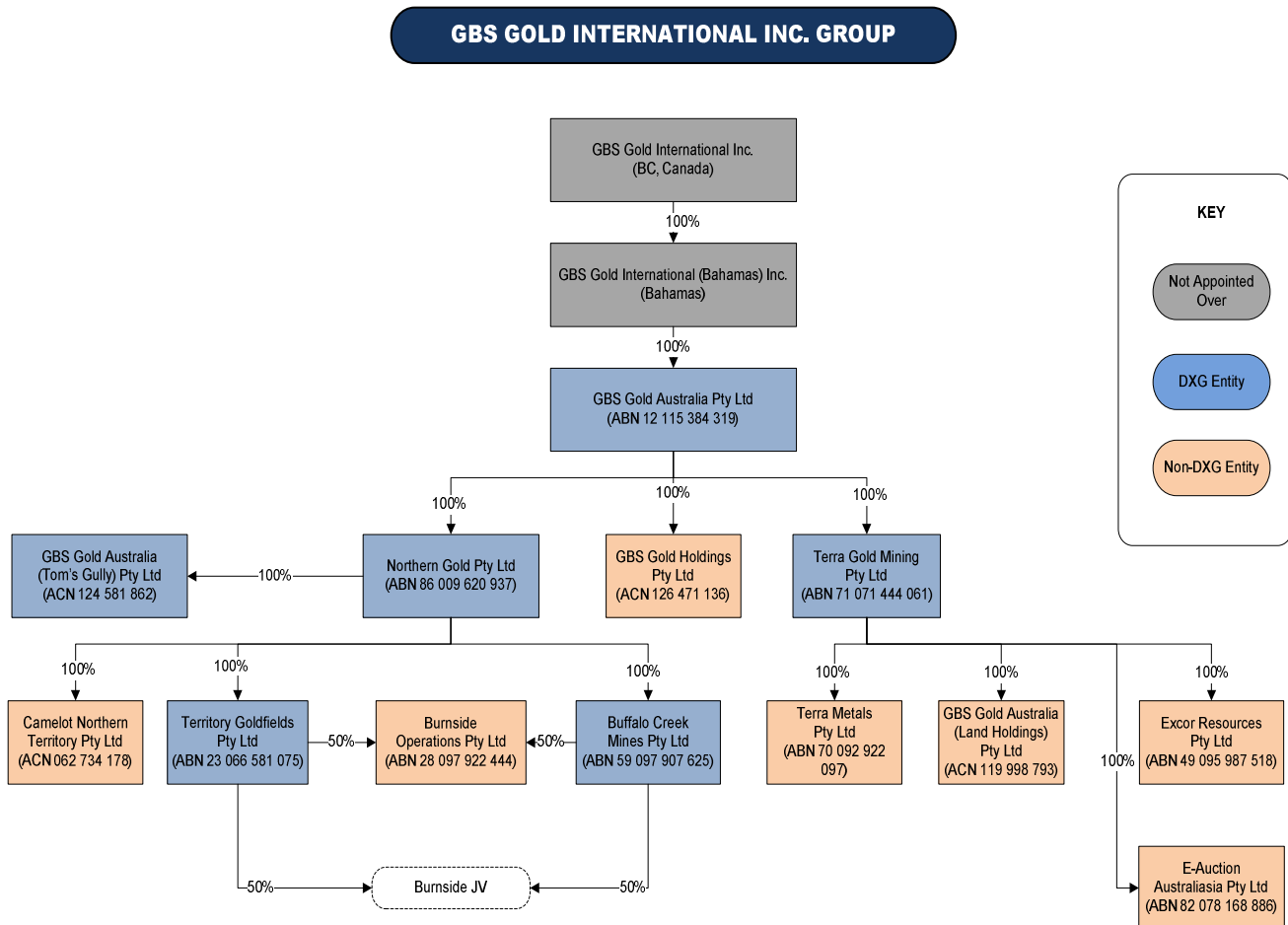
Further information regarding Ferrier Hodgson and the Administrators can be obtained from the firm's website at www.ferrierhodgson.com.



3. GROUP INFORMATION

Please refer to the Administrators' Report to Creditors dated 12 December 2008 for details regarding the Group's history and events leading up to the appointment of Administrators to the Group.

For ease of reference the Group structure is shown diagrammatically below:



4. HISTORICAL FINANCIAL INFORMATION

Please refer to the Administrators' Report to Creditors dated 12 December 2008 for details regarding the Group's historical financial information which incorporates historical profit and loss results as well as historical balance sheets.



5. STATEMENT OF POSITION

Please refer to the Administrators' Report to Creditors dated 12 December 2008 for details regarding the directors' Report as to Affairs of the Group.

5.1 Current Dividend Estimate

We set out below our updated Statement of Position:

	Note Reference	Administrators' ERV Liquidation Scenario Amount \$
Cash at Bank 13 Feb 09		4,354,303
Pre-appointment BAS Refund (net)		1,329,008
		5,683,311
Less: Administration Costs	5.1.1	(3,146,982)
Estimated Surplus Cash Funds		2,536,329
Add: Other Non-Core Assets	5.1.2	2,006,000
Preferred Bidder Offer for Plant and Equipment and Tenements of the Group		Undisclosed
Total Assets Available for Creditors		Undisclosed
Secured Debt Summary		
Secured Debt (excluding interest) at 15 Sep 08		59,198,736
Less: Realisations to Date		(4,192,085)
Estimated Net Amount Due Before Interest		\$55,006,651
Estimated Surplus / (Deficiency) to Secured Creditors Subject to Costs		Undisclosed
Estimated Unsecured Creditors' Claims	5.1.3	
Trade Creditors		24,346,199
Renison Consolidated Mines NL		24,000,000
Intercompany Loans		273,222,945
Director's Non-Priority Entitlements		225,081
Other		5,740,834
Estimated Total Unsecured Creditors' Claims		327,535,059
Estimated Surplus / (Deficiency) to Unsecured Creditors Subject to Costs		Undisclosed
Estimated rate of Dividend to Unsecured Creditors		Nil

In respect of the above, we comment as follows:

5.1.1 Administration Costs

This amount incorporates future anticipated costs under the care and maintenance program until 28 February 2009, current outstanding purchase orders, settlement of retention of title claims and other administrative costs.



