

DuncanPowell

RESTRUCTURING • TURNAROUND • FORENSIC

Mintech Resources Pty Ltd

(Administrators Appointed)

ACN 068 689 485

Supplementary Report by Administrators

23 February 2018

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1 Administration update

We refer to our appointment as Administrators of the Company on 9 October 2017.

The purpose of this Supplementary Report is to provide creditors with an update on the Report by Administrators dated 2 February 2018. This supplementary report includes further information regarding the updated Magnetite Mines DOCA proposal and the DOCA proposal received from Mr Hillam and related entities. This report should be read in conjunction with our report dated 2 February 2018.

The First Meeting was held on 19 October 2017.

The Second Meeting was held on 12 February 2018 and the Chairperson resolved for the meeting to be adjourned pursuant to IPR 75-140. The extension of time was to allow: -

- Additional time for negotiation with the ATO in relation to the DOCA proposal from Magnetite Mines;
- Mr Hillam and related entities to confirm the terms and conditions for a DOCA proposal; and
- further investigations to be conducted by the Administrators.

Please note that the adjourned Second Meeting will be reconvened at DuncanPowell, Level 4, 70 Pirie Street, Adelaide, South Australia, on **Tuesday, 27 February 2018 at 9.30am**.

Formal notice of the meeting was sent to all creditors on 19 February 2018 and a copy accompanies this Report. Registration for the meeting will commence at 9.15am.

Proofs of Debt

Creditors are required to have lodged proofs of debt no later than 4.00pm on Monday, 26 February 2018, failing which they may be excluded from voting at the meeting. Please note that those creditors who have already lodged a proof of debt are not required to lodge a further proof of debt (unless they wish to amend their claim). A Form 535 – Formal Proof of Debt or Claim form is attached with the remuneration report.

Proxies

If you intend to appoint another person to act on your behalf at the meeting, or you are a corporate creditor, you are required to complete the proxy form appointing your representative.

If you are representing a company, please ensure your proxy is executed pursuant to Section 127 of the Act or your representative is appointed pursuant to Section 250A of the Act, otherwise you will not be entitled to vote at the meeting. A Form 532 – Appointment of Proxy form accompanies this Report in the remuneration report.

Proofs of debt and proxy forms may be returned by post to DuncanPowell, GPO Box 518, Adelaide SA 5001, by facsimile on (08) 8212 2215 or emailed to info@duncanpowell.com.au no later than 4.00pm on Monday, 26 February 2018.

Arrangements have been made for creditors outside of Adelaide to attend the meeting via conference call facilities. Creditors intending to use the conference call facility are required to notify us of their intention and collect conference call details at least 24 hours prior to the meeting.

2 Receipts and Payments

To date there have been no receipts and payments during the administration of the Company.

3 Proposed DOCA - Magnetite

As previously advised, an amended proposal for a DOCA was received from the Magnetite Group on 1 February 2018. This proposal was detailed in our Report to Creditors dated 2 February 2018, with a copy of the proposal included with the report. At the Second Meeting, it was noted that the ATO had advised that they would not support the proposal.

On 23 February 2018, Magnetite Group advised that their proposal would be amended as follows:

- the previous \$175,000 cash payment to the ATO would be increased to \$325,000 payable in August 2018; and
- the \$175,000 cash payment to the Deed Fund will now be payable within 60 days of the execution of the DOCA.

All other terms as discussed in our previous report dated 2 February 2018 remain.

Our estimated return to creditors if the DOCA is approved is 49 cents in the dollar. It is likely the distribution to creditors will be made by the end of 2018. Further dividends may flow from the sale of the Company's EL and future royalty, production and resource payments.

4 Proposed DOCA - Hillam

Attached at **Appendix 1** is a copy of the letter dated 23 February 2018 received from Mr Hillam outlining the terms and conditions of the DOCA proposal. The proposal is a joint DOCA for the Company and Goldus. The proposal is complex and we have not attempted to summarise the proposal. Creditors should review the proposal in **Appendix 1**.

4.1 Review of issues with the Hillam DOCA

Our preliminary review of the proposal received from the Hillam entities has identified a number of serious concerns in relation to the proposal. The proposal also includes a number of conditions which are most likely unable to be met.

Contributors to the Deed Fund

The DOCA has been proposed by Mr Hillam, Australian Mining, Courela and Sathya, however it is unclear which party will be responsible for payments of the Hillam contributions to the Deed Fund.

Additionally, we have not been provided with any information in relation to the financial capacity of any of the Hillam entities to make the required contributions for the Deed Fund.

ATO

The proposal is conditional upon the ATO agreeing to dismiss the winding up application against the Company. The proposal does not propose any consideration or costs being paid to the ATO for this action.

Based on previous experience with the ATO, we also consider it would be unlikely, and unreasonable, to expect that the ATO would agree to the winding up application being dismissed with no order as to costs.

Ministerial consent to transfer of tenements

We are unable to comment as to whether the Minister would be agreeable to consent to the transfer of the Company's EL to Hillam.

We note that previous attempts to obtain Ministerial consent to the transfer portions of the Company's EL and Goldus's ML's in relation to the proposed joint venture with Sathya have been unsuccessful and we have no reason to believe that further efforts in this regard would have a different outcome.

IPL – transfer of shareholding

The proposal requires the transfer of IPL's shares in the Company and Goldus to be transferred to Hillam for no consideration. We do not consider that this is acceptable and the Trustee would not provide consent to the transfer of assets in the Bankrupt Estate for no consideration.

Dilution of existing shareholder rights

The proposal to alter the rights and entitlements of existing shareholders also does not involve any consideration being paid to the existing shareholders. In accordance with Section 444GA of the Act, the administrator of a DOCA may transfer shares in the company, if the deed administrator has obtained:

- (a) the written consent of the owner of the shares; or
- (b) the leave of the Court.

We are unable to recommend the Hiram proposal as it is conditional upon the transfer of shares without first obtaining the necessary consent or approval.

Acceptance of Hiram entity proofs of debt for voting purposes

As administrators we have a duty to act in the best interests of all creditors and behave in an independent and impartial way. Hiram's proposal is conditional upon us admitting the claims of his and his related entities as claimed notwithstanding they will not participate in the Deed Fund. As previously discussed, we consider that the claims of the Hiram entities, are overstated, incapable of proof and substantial portions have been rejected for the purpose of voting. Acceptance of this proposal would necessitate us accepting claims in such a manner that would be unacceptable, and in breach of our duties to act impartially. Accordingly we consider that this aspect of Hiram's proposal is unacceptable.

The manner in which liabilities are recorded, in the event that the DOCA is successful, following termination of the DOCA, would be at the discretion of the directors of the Company at that time, and is not at the discretion of the Administrators.

Timing of the DOCA contribution

Given that we consider that a number of the conditions precedent to the DOCA proposal coming into effect are incapable of being met, we consider that it is unlikely that the amount of \$2,500,000 would be received.

Mawson Gold

The proposal requires the transfer of the EL held by Mawson Gold to Hiram entities. Mawson Gold is not under any form of external administration and we are unable to bind Mawson Gold, a third party, to this condition.

Whether Mawson Gold would accept the transfer of its existing EL to Hiram for no consideration would be at the discretion of the directors of Mawson Gold. Accordingly, we do not consider this condition capable of being met.

Secured creditor – Minter Ellison

The Hiram proposal does not make any allowance for the payment of outstanding amounts to Minter Ellison as a secured creditor of both the Company and Goldus. It is noted that Minter Ellison's secured claim in Goldus is for \$111,336 and accordingly, a total of \$117,281 would be payable in advance of the distribution to unsecured creditors.

We are unaware as to whether Minter Ellison would support the Hiram proposal.

Existing creditors

Under the Hiram proposal, the Company's current pool of unsecured creditors will lose the benefit of the possible future payments due to the Company in the event that the Magnetite Group commence mining activities. The Company's unsecured creditor claims would also be diluted by the participation of the creditors of Goldus in the Deed Fund, following the first distribution of 50 cents in the dollar.

Refund of the \$450,000 contribution in the event of termination

We consider that the potential refund of the first contribution to the Deed Fund in the event that the DOCA is either terminated or, if for any reason the Hiram entities do not pay the second contribution of \$2,350,000, is not in the best interests of the Company or Minter. In the event that the DOCA is approved, significant costs would necessarily be incurred by the Deed Administrators, given the Company's current lack of financial resources, it would not be appropriate, nor in the best interests of the creditors of the Company to agree to such a condition.

5 Financial Analysis of Alternatives

Detailed below is an analysis of the alternatives for creditors to consider at the Second Meeting of Creditors.

Statement of position as at 23 February 2018	Book/RATA value	DOCA Magnetite	DOCA Hillam	Liquidation (low)	Liquidation (high)	Notes
	\$	\$		\$	\$	
Non-circulating assets:						
Exploration licence	Unknown	Unknown	Nil	Unknown	Unknown	1
Circulating assets:						
Magnetite Mines convertible notes	2,500,000	Nil	Nil	2,850,000	3,275,000	2
Royalty, resource and production payments	Unknown	Unknown	Unknown	Unknown	Unknown	3
Contribution under DOCA	N/A	2,225,000	2,800,000	N/A	N/A	4
Preference recoveries	N/A	N/A	N/A	Nil	Nil	5
Insolvent trading actions	N/A	N/A	N/A	Nil	Nil	6
Total assets subject to circulating security interest	2,500,000	2,225,000	2,800,000	2,850,000	3,275,000	
Liabilities related to assets subject to circulating security interest:						
Voluntary Administrators' remuneration and disbursements	N/A	(222,754)	(386,133)	(202,004)	(202,004)	7
Deed Administrators'/Liquidators' remuneration and disbursements	N/A	(65,000)	(120,000)	(125,000)	(85,000)	7
Legal fees	N/A	(60,000)	(120,000)	(80,000)	(80,000)	8
Secured creditor (Minter Ellison)	(5,944)	(5,944)	(117,281)	(5,944)	(5,944)	9
Total liabilities related to assets subject to circulating security interest	(5,944)	(353,698)	(743,414)	(412,948)	(372,948)	
Surplus/(deficit) on assets subject to circulating security interest	2,494,056	1,871,302	2,056,586	2,437,052	2,902,052	
Surplus/(deficit) available for priority creditors						
Priority creditors:						
ATO petitioning creditor costs	(10,000)	(10,000)	Nil	(10,000)	(10,000)	10
Surplus/(deficit) available for unsecured creditors	2,484,056	1,861,302	2,056,586	2,427,052	2,892,052	
Total unsecured creditors	(9,353,514)	(3,767,484)	(4,092,484)	(4,092,484)	(4,092,484)	11
Total surplus/(deficit)	(6,869,458)	(1,906,183)	(2,035,899)	(1,665,433)	(1,200,433)	
Distribution to unsecured creditors (\$/\$)	N/A	0.494	0.503	0.593	0.707	12

Notes

Note 1: Exploration licence

The value of the EL 5895 is currently unknown and our investigations in this regard are ongoing. The licence will be realisable for the benefit of the Company's creditors under the Magnetite DOCA proposal or in a liquidation scenario.

Under the Hillam proposal, the Company would be required to transfer the EL to a Hillam entity.

Note 2: Magnetite Mines convertible notes

As discussed in our previous report dated 2 February 2018, the convertible notes have the following features:

- Face value of \$2,500,000.
- The notes mature on 11 August 2019, however are eligible for a 12 month extension on payment a \$250,000 extension fee.
- Interest accrues at 7% annually in arrears (annual interest of \$175,000).
- All amounts are payable in either cash or shares in Magnetite Mines at the Magnetite Group's option.

Assuming the extension option is executed, the face value of the notes will be due on 11 August 2020. On this basis, the liquidation value of the notes has been calculated as follows:

Payment details	Book Value (\$)	Realisable Amount - Low (\$)	Realisable Amount - High (\$)
Interest (2017)	175,000	0	0
Interest (2018)	175,000	175,000	175,000
Interest (2019)	175,000	175,000	175,000
Extension Fee	250,000		250,000
Interest (2020)	175,000		175,000
Face value	2,500,000	2,500,000	2,500,000
Total	3,450,000	2,850,000	3,275,000

We have obtained legal advice that confirms that the 2017 interest payment would be payable to the ATO pursuant to their garnishee. The low value has been calculated on the assumption that Magnetite Mines does not exercise the option to extend the convertible notes for a further 12 months.

Based on the current share values and turnover of Magnetite Mines shares, there is a significant risk that if shares are issued under the convertible note, these may not ultimately be able to be realised for the \$2,500,000. We are unable to estimate the value of the shares if that occurs.

Under the Magnetite Group DOCA proposal, these obligations would be substituted for the cash payment of the DOCA contributions by the Magnetite Group.

Under the HILLAM DOCA proposal, the convertible note is not part of the Deed Fund.

Note 3: Royalty, resource and production payments

Pursuant to the Magnetite Group Tenement Sale Agreement, the Company is entitled to receive:

- A production payment of \$3,000,000 within 20 business days of the Magnetite Group receiving payment of at least 95% of the purchase price for the first commercial shipment of product from the tenement.
- Resource payments of \$0.01 per tonne of resource measured using the David Tube Recovery technique.
- 1% royalty on all product from the project measured at the mine gate.

However, these payments are contingent on the Magnetite Group's decision whether to commence mining of the tenement site sold by the Company. Accordingly, the timing and realisable value of these entitlements are unknown and indeed, no payments may eventuate.

Although an allowance has not been included in the above analysis due to this uncertainty, the Company's right to receive these payments, including the \$3,000,000 production payment (as detailed above), is material and may ultimately impact the return to creditors.

The Company's entitlement to these amounts remains under the Magnetite Mines DOCA proposal.

Under the proposed HILLAM DOCA, the first \$1,000,000 of royalties payable to Goldus, and the first \$2,000,000 of royalties payable to the Company, to a combined total of \$2,000,000 would be form part of the Deed Fund. The amount of \$1,000,000 would be guaranteed by Australian Mining in the event that the

royalties were not paid to either the Company or Goldus within 6 years of execution of the DOCA. It is noted however that as a condition of the Hillam DOCA is that the DOCA would terminate after 6 years, it is not clear whether this guarantee could practically be enforced. The capacity of Australian Mining to meet this payment is also unclear.

