



AJS:jw

22 September 2008

Board of Directors
GBS Gold International Inc
12th Floor, 20 Toronto Street
TORONTO ONTARIO M5C 2B8
CANADA

Attention: Mr G Playford

Dear Sirs

**GBS GOLD AUSTRALIA PTY LTD ACN 115 384 319 (Administrators Appointed)
("GBS Gold") and Subsidiaries ("the Group")**

I refer to my appointment as joint and several administrator of GBS Gold and its Subsidiaries on 15 September 2008.

As you are aware, I have undertaken a preliminary review of the operations of the Group. As a consequence of this review I have formed the view that it will be in the interests of the Group and its stakeholders, including its creditors and shareholders, to cease mining operations at the Union Reefs Project effective from 30 September 2008. Milling operations at the Union Reefs Project will then be wound down and eventually placed on care and maintenance.

As you will be aware I continue to explore the possibility of a restructuring of the Group by way of a Deed of Company Arrangement and in this context it has become apparent that preserving the Union Reefs Project as it presently stands will enhance this possibility.

Thank you for your continued support of this process and I look forward to continuing our work towards the development of an appropriate restructuring plan.

Should you have any queries in relation to this matter please contact me at this office.

Yours faithfully

ANDREW SAKER
Joint and several administrator
GBS Gold Australia Pty Ltd and Subsidiaries

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