5.1.2 Other Non-Core Assets

An amount of \$2,006,000 is estimated as realisable from non-core assets of the Group which do not form part of the Preferred Bidder's offer. Thus these assets will also be available for realisation and distribution to creditors in accordance with the various securities held over the Group's assets. We note that GBS Gold Holdings Pty Ltd is not subject to the DXG and is not subject to securities held by Macquarie or CTCC. However, the proceeds of sale will flow up to GBS Gold Australia Pty Ltd via its shareholding in GBS Gold Holdings Pty Ltd and then be available to CTCC under the terms of its security.

5.1.3 Estimated Unsecured Creditor Claims

These amounts represent likely unsecured creditor claims based upon the Group's records and Informal Proofs of Debt received to date. These amounts are subject to the submission and adjudication of Formal Proofs of Debt which may be called upon in the event that a dividend becomes likely to be paid.

5.2 Causes of Failure

Please refer to the Administrators' Report to Creditors dated 12 December 2008 for details regarding the Group's causes of failure identified by the directors and also Administrators.

6. TRADING BY ADMINISTRATORS

6.1 Overview and Trading Issues

Please refer to the Administrators' Report to Creditors dated 12 December 2008 for details regarding the Administrators' initial actions concerning the Group's ongoing trading arrangements upon appointment.

The plant and equipment at the previously operating sites at Tom's Gully and Union Reefs Processing Plant have been placed on care and maintenance.

We have received and continue to receive the full cooperation and support of the existing Group management, without which the operation of the sites and the administration generally would have been far more complicated and expensive.

We are presently employing a minimum number of staff to maintain and secure the various sites. We will continue to employ these staff until the future direction of the various sites is determined.

We are continuing to work with the Group's former tenement managers, M&M Walter Consulting Pty Ltd, to maintain the Group's tenements. Where appropriate, we have sought exemptions from expenditure obligations pending the determination of the



future of the Group. To date, the Department of Primary Industry, Fishing & Mines has shown support for the Group's exemption requests.

6.2 Pine Creek Environmental Issues

We advise that the environmental works at Pine Creek have now been completed. In this regard, a site visit occurred on 3 February 2009 whereby representatives of the Group, the Pine Creek Community and Department of Primary Industry, Fishing & Mines inspected the works. Feedback from the visit was positive and the works were considered satisfactory and approved by all of the above parties.

In view of the above, payment of \$1,051,600 was remitted to Akers Contracting on 4 February 2009, as per the quoted price for the works.

6.3 Summary of Receipts and Payments

The receipts and payment of the Group for the period 15 September 2008 to 13 February 2009 are attached as Annexure 3.

7. SALE OF ASSETS

As you would be aware, we appointed PCF to assist us with the solicitation process for expressions of interest for the sale of the Group's assets and / or recapitalisation of the Group.

We advise that 49 interested parties executed Confidentiality Agreements and received a copy of the Information Memorandum and data DVD pertaining to the Group's assets. As you would be aware, PCF received a number of indicative offers for various assets of the Group.

Following the submission of indicative offers, a number of parties were short listed to conduct further due diligence with a view to submitting final offers for the Group's assets. As per our timetable we called for final offers for the purchase of the Group's assets and / or recapitalisation of the Group to be submitted by 30 January 2009. In this regard, a number of final offers were received from various parties.

The final offers have been reviewed and assessed by PCF and the Administrators. The Administrators have held discussions with the secured creditors of the Group, being CTCC and Macquarie who have supported accepting the asset offer proposed by the Preferred Bidder given that the terms of the proposal provide for the greatest return to the secured creditors with similar completion risks to the other offers received. It is not anticipated that sufficient funds will be available for a dividend distribution to the unsecured creditors of the Group.



8. STATUTORY INVESTIGATIONS

Please refer to the Administrators' Report to Creditors dated 12 December 2008 for details regarding the Administrators' statutory investigations into the Group.

The findings of these preliminary investigations with regard to the potential recoveries by a Liquidator in the event the Group is wound up are tabled below:

Potential Recovery Item	Low Estimate (\$m)	High Estimate (\$m)
Unfair Preferences	Nil	0.35
Recovery from previous Director	Nil	0.32
Compensation from Directors (or Holding Company) for Insolvent Trading	Nil	3.70
Total	Nil	\$4.37

Our investigations have indicated that the Group's date of insolvency is somewhere between 1 September 2008 and 14 September 2008. However, we are of the opinion it is more likely to be closer to 14 September 2008 than 1 September 2008.

If the date of insolvency is assessed as 1 September 2008 a Liquidator may have a claim against the directors or the ultimate parent company for insolvent trading during this period. Debts incurred since 1 September 2008 are approximately \$3.7 million based upon the Group's records.

However, we have reviewed the defences available to the directors and, in conjunction with our preferred view of the date of insolvency, this review suggests that there is unlikely to be any significant claim against the directors for insolvent trading that would result in a recovery for unsecured creditors.

We have identified one payment of approximately \$350,000.00 that is likely to represent an unfair preference during the relevant period of insolvency, which was paid under a payment arrangement in September 2008. As such recovery of this payment may be pursued by a Liquidator.

A termination payment of \$315,000.00 was made on 12 September 2008 to Anthony Simpson, previously a director of the Group. It is our preliminary assessment that this may represent an unreasonable director related transaction and we will be investigating further with a view to instigating recovery proceedings.

We have not identified any transactions that may be classed as uncommercial transactions.

In the event that recoveries were to arise from the other matters discussed in this report, we expect that those matters could be pursued by a Liquidator.