Other than the royalty amount above which may form part of the Deed Fund, the Company's entitlement to all other obligations pursuant to the Magnetite Group Tenement Sale Agreement would not form part of the Deed Fund under the Hillam DOCA.

Note 4: DOCA contributions

Magnetite DOCA

Under the proposed DOCA, the following contribution payments would be made by Magnetite Mines to the Deed Fund:

- \$175,000 paid in cash within 60 days from the DOCA taking effect;
- \$325,000 paid in cash to the ATO in August 2018;
- \$2,050,000 in cash paid, subject to Magnetite achieving a successful capital raising within 6 months from DOCA taking effect. This amount will be payable within 30 days from the successful capital raising; and
- The Deed Fund retains the benefit of any Resource Payments, Production Payments, and Royalties as may be ultimately be payable by Magnetite to the Company.

The proposed DOCA contributions bring forward the payment due from Magnetite Mines as well as making the payments by way of cash rather than the issuing of shares. We consider that the quantum of the proposed payments as well as the payment being in cash is sufficient to outweigh the benefit of the Company receiving its full entitlements from the convertible notes. Under the liquidation scenario, the payment of the redeemable convertible notes by way of the issuance of shares, which we consider is the most likely outcome, does not make certain the value of the amounts likely to be realised for the benefit of creditors, as it will be subject to Magnetite Mines' share price as listed on the Australian Stock Exchange.

Creditors should also note that the amounts payable in relation to the convertible notes are likely to be paid (at least in part) by the issue of ordinary shares, which will also make uncertain the value of amounts to be ultimately recovered in any liquidation of the Company.

Hillam DOCA

Under the Hillam DOCA proposal, the following contributions would be made to the Deed Fund:

- \$450,000 within 7 days from the execution of the DOCA;
- \$2,350,000 within 60 days after the satisfaction of the conditions to the DOCA.

Given that we do not consider that the conditions precedent to the Hillam DOCA proposal are capable of being met, we do not consider that the \$2,350,000 would become payable.

It is also noted that the \$450,000 initial contribution to the Deed Fund is to be refunded in the event that the \$2,350,000 is not paid or the DOCA terminate due to conditions not being met.

Note 5: Unfair preference recoveries

As detailed in our previous report dated 2 February 2018, we have not identified and preference recoveries that would be available to a Liquidator, if appointed.

Note 6: Insolvent trading actions

We do not anticipate there would be any insolvent trading recoveries in the event the Company is placed into liquidation.

Note 7: Voluntary Administrators' and Deed Administrators'/Liquidators' remuneration and disbursements

Pursuant to Section 556 of the Act, the Administrators' remuneration and disbursements are paid in priority to employees' and unsecured creditors' claims. We advise that our firm charges professional fees on the basis of time spent by the principal appointees and our staff at the rates outlined in the DuncanPowell Guide to Hourly Rates.

Our Remuneration Approval Report for the period of the voluntary administration was sent to all creditors on 23 February 2018. The total claimed in this regard is \$202,004 (excluding GST) including fees and disbursements. In our Initial Remuneration Notice dated 11 October 2017 we estimated the total costs of the voluntary administration would range between \$75,000 and \$125,000 (excluding GST).

We estimate that the costs of a Deed of Company Arrangement administration including fees and internal disbursements will be \$65,000 (excluding GST).

We estimate that the cost of a liquidation of the Company, including fees and internal disbursements, would be between \$85,000 to \$125,000 (excluding GST).

The costs of external administrations vary depending on the work required to be performed in respect of issues arising from the administration and we expect that the required work involved with winding up the Company would be greater than that required in administering a Deed of Company Arrangement.

The reason for the increased costs in the liquidation scenario is due to the investigations that are required to be undertaken if a Company is liquidated and the potential for other issues to arise in relation to the convertible notes and other payments due to the Company under its agreements with the Magnetite Group. Under the Magnetite DOCA proposal, the recovery of amounts due is simplified and brought forward.

Under the Hillam DOCA proposal, remuneration and disbursements payable in relation to Goldus would also receive a priority from the Deed Fund in accordance with Section 556 of the Act.

Note 8: Legal fees

We estimate that legal fees of approximately \$60,000 will be incurred in by the Administrators/Deed Administrators or \$80,000 if the Company is wound up.

Under the Hillam proposal, legal fees incurred by the Administrators/Deed Administrators for Goldus would also need to be paid in priority. These legal fees have been estimated at \$60,000.

Note 9: Secured creditor (Minter Ellison)

Minter Ellison have lodged a claim for \$5,944 pursuant to their registered security interest for outstanding legal fees at the date of appointment.

Under the Hillam DOCA proposal, creditors of both the Company and Goldus are to receive a payment from a combined Deed Fund. Accordingly, under the Hillam proposal, Minter Ellison's secured claim against Goldus of \$111,336 would be payable in addition to Minter Ellison's secured claim of \$5,944 against the Company.

Note 10: Priority creditors – ATO petitioning creditor costs

As noted at Section 2.5.3 of the report, the ATO filed a winding up application against the Company and its costs incurred as a result of the application rank as a priority claim against the Company pursuant to Section 556(1)(ba) of the Act. As these proceedings are ongoing, the costs are currently unknown, however for the purpose of this analysis we have estimated the ATO's costs of the winding up application to be \$10,000 based on our experience.

Under the Hillam DOCA proposal, a condition for the operation of the DOCA is that the ATO withdraw the winding up application lodged against the Company with no order as to costs. We consider that it is highly unlikely that the ATO would consent to this condition.

Note 11: Unsecured creditors

We are aware of unsecured creditors claims against the Company of \$9,353,514 to date, however debts totalling \$5,811,029 are contingent or disputed. Accordingly, the above analysis has been prepared excluding contingent or disputed claims.

Although we do not consider these excluded amounts are provable debts of the Company, in the event they are proven, this will significantly impact the value of any dividend paid in both any liquidation or deed administration of the Company.

The amount included for unsecured creditors above includes debts we are aware of but have not received proofs of debt for.

Under the Hiram DOCA proposal, claims by the Hiram entities are not provable for the purpose of a dividend from the Deed Fund, however, these claims would survive following the termination of the DOCA. It is noted that these claims total \$5,061,029 against the Company and \$10,581,232 against Goldus.

Note 12: Dividend amount and timing

Based on our analysis of the alternatives available, the estimated dividend to unsecured creditors under the Magnetite DOCA of the Company is approximately 49.4 cents in the dollar. In addition, further dividends may flow from the royalty, resource and production payments due from the Magnetite Group Tenement Sale Option Agreement.

The Hiram DOCA proposal suggests a dividend of approximately 50.3 cents in the dollar will be paid on the assumption that all of the conditions to the proposal could be met. In addition, further dividends may flow from royalty payments of up to \$2,000,000, or an amount of \$1,000,000 guaranteed by Australian Mining in 6 years time.

In a liquidation scenario, possible asset realisations from the realisation of the convertible note, sale of the Company's EL, as well as the receipt of the future obligations from Magnetite Group Tenement Sale Option Agreement.

6 Recommendation

It is our opinion that it would be in creditors interests for the Company to execute Magnetite's proposed DOCA, it is not in creditors interests to wind up the Company or to bring the Administration to an end. Based on our review of Hiram's DOCA proposal, we do not consider that conditions precedent for this proposal are able to be met and accordingly, we are unable to recommend this proposal.

Our recommendation that the Company execute the Magnetite DOCA is based upon a greater certainty of return. As detailed in the financial analysis of the alternatives we have estimated that the DOCA may result in a slightly lower return to creditors than if the Company was liquidated but we are unable to estimate the actual return in a liquidation scenario due to the possibility that the obligations of Magnetite Mines will be met by the issuing of shares rather than cash payments. It is also acknowledged that the proposal is conditional on the acceptance of certain terms by the ATO.

6.1 Reasons for recommendation

The reasons for our recommendation are as follows:

1. Bringing the administration to an end will return the Company to the control of the Director in circumstances which will not have materially changed from the point at which the Director resolved to appoint Voluntary Administrators and the application of the ATO would likely result in the winding up of the Company on 28 February 2018.
2. Placing the Company into liquidation will result in a less certain and timely return being available to creditors than is potentially available under the Magnetite DOCA proposal.
3. The Magnetite DOCA provides an earlier, cash payment for the redemption of the redeemable convertible notes by approximately August 2018.
4. The Magnetite DOCA provides an upfront payment of the interest payable in August 2018.
5. The Magnetite DOCA resolves the garnishee dispute with the ATO.
6. Under the alternative of a liquidation, the convertible note of \$2,500,000 would be payable in August 2019, albeit this obligation may be met by way of a share conversion. Additional interest of \$175,000 would also be payable. There is a risk that the shares would not be able to be realised for the notional value at that time.

7. The Magnetite DOCA provides for the retention of all other assets and the ongoing obligations of Magnetite Mines to meet resource, production and royalty payments in the future.
8. The estimated costs for the Magnetite DOCA scenario are less than the estimated costs for the liquidation scenario as we expect that the work that would be involved in winding up the Company would be more extensive than that required in administering the Magnetite DOCA.
9. In the event that the redeemable convertible notes are not redeemed under the Magnetite DOCA then the position will revert to the current position in relation to the Magnetite Group obligations to the Company.

7 Administrators' remuneration

Further to our Report of 2 February 2018, we will be seeking approval for our remuneration incurred during the period from 9 October 2017. Our updated Remuneration Approval Report has been provided under separate cover on 23 February 2018.

8 Further information

Creditors requiring further information regarding the administration can contact Victoria Young of this office on (08) 8212 6322 or by email at vyoung@duncanpowell.com.au.

Dated this 23rd day of February 2018.



Christopher Powell
Administrator



Stephen Duncan
Administrator

Appendix 1 – Hiram DOCA

23th of February 2018

Mr. Stephen Duncan and
Mr. Christopher Powell
Administrators
Duncan Powell
Level 4
70 Pirie Street
Adelaide. SA. 5000.

DOCA PROPOSAL FOR MINTECH AND GOLDUS

Dear Sirs,

Goldus Pty Limited and Mintech Resources Pty Limited Proposed joint deed of company arrangement

We refer to our letter dated 20 February 2018 which set out our proposal for a joint Deed of Company Arrangement for each of Goldus Pty Limited and Mintech Resources Pty Limited.

We make the following revised the proposal.

Definitions

1 In this proposal the following terms have the following meanings:

Administrators means Stephen Duncan and Christopher Powell in their capacities as Administrators of each of Goldus and Mintech;

AML means Australian Mining Pty Limited;

Appeal means proceedings no. 2012/212373 in the New South Wales Court of Appeal between Hillam, Lewis, Goldus, Mintech and Mawson;

claims, where used in connection with:

- (a) any court proceedings, means all claims, debts, demands, and causes of action whatsoever arising in connection with the subject matter of such proceedings; and
- (b) any other claim, obligation, potential obligation or dispute whatsoever, means all claims, debts, demands, and causes of action whatsoever arising in connection with the subject matter of such claim, obligation, potential obligation or dispute;

costs means the obligation to pay the legal costs of the Supreme Court proceedings and of the Appeal, including costs assessed in costs assessments nos. 2015/104529 and 2015/104520;

Courela means Courela Minerals Pty Limited;

Courela statutory demand proceedings means proceedings no. 185996 in the Supreme Court of New South Wales by Courela against Goldus;

Convertible Note means all of the rights of Mintech pursuant to the redeemable convertible notes with face value of \$2,500,000.00 issued by MML to Mintech on or about 31 August 2015, referred to in Schedule B of Part 2 of the Report as to Affairs of Mintech by Christopher Robert Powell dated 16 October 2017, and in the ASX Announcements of MMI dated 24 December 2013, 31 August 2015 and 14 December 2016;

Creditors means creditors of each and either of Goldus and Mintech;

Creditors claim means any claim, debt, demand, cause of action, verdict or judgment, wheresoever and howsoever arising, certain or contingent, present or future, ascertained or otherwise, of any Creditor against each and either of Goldus or Mintech;

Deed Fund means the joint creditors deed fund to be established pursuant to clause 5;

First tranche means the amount of \$450,000.00 of the Hillam contribution to be contributed pursuant to clause 6 (a);

Garnishee Notice means the garnishee notice issued by the Australian Taxation Office to MML requiring MML to pay to the Australian Taxation Office any amounts owed by MML to Mintech;

Goldus means Goldus Pty Limited;

Goldus leases means each of:

- (a) ML 5337;
- (b) ML 5471;
- (c) ML 5485;
- (d) ML 5486;
- (e) ML 5546;
- (f) ML 5550;
- (g) ML 5759;
- (h) ML 5886; and
- (i) MPL 28;

which form assets of the TAJV;

Goldus Option Agreement means the Option Agreement between Goldus and MML dated on or about 24 November 2009 referred to in the MML ASX Announcements dated 24 November 2009 and 24 December 2013;

Goldus Tenements means EL 5180 and EL 5240 the subject of the Goldus Option Deed;

Goldus royalties means the resource payments, the production payments, and the royalty on the Value of the Product payable by MML to Goldus pursuant to the Goldus Variation Deed;

Goldus Variation Deed means the rights of Goldus pursuant to the Deed of Variation of the Goldus Option Agreement dated on or about 11 August 2015 referred to in the ASX Announcement of MML dated on or about 11 August 2015, the material terms and conditions of which include:

- (a) resource payments payable to Goldus calculated at \$0.01 per DTR tonne of measured resources;
- (b) a production payment of \$3,000,000 to Goldus within 20 Business Days of MML receiving payment of at least 95% of the purchase price for the first commercial shipment of Product from the Goldus tenements;
- (c) a 1% royalty on the Value of the Product produced from the Goldus tenements measured at the “mine gate”.

