

First Report to Creditors

Under Section 436E of the Corporations Act 2001

Paramount Mining Corporation Ltd

(Administrator appointed)

ACN 102 426 175

ABN 73 102 426 175

(the "Company")

20 October 2017

Peter Krejci CA

Administrator

BRI Ferrier (NSW) Pty Ltd ABN 97 128 947 848

Level 30

Australia Square

264 George Street, Sydney NSW 2000

GPO Box 7079, Sydney NSW 2001

Phone (02) 8263 2300

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BRI Ferrier

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1 EXECUTIVE SUMMARY

On 18 October 2017, I, Peter Paul Krejci, of BRI Ferrier, Level 30, Australia Square, 264 George Street, Sydney NSW 2000, was appointed Voluntary Administrator of Paramount Mining Corporation Ltd (“the Company”). The appointment was effected pursuant to Section 436A of the *Corporations Act 2001* (“the Act”) by a resolution of the Company’s Directors, Mr Guy Victor Murie Anderson, Mr John Sebastian Hempel and Mr Garry David Taylor (“the Directors”).

This Report and the accompanying Notice of Appointment and First Meeting of Creditors advises of my appointment and explains the first stages of the Voluntary Administration.

The First Meeting of Creditors will be held as follows:

Date: Monday, 30 October 2017
Time: 1:00PM AEST, Sydney time
Address: Level 30, Australia Square, 264 George Street, Sydney NSW 2000

A formal notice for the First Meeting of Creditors is attached as **Annexure “1”**.

The Company was incorporated on 7 October 2002 and was involved in mining exploration for precious and base metal deposits in Asia, particularly Indonesia. The Company’s record and announcements indicate that its flagship project was the Gunung Rosa gold, silver and base metal mining project in West Java, Indonesia, in which the Company acquired a 72.25% equity interest in August 2011. However, due to tight funding conditions and a restricted budget, limited work was undertaken from January 2015 onwards.

In January 2016, the Company’s subsidiary, Paramindo Singapore Ltd (“Paramindo”) obtained a loan facility of US\$3M to continue the development of the Gunung Rosa project and provide working capital. However, at an Annual General Meeting on 21 March 2016, by resolution of the shareholders, Paramindo was demerged from the Company via an in-specie distribution to shareholders on 24 May 2016. As a result of this demerger, the Company no longer holds an interest in the Gunung Rosa project.

The Company was formerly a listed public company on the Australian Stock Exchange (“ASX”), however it appears that due to limited cash flow, in August 2016, the Company failed to remit its annual listing fee and was subsequently delisted from the ASX on 30 August 2016. The Company attempted to raise further funding in 2017 by acquisition of an unlisted company, which would raise funds up to US\$10M, however this did not eventuate and the Company was subsequently placed into Administration.

My preliminary enquiries indicate that the Company holds minimal assets, being cash at bank funds of approximately \$175K and a motor vehicle. The known liabilities total approximately \$1.07M, largely represented by loans and unpaid professional services and fees.

In the forthcoming weeks, I will be conducting an investigation into the affairs of the Company, reviewing any options available to the Company and its creditors, including any potential proposals for a Deed of Company Arrangement (“DOCA”). At this time, I have not receive any interest from any parties in proposing a DOCA, however, I encourage interested parties to contact this office if they wish to do so.

My preliminary investigations indicate that there may be a small dividend to creditors should the Company be placed into Liquidation. Further commentary will be provided in my second report to

creditors, to be issued in the next 3 to 4 weeks, detailing my analysis and putting forth my view as to which option is in the best interests of creditors.

In regards to the First Meeting of Creditors, all creditors are invited to attend the meeting, at which I will report further on both the progress of the Administration and on the future of the Company. If you are unable to attend, you may appoint someone else to represent you, including the Administrator or another creditor, to act as your proxy for the meeting. Please ensure that your Proof of Debt (the document evidencing your claim) and your completed Proxy Form are provided to my office by 4pm one business day prior to the meeting should you wish to participate in same.

The Formal Proof of Debt form and Appointment of Proxy form are attached to this Report as **Annexures "2" and "3"** respectively. If you have any questions regarding the meeting, please contact Ms Katherine La of this office on (02) 8263 2300.

2 TRADING

As stated above, it is my understanding that the Company ceased to trade some time prior to my appointment.

All claims against the Company in respect of goods and/or services provided to the Company prior to my appointment are effectively frozen as at the date of my appointment.

I will not accept any responsibility or liability in respect of any goods or services you provide after the date of my appointment unless you have received express written authorisation for those goods or services from me. Please refer to **Annexure "4"** for a list of the specimen authorised signatories.

3 DECLARATION OF INDEPENDENCE, RELEVANT RELATIONSHIPS & INDEMNITIES

Attached as **Annexure "5"** is a copy of my Declaration of Independence, Relevant Relationships and Indemnities ("DIRRI") made pursuant to section 436DA of the Act.

Until the recent approach by the Company's Directors and advisors and to my subsequent appointment as Administrator, neither I, nor any of my fellow Principals, have had any dealings with the Company, its Directors and/or senior management, either socially or professionally, apart from those disclosed in the DIRRI.

I have undertaken a proper assessment as to the risks to my independence prior to accepting this appointment.