9. CREDITORS' OPTIONS, DIVIDEND ESTIMATES AND COST ESTIMATES

Pursuant to Section 439A(4)(b) of the Act, we are required to provide creditors with a statement setting out our opinion on whether it is in the creditors' interests for the:

- Administration to end;
- Group to be wound up; or
- Group to execute a DOCA.

In forming our opinion, it is necessary to consider an estimate of the dividend creditors might expect, and the likely costs, under each option. We note that no DOCA proposal has been put forward for the Group and accordingly this option falls away.

9.1 Administration to End

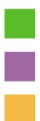
Creditors may resolve that the administration should end if it appears the company is solvent or, for some other reason, control of the company should revert to its directors.

Based on our preliminary investigations and analysis of the Group's financial information, the Group is insolvent. Accordingly, there appears to be no valid commercial reason why control of these Group entities should revert to their directors. If the administration were to end, there is no mechanism controlling an orderly realisation of assets and distribution to creditors. We are unable to say what these Group companies might ultimately pay creditors or what costs they might incur. Therefore, our opinion is that it is not in the creditors' interest for the administration of these Group entities to end.

9.2 Winding up of the Group

Given that it is likely that the offer submitted by the Preferred Bidder may be accepted by the Administrators, the fact that the Group is clearly insolvent and no DOCA proposal has been put forward, the Administrators recommend that the Group be wound up.

The costs of winding up the Group's affairs are estimated at \$400,000.00 exclusive of GST.





10. ADMINISTRATORS' OPINION

As stated in section 9.1 above, the option of the administration ending is clearly not viable for the Group given its insolvent state.

Accordingly, given that it is likely that the offer submitted by the Preferred Bidder may be accepted by the Administrators, the fact that the Group is clearly insolvent and no DOCA proposal has been put forward, the Administrators recommend that the Group be wound up.

We further note that if the Group is placed into liquidation, the potential recoveries, (albeit unlikely to have a material impact on any dividend that may be available to unsecured creditors), as identified in section 8 of this report may be pursued by the Liquidators for the benefit of creditors.

11. REMUNERATION AND DISBURSEMENTS

At the reconvened second meeting of creditors, we intend seeking approval for the following remuneration.

11.1 Administrators' Remuneration

Administrators' remuneration for the period 24 December 2008 to 13 February 2009 in the amount of \$180,538.34 excluding GST in accordance with the summary as set out in Annexure 2. We note that a provision in the sum of \$100,000.00 excluding GST was previously approved by creditors for this period. However, we now seek approval for actual fee costs incurred for this period. This provisional amount has not been drawn by the Administrators to date.

Administrators' remuneration for the period 14 February 2009 to 27 February 2009 in the amount of \$50,000.00 excluding GST in accordance with the summary as set out in Annexure 2.

11.2 Prospective Liquidators' Remuneration

In the event creditors vote to wind up the Group, that a provision for the Liquidators' remuneration in the amount of \$400,000.00 excluding GST be approved. The amount is an estimate only as it is not possible, at this stage, to state a precise amount. An actual fee summary will be presented to creditors for approval. A summary of the anticipated tasks is set out in Annexure 2.

The Administrators, (or, where appointed, Liquidators) seek approval of their remuneration on a time basis in accordance with Ferrier Hodgson's schedule of hourly rates set out in Annexure 2.

Disbursements incurred by the Administrators during the period 15 September 2008 to 31 January 2009 are tabled below:



Disbursements	Amount \$
Advertising	3,680.96
Courier	598.45
Fax	306.50
Meals	1,971.40
Photocopying	2,945.60
Postage	1,356.28
Printing	6,580.70
Search	1,331.80
Taxis and Parking	1,894.14
Telephone	6,157.04
Travelling	62,289.40
Total excluding GST	\$89,112.27

To date disbursements in the amount of \$74,189.11 (exclusive of GST) have been drawn by the Administrators.

Details of the basis on which disbursements are charged are contained in Annexure 2.

12. FURTHER QUERIES

We will advise creditors in writing, if practicable, of any additional matters that come to our attention after the dispatch of this report that, in our view, is material to creditors' deliberations.

In the meantime, should creditors have any queries, please do not hesitate to contact either Geoff Webb or Andrew Smith at this office.

DATED this 18th day of February 2009.

ANDREW SAKER AND DARREN WEAVER
 Joint and Several Administrators of
 GBS Gold Australia Pty Ltd and
 Subsidiaries as set out in the Schedule



Annexure 1

Schedule of Subsidiaries

CORPORATE ADVISORY 

FORENSICS 

CORPORATE RECOVERY 



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



Annexure 2

Administrators' Remuneration

Liquidators' Remuneration

The Firm's Schedule of Hourly Rates

CORPORATE ADVISORY 

FORENSICS 

CORPORATE RECOVERY 



CORPORATIONS ACT 2001

Section 449E

**GBS Gold Australia Pty Ltd
ACN 115 384 319
and Subsidiaries
(Administrators Appointed)**

REMUNERATION REPORT

The Administrators' Remuneration Report, prepared pursuant to Section 449E of the Corporations Act 2001, takes the following format:

Part A

- A1 Schedule of hourly rates and general guide to staff experience
- A2 Tasks undertaken by the Administrators and remuneration claimed for the period 24 December 2008 to 13 February 2009
- A3 Anticipated tasks and estimated Administrators' remuneration for the period 14 February 2009 to 27 February 2009
- A4 Where Liquidators are appointed, a schedule of the Liquidators' anticipated tasks and remuneration estimate from 27 February 2009 to the conclusion of the liquidation
- A5 Remuneration approved and drawn to date
- A6 Resolutions regarding remuneration to be put to creditors at the meeting convened for 27 February 2009

Part B

- B1 Administrators' disbursements
- B2 Summary of Receipts and Payments
- B3 Other creditor information on remuneration
- B4 Initial advice to creditors

The Remuneration Report must be read in conjunction with the report to creditors dated **18 February 2009**.