Hillam means John Hillam;

Hillam contribution means the contribution of \$2,800,000.00 to be made by the Hillam entities to the Deed Fund pursuant to clause 7;

Hillam entities means Hillam, AML, Courela and Sathya;

judgment security means the total amount currently held by the Supreme Court of New South Wales in connection with the Supreme Court proceedings paid to the Registrar by AML in 2012, consisting of the amount of \$160,000.00 together with all interest accrued thereon;

Lewis means the late Peter Ivan Lewis;

Mawson means Mawson Gold NL;

Mintech means Mintech Resources Pty Limited;

Mintech royalties means the resource payments, the production payments, and the royalty on the Value of the Product payable by MML to Mintech pursuant to the Mintech Variation Deed, the material terms of which are set out in the MML ASX Announcement dated 11 August 2015, consisting of:

- (a) resource payments payable to Mintech calculated at \$0.01 per DTR tonne of measured resources produced from EL 5432;
- (b) a production payment of \$3,000,000 payable to Mintech within 20 Business Days of MML receiving payment of at least 95% of the purchase price for the first commercial shipment of Product from EL 5432;
- (c) a 1% royalty on the Value of the Product produced from EL 5432 measured at the “mine gate”;

but does not include the Convertible Note;

Mintech Variation Deed means the Variation Deed between Mintech and MML entered into on or about 11 August 2015 varying the terms of the Tenement Sale Agreement, referred to in the MML ASX Announcement dated 11 August 2015;

Mintech winding up proceedings means the application made by the Australian Taxation Office in the Federal Court of Australia against Mintech seeking orders, inter alia, the Mintech by wound up in insolvency;

MML means Magnetite Mines Limited;

Sathya means Sathya Holdings Pty Limited;

Sathya Joint Venture means the joint venture agreement known as the Sathya Joint Venture between Sathya, Goldus and Mintech dated on or about April 2011;

Sathya proceedings means proceedings no. 2017/390 in the Supreme Court of South Australia by Sathya against the Trustee, Goldus, Mintech and others;

Second tranche means the amount of \$2,350,000.00 of the Hillam contribution to be contributed pursuant to clause 6 (b);

Supreme Court proceedings means proceedings no. 2010/48042 in the Supreme Court of New South Wales between Hillam, Lewis, Goldus, Mintech, and Mawson;

Tenement Sale Agreement means the Tenement Sale Agreement between Mintech and MML entered into on or about 24 November 2009 for the acquisition by MML of EL 5432 (formerly EL 4267), referred to in the MML ASX Announcements dated 24 November 2009 and 24 December 2013;

TAJV means the joint venture agreement between Goldus and AML known as the Teetulpa Alluvial Joint Venture established pursuant to the Joint Venture Agreement dated on or about 17 July 2012;

Trustee means Stephen Duncan in his capacity as trustee of the bankrupt estate of Lewis;

Trustee removal proceedings means proceedings no. 1283 of 2017 in the Supreme Court of South Australia by AML, Courela, Sathya and Hillam against Goldus, Mintech, and the Administrators.

General

- 2 There will be Deed of Company Arrangement binding on each of Goldus, Mintech, their creditors and shareholders under which assets and creditors of each will be consolidated.
- 3 The purpose of the DOCA will be to pay a dividend to the creditors of each of Goldus and Mintech.
- 4 Stephen Duncan and Christopher Powell will be appointed Deed Administrators of the DOCA.

Deed Fund

- 5 A joint creditors deed fund will be established for payment to creditors of each of Goldus and Mintech.
- 6 The Hillam entities will contribute a total amount of \$2,800,000.00 to the Deed Fund, to be paid as follows:
 - (a) \$450,000.00 within 14 days of execution of the DOCA; and
 - (b) a further \$2,350,000.00 within:
 - (i) 60 days after execution; or
 - (ii) the satisfaction of all conditions of;
the DOCA, whichever is the later.

Goldus and Mintech combined royalty contributions

- 7 Goldus will contribute to the Deed Fund so much of the first \$1,000,000.00 of the such of the Goldus royalties that it may receive from MML Goldus pursuant to MML's obligations under the Goldus Variation Deed within the period of 6 years after execution of the DOCA, which, together with such amounts of the Mintech royalties as may be contributed by Mintech pursuant to clause 8 below, are necessary to make a combined contribution to the Deed Fund of the Goldus Royalties and the Mintech royalties totalling \$2,000,000.00.
- 8 Mintech will contribute to the Deed Fund so much of the first \$2,000,000.00 of the such of the Mintech royalties that it may receive from MML pursuant to MML's obligations under the Mintech Variation Deed within the period of 6 years after execution of the DOCA, which, together with such amounts of the Goldus royalties as may be contributed by Goldus pursuant to clause 7 above, are necessary to make a combined

contribution to the Deed Fund of the Mintech royalties and the Goldus royalties totalling \$2,000,000.00.

9 Notwithstanding the provisions of clauses 7 and 8 above:

- (a) Goldus will not be obliged to contribute any of the Goldus royalties which it may receive;
- (b) Mintech will not be obliged to contribute any of the Mintech royalties which it may receive;

from MML after the date which is 6 years from the date of execution of the DOCA.

AML guarantee of Goldus and Mintech combined royalty contributions

10 In the event that Goldus and Mintech do not pay to the Deed Fund a combined amount of \$2,000,000.00 from the Goldus royalties or the Mintech royalties by the date which is 6 years from the date of execution of the DOCA, then the Hillam entities will pay to the Deed Fund so much of the amount of \$1,000,000.00 that has not been paid by Goldus and Mintech pursuant to clauses 7 and 8, to the intent that the Hillam entities will ensure that Goldus and Mintech make the combined contribution of \$1,000,000.00 referred to in clauses 7 and 8.

11 The Deed Fund will consist of:

- (a) the amount of \$2,800,00.00 contributed by the Hillam entities in accordance with paragraph 6 above; and
- (b) the first \$2,000,000.00 of the combined payments of the Mintech royalties and the Goldus royalties as may be made in the future by MML to either Mintech or Goldus pursuant to MML's obligations under the Mintech Variation Deed and the Goldus Variation Deed, to a maximum combined total amount of \$2,000,000.00; as set out in clauses 7 and 8 above; or alternatively, failing the payment of at a combined amount of at least \$1,000,000.00 by Goldus and Mintech from the Goldus royalties and the Mintech royalties
- (c) such payments as AML may be required to make pursuant to clause 10 above;

but will not include the Convertible Note or any other assets.

12 For the purposes of the application by the Deed Administrators of the property of either Mintech or Goldus under the DOCA, any eligible employee creditors will be entitled to a priority at least equal to what they would have been entitled if the property were applied in accordance with sections 556, 560 and 561 of the *Corporations Act 2001* (Cth).

13 (a) that part of the Deed Fund which consists of the Hillam contribution:

- (i) first, in accordance with the provisions of clause 12 above and in the manner set out in s. 556 (1) of the *Corporations Act (Cth)* 2001; and then
- (ii) secondly, in payment of the amount of \$325,000.00 to the Australian Taxation Office, such payment to be made in reduction of the indebtedness of Mintech to the Australian Taxation Office;
- (iii) thirdly, in making payments to the creditors of Mintech necessary, when the payment of \$325,000.00 referred to in clause 13 (a) (ii) above is taken into account, to result in payment to each of them of 50c in the dollar in respect of their debts admitted to proof by the Deed Administrators, rateably between them, so that the amount of \$325,000.00 referred to in paragraph 13 (a) (ii) above forms part of the payment to the Australian Taxation Office necessary to result in payment to it of its total debt at a rate of 50c in the dollar;
- (iv) fourthly, in payment to the remaining creditors of each of Goldus and Mintech, in respect of the unpaid portion of their debts admitted to proof by the Deed Administrators, rateably in proportion to such debts;

and

- (b) that part of the Deed Fund which consists of any payments of either the Goldus royalties by Goldus, or the Mintech royalties by Mintech, or by AML pursuant to clause 10:
 - (i) first, in the manner set out in s. 556 (1) of the *Corporations Act (Cth)* 2001; and then
 - (ii) in payment to the remaining creditors of Mintech in respect of any unpaid portion of their debts admitted to proof by the Deed Administrators; rateably in proportion to such debts, and then
 - (iii) in payment to the remaining creditors of Goldus, in respect of any unpaid portion of their debts admitted to proof by the Deed Administrators;
- (c) any excess of funds after payment of all amounts payable under this Deed to Goldus and Mintech in equal proportions;

except that no amount will be payable from the Deed Fund to any of the Hillam entities.

13A The Australian Taxation Office agrees to withdraw, and take no enforcement action whatsoever in connection with, the Garnishee Notice simultaneously with the payment to it of \$325,000.00 referred to in clause 13 (a) (ii) above.

14 Each of Goldus, Mintech, and the Trustee agree with Hillam that any payment to Creditors from the Deed Fund will constitute a payment by Hillam in satisfaction of Hillam's obligation to pay costs.

- 15 The Deed Administrators will hold all amounts paid into the Deed Fund on trust to be applied in the manner provided for in the DOCA.
- 16 The Deed Administrators will make no payments of any nature whatsoever from the Deed Fund unless and until:
- (a) the amount of \$2,800,000.00 pursuant to clause 6 (b) has been paid; and
 - (b) all conditions of the DOCA have been satisfied.
- 17 In the event that the DOCA is terminated prior to the payment of, or if for any reason the Hillam entities do not pay the Second Tranche of \$2,350,000.00 pursuant to clause 6 (b), then:
- (a) the Deed Administrators will return the amount of the First Tranche, consisting of the amount of \$450,000.00 paid by the Hillam entities pursuant to clause 6 (a); and
 - (b) AML will return to the Administrator any part of the judgment security that may have been paid to AML by the Registrar of the Supreme Court from the funds held by him in connection with the Supreme Court proceedings.

Goldus and Mintech

- 18 All officers of each of Goldus and Mintech, including Vernon Lewis, will resign, and John Hillam or his appointee will become sole director of Goldus and Mintech, upon payment of the Hillam contribution.
- 19 Upon payment of the Hillam contribution:
- (a) the Trustee will transfer to either Goldus or to an entity nominated by Hillam the 12,532 shares held by the Trustee in Mintech;
 - (b) Goldus will issue shares to an entity nominated by Hillam, in the amount necessary to dilute the current shareholders of Goldus to a total of 4.9% of all shares;
 - (c) In the alternative to 19 (a) above Mintech will issue shares to an entity nominated by Hillam, in the amount necessary to dilute the current shareholders of Mintech to a total of 4.9% of all shares.

Transfer of Goldus leases

- 20 Goldus agrees:
- (a) that AML is the owner of Goldus' participating interest in the TAJV;

- (b) to do all things necessary to transfer Goldus' participating interest (including, without limitation, Goldus' interest in the Goldus leases which form part of the TAJV);
 - (c) to do all things necessary to transfer, and will transfer, to an entity to be nominated by Hillam the entire participating interest of Goldus in the TAJV, for no consideration other than the contribution by the Hillam entities, in full and final settlement of any claim by Goldus to payment by AML for Goldus' participating interest pursuant to the provisions of the TAJV, including without limitation for payment pursuant to the provisions of clause 11.1 of the TAJV;
 - (d) to release, and releases, AML from all claims in connection with the TAJV, and in particular, without limiting the foregoing, any claim for payment for the transfer to AML of Goldus' participating interest in the TAJV pursuant to clause 11 of the TAJV or otherwise.
- 21 Goldus agrees:
- (a) that AML is the owner of Goldus' participating interest in the Sathya Joint Venture;
 - (b) to do all things necessary to transfer to Sathya Goldus' participating interest in the Sathya Joint Venture (including, without limitation, all of Goldus' right, title and interest in the Goldus leases);
 - (c) to do all things necessary to transfer, and will transfer, to Sathya the entire participating interest of Goldus in the Sathya Joint Venture, for no consideration other than the contribution by the Hillam entities, in full and final settlement of any claim by Goldus to payment by Sathya for Goldus' participating interest pursuant to the provisions of the Sathya Joint Venture, including without limitation for payment pursuant to the provisions of clause 11.1 thereof;
 - (d) to release, and releases, Sathya from all claims in connection with the Sathya Joint Venture, and in particular, without limiting the foregoing, any claim for payment for the transfer to AML of Goldus' participating interest in the Sathya Joint Venture pursuant to clause 11 of the Sathya Joint Venture or otherwise.
- 22 The validity of the DOCA is conditional upon the grant of consent by the DSD of South Australia, and the occurrence of all necessary conditions, to the transfer to the relevant entities to be nominated by Hillam of each of EL 4772, EL 4773, EL 4774 and the Goldus leases.
- 23 Goldus will transfer EL 4774 an entity to be nominated by Hillam.
- 24 Goldus will do all things necessary to cause its participating interest in the Sathya Joint Venture to Sathya.
- 25 Goldus will transfer its rights in all of its other assets other than those referred to in paragraphs 14 and 15 above, to an entity to be nominated by Hillam.

Transfer of Mintech assets

- 26 Mintech will transfer EL 4773 to an entity to be nominated by Hillam.
- 27 Mintech will transfer its rights under the Convertible Note to an entity to be nominated by Hillam.
- 28 Mintech agrees:
- (a) that Sathya is the owner of Goldus' participating interest in the Sathya Joint Venture;
 - (b) to do all things necessary to transfer to Sathya Mintech's participating interest in the Sathya Joint Venture (including, without limitation, the Goldus leases);
 - (c) to do all things necessary to transfer, and will transfer, to Sathya the entire participating interest of Mintech in the Sathya Joint Venture, for no consideration other than the contribution by the Hillam entities, in full and final settlement of any claim by Mintech to payment by Sathya for Mintech's participating interest pursuant to the provisions of the Sathya Joint Venture, including without limitation for payment pursuant to the provisions of clause 11.1 thereof;
 - (d) to release, and releases, Sathya from all claims in connection with the Sathya Joint Venture, and in particular, without limiting the foregoing, any claim for payment for the transfer to Sathya of Goldus' participating interest in the Sathya Joint Venture pursuant to clause 11 of the Sathya Joint Venture or otherwise.

Transfer of Mawson assets

- 29 Mawson will transfer, and each of Goldus and Mintech will procure the transfer by Mawson, to an entity to be nominated by Hillam all of Mawson's right, title and interest in EL 4772.

