



FERRIER HODGSON

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AJS:TB:D11
T Birch

18 February 2009

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

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 refer to previous correspondence and to the appointment of Darren Weaver, Martin Jones and I as Joint and Several Administrators of the Group on 15 September 2008.

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 to allow the Administrators further time to continue discussions with a number of interested parties 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.

Enclosed is my further report to creditors pursuant to section 439A(4)(a) of the Corporations Act 2001. You will note that there is no proposal for a DOCA between the Group and its creditors.

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.

In view of the above I enclose the following with respect to the reconvened meeting of creditors:

1. Notice of Meeting. Please note that concurrent meetings are to be held on 27 February 2009 in Darwin and Perth commencing at 10.00am and 9.30am respectively. You should arrive for registration at least 30 minutes prior to the meeting.
2. Informal Claim Form for Voting Purposes. If you submitted one of these for the purposes of the first meeting of creditors, you do not need to submit another one for this meeting;



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.

3. Appointment of Proxy form. The form enables you to appoint another person to act on your behalf at the meeting. Proxy Forms submitted for the second meeting of creditors are not valid for this meeting.

The Informal Claim Form for Voting Purposes and Proxy Form should be lodged with this office before the meeting and, in any event not 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/emailed copy.

4. Administrators' report to creditors pursuant to section 439A(4)(a) of the Corporations Act 2001 which includes an opinion, with supporting reasons, on each of the following matters:
 - Whether it would be in the creditors' interests for the Group to be wound up.
 - Whether it would be in the creditors' interests for the administration to end.

The Administrators' Remuneration

The Administrators' report includes detailed schedules explaining their remuneration claim setting out:

- (a) Details of time spent by category of staff at the rates applicable for such staff; and,
- (b) A summary of the work undertaken by the Administrators and their staff in the administration.

Remuneration of Liquidators

Where creditors resolve that the Group be wound up, the Liquidators 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 the hourly rates set out in the schedule accompanying the Notice of Meeting of Creditors sent out for the purposes of the first meeting of creditors. A further copy of the schedule is included in the Administrators' report to creditors together with a schedule setting out the Liquidators likely tasks.



For further information concerning the Voluntary Administration process and Ferrier Hodgson, you may wish to visit our website at www.ferrierhodgson.com.

Queries regarding the administration should be directed to Geoff Webb or Derek Keir of this office.

Yours faithfully

ANDREW SAKER
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
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

FORM 529

CORPORATIONS ACT 2001

Subregulation 5.6.12(2)

NOTICE OF MEETING OF CREDITORS

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

NOTICE is given that meetings of the creditors of the Group will be held at the Signatures Room of The Crowne Plaza, 32 Mitchell Street, Darwin NT on Friday 27 February 2009 at 10.00am CST. An alternative venue is available for creditors to attend the meetings of the Group via telephone conference at the offices of Ferrier Hodgson, Level 26 BankWest Tower, 108 St George's Terrace Perth WA at 9.30am WST.

A G E N D A

1. To receive a Statement about the Group's business, property, affairs and financial circumstances.
2. Questions from creditors.
3. For creditors to resolve:
 - a. that the Group be wound up; or
 - b. that the administration of the Group end.
4. To fix the remuneration of the Joint and Several Administrators.
5. If the Group is wound up, to fix the remuneration of the Liquidators.
6. If the Group is wound up, to consider appointing a Committee of Inspection.
7. If the Group is wound up, to consider the destruction of the books and records at the conclusion of the winding up.
8. Any other business that may be lawfully brought forward.

Proxies to be used at the meeting should be lodged at the office of the Joint and Several Administrators by 4.00pm on the day prior to the meeting. A creditor can only be represented by proxy or by an attorney pursuant to Corporations Regulations 5.6.28 and 5.6.32 (inclusive) or if a body corporate by a representative appointed pursuant to Section 250D.

In accordance with Regulation 5.6.23(1) of the Corporations Regulations, creditors will not be entitled to vote at this meeting unless they have previously lodged particulars of their claim against the company in accordance with the Corporations Regulations and that clause has been admitted for voting purposes wholly or in part by the voluntary administrator.

DATED this 18th day of February 2009

ANDREW SAKER
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
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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

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
	Territory Goldfields Pty Ltd	066 581 075
	GBS Gold Australia (Land Holdings) Pty Ltd	119 998 793

✓	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

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.

CERTIFICATE OF WITNESS (7)

I, of
certify that the above instrument appointing a proxy was completed by me in the presence of and at the request of the person appointing the proxy and read to him or her before he or she signed or marked the instrument.

DATED this day of 2009.

.....
Signature of Witness

.....
Description

.....
Place of Residence

* Strike out if inapplicable

- (1) If a firm, strike out "I" and set out the full name of the firm.
- (2) Insert the name, address and description of the person appointed.
- (3) If a special proxy add the words "to vote for" or the words "to vote against" and specify the particular resolution.
- (4) The signature of the creditor is not to be attested by the person nominated as proxy.
- (5) Note that a corporation may by resolution of its directors provide standing authority for a person to represent it at members meeting and appoint proxies (Section 249(3)& (5)). Copy of authority to be annexed.
- (6) The method of affixing the Common Seal should be prescribed by the creditor corporation's articles. See Note (5).
- (7) This certificate is to be completed only if the person giving the proxy is blind or incapable of writing. The signature of the creditor, contributory, debenture holder must not be witnessed by the person nominated as proxy.