PART A

A1 SCHEDULE OF HOURLY RATES & GENERAL GUIDE TO STAFF EXPERIENCE

Title	Rate (\$)	Experience
Partner/Principal/ Appointee	500	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	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	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	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	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	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	Generally, 2-3 years chartered accounting or insolvency management experience. University degree, commenced ICAA's CA program.
Intermediate 1	175	0 to 2 years experience. Has completed or substantially completed a degree in finance/accounting. Under supervision, takes direction from senior staff in completing more complex administrative tasks.
Intermediate 2	150	0 to 1 year's experience. Undertaking a degree part-time in finance/accounting. Under supervision, takes direction from senior staff in completing more detailed administrative tasks.
Professional Junior	Staff 125	0 to 1 year's experience. Undertaking a degree part-time in finance/accounting. Under supervision, takes directions from senior staff in completing administrative tasks.
Senior Secretary	150	Appropriate skills including machine usage.
Computer Operator	100	Appropriate skills including machine usage.
Clerk	110	Generally non qualified administrative assistant. Classification depends on experience, salary and complexity of work to be completed.
Typist	80	Appropriate skills including machine usage.
Office Assistant	80	Completed schooling and plans to undertake further studies. Required to assist in administration and day to day fieldwork 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.



A2 Tasks undertaken by the Administrators and remuneration claimed for the period 24 December 2008 to 13 February 2009

Based on the following tasks completed by the Administrators, fees for the above period were \$180,538.34 (excl. GST)

Task Area	General Description	Includes
Assets 42.73 hours \$14,926.50	Sale of business as a going concern	<ul style="list-style-type: none"> ▪ Liaising with interested parties ▪ Internal meetings to discuss / review offers received ▪ Accept and settle offers
	Plant and equipment	<ul style="list-style-type: none"> ▪ Liaising with purchasers ▪ Internal meetings to discuss / review offers received ▪ Accept and settle offers
Creditors 110.90 hours \$23,264.50	Creditor Enquiries	<ul style="list-style-type: none"> ▪ Receive and follow up creditor enquiries via telephone ▪ Review and prepare correspondence to creditors and their representatives via facsimile, email and post ▪ Correspondence with committee of creditors members ▪ Attendance of creditors meeting
	Retention of Title Claims	<ul style="list-style-type: none"> ▪ Maintain retention of title file ▪ Adjudicate retention of title claim ▪ Forward correspondence to claimant notifying outcome of adjudication
	Creditor reports/circulars	<ul style="list-style-type: none"> ▪ Preparing circular and reports to creditors
	Dealing with proofs of debt	<ul style="list-style-type: none"> ▪ Receipting and filing POD's when not related to a dividend
Employees 58.80 hours \$9,702.00	Employee enquiries	<ul style="list-style-type: none"> ▪ Receive and follow up employee enquiries via telephone ▪ Review and prepare correspondence to employees and their representatives via facsimile, email and post ▪ Preparation of letters to employees advising of their entitlements and options available ▪ Receive and prepare correspondence in response to employees objections to leave entitlements
	Calculation of entitlements	<ul style="list-style-type: none"> ▪ Finalising employee entitlements ▪ Reviewing employee files and company's books and records ▪ Reconciling superannuation accounts ▪ Reviewing awards ▪ Liaising with solicitors regarding entitlements
	Employee dividend	<ul style="list-style-type: none"> ▪ Correspondence with employees regarding dividend ▪ Correspondence with ATO regarding SGC proof of debt ▪ Preparing distribution ▪ Ensuring PAYG is remitted to ATO
	Other employee issues	<ul style="list-style-type: none"> ▪ Correspondence with Child Support ▪ Correspondence with Centrelink



Task Area	General Description	Includes
Trade On 234.00 hours \$53,046.00	Trade On Management	<ul style="list-style-type: none"> ▪ Liaising with suppliers ▪ Liaising with management and staff ▪ Authorising purchase orders ▪ Maintaining purchase order registry ▪ Preparing and authorising receipt vouchers ▪ Preparing and authorising payment vouchers
	Processing receipts and payments	<ul style="list-style-type: none"> ▪ Entering receipts and payments into accounting system
	Budgeting & financial reporting	<ul style="list-style-type: none"> ▪ Preparing weekly financial reports ▪ Finalising trading profit or loss ▪ Meetings to discuss trading position
Administration 446.72 hours \$79,599.34	Correspondence	<ul style="list-style-type: none"> ▪ General correspondence
	Document maintenance/file review/checklist	<ul style="list-style-type: none"> ▪ Updating checklists ▪ Filing of documents ▪ File reviews
	Bank account administration	<ul style="list-style-type: none"> ▪ Bank account reconciliations ▪ Corresponding with bank regarding specific transfers
	ASIC Form 524 and other forms	<ul style="list-style-type: none"> ▪ Preparing and lodging ASIC forms including 524 and 911 etc ▪ Corresponding with ASIC regarding statutory forms
	ATO & other statutory reporting	<ul style="list-style-type: none"> ▪ BAS and taxation reporting ▪ Preparing group certificates
	Planning / Review	<ul style="list-style-type: none"> ▪ Discussions regarding status of administration
Books and records / storage	<ul style="list-style-type: none"> ▪ Dealing with records in storage ▪ Sending job files to storage 	



A2 (cont) Tasks undertaken by the Administrators and remuneration claimed for the period 24 December 2008 to 13 February 2009