Settlement of court proceedings

- 30 Each of the Trustee, Goldus, Mintech, and Mawson releases Hillam from all claims in connection with the costs.
- 31 Goldus and Mintech will procure the release by each of the Trustee and Mawson referred to in paragraph 21.
- 32 Each of Sathya, Goldus, Mintech and the Trustee:
- (a) agrees to the entry of orders in the Sathya proceedings providing for the dismissal of the claim by Sathya against each of the trustee, Goldus, and Mintech, with no orders as to costs, to the intent that each party bear its own costs of the proceedings;

- (b) releases each other from all claims in connection with the subject matter of the Sathya proceedings;
- 33 Each of AML, Courela, Sathya, Hillam, Goldus, Mintech, and the Administrators:
- (a) agrees to the entry of orders in the Trustee removal proceedings providing for the dismissal of the claim by AML, Courela, Sathya, and Hillam against each Goldus, Mintech, and the Administrators, with no orders as to costs, to the intent that each party bear its own costs of the proceedings;
 - (b) releases each other from all claims in connection with the subject matter of the Trustee removal proceedings;
- 34 Each of Courela and Goldus:
- (a) agrees to the entry of orders in the Courela statutory demand proceedings providing for the dismissal of the claim, with no orders as to costs, to the intent that each party bear its own costs of the proceedings;
 - (b) releases each other from all claims in connection with the subject matter of the Courela statutory demand proceedings;

Judgment security

- 35 Upon payment of the amount of \$450,000.00 by the Hillam entities referred to in paragraph 6 (a) above, the Administrators of Goldus, the Administrators of Mintech, the Administrators of Mawson, and the Trustee must:
- (a) forthwith consent to the making of orders releasing the judgment security to AML; and
 - (b) cooperate with the Hillam entities and do all things necessary to enable the judgment security to be paid by the Registrar to AML forthwith;
- and the validity of the DOCA is conditional upon the consent by each of the Administrators and the trustee to the making and entry of such orders.
- 36 The Administrators of Goldus, the Administrators of Mintech, and Mawson must procure the consent of the Trustee to the making and entry of the orders referred to in paragraph 35 above.

Conditions

- 37 The validity and operation of the DOCA is conditional upon the occurrence of each of the following:
- (a) the Australian Taxation Office consenting to the dismissal, and the making of orders dismissing, the ATO winding up proceedings, and orders that there be no

orders as to the costs of the proceedings to the intent that each party bear its own costs;

- (b) the withdrawal by the Australian Taxation Office of the Garnishee Notice;
- (c) the grant of consent by the DSD of South Australia, and any other relevant statutory or other body, to the consent to the transfer to entities to be nominated by Hillam of the Goldus leases, EL 4772, EL 4773, and EL 4774, and any other assets of either Goldus or Mintech for which consent to transfer is required;
- (d) the legally effective and binding transfer by:
 - (i) Goldus to AML of its participating interest in each of:
 - (A) the TAJV; and
 - (B) the Sathya Joint Venture; and
 - (ii) Mintech to Sathya of its participating interest in the Sathya Joint Venture;
- (e) entry by Goldus into the releases referred to in paragraphs 20 (d) and 21 (d);
- (f) entry by Mintech into the release referred to in paragraph 20 (d);
- (g) entry by each of the trustee, Goldus, Mintech, and Mawson into the release referred to in paragraph 30;
- (h) entry by each of Sathya, Goldus, Mintech and the trustee into the agreement and the releases referred to in paragraph 32;
- (i) entry by each of Goldus, Mintech, and the Administrators into the agreement and the releases referred to in paragraph 33;
- (j) entry by Goldus into the agreement and release referred to in paragraph 34;
- (k) transfer of, and the completion of all things necessary to enable transfer of, all of the tenements and other assets required to be transferred pursuant to the DOCA;
- (l) the execution and delivery of all documents, including consent orders, necessary to give effect to the obligations of any of the parties under the DOCA.

Acceptance of proofs

38 The Administrators, Goldus and Mintech agree that Goldus and Mintech are indebted to each the Hillam entities for the full amounts of the proofs of debt submitted by them.

Hillam entity debts to survive DOCA

- 39 The entry into the DOCA will not extinguish the debts of Hillam, AML, Sathya, and Courela, and those debts will survive the execution of the DOCA without set off.
- 40 The Administrators must do all things necessary to seek the approval of the DSD to the transfer of mining leases contemplated under the DOCA.
- 41 The Deed Administrators may extend the time limited under the DOCA for any act or the fulfillment of any condition.
- 42 If any payment to be made by the Hillam entities is not made within the time limited, the Deed Administrators may give Hillam a notice to make the payment within 60 days, failure to comply with which will confer on the Deed Administrators the right to terminate the DOCA.
- 43 If the DOCA terminates for any reason, each of the Goldus and Mintech will pass into liquidation
- 44 The DOCA terminates 6 years after execution. Any amounts received by Goldus or Mintech from MML or any other source after termination do not form part of the Deed Fund, and the obligations of MML to each of Goldus and Mintech will be unaffected by the liquidation.
- 45 All Creditors, except each of the Hillam entities, must accept their entitlements under this DOCA in full satisfaction of all Creditor Claims that they may have, or claim to have, against each and either of Goldus or Mintech.
- 46 While this DOCA remains in force, Creditors must not, in relation to any Creditors Claim, commence or maintain any proceedings, legal or otherwise, seeking to enforce or otherwise in connection with any Creditors Claim, or commence or maintain any proceedings seeking to have either Goldus or Mintech wound up in insolvency, or any enforcement proceedings of any nature.

Yours faithfully,



John Hillam

Appendix 2 – Meeting Documents

Appointment of Proxy	<i>Insolvency Practice Rules (Corporations) 2016 Rule 75-25 Corporations Act 2001</i>
Mintech Resources Pty Ltd (Administrators Appointed) ACN 068 689 485 ('the Company')	

1. Insert Full Name and Contact Details (please print)

<i>Given name</i>	<i>Surname</i>
<i>Company name</i>	<i>Telephone number</i>
<i>Address</i>	

2. Appointment of a Proxy (please complete)

I/We, a creditor of the Company, appoint:

..... of

as my/our proxy, or in his/her absence _____, to vote at the reconvened meeting of creditors to be held on Tuesday, 27 February 2018 at the offices of DuncanPowell, Level 4, 70 Pirie Street, Adelaide, South Australia at 9.30am or at any adjournment of that meeting.

3. Voting by your Proxy

Option 1: If appointed as a general proxy, as he/she determines on my/our behalf.

and/or

Option 2: If appointed as a special proxy for some or all resolutions, specifically in the manner set out below (**please tick**).

Resolution (please specify the particular resolution)	For	Against	Abstain	General Proxy to Vote
"That the Second Meeting of Creditors convened under Section 439A of the <i>Corporations Act 2001</i> be adjourned for up to 34 business days."	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
"That the Company execute the Magnetite DOCA proposal."	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
"That the Company execute the Hillam DOCA proposal."	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
"That the administration should end."	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
"That the Company be wound up and Christopher Powell and Stephen Duncan be appointed as Liquidators of the Company."	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	N/A
"That the remuneration of the External Administrators, their partners and staff, for the period 9 October 2017 to 22 February 2018, calculated at the hourly rates detailed in the Initial Remuneration Notice dated 11 October 2017 and provided to creditors, is approved for payment in the amount of \$194,391 (exclusive of GST) and that the External Administrators can draw the remuneration from available funds monthly or as they may be required."	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	N/A
"That the future remuneration of the External Administrators for the period 23 February 2018 to 27 February 2018, is determined at a sum equal to the cost of time spent by the External Administrators and their partners and staff, calculated at the hourly rates as detailed in the Initial Remuneration Notice dated 11 October 2017 and provided to creditors, up to a capped amount of \$5,500.00 (exclusive of GST) and that the External Administrators can draw the remuneration from available funds monthly or as they may be required."	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	N/A
"That the future remuneration of the External Administrators for the period 28 February 2018 to the date of execution of the Deed of Company Arrangement, is determined at a sum equal to the cost of time spent by the External Administrators and their partners and staff, calculated at the hourly rates as detailed in the Initial Remuneration Notice dated 11 October 2017 and provided to creditors, up to a capped amount of \$20,000.00 (exclusive of GST) and that the External Administrators can draw the remuneration from available funds monthly or as they may be required."*	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	N/A
"That the future remuneration of the Deed Administrators, from the date of execution of the Deed of Company Arrangement to the finalisation of the Deed of Company Arrangement, is determined at a sum equal to the cost of time spent by the Deed Administrators and their partners and staff, calculated on the basis of time at the hourly rates detailed in the Initial Remuneration Notice dated 11 October 2017 and provided to creditors, up to a capped amount of \$60,000, exclusive of GST, and that the Deed Administrators can draw the remuneration from available funds monthly or as it may be required. However if the value of the work performed exceeds the capped amount, then we reserve the right to seek further approval of fees from creditors."*	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	N/A

<p>“That the future remuneration of the Liquidators, for the period 28 February 2018 to the finalisation of the Liquidation, is determined at a sum equal to the cost of time spent by the Liquidators and their partners and staff, calculated on the basis of time at the rates detailed in the Initial Remuneration Notice dated 11 October 2017 and provided to creditors, up to a capped amount of \$80,000, exclusive of GST, and that the Liquidators can draw the remuneration from available funds monthly or as it may be required. However if the value of the work performed exceeds the capped amount, then we reserve the right to seek further approval of fees from creditors.”**</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	N/A
<p>“That the internal disbursements claimed by DuncanPowell for the period 9 October 2017 to 22 February 2018, calculated at the rates detailed in the Initial Remuneration Notice dated 11 October 2017 and provided to creditors, are approved for payment in the amount of \$1,863.03, exclusive of GST, and that DuncanPowell can draw the disbursements from available funds monthly or as they may be required.”</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	N/A
<p>“That the internal disbursements claimed by DuncanPowell for the period 23 February 2018 to 27 February 2018, calculated at the rates detailed in the Initial Remuneration Notice dated 11 October 2017 and provided to creditors, are approved up to a capped amount of \$250, exclusive of GST, and that the External Administrators can draw the disbursements from available funds monthly or as they may be required. However if the value of the internal disbursements incurred exceeds the capped amount, then we reserve the right to seek further approval of internal disbursements from creditors.”</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	N/A
<p>“That the internal disbursements claimed by DuncanPowell for the period 28 February 2018 to the date of execution of the Deed of Company Arrangement, calculated at the rates detailed in the Initial Remuneration Notice dated 11 October 2017 and provided to creditors, are approved up to a capped amount of \$750, exclusive of GST, and that the External Administrators can draw the disbursements from available funds monthly or as they may be required. However if the value of the internal disbursements incurred exceeds the capped amount, then we reserve the right to seek further approval of internal disbursements from creditors”*</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	N/A
<p>“That the internal disbursements claimed by DuncanPowell from the date of execution of the Deed of Company Arrangement to the finalisation of the Deed of Company Arrangement, calculated at the rates detailed in the Initial Remuneration Notice dated 11 October 2017 and provided to creditors, are approved up to a capped amount of \$5,000, exclusive of GST, and that the Deed Administrator can draw the disbursements from available funds monthly or as they may be required. However if the value of the internal disbursements incurred exceeds the capped amount, then we reserve the right to seek further approval of internal disbursements from creditors”*</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	N/A
<p>“That the internal disbursements claimed by DuncanPowell for the period 28 February 2018 to the finalisation of the Liquidation, calculated at the rates detailed in the Initial Remuneration Notice dated 11 October 2017 and provided to creditors, are approved up to a capped amount of \$5,000, exclusive of GST, and that the Liquidators can draw the disbursements from available funds monthly or as they may be required. However if the value of the internal disbursements incurred exceeds the capped amount, then we reserve the right to seek further approval of internal disbursements from creditors.”**</p>				

***Note that the resolutions for approval of the Deed Administrators remuneration and disbursements will only be proposed to creditors in the event creditors resolve to execute a Deed of Company Arrangement.**

****Note that the resolutions for approval of the Liquidators remuneration and disbursements will only be proposed to creditors in the event that creditors resolve to wind up the Company.**

4. Signature Section (in accordance with Sections 127 or 250D of the Corporations Act 2001)

Signature of individual or person authorised by corporate resolution to represent corporation

The common seal was affixed hereto in the presence of:

Print Name

Director

Dated

Director/Company Secretary

Certificate of Witness

Please Note: This certificate is to be completed only where the person giving the proxy is blind or incapable of writing. The signature of the creditor is not to be attested by the person nominated as proxy.

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 before he attached his signature or mark to the instrument.

Signature of witness:

Corporations Act 2001

Mintech Resources Pty Ltd (Administrators Appointed)
ACN 068 689 485 ('the Company')

Formal Proof of Debt or Claim (General Form)

To the Administrator of: Mintech Resources Pty Ltd (Administrators Appointed)

1. This is to state that the Company was on 9 October 2017, and still is, justly and truly indebted:

To (name of creditor including ABN)

(if applicable, the creditor's partners names. If prepared by an employee/agent of the creditor, also insert description of the occupation of the creditor)

of (address of creditor)

for \$ and cents (GST inclusive) GST amount \$

Particulars of the debt are:

Table with 4 columns: Date, Consideration, Amount (\$), Remarks

2. To my knowledge or belief, the creditor has not, nor has any person by the creditor's order, had or received any satisfaction or security for the sum or any part of it except for the following:

Table with 5 columns: Date, Drawer, Acceptor, Amount (\$), Due Date

3. Signed by (select option):

- I am the creditor personally.
I am employed by the creditor and authorised in writing by the creditor to make this statement.
I am the creditor's agent authorised in writing to make this statement in writing.

Signature Dated

Name

Address

Phone

RECEIVE REPORTS BY EMAIL - do you wish to receive all future reports and correspondence from this office via email in accordance with Section 600G of the Corporations Act 2001? Yes No

Please forward all future reports and correspondence to:

Email address:

Grid of 30 empty boxes for email address input

Corporations Act 2001

Notice of Reconvened Second Meeting of Creditors of Company under Administration

Mintech Resources Pty Ltd (Administrators Appointed) ACN 068 689 485 ('the Company')

Notice is hereby given that the reconvened second meeting of creditors of the Company will be held on Tuesday, 27 February 2018 at the offices of DuncanPowell, Level 4, 70 Pirie Street, Adelaide, South Australia. Registration for all creditors and employees will open at 9.15am (Adelaide time) with the meeting commencing at 9.30am (Adelaide time).

