

AJS:ASM:GW:D11
G Webb

23 November 2009

PERTH

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

CIRCULAR TO CREDITORS

ADELAIDE
BRISBANE
MELBOURNE
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JAKARTA
KUALA LUMPUR
MANILA
MUMBAI
SHANGHAI
SINGAPORE
TOKYO

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

As you may be aware, the GBS Group entered into a conditional Asset Sale Agreement ("ASA") with Crocodile Gold Australia Pty Ltd ("Crocodile Gold") on 5 June 2009 for the acquisition of the majority of the GBS Group's assets. The final completion condition under the ASA was formal Registration with the Mines Department which occurred on 9 November 2009. Upon Registration, Crocodile Gold became the legal owner and responsible for maintaining the assets and tenements acquired under the ASA.

As previously advised our statement of position of the GBS Group indicates that a dividend payment to unsecured creditors in relation to their pre-appointment liabilities is unlikely. This estimate is subject to any potential recoveries that may be pursued by the Liquidators under the Corporations Act 2001 ("the Act"), as discussed in the Administrators' Report pursuant to Section 439A of the Act dated 12 December 2008. However, it is highly unlikely that any potential recovery made by the Liquidators would have a material impact on any dividend that may be available to unsecured creditors. For this reason, I do not at present intend to formally call for proofs of debt from creditors. I will advise if there is any change in this position.

Crocodile Gold's office number is +61(08) 8939 5000 if you wish to speak to a Crocodile Gold representative regarding operations moving forward.

Should you have any queries in relation to this matter, please do not hesitate to contact Geoff Webb of this office.

Yours faithfully



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

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Ferrier Hodgson is an affiliation of independent partnerships
Liability limited by a scheme approved under the Professional Standards Legislation

Affiliated through
Zolfo Cooper
and
Kroll Worldwide
UNITED STATES
UNITED KINGDOM

CORPORATE ADVISORY

FORENSICS

CORPORATE RECOVERY



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