Employee	Position	Charge Rate \$	Total		Assets		Creditors		Administration		Employees		Trade On	
			Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$
Darren Weaver	Partner	500.00	3.30	1,650.00	0.60	300.00	1.50	750.00	0.60	300.00	-	-	0.60	300.00
Andrew Saker	Partner	500.00	57.90	28,950.00	18.40	9,200.00	5.90	2,950.00	26.10	13,050.00	1.60	800.00	5.90	2,950.00
Wayne Rushton	Manager	310.00	9.90	3,069.00	3.10	961.00	1.50	465.00	2.50	775.00	0.30	93.00	2.50	775.00
Andrew Smith	Manager	310.00	126.00	39,060.00	4.40	1,364.00	20.30	6,293.00	8.40	2,604.00	-	-	92.90	28,799.00
Rod Mathers	Manager	310.00	1.10	341.00	-	-	-	-	1.10	341.00	-	-	-	-
Tom Birch	Supervisor	270.00	24.33	6,570.00	4.03	1,089.00	0.20	54.00	17.80	4,806.00	1.70	459.00	0.60	162.00
Jamie Gunnis	Intermediate 1	175.00	43.70	7,647.50	4.80	840.00	21.10	3,692.50	1.60	280.00	2.80	490.00	13.40	2,345.00
Erlyn Dale	Intermediate 1	175.00	2.50	437.50	2.50	437.50	-	-	-	-	-	-	-	-
Derek Keir	Intermediate 2	150.00	212.90	31,935.00	4.90	735.00	17.90	2,685.00	121.80	18,270.00	52.40	7,860.00	15.90	2,385.00
Sean Holmes	Intermediate 2	150.00	75.80	11,370.00	-	-	18.10	2,715.00	57.70	8,655.00	-	-	-	-
Geoff Webb	Intermediate 2	150.00	218.90	32,835.00	-	-	21.20	3,180.00	100.90	15,135.00	-	-	96.80	14,520.00
Adam Puddy	Intermediate 2	150.00	17.00	2,550.00	-	-	3.20	480.00	8.40	1,260.00	-	-	5.40	810.00
Adrian Di Menna	Intermediate 2	150.00	41.25	6,187.50	-	-	-	-	41.25	6,187.50	-	-	-	-
Melissa Kroon	Secretary	150.00	27.10	4,065.00	-	-	-	-	27.10	4,065.00	-	-	-	-
Jacqui Westwood	Secretary	150.00	0.20	30.00	-	-	-	-	0.20	30.00	-	-	-	-
Jessica Hoskins	Clerk	125.00	0.10	12.50	-	-	-	-	0.10	12.50	-	-	-	-
Kate Martin	Clerk	125.00	22.27	2,783.34	-	-	-	-	22.27	2,783.34	-	-	-	-
Dorothy Radisich	Clerk	125.00	4.40	550.00	-	-	-	-	4.40	550.00	-	-	-	-
Kylie Persak	Clerk	110.00	4.50	495.00	-	-	-	-	4.50	495.00	-	-	-	-
Total			893.15	180,538.34	42.73	14,926.50	110.90	23,264.50	446.72	79,599.34	58.80	9,702.00	234.00	53,046.00
GST				18,053.83		1,492.65		2,326.45		7,959.93		970.20		5,304.60
TOTAL (including GST)				198,592.17		16,419.15		25,590.95		87,559.27		10,672.20		58,350.60



A3 Anticipated tasks and estimated Administrators' remuneration for the period 14 February 2009 to 27 February 2009

Based on the following anticipated tasks of the Administrators, we estimate fees for the above period to be \$50,000.00 (excl. GST)

Task Area	General Description	Includes
Assets 17.00 hours \$5,470.00	Sale of business as a going concern	<ul style="list-style-type: none"> ▪ Liaising with interested parties ▪ Internal meetings to discuss / review offers received
	Plant and equipment	<ul style="list-style-type: none"> ▪ Liaising with valuers, auctioneers and interested parties ▪ Reviewing asset listings
Creditors 56.00 hours \$11,760.00	Creditor Enquiries	<ul style="list-style-type: none"> ▪ Receive and follow up creditor enquiries via telephone and email ▪ Review and prepare correspondence to creditors and their representatives via facsimile, email and post ▪ Correspondence with committee of creditors members
	Retention of Title Claims	<ul style="list-style-type: none"> ▪ Maintain retention of title file ▪ Adjudicate retention of title claim ▪ Forward correspondence to claimant notifying outcome of adjudication ▪ Preparing payment vouchers to satisfy valid claim and correspondence
	Secured creditor reporting	<ul style="list-style-type: none"> ▪ Preparing report to secured creditors
	Dealing with proofs of debt	<ul style="list-style-type: none"> ▪ Receipting and filing POD's when not related to a dividend
	Meeting of Creditors	<ul style="list-style-type: none"> ▪ Preparing report to creditors ▪ Preparing meeting notices, proxies and advertisements ▪ Forward notice of meeting to all known creditors ▪ Preparing meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting. ▪ Preparing and lodging minutes of meetings with ASIC ▪ Responding to stakeholder queries and questions immediately following meeting ▪ Attendance at creditors meeting
Employees 13.00 hours \$2,620.00	Employee enquiries and entitlements	<ul style="list-style-type: none"> ▪ Receive and follow up employee enquiries via telephone ▪ Employee entitlements calculations ▪ Reviewing and finalising employee claims
Trade On 56.00 hours \$12,505.00	Trade On Management	<ul style="list-style-type: none"> ▪ Liaising with suppliers ▪ Liaising with management and staff ▪ Authorising purchase orders ▪ Maintaining purchase order registry ▪ Preparing and authorising receipt vouchers ▪ Preparing and authorising payment vouchers ▪ Liaising with superannuation funds regarding contributions ▪ Termination of employees employment
	Processing receipts and payments	<ul style="list-style-type: none"> ▪ Entering receipts and payments into accounting system