Agenda

1. Consider a further report by the Voluntary Administrators and any other matters raised relating to the Company's future and then to resolve either that:
 - a) the Company execute a deed of company arrangement; or
 - b) the administration should end; or
 - c) the Company be wound up; or
 - d) the meeting be adjourned.
2. Consider and if thought fit determine the Administrators' remuneration and internal disbursements.
3. If the Company executes a deed of company arrangement:
 - a) to determine the remuneration and internal disbursements of the Deed Administrators; and
 - b) to consider the appointment of a Committee of Inspection.
4. If the Company is wound up:
 - a) to determine the remuneration and internal disbursements of the Liquidators;
 - b) (if appropriate) to consider the appointment of a Committee of Inspection; and
 - c) (if appropriate) to consider authorising the Liquidators to dispose of the books and records of the Company after finalisation, subject to obtaining ASIC approval.
5. To discuss any other relevant business which may arise.

Attending and voting at the meeting

Creditors are invited to attend the meeting, however they are not entitled to participate and vote at a meeting unless:

- **Proof of debt:** They have lodged with the Administration particulars of the debt or claim and the claim has been admitted, wholly or in part, by the Administration. If a proof of debt has already been lodged, they do not need to do so again. Refer to Note 1 for further guidance on entitlement to vote.
- **Proxies or attendance:** They are either present in person or by electronic facilities (if being made available) or validly represented by proxy, attorney or an authorised person under s250D of the Act. If a corporate creditor is represented, a proxy form, power of attorney or evidence of appointment of a company representative pursuant to Section 250D of the Act must be validly completed and provided to the Administrator at or before the meeting.

To enable sufficient time to review proofs of debt and proxies (or document authorising the representation) should be submitted no later than 4.00 pm on Monday, 26 February 2018 by post to DuncanPowell, GPO Box 518, Adelaide SA 5001, by facsimile on (08) 8212 2215 or by email to info@duncanpowell.com.au. If you choose to return these documents, please allow sufficient time for the documents to be received prior to the due date.

Electronic facilities

Electronic facilities will be made available at the meeting via a conference telephone call. To access those facilities, you need to provide a statement by email to Alex Hawke at ahawke@duncanpowell.com.au not later than 2 business days before the meeting which sets out:

- **Name:** The name of the person and of the proxy or attorney (if any)
- **Address:** An address to which notices to the person, proxy or attorney may be sent
- **Contact:** The method of contacting the person, proxy or attorney for the purposes of the meeting.

On receipt of this statement, you will be provided with instructions on how to access the facilities for the meeting.

Any queries should be directed to Alex Hawke of this office on (08) 8212 6322 or by email at ahawke@duncanpowell.com.au.

Dated this 19th day of February 2018.



Christopher Powell
Administrator

Note 1: Entitlement to vote and completing proofs

IPR (Corp) 75-85 Entitlement to vote at meetings of creditors

- (1) A person other than a creditor (or the creditor's proxy or attorney) is not entitled to vote at a meeting of creditors.
- (2) Subject to subsections (3), (4) and (5), each creditor is entitled to vote and has one vote.
- (3) A person is not entitled to vote as a creditor at a meeting of creditors unless:
 - (a) his or her debt or claim has been admitted wholly or in part by the external administrator; or
 - (b) he or she has lodged, with the person presiding at the meeting, or with the person named in the notice convening the meeting as the person who may receive particulars of the debt or claim:
 - (i) those particulars; or
 - (ii) if required—a formal proof of the debt or claim.
- (4) A creditor must not vote in respect of:
 - (a) an unliquidated debt; or
 - (b) a contingent debt; or
 - (c) an unliquidated or a contingent claim; or
 - (d) a debt the value of which is not established; unless a just estimate of its value has been made.
- (5) A creditor must not vote in respect of a debt or a claim on or secured by a bill of exchange, a promissory note or any other negotiable instrument or security held by the creditor unless he or she is willing to do the following:
 - (a) treat the liability to him or her on the instrument or security of a person covered by subsection (6) as a security in his or her hands;
 - (b) estimate its value;
 - (c) for the purposes of voting (but not for the purposes of dividend), to deduct it from his or her debt or claim.
- (6) A person is covered by this subsection if:
 - (a) the person's liability is a debt or a claim on, or secured by, a bill of exchange, a promissory note or any other negotiable instrument or security held by the creditor; and
 - (b) the person is either liable to the company directly, or may be liable to the company on the default of another person with respect to the liability; and
 - (c) the person is not an insolvent under administration or a person against whom a winding up order is in force.

DuncanPowell

RESTRUCTURING • TURNAROUND • FORENSIC

Mintech Resources Pty Ltd

(Administrators Appointed)

ACN 068 689 485

Remuneration Approval Report

23 February 2018

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This Remuneration Approval Report accompanies the Supplementary Report by Administrators dated 23 February 2018.

In accordance with Division 70-45 of the *Insolvency Practice Rules (Corporations) 2016* ('the IPR') and the Australian Restructuring Insolvency and Turnaround Association's *Code of Professional Practice*, we provide the following information in respect of the Administrators' remuneration for the period 9 October 2017 to 22 February 2018 and future remuneration from 23 February 2018.

This remuneration approval report provides you with the information you need to be able to make an informed decision regarding the approval of our remuneration for undertaking the administration of Mintech Resources Pty Ltd (Administrators Appointed) ('the Company').

Please note that this Remuneration Approval Report replaces the previous report issued to creditors on 2 February 2018.

What do you need to do next?

You should read this report and the other documentation that we have sent you and then attend the meeting of creditors in order to voice your opinion by casting your vote on the resolutions put to the meeting. The meeting will also give you an opportunity to ask any questions you may have.

Alternatively, you are also able to appoint a representative to attend on your behalf by lodging a proxy form. Lodging a special proxy form allows you to specify how your proxy must vote. Lodging a general proxy form allows your representative to choose how your vote is exercised.

Information about the meeting of creditors is included in the Supplementary Report by Administrators to which this Remuneration Approval Report is attached.

1 Declaration

We, Christopher Powell and Stephen Duncan, declare that we have undertaken a proper assessment of this remuneration and disbursements claim for our appointment as Administrators of Mintech Resources Pty Ltd (Administrators Appointed) in accordance with the law and applicable professional standards. We are satisfied that the remuneration claimed is in respect of necessary work, properly performed, or to be properly performed, in the conduct of the administration and we are satisfied that the disbursements claimed are necessary and proper.

2 Executive Summary

2.1 Remuneration of Administrator

The total remuneration sought for this appointment to the date of the Second Meeting of Creditors is \$199,891.00 (excluding GST).

In the event a DOCA is resolved to be executed, we estimate further remuneration of the External Administrators to total \$20,000 (excluding GST) to the date of execution of the DOCA.

In our Initial Remuneration Notice dated 11 October 2017, which was sent to all known creditors of the Company, we estimated that the total cost of the voluntary administration would be between \$75,000.00 and \$125,000.00 (excluding GST).

This has increased compared to our previous estimate because of:

- Review of proofs of debt received;
- Corresponding with creditors requesting further substantiating evidence for proofs of debt;
- Attending to the adjournment of the winding up hearing in the Federal Court of Australia;
- Attending to seeking extensions of the convening period for the Second Meeting of Creditors;

- Attending to proceedings issued in the Supreme Court of South Australia;
- Meetings with Mr John Hillam and his advisors;
- Meetings with Magnetite Mines Ltd and their advisors;
- Review and analysis of Deed of Company Arrangement ('DOCA') proposals;
- Correspondence concerning DOCA proposals;
- Review of financial position of Company, including future estimated cash flows from agreements;
- Analysis of estimated return to creditors under both a DOCA or liquidation scenario;
- Review of mining tenements;
- Consideration of estimated value of exploration licence;
- Requests for books and records of the Company;
- Review of available books and records;
- Correspondence with legal advisors;
- Correspondence with statutory bodies, including provision of information as requested;
- Drafting of Report to Creditors;
- Preparation for Second Meeting of Creditors;
- Analysis of proof of debt claims for voting purposes at Second Meeting;
- Correspondence with creditors concerning attendance at Second Meeting;
- Preparation of Minutes of Second Meeting of Creditors;
- Correspondence with Mr John Hillam and his advisors concerning his DOCA proposal;
- Correspondence with Magnetite Mines and their advisors concerning their DOCA proposal;
- Drafting of Supplementary Report to Creditors;
- Preparation for reconvened Second Meeting of Creditors.

Remuneration claimed is summarised as follows:

Period of remuneration	Amount (\$ (excl. GST)	Annexure reference
Remuneration previously approved:	Nil	
Remuneration to be approved on 28 February 2018:		
Resolution 1: 9 October 2017 to 22 February 2018	194,391.00	2 & 3
Resolution 2: 23 February 2018 to 27 February 2018*	5,500.00	4
Resolution 3: 28 February 2018 to date of execution of DOCA*	20,000.00	5
Total Remuneration – Voluntary Administration	219,891.00	
Deed of Company Arrangement (if resolved)		
Resolution 4: Date of execution of DOCA onwards to finalisation*	60,000.00	6
Creditors Voluntary Liquidation (if resolved)		
Resolution 3: 28 February 2018 onwards to finalisation*	80,000.00	7
Total remuneration		
- DOCA	279,891.00	
- Liquidation	279,891.00	

* Approval for the future remuneration sought is based on an estimate of the work necessary to both the Second Meeting of Creditors and to the finalisation of the Liquidation or DOCA. Should additional work be necessary beyond what is contemplated, further approval may be sought from creditors.

Internal disbursements claimed are summarised as follows:

Period of internal disbursements	Amount (\$) (excl. GST)	Annexure reference
Internal disbursements previously approved:	Nil	
Internal disbursements to be approved:		
Resolution 5: 9 October 2017 to 22 February 2018	1,863.03	8
Resolution 6: 23 February 2018 to 27 February 2018*	250.00	
Resolution 7: 28 February 2018 to date of execution of DOCA*	750.00	
Total Internal Disbursements – Voluntary Administration	2,863.03	
Deed of Company Arrangement (if resolved)		
Resolution 8: Date of execution of DOCA onwards to finalisation*	5,000.00	
Creditors Voluntary Liquidation (if resolved)		
Resolution 7: 28 February 2018 onwards to finalisation *	5,000.00	
Total internal disbursements		
- DOCA	7,863.03	
- Liquidation	7,113.03	

* Approval for the future disbursements sought is based on an estimate of the work necessary to both the Second Meeting of Creditors and to the finalisation of the Liquidation or DOCA. Should additional work be necessary beyond what is contemplated, further approval may be sought from creditors.

Further details regarding the disbursements claims are contained below at Section 4 of this Remuneration Approval Report.

Please refer to the attached annexures referenced in the above table for full details of the calculation and composition of the remuneration approval sought.

2.2 Receipts and payments

To date there have been no receipts or payment of monies in the Administration.

3 Remuneration

3.1 Remuneration claim resolutions

In this administration, we are seeking approval of the following resolutions to approve our remuneration. The remuneration is calculated on a time basis in accordance with the DuncanPowell Rates FY2018 which are attached at Annexure 1.

Details to support these resolutions are included in the attached annexures.

Resolution 1: For the period 9 October 2017 to 22 February 2018

“That the remuneration of the External Administrators, their partners and staff, for the period 9 October 2017 to 22 February 2018, calculated at the hourly rates detailed in the Initial Remuneration Notice dated 11 October 2017 and provided to creditors, is approved for payment in the amount of \$194,391.00 (exclusive of GST) and that the External Administrators can draw the remuneration from available funds monthly or as they may be required.”

Resolution 2: For the period 23 February 2018 to 27 February 2018

“That the future remuneration of the External Administrators for the period 23 February 2018 to 27 February 2018, is determined at a sum equal to the cost of time spent by the External Administrators and their partners and staff, calculated at the hourly rates as detailed in the Initial Remuneration Notice dated 11 October 2017 and provided to creditors, up to a capped amount of \$5,500.00 (exclusive of GST) and that the External Administrators can draw the remuneration from available funds monthly or as they may be required.”

***Resolution 3: For the period 28 February 2018 to the date of execution of the DOCA**

“That the future remuneration of the External Administrators for the period 28 February 2018 to the date of execution of the Deed of Company Arrangement, is determined at a sum equal to the cost of time spent by the External Administrators and their partners and staff, calculated at the hourly rates as detailed in the Initial Remuneration Notice dated 11 October 2017 and provided to creditors, up to a capped amount of \$20,000.00 (exclusive of GST) and that the External Administrators can draw the remuneration from available funds monthly or as they may be required.”

***Note that the resolution for approval of the Administrators remuneration to the date of execution of the DOCA will only be proposed in the event creditors resolve to execute the proposed DOCA.**

***Resolution 4: From the date of execution of the DOCA to the finalisation of the DOCA**

“That the future remuneration of the Deed Administrators, from the date of execution of the Deed of Company Arrangement to the finalisation of the Deed of Company Arrangement, is determined at a sum equal to the cost of time spent by the Deed Administrators and their partners and staff, calculated on the basis of time at the hourly rates detailed in the Initial Remuneration Notice dated 11 October 2017 and provided to creditors, up to a capped amount of \$60,000, exclusive of GST, and that the Deed Administrators can draw the remuneration from available funds monthly or as it may be required. However if the value of the work performed exceeds the capped amount, then we reserve the right to seek further approval of fees from creditors.”

***Note that the resolution for approval of the Deed Administrators remuneration will only be proposed in the event creditors resolve to execute the proposed DOCA.**

OR

***Resolution 3: For the period 28 February 2018 to finalisation of the liquidation**

“That the future remuneration of the Liquidators, for the period 28 February 2018 to the finalisation of the Liquidation, is determined at a sum equal to the cost of time spent by the Liquidators and their partners and staff, calculated on the basis of time at the rates detailed in the Initial Remuneration Notice dated 11 October 2017 and provided to creditors, up to a capped amount of \$80,000, exclusive of GST, and that the Liquidators can draw the remuneration from available funds monthly or as it may be required. However if the value of the work performed exceeds the capped amount, then we reserve the right to seek further approval of fees from creditors.”

***Note that the resolution for approval of the Liquidators remuneration will only be proposed in the event creditors resolve to wind up the Company.**

3.2 Details of remuneration

The basis for calculating the remuneration claims is summarised below. More detailed calculation schedules as well as details of the major tasks performed and the costs associated with those tasks are contained in Annexure 2 and Annexure 3. Information on the main activities in relevant task areas is summarised in the annexures to enable creditors to understand the type and purpose of work being undertaken.

