



FERRIER HODGSON

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AJS:AS:D11  
A Smith

7 August 2009

**GBS GOLD AUSTRALIA PTY LTD ACN 115 384 319  
(IN LIQUIDATION)**

**AND VARIOUS SUBSIDIARIES AS SET OUT IN THE SCHEDULE  
(ALL IN LIQUIDATION)  
(Collectively referred to as "the GBS 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 the appointment of Martin Jones, Darren Weaver and I as Joint and Several Administrators of the GBS Group on 15 September 2008 and our subsequent appointment as Joint and Several Liquidators on 27 February 2009.

As you would be aware, throughout the administration / liquidation of the GBS Group various creditor meetings have been held and resolutions passed by creditors of the GBS Group regarding the future of the GBS Group and the Administrators' / Liquidators' remuneration. It has now become apparent that there may have been an irregularity in those resolutions because they were passed by the GBS Group and not by each company individually. Similarly, the resolution to wind up each company was passed by the GBS Group, as opposed to each individual company.

On this basis, I advise that I have made an application to the Supreme Court of Western Australia pursuant to section 447A of the Corporations Act 2001 (Cth) ("the Act") for orders altering the operation of Part 5.3A of the Act as follows:

- (a) by way of remedial curative orders to overcome a possible technical irregularity in the GBS Group's transition from administration under Part 5.3A of the Act to winding up (together with ancillary orders thereto);
- (b) to confirm the appointment of the Committee of Inspection; and
- (c) to confirm that for the purposes of the Administrators' and Liquidators' remuneration, right of indemnity and lien, the administrations and windings ups of the companies that are outlined in the schedule, and who are each a party to the Deed of Cross Guarantee ("DXG Companies") were conducted on a pooled basis and that each DXG Company is jointly and severally liable for each such debt payable by, and each such claim against itself and each other DXG Company.





The orders above contemplate that once they are made the creditors, the Committee of Inspection or the Court will be able to reconsider the approval of resolutions in respect of the Administrators' and the Liquidators' remuneration.

Whilst it may have been preferable to seek the approval of the creditors of the GBS Group in respect of the Administrators' and the Liquidators' remuneration before making the application to the Court, given the number and location of those creditors, the cost of seeking such approvals would be considerable and as such I consider that making the application and then providing this Circular to Creditors is in the best interests of creditors as a whole.

A full copy of the application is available for download via Ferrier Hodgson's website at [www.ferrierhodgson.com](http://www.ferrierhodgson.com) or a copy may be made available upon written request to this office.

The application will be heard on Thursday, 20 August 2009 at 9.15 am at the Supreme Court of Western Australia in Perth. Creditors may attend the hearing should they wish to do so.

If any creditor believes that they will suffer prejudice by the Liquidators seeking the orders outlined below then they are entitled to seek legal advice and to oppose the application made by the Liquidators.

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

Yours faithfully

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

#### THE SCHEDULE

Company	Type	ACN
GBS Gold Australia (Tom's Gully) Pty Ltd	DXG Company	124 581 862
Northern Gold Pty Ltd	DXG Company	009 620 937
Territory Goldfields Pty Ltd	DXG Company	066 581 075
Buffalo Creek Mines Pty Ltd	DXG Company	097 907 625
Terra Gold Mining Pty Ltd	DXG Company	071 444 061
GBS Gold Australia Pty Ltd	DXG Company	115 384 319
Burnside Operations Pty Ltd	Non-DXG Company	097 922 444
Terra Metals Pty Ltd	Non-DXG Company	092 922 097
GBS Gold Australia (Land Holdings) Pty Ltd	Non-DXG Company	119 998 793
GBS Gold Holdings Pty Ltd	Non-DXG Company	126 471 136