Task Area	General Description	Includes
Administration 84.00 hours \$17,645.00	Correspondence	<ul style="list-style-type: none"> ▪ General correspondence
	Document maintenance/file review/checklist	<ul style="list-style-type: none"> ▪ Administration reviews ▪ Filing of documents ▪ File reviews ▪ Updating checklists
	Bank account administration	<ul style="list-style-type: none"> ▪ Bank account reconciliations ▪ Corresponding with bank regarding specific transfers ▪ Maintenance of accounts
	ASIC forms	<ul style="list-style-type: none"> ▪ Correspondence with ASIC regarding statutory forms ▪ Preparing appointment documents
	ATO & other statutory reporting	<ul style="list-style-type: none"> ▪ Preparing BAS ▪ Completing group certificates
	Planning / Review	<ul style="list-style-type: none"> ▪ Discussions regarding status of administration



A3 (cont) Anticipated tasks and estimated Administrators remuneration for the period 14 February 2009 to 27 February 2009

Employee	Position	Charge Rate \$	Total		Assets		Creditors		Employees		Trade On		Administration	
			Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$
Darren Weaver	Partner	500	8.00	4,000.00	2.00	1,000.00	2.00	1,000.00	-	-	2.00	1,000.00	2.00	1,000.00
Andrew Saker	Partner	500	14.00	7,000.00	3.00	1,500.00	2.00	1,000.00	1.00	500.00	4.00	2,000.00	4.00	2,000.00
Andrew Smith	Manager	310	24.00	7,440.00	4.00	1,240.00	5.00	1,550.00	2.00	620.00	5.00	1,550.00	8.00	2,480.00
Robert Wilkinson	Manager	310	11.00	3,410.00	-	-	3.00	930.00	-	-	3.00	930.00	5.00	1,550.00
Tom Birch	Supervisor	270	20.00	5,400.00	4.00	1,080.00	4.00	1,080.00	-	-	5.00	1,350.00	7.00	1,890.00
Jamie Gunnis	Inter 1	175	22.00	3,850.00	2.00	350.00	8.00	1,400.00	-	-	5.00	875.00	7.00	1,225.00
Derek Keir	Inter 2	150	30.00	4,500.00	2.00	300.00	5.00	750.00	6.00	900.00	7.00	1,050.00	10.00	1,500.00
Sean Holmes	Inter 2	150	27.00	4,050.00	-	-	8.00	1,200.00	2.00	300.00	7.00	1,050.00	10.00	1,500.00
Geoff Webb	Inter 2	150	31.00	4,650.00	-	-	9.00	1,350.00	2.00	300.00	10.00	1,500.00	10.00	1,500.00
Adam Puddy	Inter 2	150	14.00	2,100.00	-	-	5.00	750.00	-	-	4.00	600.00	5.00	750.00
Adrian Di Menna	Inter 2	150	14.00	2,100.00	-	-	5.00	750.00	-	-	4.00	600.00	5.00	750.00
Melissa Kroon	Secretary	150	5.00	750.00	-	-	-	-	-	-	-	-	5.00	750.00
Kate Martin	Clerk	125	4.00	500.00	-	-	-	-	-	-	-	-	4.00	500.00
Dorothy Radisich	Clerk	125	2.00	250.00	-	-	-	-	-	-	-	-	2.00	250.00
Total			226.00	50,000.00	17.00	5,470.00	56.00	11,760.00	13.00	2,620.00	56.00	12,505.00	84.00	17,645.00



A4 Where Liquidators are appointed, a schedule of the Liquidators' anticipated tasks and remuneration estimate from 27 February 2009 to the conclusion of the liquidation

Based on the following anticipated tasks of the Liquidation, we estimate the Liquidators' fees to be \$400,000.00.

Task Area	General Description	Includes
Assets 350.00 hours \$98,150.00	Sale of business as a going concern	<ul style="list-style-type: none"> ▪ Liaising with purchasers ▪ Internal meetings to discuss / review offers received ▪ Accept and settle offers
	Plant and equipment	<ul style="list-style-type: none"> ▪ Liaising with purchasers ▪ Internal meetings to discuss / review offers received ▪ Accept and settle offers
Creditors 255.00 hours \$52,380.00	Creditor Enquiries	<ul style="list-style-type: none"> ▪ Receive and follow up creditor enquiries via telephone ▪ Maintaining creditor enquiry register ▪ Review and prepare correspondence to creditors and their representatives via facsimile, email and post ▪ Correspondence with committee of creditors members ▪ Attendance of creditors meeting
	Retention of Title Claims	<ul style="list-style-type: none"> ▪ Maintain retention of title file ▪ Adjudicate retention of title claim ▪ Forward correspondence to claimant notifying outcome of adjudication
	Creditor reports/circulars	<ul style="list-style-type: none"> ▪ Preparing circular to creditors following resolution of liquidation ▪ General reporting to creditors
	Dealing with proofs of debt	<ul style="list-style-type: none"> ▪ Receipting and filing POD's when not related to a dividend
Investigation 193.00 Hours \$49,800.00	Conducting investigation	<ul style="list-style-type: none"> ▪ Investigation regarding insolvent trading and other voidable transactions ▪ Review financial statements and trading history ▪ Obtain and review company' books and records ▪ Prepare investigations file
	ASIC reporting	<ul style="list-style-type: none"> ▪ Preparing and lodge Section 533 report ▪ Preparing and lodging supplementary reports with the ASIC if required
Trade On 265.00 hours \$53,850.00	Care & Maintenance Management	<ul style="list-style-type: none"> ▪ Liaising with suppliers ▪ Liaising with management and staff ▪ Authorising purchase orders ▪ Maintaining purchase order registry ▪ Preparing and authorising receipt vouchers ▪ Preparing and authorising payment vouchers
	Processing receipts and payments	<ul style="list-style-type: none"> ▪ Entering receipt and payments into accounting system
	Budgeting & financial reporting	<ul style="list-style-type: none"> ▪ Preparing budgets ▪ Preparing weekly financial reports ▪ Finalising trading profit or loss ▪ Meetings to discuss trading position