Resolution 1: For the period 9 October 2017 to 22 February 2018

The below table sets out time charged by staff members working on the administration for the 9 October 2017 to 22 February 2018 which is the basis of the claim in Resolution 1. More detailed descriptions of the tasks performed within each task area, matching the amounts below, are contained in Annexure 2 and Annexure 3.

For the period 9 October 2017 to 22 February 2018

Name	Classification	Hourly Rate (\$ (Excl. GST))	Total Hours	\$
Christopher Powell	Administrator	575	99.4	57,155.00
Stephen Duncan	Administrator	575	102.0	58,650.00
Victoria Young	Associate Director	475	103.1	48,972.50
Alex Hawke	Manager	395	30.9	12,205.50
Karl Siebels	Senior Business Analyst	290	48.2	13,978.00
Sam Holland-Smith	Business Analyst	260	5.3	1,378.00
Joanna Sutton	Administration	180	5.2	936.00
Elizabeth Lagana	Administration	180	6.2	1,116.00
Total Hours and Fees			400.3	194,391.00
GST				19,439.10
Total Hours and Fees (including GST)				213,830.10
Average hourly rate				485.61

Resolution 2: For the period 23 February 2018 to 27 February 2018

The below table sets out the expected costs for the major tasks likely to be performed by the Administrators and their staff for the period 23 February 2018 to 27 February 2018 which is the basis of the Resolution 2 claim. More detailed descriptions of the tasks likely to be performed within each task area, matching the amounts below, are contained in Annexure 4.

Assets		Creditors		Statutory Compliance		Administration & Risk Mitigation	
Hours	\$	Hours	\$	Hours	\$	Hours	\$
2.0	1,000.00	5.5	2,500.00	3.5	1,500.00	2.0	500.00
Total fees (excluding GST)			5,500.00				
GST			550.00				
Total fees (including GST)			6,050.00				

***Resolution 3: For the period 28 February 2018 to the date of the execution of the DOCA (if resolved)**

The below table sets out the expected costs for the major tasks likely to be performed by the Administrators and their staff for the period 13 February 2018 to the date of execution of the DOCA which is the basis of the Resolution 3 claim. More detailed descriptions of the tasks likely to be performed within each task area, matching the amounts below, are contained in Annexure 5.

Assets		Creditors		Statutory Compliance		Administration & Risk Mitigation	
Hours	\$	Hours	\$	Hours	\$	Hours	\$
6.0	3,000	11.0	5,000	19.0	10,000	6.0	2,000
Total fees (excluding GST)			20,000				
GST			2,000				
Total fees (including GST)			22,000				

****Note that the resolution for approval of the Administrators remuneration to the date of execution of the DOCA will only be proposed in the event creditors resolve to execute the proposed DOCA.***

***Resolution 4: From the date of execution of the DOCA to the date finalisation of the DOCA (if resolved)**

The below table sets out the expected costs for the major tasks likely to be performed by the Deed Administrators and their staff from the date of execution of the DOCA to the finalisation of the DOCA which is the basis of the Resolution 4 claim. More detailed descriptions of the tasks likely to be performed within each task area, matching the amounts below, are contained in Annexure 6.

Assets		Creditors		Statutory Compliance		Administration & Risk Mitigation	
Hours	\$	Hours	\$	Hours	\$	Hours	\$
57.0	25,000	52.0	20,000	20.0	10,000	16.0	5,000
Total fees (excluding GST)			60,000				
GST			6,000				
Total fees (including GST)			66,000				

**Note that the resolution for approval of the Deed Administrators remuneration will only be proposed in the event creditors resolve to execute the proposed DOCA.*

OR

***Resolution 3: For the period 28 February 2018 to the finalisation of the Liquidation (if resolved)**

The below table sets out the expected costs for the major tasks likely to be performed by the Liquidators and their staff for the period 28 February 2018 to the finalisation of the Liquidation which is the basis of the Resolution 3 claim. More detailed descriptions of the tasks likely to be performed within each task area, matching the amounts below, are contained in Annexure 7.

Assets		Creditors		Statutory Compliance		Administration & Risk Mitigation	
Hours	\$	Hours	\$	Hours	\$	Hours	\$
78.0	32,500	67.0	25,000	40.5	17,500	16.0	5,000
Total fees (excluding GST)			80,000				
GST			8,000				
Total fees (including GST)			88,000				

**Note that the resolution for approval of the Liquidators remuneration will only be proposed in the event creditors resolve to wind up the Company.*

3.3 Total remuneration reconciliation

At this point in time we estimate that the total remuneration for this administration will be \$279,891 in the event a DOCA is executed, or if it is resolved to wind up the Company. These include the current approval amounts being sought of \$60,000 for the Deed Administrators and the amount of \$80,000 being sought for the Liquidators.

These amounts are subject to the following variables which may have a significant effect on these estimates and that we are as yet unable to determine:

DOCA

- Negotiation of final DOCA terms.
- Monitor ongoing compliance with DOCA, including key milestones.
- Adjudication of proofs of debt.
- Review of further information and meetings with creditors concerning disputed proofs of debt.
- Recovery of Costs Orders in favour of the Company, including attendance at Court Proceedings as required.
- Distribution to creditors per terms of DOCA.
- Reporting to ASIC of non-compliance with DOCA (if required).
- Reporting to creditors of non-compliance with DOCA (if required).

Liquidation

- Detailed Investigations into the affairs of the Company.
- Pursuit of available legal recoveries identified through investigations.
- Realisation of Company's exploration licence.
- Collection of payments due to Company per mining agreements.
- Pursue payment of legal costs awarded in favour of the Company.
- Reporting to ASIC pursuant to Section 533 of the Act, including any Supplementary Reports.
- Reporting to Creditors as required.
- Adjudication of proofs of debt.
- Payment of a dividend (if required).

We have provided an explanation of tasks remaining to be completed, including our estimated costs to complete those tasks, to support our current remuneration approval request. A summary of tasks to be completed under a DOCA is available at Annexure 6, whilst a summary of the tasks to be completed under a Liquidation is available at Annexure 7.

In preparing this remuneration approval report, we have made our best estimate at what we believe the administration will cost to complete and we do not anticipate that we will have to ask creditors to approve any further remuneration. However, should the administration not proceed as expected, we will advise creditors and we may seek approval of further remuneration and provide details on why the remuneration has changed. Matters that may affect the progress and the cost of the administration are listed above.

3.4 Likely impact on dividends

The *Corporations Act 2001* sets the order for payment of claims against the Company and it provides for remuneration of the Administrators to be paid in priority to other claims. This ensures that when there are sufficient funds, the Administrators receive payment for the work done to recover assets, investigate the Company's affairs, report to creditors and ASIC, and distribute any available funds. Even if creditors approve our remuneration, this does not guarantee that we will be paid, as we are only paid if sufficient assets are recovered.

Any dividend to creditors will also be impacted by the amount of assets that we are able to recover and the amount of creditor claims that are admitted to participate in any dividend, including any claims by priority creditors such as employees.

An estimate of the return to creditors under either a DOCA or Liquidation is discussed at Section 6 of the accompanying Supplementary Administrators Report.

3.5 Remuneration recovered from external sources

We advise that we have not received any indemnity, guarantee or contribution from a member, director or any other party related to the Company for our fees and expenses.

We advise that we have not received funding from any other source.

4 Disbursements

Disbursements have been categorised as follows:

- **Externally provided professional services** – these are recovered at cost. An example of an externally provided professional service disbursement is legal fees.

- **Externally provided non-professional disbursements** – these are recovered at cost. Examples of externally provided professional service disbursements are travel, accommodation, search fees and lodgement fees.

If the Company has insufficient funds to pay for these disbursements up front, DuncanPowell may pay these costs and when funds become available the Company will reimburse DuncanPowell. These external disbursements do not need the approval of creditors as there is no element of profit or advantage to the Administrator.

- **Internal disbursements** – these are recovered on a reasonable commercial basis. These disbursements are generally charged at cost, though some may be charged at a rate which recoups both variable and fixed costs. Examples of internal disbursements include printing and postage costs, travel allowance and data room hosting.

After 1 September 2017, consent must be obtained from the creditors for our internal disbursements before payment is made. Consent is not required where it is not reasonably practical to obtain the agreement of creditors and the cost of the service is reasonable in all the circumstances. If there is no element of profit or advantage (for example if a decision is made to not recover internal disbursements) then no approval is required.

Details of our disbursement policy are included with the attached DuncanPowell rates FY2018 and the basis of recovery of each of these costs is discussed below.

We are seeking approval from creditors to pay our internal disbursements incurred to date and our future estimated disbursements.

Details of all disbursements incurred are available at Annexure 8.

4.1 Internal disbursement claim resolutions

We are seeking approval of the following resolution to approve our internal disbursements. Details to support these resolutions are included below.

Resolution 5: For the period 9 October 2017 to 22 February 2018

“That the internal disbursements claimed by DuncanPowell for the period 9 October 2017 to 22 February 2018, calculated at the rates detailed in the Initial Remuneration Notice dated 11 October 2017 and provided to creditors, are approved for payment in the amount of \$1,863.03, exclusive of GST, and that DuncanPowell can draw the disbursements from available funds monthly or as they may be required.”

The following internal disbursements have been claimed by DuncanPowell for the period 9 October 2017 to 22 February 2018. Approval of these disbursements from creditors in the amount of \$1,863.03 (excluding GST) is being sought at a meeting of creditors.

Internal Disbursements incurred during the period 9 October 2017 to 16 February 2018	Basis	Actual \$ (excluding GST)
Internal disbursements		
Internal printing	2,263 pages at \$0.55 per page	1,244.30
Internal printing – colour	96 pages at \$1.00 per page	96.00
Internal photocopying	598 pages at \$0.55 per page	328.65
Postage	at cost	25.62
Stationery	at cost	61.33
Kilometre allowance	9.51 kilometres at \$0.75 per kilometre	7.13
Per diem travel allowance	1 day up to \$100.00 per day	100.00
Total – Internal disbursements		1,863.03

Creditors should note that, although approval from creditors is not required, external disbursements such as professional service fees (e.g. legal fees), may be incurred during the administration. Details of all disbursements incurred are available at Annexure 7.

4.2 Future basis of internal disbursements

Resolution 6: For the period 23 February 2018 to 27 February 2018

“That the internal disbursements claimed by DuncanPowell for the period 23 February 2018 to 27 February 2018, calculated at the rates detailed in the Initial Remuneration Notice dated 11 October 2017 and provided to creditors, are approved up to a capped amount of \$250, exclusive of GST, and that the External Administrators can draw the disbursements from available funds monthly or as they may be required. However if the value of the internal disbursements incurred exceeds the capped amount, then we reserve the right to seek further approval of internal disbursements from creditors”

***Resolution 7: For the period 28 February 2018 to the date of execution of the DOCA (if resolved)**

“That the internal disbursements claimed by DuncanPowell for the period 28 February 2018 to the date of execution of the Deed of Company Arrangement, calculated at the rates detailed in the Initial Remuneration Notice dated 11 October 2017 and provided to creditors, are approved up to a capped amount of \$750, exclusive of GST, and that the External Administrators can draw the disbursements from available funds monthly or as they may be required. However if the value of the internal disbursements incurred exceeds the capped amount, then we reserve the right to seek further approval of internal disbursements from creditors”

***Note that the resolution for approval of the Administrators internal disbursements to the date of execution of the DOCA will only be proposed in the event creditors resolve to execute the proposed DOCA.**

***Resolution 8: From the date of execution of the DOCA to the finalisation of the DOCA (if resolved)**

“That the internal disbursements claimed by DuncanPowell from the date of execution of the Deed of Company Arrangement to the finalisation of the Deed of Company Arrangement, calculated at the rates detailed in the Initial Remuneration Notice dated 11 October 2017 and provided to creditors, are approved up to a capped amount of \$5,000, exclusive of GST, and that the Deed Administrator can draw the disbursements from available funds monthly or as they may be required. However if the value of the internal disbursements incurred exceeds the capped amount, then we reserve the right to seek further approval of internal disbursements from creditors”

***Note that the resolution for approval of the Deed Administrators internal disbursements will only be proposed in the event creditors resolve to execute the proposed DOCA.**

OR

***Resolution 7: For the period 28 February 2018 to the finalisation of the Liquidation (if resolved)**

“That the internal disbursements claimed by DuncanPowell for the period 28 February 2018 to the finalisation of the Liquidation, calculated at the rates detailed in the Initial Remuneration Notice dated 11 October 2017 and provided to creditors, are approved up to a capped amount of \$5,000, exclusive of GST, and that the Liquidators can draw the disbursements from available funds monthly or as they may be required. However if the value of the internal disbursements incurred exceeds the capped amount, then we reserve the right to seek further approval of internal disbursements from creditors”

***Note that the resolution for approval of the Liquidators internal disbursements will only be proposed in the event creditors resolve to wind up the Company.**

Future disbursements provided by DuncanPowell will be charged to the administration on the following basis:

Description	Charge (\$) (Exclusive of GST)
Photocopying and printing in black and white	55 cents per page
Photocopying and printing in colour	\$1.00 per page
Facsimile	\$1.00 per page
Telephone charges, stationery and postage	At cost
Document storage – internal	\$1.35 per box
Data processing fee	\$2.50 per gigabyte
Data hosting – initial set up fee	\$75.00
Data hosting	\$5.00 per month
Kilometre allowance	\$0.75 per kilometre
Meal per diem, etc.	\$100.00 per day per staff member (unless other arrangements made)

Rates applicable for financial year ending 2018.

Approval of the payment of these future estimated disbursements at the above rates under both a DOCA or Liquidation is being sought from creditors at the meeting of creditors.

5 Approval of remuneration and internal disbursements

Approval of our remuneration and internal disbursements will be sought at the meeting of creditors to be held on Tuesday, 27 February 2018. Further details and notice of the meeting are included in the Report by Administrators to which this Remuneration Approval Report is annexed.

6 Queries

Should you have any queries, please contact Victoria Young of this office on (08) 8212 6322 or by email at vyoung@duncanpowell.com.au.