Task Area	General Description	Includes
Dividend 196.00 hours \$43,045.00	Processing proofs of debt	<ul style="list-style-type: none"> ▪ Preparation of correspondence to potential creditors inviting lodgement of POD ▪ Receipt of PODs ▪ Maintain POD register ▪ Adjudicating PODs ▪ Request further information from claimants regarding POD ▪ Preparation of correspondence to claimant advising outcome of adjudication
	Dividend procedures	<ul style="list-style-type: none"> ▪ Preparation of correspondence to creditors advising of intention to declare dividend ▪ Advertisement of intention to declare dividend ▪ Obtain clearance from ATO to allow distribution of company's assets ▪ Preparation of dividend calculation ▪ Preparation of correspondence to creditors announcing declaration of dividend ▪ Advertise announcement of dividend ▪ Preparation of distribution ▪ Preparation of dividend file ▪ Preparation of payment vouchers to pay dividend ▪ Preparation of correspondence to creditors enclosing payment of dividend
Administration 482.00 hours \$102,775.00	Correspondence	<ul style="list-style-type: none"> ▪ General correspondence
	Document maintenance/file review/checklist	<ul style="list-style-type: none"> ▪ Updating checklists ▪ Filing of documents ▪ File reviews
	Bank account administration	<ul style="list-style-type: none"> ▪ Bank account reconciliations ▪ Corresponding with bank regarding specific transfers
	ASIC Form 524 and other forms	<ul style="list-style-type: none"> ▪ Preparing and lodging ASIC forms including 524 and 911 etc ▪ Corresponding with ASIC regarding statutory forms
	ATO & other statutory reporting	<ul style="list-style-type: none"> ▪ BAS and taxation reporting
	Planning / Review	<ul style="list-style-type: none"> ▪ Discussions regarding status of administration
	Books and records / storage	<ul style="list-style-type: none"> ▪ Dealing with records in storage ▪ Sending job files to storage



A4 (cont) Where Liquidators are appointed, a schedule of the Liquidators' anticipated tasks and remuneration estimate from 27 February 2009 to the conclusion of the liquidation

Employee	Position	Charge Rate \$	Total		Assets		Creditors		Investigation		Trade On		Dividend		Administration	
			Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$
Darren Weaver	Partner	500	90.00	45,000.00	30.00	15,000.00	8.00	4,000.00	15.00	7,500.00	10.00	5,000.00	7.00	3,500.00	20.00	10,000.00
Andrew Saker	Partner	500	105.00	52,500.00	40.00	20,000.00	10.00	5,000.00	18.00	9,000.00	10.00	5,000.00	7.00	3,500.00	20.00	10,000.00
Andrew Smith	Manager	310	162.00	50,220.00	60.00	18,600.00	15.00	4,650.00	20.00	6,200.00	15.00	4,650.00	12.00	3,720.00	40.00	12,400.00
Robert Wilkinson	Manager	310	140.00	43,400.00	30.00	9,300.00	15.00	4,650.00	20.00	6,200.00	15.00	4,650.00	20.00	6,200.00	40.00	12,400.00
Tom Birch	Supervisor	270	159.00	42,930.00	50.00	13,500.00	19.00	5,130.00	20.00	5,400.00	15.00	4,050.00	25.00	6,750.00	30.00	8,100.00
Jamie Gunnis	Inter 1	175	165.00	28,875.00	30.00	5,250.00	30.00	5,250.00	20.00	3,500.00	20.00	3,500.00	25.00	4,375.00	40.00	7,000.00
Derek Keir	Inter 2	150	205.00	30,750.00	30.00	4,500.00	40.00	6,000.00	20.00	3,000.00	40.00	6,000.00	25.00	3,750.00	50.00	7,500.00
Sean Holmes	Inter 2	150	210.00	31,500.00	30.00	4,500.00	35.00	5,250.00	30.00	4,500.00	40.00	6,000.00	25.00	3,750.00	50.00	7,500.00
Geoff Webb	Inter 2	150	215.00	32,250.00	20.00	3,000.00	35.00	5,250.00	30.00	4,500.00	60.00	9,000.00	20.00	3,000.00	50.00	7,500.00
Adam Puddy	Inter 2	150	125.00	18,750.00	20.00	3,000.00	30.00	4,500.00	-	-	20.00	3,000.00	15.00	2,250.00	40.00	6,000.00
Adrian Di Menna	Inter 2	150	93.00	13,950.00	10.00	1,500.00	18.00	2,700.00	-	-	20.00	3,000.00	15.00	2,250.00	30.00	4,500.00
Melissa Kroon	Secretary	150	35.00	5,250.00	-	-	-	-	-	-	-	-	-	-	35.00	5,250.00
Kate Martin	Clerk	125	19.00	2,375.00	-	-	-	-	-	-	-	-	-	-	19.00	2,375.00
Dorothy Radisich	Clerk	125	18.00	2,250.00	-	-	-	-	-	-	-	-	-	-	18.00	2,250.00
Total			1,741.00	400,000.00	350.00	98,150.00	255.00	52,380.00	193.00	49,800.00	265.00	53,850.00	196.00	43,045.00	482.00	102,775.00



If costs exceed the estimates made above, we will advise creditors accordingly and seek further approval at meetings.

A5 Remuneration approved and drawn to date

Set out below is a summary of remuneration approved and drawn to date:

Period	Amount Approved (\$)	Amount Drawn (\$)
15 September 2008 to 31 October 2008	635,876.30 (Excl GST)	635,876.30 (Excl GST)
1 November 2008 to 30 November 2008	151,591.58 (Excl GST)	151,591.58 (Excl GST)
1 December 2008 to 23 December 2008	130,092.83 (Excl GST)	130,092.83 (Excl GST)
24 December 2008 to 13 February 2009	100,000.00 (Excl GST)	Nil
Total	\$1,017,560.71 (Excl GST)	\$917,560.71 (Excl GST)

A6 Resolutions regarding remuneration to be put to creditors at the meeting convened for 27 February 2009.