You can also access information which may assist you on the following websites:

- **DuncanPowell** at www.duncanpowell.com.au/creditors.html.
- **ARITA** at www.arita.com.au/creditors.
- **ASIC** at www.asic.gov.au, search for insolvency information sheets.

Dated this 23rd day of February 2018.



Christopher Powell
Administrator



Stephen Duncan
Administrator

DuncanPowell
Level 4, 70 Pirie Street
Adelaide SA 5000

Annexure 1 – Schedule of DuncanPowell rates

DuncanPowell rates

Applicable from 1 July 2017

FY 2018

Classification	\$ per hour*
Principal Appointee/Partner	575
Director	525
Associate Director	475
Senior Manager	425
Manager	395
Senior Executive Analyst	370
Executive Analyst	340
Senior Business Analyst	290
Business Analyst	260
Administration	180

*Exclusive of GST

DuncanPowell disbursement policy

Disbursements incurred from third party suppliers are charged at the cost invoiced. DuncanPowell does not add any margin to disbursements incurred through third parties.

Internal disbursements including photocopying, printing, stationery, teleconference charges, facsimiles and postage may be charged. In relation to any employee allowances, being kilometre allowance and reasonable travel allowance, the rate of the allowance set by DuncanPowell is at or below the rate set by the Australian Taxation Office.

If a DuncanPowell data room is utilised, the fee will comprise an initial setup fee and then a fee based on the duration and size of the data room. Certain services provided by Forensic Technology may require the processing of electronically stored information into specialist review platforms. Where these specific Forensic Technology resources are utilised, the fee will be based on size (e.g. per gigabyte) and/or period of time (e.g. period of hosting) and/or percentage (e.g. usage of server).

GST is applied to disbursements as required by law.

DuncanPowell disbursement internal rates and allowances

Description	Charge*
Photocopying and printing in black and white	55 cents per page
Photocopying and printing in colour	\$1.00 per page
Facsimile	\$1.00 per page
Teleconference charges, stationery, archiving and postage.	At cost
Data processing fee	\$2.50 per gigabyte
Data hosting – initial set up fee	\$75.00
Data hosting	\$5.00 per month
Travel expenses including flights and accommodation	At cost
Travel Reimbursement	\$0.75 per kilometre
Meal per diem, etc.	\$100.00 per day per staff member (unless other arrangements made)

*Exclusive of GST

DuncanPowell classifications

Classification	Guide to level of experience
Principal Appointee/Partner	Registered Liquidator/Trustee, his or her Partners. Specialist skills brought to the administration. In excess of 10 years' experience.
Director	More than eight years' experience and more than three years as a Manager. Answerable to the appointee, but otherwise responsible for all aspects of an administration. Controls staffing and their training.
Associate Director	Six to eight years' experience with well-developed technical and commercial skills. Will have conduct of minor administrations and experience in control of a small to medium team of staff. Assists with the planning and control of medium to large administrations.
Senior Manager	Five to seven years' experience with well-developed technical and commercial skills. Will have conduct of minor administrations and experience in control of a small to medium team of staff. Assists with the planning and control of medium to large administrations.
Manager	Four to six years' experience. Will have had conduct of minor administrations and experience in control of one to three staff. Assists with the planning control of medium to large administrations.
Senior Executive Analyst	Three to four years' experience. Assists planning and control of small to medium administrations as well as performing some of the more difficult tasks on larger administrations.
Executive Analyst	Two to three years' experience. Required to control the tasks on small administrations and is responsible for assisting tasks on medium to large administrations.
Senior Business Analyst	Graduate with one to two years' experience. Required to assist in day-to-day tasks under supervision of more senior staff.
Business Analyst	Undergraduate or graduate with up to one year experience. Required to assist in day-to-day tasks under supervision of more senior staff.
Administration	Appropriate skills, including books and records management and accounts processing particular to the administration.

Annexure 2 – Calculation of actual fees

Detailed below is the calculation of remuneration by person for the period 9 October 2017 to 22 February 2018.

Remuneration Summary By Person For the Period 9 October 2017 to 22 February 2018

Name	Classification	Hourly Rate	Total		Assets		Creditors		Statutory Compliance		Administration & Risk Mitigation	
			Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$
C. Powell	Administrator	575	99.40	57,155.00	19.60	11,270.00	14.90	8,567.50	59.70	34,327.50	5.20	2,990.00
S. Duncan	Administrator	575	102.00	58,650.00	3.90	2,242.50	11.70	6,727.50	82.70	47,552.50	3.70	2,127.50
V. Young	Associate Director	475	103.10	48,972.50	19.00	9,025.00	45.00	21,375.00	28.00	13,300.00	11.10	5,272.50
A. Hawke	Manager	395	30.90	12,205.50	2.40	948.00	9.20	3,634.00	14.50	5,727.50	4.80	1,896.00
K. Siebels	Senior Business Analyst	290	48.20	13,978.00	6.60	1,914.00	15.00	4,350.00	18.30	5,307.00	8.30	2,407.00
S. Holland-Smith	Business Analyst	260	5.30	1,378.00	-	-	-	-	3.60	936.00	1.70	442.00
E. Lagana	Administration	180	6.20	1,116.00	-	-	0.50	90.00	2.70	486.00	3.00	540.00
J. Sutton	Administration	180	5.20	936.00	-	-	4.40	792.00	0.80	144.00	-	-
Total Hours and Fees			400.30	194,391.00	51.50	25,399.50	100.70	45,536.00	210.30	107,780.50	37.80	15,675.00
GST				19,439.10								
Total Hours and Fees (including GST)				213,830.10								
Average hourly rate				485.61		493.19		452.19		512.51		414.68

Annexure 3 – Summary of work completed

Detailed below is a summary of work completed by task area for the administration period 9 October 2017 to 22 February 2018.

Task area	General description	Details of tasks
Assets 51.5 hours \$25,399.50	Plant and equipment	<ul style="list-style-type: none"> Motor vehicle search Investigations regarding plant and equipment
	Tenements	<ul style="list-style-type: none"> Investigations regarding exploration licence Correspondence with Department of the Premier and Cabinet regarding tenements Meetings, discussions and correspondence regarding tenements Analysis of estimated value of tenements
	Debtors	<ul style="list-style-type: none"> Review of relevant documentation regarding debtors of the Company, including legal costs claims and redeemable convertible notes Correspondence regarding costs claims
	Other assets	<ul style="list-style-type: none"> Review of exploration lease sale agreement agreements and other relevant documentation Review of proceedings and claims Analysis of estimated payments due to Company under sale agreement
Creditors 100.7 hours \$45,536.00	Creditor enquiries, requests & directions	<ul style="list-style-type: none"> Receive and respond to creditor enquiries Review and prepare initial correspondence to creditors and their representatives Compiling information requested by creditors Correspondence to creditors via mail, email and facsimile
	Secured creditor	<ul style="list-style-type: none"> Notifying PPSR registered creditors of appointment Responding to secured creditor's queries
	Reports to creditors	<ul style="list-style-type: none"> Preparation of Administrators Report to Creditors Preparation of accompanying documents re report to creditors Lodgement of Administrators Report with ASIC Collate report supporting documents file Preparation of Supplementary Administrators Report to Creditors
	Proofs of debts	<ul style="list-style-type: none"> Receipt of proofs of debt Correspondence with creditors re proofs of debt Adjudication of proofs of debt for meeting purposes Requests for further information Investigations re validity of creditor claims received Maintaining proof of debt register
Statutory compliance 210.3 hours \$107,780.50	Books and records	<ul style="list-style-type: none"> Receipt of books and records
	ASIC	<ul style="list-style-type: none"> Notifications to ASIC Correspondence with ASIC Collating information requested by ASIC
	ATO and other statutory reporting	<ul style="list-style-type: none"> Notification of appointment Correspondence
	Director	<ul style="list-style-type: none"> Correspondence and meetings with director Requests for Report as to Affairs and books and records
	DOCA	<ul style="list-style-type: none"> Review of DOCA proposals received Correspondence re DOCA proposals

Task area	General description	Details of tasks
		<ul style="list-style-type: none"> Request further information re DOCA proposals Comparison of DOCA proposals vs Liquidation Meetings with Mr John Hillam and his advisors re DOCA proposals Meetings with Magnetite Mines Ltd and their advisors re DOCA proposals
	Meeting of creditors	<ul style="list-style-type: none"> Preparation of meeting notices, proxies and advertisements Forward notice of meeting to all known creditors Preparation of meeting file Attendance at meeting of creditors Responding to stakeholder queries and questions immediately prior to and following the meeting Preparation and lodgement of minutes of meetings with ASIC Seeking extension of convening period for Second Meeting of Creditors
	Investigations	<ul style="list-style-type: none"> Review of records Preparation of company nature and history Conduct and summarise statutory searches Ongoing investigations regarding the Company's financial position, pre-appointment agreements, litigation etc.
	Litigation/recoveries	<ul style="list-style-type: none"> Review of potential recoveries Taking of advice in relation to various issues Briefing solicitors Attendance to Court re adjournment of winding up hearing
Administration and risk mitigation 37.80 hours \$15,675.00	Correspondence	<ul style="list-style-type: none"> Correspondence by telephone, email, facsimile and post
	Planning/review	<ul style="list-style-type: none"> Engagement planning Discussions re status of administration, strategy and outstanding issues
	Document maintenance, file review, checklist	<ul style="list-style-type: none"> Review of administration Filing of documents Update of work programs File review
	Insurance	<ul style="list-style-type: none"> Correspondence with insurance brokers re initial insurance requirements
	Bank account administration	<ul style="list-style-type: none"> Opening account Correspondence with banks regarding pre-appointment accounts
	General administration	<ul style="list-style-type: none"> Risk assessment Set up of client Processing in relation to client accounting Word processing
	Remuneration	<ul style="list-style-type: none"> Recording of time, including details Preparation of remuneration schedules Preparation of remuneration approval report

Annexure 4 – Summary of future tasks to be undertaken to date of Reconvened Second Meeting (VA)

Detailed below is a summary of work expected to be undertaken by task area for the administration period from 23 February 2018 to 27 February 2018.

Task area	General description	Details of tasks
Assets 2.0 hours \$1,000.00	Plant and equipment	<ul style="list-style-type: none"> Ongoing investigations re joint venture assets
	Tenements	<ul style="list-style-type: none"> Ongoing investigations regarding exploration licence and correspondence with the Department of the Premier and Cabinet
	Debtors	<ul style="list-style-type: none"> Continued investigations regarding amounts due to the Company
	Other assets	<ul style="list-style-type: none"> Investigations regarding Magnetite Agreement
Creditors 5.5 hours \$2,500.00	Creditor enquiries, requests & directions	<ul style="list-style-type: none"> Receive and respond to creditor enquiries Compiling information requested by creditors Correspondence to creditors via mail and email
	Secured creditor	<ul style="list-style-type: none"> Correspondence with secured parties
	Report to creditors	<ul style="list-style-type: none"> Finalising Administrators' Supplementary Report Distribution of report Lodgement of Supplementary Report with ASIC
	Proofs of debts	<ul style="list-style-type: none"> Receipt of proofs of debt Correspondence with creditors re proofs of debt Maintaining creditors register
Statutory compliance 3.5 hours \$1,500.00	Books and records	<ul style="list-style-type: none"> Obtaining further books and records Administration in relation to storage
	ASIC	<ul style="list-style-type: none"> Correspondence with ASIC Statutory lodgements
	ATO	<ul style="list-style-type: none"> Correspondence with the ATO, including in relation to the winding up application against the Company
	Director	<ul style="list-style-type: none"> Correspondence and meetings with director
	DOCA	<ul style="list-style-type: none"> Ongoing communications with the Magnetite Group and their solicitors regarding the DOCA proposal Ongoing communications with Mr John Hillam regarding his DOCA proposal Analysis and discussions regarding DOCA proposals received
	Meeting of creditors	<ul style="list-style-type: none"> Preparations for reconvened meeting Forward notice of meeting to all known creditors Preparation of meeting file, including agenda, attendance register, reports to creditors, advertisement of meeting Attendance to meeting Attending to creditor enquires prior to and following the meeting
	Investigations	<ul style="list-style-type: none"> Ongoing investigations regarding the Company's financial position, pre-appointment agreements, litigation etc. Collating and reviewing relevant documents and preparing investigation files Ongoing communications with the Company's former solicitors and accountant
	Litigation/recoveries	<ul style="list-style-type: none"> Review of potential recoveries Briefing solicitor in relation to legal issues which arise

Task area	General description	Details of tasks
Administration and risk mitigation 2.0 hours \$500.00	Correspondence	<ul style="list-style-type: none"> General correspondence by telephone, email, facsimile and post
	Planning/review	<ul style="list-style-type: none"> Engagement planning Discussions re status of administration, strategy and outstanding issues
	Document maintenance, file review, checklist	<ul style="list-style-type: none"> Review of administration Filing of documents Update of work programs File review
	Insurance	<ul style="list-style-type: none"> Correspondence with insurance brokers re ongoing insurance requirements
	Bank account administration	<ul style="list-style-type: none"> Preparation of transactions Bank account reconciliations Banking of deposits
	Process of receipts and payments	<ul style="list-style-type: none"> Process of receipts, payments and journal entries into accounting system
	General administration	<ul style="list-style-type: none"> Processing in relation to client accounting Word processing
	Remuneration	<ul style="list-style-type: none"> Recording of time, including details

Annexure 5 – Summary of future tasks to be undertaken (VA)

Detailed below is a summary of work expected to be undertaken by task area for the administration period from 28 February 2018 to the date of execution of the DOCA.

Task area	General description	Details of tasks
Assets 6.0 hours \$3,000.00	Plant and equipment	<ul style="list-style-type: none"> Ongoing investigations re joint venture assets
	Tenements	<ul style="list-style-type: none"> Ongoing investigations regarding exploration licence and correspondence with the Department of the Premier and Cabinet
	Debtors	<ul style="list-style-type: none"> Continued investigations regarding amounts due to the Company
	Other assets	<ul style="list-style-type: none"> Investigations regarding Magnetite Agreement
Creditors 11.0 hours \$5,000.00	Creditor enquiries, requests & directions	<ul style="list-style-type: none"> Receive and respond to creditor enquiries Compiling information requested by creditors Correspondence to creditors via mail and email
	Secured creditor	<ul style="list-style-type: none"> Correspondence with secured parties
	Proofs of debts	<ul style="list-style-type: none"> Receipt of proofs of debt Correspondence with creditors re proofs of debt Maintaining creditors register
Statutory compliance 19.0 hours \$10,000.00	Books and records	<ul style="list-style-type: none"> Obtaining further books and records Administration in relation to storage
	ASIC	<ul style="list-style-type: none"> Statutory lodgements re DOCA execution
	ATO	<ul style="list-style-type: none"> Correspondence with the ATO, including in relation to the winding up application against the Company
	Director	<ul style="list-style-type: none"> Correspondence and meetings with director
	DOCA	<ul style="list-style-type: none"> Ongoing communications with the Magnetite Group and their solicitors regarding the DOCA proposal (if DOCA proposal successful) Ongoing communications with Mr John Hillam regarding his DOCA proposal (if DOCA proposal successful) Review of draft DOCA Correspondence re draft DOCA Execution of DOCA Notices to creditors re execution of DOCA
	Meeting of creditors	<ul style="list-style-type: none"> Drafting of minutes of Reconvened Second Meeting Lodgement of minutes with ASIC
	Investigations	<ul style="list-style-type: none"> Ongoing communications with the Company's former solicitors and accountant
	Litigation/recoveries	<ul style="list-style-type: none"> Briefing solicitor in relation to legal issues which arise
Administration and risk mitigation 6.0 hours \$2,000.00	Correspondence	<ul style="list-style-type: none"> General correspondence by telephone, email, facsimile and post
	Planning/review	<ul style="list-style-type: none"> Engagement planning Discussions re status of administration, strategy and outstanding issues
	Document maintenance, file review, checklist	<ul style="list-style-type: none"> Review of administration Filing of documents Update of work programs File review
	Insurance	<ul style="list-style-type: none"> Correspondence with insurance brokers re ongoing insurance requirements
	Bank account administration	<ul style="list-style-type: none"> Preparation of transactions

Task area	General description	Details of tasks
		<ul style="list-style-type: none">• Bank account reconciliations• Banking of deposits
	Process of receipts and payments	<ul style="list-style-type: none">• Process of receipts, payments and journal entries into accounting system
	General administration	<ul style="list-style-type: none">• Processing in relation to client accounting• Word processing
	Remuneration	<ul style="list-style-type: none">• Recording of time, including details

Annexure 6 – Summary of future tasks to be undertaken (DOCA)

In the event creditors resolve to execute a DOCA, detailed below is a summary of work expected to be undertaken by task area from the date of execution of the DOCA to the finalisation of the DOCA.

Task area	General description	Details of tasks
Assets 57.0 hours \$25,000	DOCA	<ul style="list-style-type: none"> Ongoing investigations Collection of payments due to the Company under DOCA Monitor ongoing progress of DOCA including key milestones
	Tenements	<ul style="list-style-type: none"> Realisation of the Company's exploration licence and correspondence with the Department of the Premier and Cabinet
	Debtors	<ul style="list-style-type: none"> Continued investigations regarding amounts due to the Company Investigations concerning costs orders in favour of the Company yet to be paid
	Legal Recoveries	<ul style="list-style-type: none"> Pursue payment of legal costs orders in favour of the Company Attendance to legal proceedings as required associated with Costs Orders
Creditors 52.0 hours \$20,000	Creditor enquiries, requests & directions	<ul style="list-style-type: none"> Receive and respond to creditor enquiries Maintaining creditor request log Review and prepare initial correspondence to creditors and their representatives Documenting Considering reasonableness of creditor requests Obtaining legal advice in relation to requests, if required Documenting reasons for complying or not complying with requests or directions Compiling information requested by creditors Correspondence to creditors via mail, email and facsimile Correspondence with committee of creditors
	Reports to creditors	<ul style="list-style-type: none"> Preparation of reports to creditors
	Proofs of debts	<ul style="list-style-type: none"> Receipt of proofs of debt Correspondence with ATO re proofs of debt Adjudication of proofs of debt Request further substantiation Correspondence re outcome of adjudication
	Processing proofs of debt	<ul style="list-style-type: none"> Preparation of correspondence to potential creditors inviting lodgement of POD Receipt of POD Maintain POD register Adjudicating POD 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

Task area	General description	Details of tasks
		<ul style="list-style-type: none"> Preparation of dividend file Preparation of payment vouchers to pay dividend Preparation of correspondence to creditors enclosing payment of dividend
Statutory compliance 20.0 hours \$10,000	Books and records	<ul style="list-style-type: none"> Retrieval of books and records from storage Administration in relation to storage
	ASIC	<ul style="list-style-type: none"> Notifications to ASIC of Deed Administrators Appointment Correspondence with ASIC
	ATO and other statutory reporting	<ul style="list-style-type: none"> Notification to ATO of Deed Administrators Appointment Correspondence
	Directors	<ul style="list-style-type: none"> Correspondence and meetings with director as required
	DOCA	<ul style="list-style-type: none"> Negotiation of final DOCA terms Execution of DOCA Notifications to ASIC re DOCA execution Monitor ongoing compliance with terms of DOCA Report to ASIC re non-compliance with DOCA (if required) Finalise DOCA once fully compliant
	Meeting of creditors	<ul style="list-style-type: none"> Preparation of meeting notices, proxies and advertisements Forward notice of meeting to all known creditors Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting. Preparation and lodgement of minutes of meetings with ASIC Responding to stakeholder queries and questions immediately following meeting
	Proposals to creditors	<ul style="list-style-type: none"> Preparing proposal notices and voting forms Forward notice of proposal to all known creditors Reviewing votes and determining outcome of proposal Preparation and lodgement of proposal outcome with ASIC
	Committee of inspection	<ul style="list-style-type: none"> Preparation for committee meetings, if committee appointed Preparation and lodgement of minutes of meeting with ASIC
	Litigation/recoveries	<ul style="list-style-type: none"> Review of potential recoveries Review of judgments awarding costs in favour of Company Preparation of brief for solicitor Liaising with solicitor re recovery/costs actions Attendance to Court Attendance to negotiations Attendance to settlement matters
	ASIC reporting	<ul style="list-style-type: none"> Liaising with ASIC Preparation and lodgement of ASIC forms, including 6 monthly accounts
	Ceasing to act	<ul style="list-style-type: none"> Notification to ASIC
Administration and risk mitigation 16.0 hours \$5,000	Correspondence	<ul style="list-style-type: none"> General Correspondence
	Planning/review	<ul style="list-style-type: none"> Engagement planning Discussions re status of administration, strategy and outstanding issues
	Document maintenance, file review, checklist	<ul style="list-style-type: none"> Review of administration – 6 monthly Filing of documents Update of work programs File review

Task area	General description	Details of tasks
	Bank account administration	<ul style="list-style-type: none"> • Opening and closing accounts • Preparation of transactions • Bank account reconciliations • Correspondence with bank re specific transactions • Banking of deposits
	Process of receipts and payments	<ul style="list-style-type: none"> • Process of receipts, payments and journal entries into accounting system
	ASIC reporting	<ul style="list-style-type: none"> • Correspondence with ASIC regarding statutory forms
	ATO and other statutory reporting	<ul style="list-style-type: none"> • Notification of appointment • Preparation of BAS • Completing group certificates
	General administration	<ul style="list-style-type: none"> • Processing in relation to client accounting • Word processing
	Remuneration	<ul style="list-style-type: none"> • Recording of time, including details • Preparation of remuneration schedules • Invoice preparation
	Other appointees	<ul style="list-style-type: none"> • Correspondence with Receiver and Manager
	Litigation	<ul style="list-style-type: none"> • General correspondence in relation to litigation
	Finalisation	<ul style="list-style-type: none"> • Notification to creditors and statutory authorities of finalisation • Cancellation of registrations, such as ABN/GST/PAYG • Completion of checklists • Finalising WIP

Annexure 7 – Summary of future tasks to be undertaken (Liquidation)

In the event creditors resolve to wind up the Company, detailed below is a summary of work expected to be undertaken by task area for the Liquidation period from 28 February 2018 to the finalisation of the Liquidation.

Task area	General description	Details of tasks
Assets 78.0 hours \$32,500	Legal Recoveries	<ul style="list-style-type: none"> Pursue payment of legal costs orders in favour of the Company Attendance to legal proceedings as required associated with costs orders
	Tenements	<ul style="list-style-type: none"> Ongoing investigations regarding exploration licence and correspondence with the Department of the Premier and Cabinet Assess value of exploration licence Realisation of Company's exploration licence
	Debtors	<ul style="list-style-type: none"> Continued investigations regarding amounts due to the Company Investigations concerning costs orders in favour of the Company yet to be paid
	Other assets	<ul style="list-style-type: none"> Investigations regarding Magnetite resource payment, production payment and royalty payments Monitor and collect ongoing progress payments due to the Company per Magnetite agreement
Creditors 67.0 hours \$25,000	Creditor enquiries, requests & directions	<ul style="list-style-type: none"> Receive and respond to creditor enquiries Maintaining creditor request log Review and prepare initial correspondence to creditors and their representatives Documenting Considering reasonableness of creditor requests Obtaining legal advice on requests, where necessary Documenting reasons for complying or not complying with requests or directions Compiling information requested by creditors Correspondence to creditors via mail, email and facsimile
	Reports to creditors	<ul style="list-style-type: none"> Preparation of reports to creditors Preparation of Statutory Report by Liquidators Investigations associated with creditor reports
	Proofs of debts	<ul style="list-style-type: none"> Receipt of proofs of debt Correspondence with ATO re proofs of debt Adjudication of proofs of debt Request further substantiation Correspondence re outcome of adjudication
	Dividend procedures (if required)	<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

Task area	General description	Details of tasks
Statutory compliance 40.5 hours \$17,500		<ul style="list-style-type: none"> Preparation of correspondence to creditors enclosing payment of dividend
	Books and records	<ul style="list-style-type: none"> Retrieval of books and records from storage Administration in relation to storage
	ASIC	<ul style="list-style-type: none"> Notifications of Liquidators appointment Correspondence with ASIC
	ATO and other statutory reporting	<ul style="list-style-type: none"> Notifications of Liquidators appointment Correspondence
	Directors	<ul style="list-style-type: none"> Correspondence and meetings with director as required
	Meeting of creditors	<ul style="list-style-type: none"> Preparation of meeting notices, proxies and advertisements Forward notice of meeting to all known creditors Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting. Preparation and lodgement of minutes of meetings with ASIC Responding to stakeholder queries and questions immediately following meeting
	Proposals to creditors	<ul style="list-style-type: none"> Preparing proposal notices and voting forms Forward notice of proposal to all known creditors Reviewing votes and determining outcome of proposal Preparation and lodgement of proposal outcome with ASIC
	Investigation	<ul style="list-style-type: none"> Collection and review of books and records Review and preparation of company nature and history Conduct and summarise statutory searches Preparation of comparative financial statements and deficiency statements Review of specific transactions Preparation of investigation file Preparation of statutory investigation report and lodgement with ASIC Correspondence with ASIC to receive assistance in obtaining reconstruction of financial statements, company's books and records and Report as to Affairs Preparation and lodgement of any supplementary report Liaising with ASIC
	Litigation/recoveries	<ul style="list-style-type: none"> Review of potential recoveries Review of judgments awarding costs in favour of Company Preparation of brief for solicitor Liaising with solicitor re recovery/costs actions Attendance to Court Attendance to negotiations Attendance to settlement matters
	ASIC reporting	<ul style="list-style-type: none"> Preparing statutory investigation reports Preparation and lodgement of ASIC forms, including 6 monthly accounts Liaising with ASIC
Ceasing to act	<ul style="list-style-type: none"> Notification to ASIC 	
Administration and risk mitigation 16.0 hours \$5,000	Correspondence	<ul style="list-style-type: none"> General correspondence
	Planning/review	<ul style="list-style-type: none"> Engagement planning Discussions re status of administration, strategy and outstanding issues

Task area	General description	Details of tasks
	Document maintenance, file review, checklist	<ul style="list-style-type: none"> • Review of administration – 6 monthly • Filing of documents • Update of work programs • File review
	Bank account administration	<ul style="list-style-type: none"> • Opening and closing accounts • Preparation of transactions • Bank account reconciliations • Correspondence with bank re specific transactions • Banking of deposits
	Process of receipts and payments	<ul style="list-style-type: none"> • Process of receipts, payments and journal entries into accounting system
	ASIC reporting	<ul style="list-style-type: none"> • Correspondence with ASIC regarding statutory forms
	ATO and other statutory reporting	<ul style="list-style-type: none"> • Notification of Liquidators appointment • Preparation of BAS • Completing group certificates
	General administration	<ul style="list-style-type: none"> • Set up of client • Processing in relation to client accounting • Word processing
	Remuneration	<ul style="list-style-type: none"> • Recording of time, including details • Preparation of remuneration schedules • Invoice preparation
	Litigation	<ul style="list-style-type: none"> • General correspondence in relation to litigation
	Finalisation	<ul style="list-style-type: none"> • Notification to creditors and statutory authorities of finalisation • Cancellation of registrations, such as ABN/GST/PAYG • Completion of checklists • Finalising WIP

Annexure 8 – Disbursements

Disbursements paid or incurred during the period 9 October 2017 to 22 February 2018	Basis	Actual \$ (excluding GST)
Externally provided professional services	At cost	N/A
Total – Externally provided professional services		N/A
Externally provided non-professional disbursements	At cost	
Travel		637.26
Accommodation		591.56
Parking		125.79
Advertising		15.00
Telephone		68.95
Search fees		134.00
Total – Externally provided non-professional disbursements		1,572.56
Internal disbursements		
Internal printing	2,263 pages at \$0.55 per page	1,244.30
Internal printing – colour	96 pages at \$1.00 per page	96.00
Internal photocopying	598 pages at \$0.55 per page	328.65
Postage	at cost	25.62
Stationery	at cost	61.33
Kilometre allowance	9.51 kilometres at \$0.75 per kilometre	7.13
Per diem travel allowance	1 day up to \$100.00 per day	100.00
Total – Internal disbursements		1,863.03
Total disbursements		3,435.59