At the reconvened second meeting of creditors convened for 27 February 2009, creditors will be asked to consider the following resolutions in relation to remuneration:

"That the Administrators remuneration, as set out in the Administrators' remuneration report for the period 24 December 2008 to 13 February 2009 in the sum of \$180,538.34 exclusive of GST be approved."

We note that a provision in the sum of \$100,000.00 exclusive of GST was previously approved by creditors for the above period. However, we now seek approval for actual fee costs incurred for this period.

"That a provision for the Administrators' future remuneration for the period 14 February 2009 to 27 February 2009 in the amount of \$50,000.00 exclusive of GST be approved but subject to upward or downward adjustment by resolution of creditors."

If the company is placed into Liquidation:

"That a provision for the Liquidators' future remuneration in the amount of \$400,000.00 exclusive of GST be approved subject to upward or downward adjustment by resolution of creditors / committee of inspection and that the Liquidators be authorised to draw their fees monthly in arrears."



PART B

B1 Administrators' Disbursements

Disbursements are divided into three types **D1**, **D2** and **D3**.

- D1 Disbursements are all externally provided professional services and are recovered at cost. An example of a D1 disbursement is legal fees.
- D2 Disbursements are externally provided non professional costs such as travel, accommodation and search fees. D2 disbursements are recovered at cost.
- D3 Disbursements are internally provided non professional costs such as photocopying and document storage. D3 disbursements are charged at cost except for photocopying and printing which are charged at a rate which is intended to recoup both variable and fixed costs. The relevant rates are set out below:

Disbursements	Charges (Excluding GST)
Postage	At cost
Telephone	At cost
Document Production	35 cents per copy
Facsimile	At cost
Advertising	At cost
Storage – Per Box	At cost
Storage – Per File	At cost
Couriers	At cost

Disbursements incurred to date are shown in the Administrators Report dated 18 February 2009. Creditor approval for the payment of disbursements is not required, however the Administrators must account to creditors. Creditors have the right to question the incurring of disbursements and can challenge disbursements in court.

B2 Summary of Receipts and Payments for the period 15 September 2008 to 13 February 2009

Refer to Annexure 3 of the Administrators' Report dated 18 February 2009 for the summary of Receipts and Payments.

B3 Other creditor information on remuneration

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

An information sheet concerning approval of remuneration in external administrations can also be obtained from the IPA website.



B4 Initial Advice to Creditors

Remuneration Methods

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

- 1. Time based / hourly rates**
This is the most common method. The total fee charged is based on the hourly rate charged for each person who carried out the work multiplied by the number of hours spent by each person on each of the tasks performed.
- 2. 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.
- 3. Percentage**
The total fee charged is based on a percentage of a particular variable, such as the gross proceeds of assets realisations.
- 4. Contingency**
The practitioner's fee is structured to be contingent on a particular outcome being achieved.

Method chosen

Given the nature of this administration we propose that our remuneration be calculated on time based / hourly rates.

This method was selected as it is the most practical method, and provides the most transparency to creditors given the nature of this administration.

Dated this 18th day of February 2009

ANDREW SAKER & DARREN WEAVER
Joint and Several Administrators of
GBS Gold Australia Pty Ltd
and Subsidiaries set out in the Schedule



Annexure 3

Summary of Receipts and Payments



GBS Gold Australia Pty Ltd and Subsidiaries (Administrators Appointed)	
Summary of Receipts and Payments - 15 September 2008 to 13 February 2009	
	Amount (\$)
RECEIPTS	
Bank Interest	99,003.94
Cash at Bank	3,458,610.05
Gold Sales	19,686,215.63
BAS Refunds	2,545,320.93
Miscellaneous Income	42,603.53
Plant and Equipment Sales	292,085.08
Refunds	245,671.71
Tenement Sales	440,000.00
Total Receipts	26,809,510.87
PAYMENTS	
Accommodation & Meal Expenditure	(59,790.77)
Advertising	(20,339.58)
Administrators' Disbursements	(81,608.02)
Administrators' Remuneration	(1,009,316.78)
Bank Charges	(638.55)
Casual Labour	(38,867.07)
Computer & Internet Services	(92,515.44)
Distress Payments	(269,514.68)
Distribution to Secured Creditors	(3,527,338.85)
Electricity	(938,755.27)
Employee Relocation Costs	(21,384.31)
Freight Inwards	(594.00)
Fuel & Oil	(932,895.31)
Gas	(50,921.32)
GST Receivable	(304,913.89)
BAS Liability Paid	(176,291.00)
Hire of Equipment	(105,106.56)
Hire of Meeting Room	(2,806.82)
Insurance	(867,573.34)
Laboratory Costs	(168,476.95)
Lease payments	(293,691.58)
Legal Fees	(151,905.49)
Mining Consumables	(941,857.52)
Mobile Telephone Expenses	(2,365.39)
Motor Vehicle Expenses	(719.25)
Other Employee Expense Re-imbursments	(1,111.98)
Other Government Charges	(14,387.90)
Payroll Tax Expense	(312,313.94)
Petty Cash	(400.00)
Postage	(74.45)
Pre-Appointment Employee Entitlements	(522,538.30)
Printing	(6,076.40)
Professional Fees	(1,191,917.20)
Refunds	(5,692.50)
Rent & Rates	(164,045.16)
Repairs & Maintenance	(353,744.71)
Retention of Title	(15,029.38)
Stationery & Printing	(2,391.02)
Statutory Advertising	(1,364.00)
Sub-Contractors	(4,325,766.30)
Sundry Expenses	(84,648.08)
Superannuation	(395,925.08)
Telephone & Fax	(103,036.40)
Tenement Fees	(382,137.21)
Transport / Courier / Storage	(170,493.79)
Travel Expenditure	(25,495.53)
Wages & Salaries	(4,316,430.70)
Total Payments	(22,455,207.77)
Cash at Bank as at 13 February 2009	\$4,354,303.10