4 SECURITY OVER ASSETS OF THE COMPANY

A search of the Personal Property Securities Register ("PPSR") as at the date of this report reveals that security interests over the assets of the Company have been registered, as set out below:

| Collateral Class | Secured Party Group |
|---|---|
| All Present and After Acquired Property | Resource Global Finance Limited Zurily Resources and Trading Pty Ltd Bungarra Resources Ltd |

I have separately issued correspondence to all secured parties disclosed above. It is my understanding that there are no outstanding debts owed to any of the secured parties, however I am awaiting confirmation from the secured parties.

Pursuant to Section 443B of the Act, I am not liable for rental or lease payments on goods or property for the first five (5) business days of the administration. Any further creditors claiming security over the assets of the Company should contact Ms Katherine La of this office immediately.

5 LIKELY RETURN TO CREDITORS

I have limited information to date, however my preliminary enquiries indicate that a return to creditors will be dependent on asset realisations. If the Company is wound up, the return would also be dependent on any voidable recoveries or insolvent trading claims.

Further enquiries will be made into the estimated return to creditors and will be reported to creditors in subsequent reports.

6 EXPLANATION OF THE ADMINISTRATION PROCESS

Generally, two Meetings of Creditors are held during a Voluntary Administration. The purposes of the meetings are as follows.

6.1 FIRST MEETINGS OF CREDITORS

This meeting will determine:

- whether to appoint committees of creditors; and
- if so, who are to be the committees' members.

At this meetings creditors may also, by resolution:

- remove the Joint and Several Administrators from office; and
- appoint someone else as Administrator of the Companies.

The First Meetings is required to be held within 8 business days after appointment. It is not possible to provide creditors with a detailed analysis of the Company's affairs within this time.

6.2 SECOND REPORT TO CREDITORS

Following a preliminary investigation into the Company's affairs, I will convene the Second Meeting of Creditors, known as the "decision meeting". When giving Notice of that meeting, I will also send you a Second Report to Creditors under section 75-225 of the *Insolvency Practice Rules (Corporations)*. The Notice and Report will be sent at least 5 business days before the Second Meetings of Creditors.

Normally that Report covers such issues as:

- Assessment of the Company's financial position and the estimated value of asset realisations;
- Comparison of realisations under any DOCA (if proposed) as against Liquidation;
- Review of the conduct of the Company's business including consideration of antecedent/voidable transactions which may be able to be overturned should a Liquidator be appointed; and
- Consideration of insolvent trading by the Directors of the Company and other recoveries potentially available to a Liquidator.

In the Report, I am further required to recommend whether it is in the creditors' interests that:

- An arrangement be entered into between Creditors and the Company (in the form of a DOCA); or
- The Administration should end; or
- The Company should be wound up (placed in Liquidation).

Should any creditor or interested party wish to submit a proposal for a DOCA, please contact Mr Nicholas Wong of this office immediately.

6.3 SECOND MEETING OF CREDITORS

At the Second Meeting, the contents of the Second Report are discussed. Creditors will decide what becomes of the Company. Further details in relation to those meetings will also be provided in the Second Report to Creditors.

The second meeting of creditors are likely to be held on or before 29 November 2017.

7 MEETING

7.1 FIRST MEETING OF CREDITORS

I have convened the First Meeting of Creditors under section 436E as follows:

Date: Monday, 30 October 2017
Time: 1:00PM AEST, Sydney time
Address: Level 30, Australia Square, 264 George Street, Sydney NSW 2000

The purpose of this meeting is to:

- consider the appointment of a Committee of Inspection; and
- consider removal of the Administrator from office and appointment of someone else as Administrator of the Company.

A Notice of Meeting is enclosed.

A Second Meeting of Creditors (the "proposal meeting") will be held within 30 business days of my appointment. That meeting will be convened by a similar Notice of Meeting which will be accompanied by a Report to Creditors under section 75-225 of the *Insolvency Practice Schedule (Corporations)*. At that meeting, creditors will consider whether:

- to accept any proposal formulated for a DOCA;, or
- to wind the Company up; or
- to end the Voluntary Administration and return the control of the Company to its Directors.

Payment of unsecured creditors' accounts as at my appointment is suspended pending the outcome of the proposal meeting.

7.2 PARTICIPATION IN THE MEETING

To participate as a creditor, you should:

- provide a Proof of Debt detailing your claim to be a creditor if you have not already done so. A Form 535 Formal Proof of Debt is enclosed. When returning the Proof of Debt, please enclose documentation supporting your claim.
- Please provide a Proxy or Power of Attorney if you are a company, or are a natural person who is unable to attend the meeting in person. Proxy forms are also enclosed. The documentation appointing the Power of Attorney must be provided to the Administrator's office prior to the meeting.
- You should send your Proof and Proxy to me by no later than 4pm on 27 October 2017.
- If you are owed a debt by the Company in your capacity as a natural person and wish to attend the meeting in person, you are welcome to attend (without the need for a proxy form, but a completed Proof of Debt is still required) at registration, which will commence at 1:00PM AEST on 30 October 2017.
- Please see the Notice of Meeting for requirements if you wish to participate in the meeting by telephone.

7.3 COMMITTEE OF INSPECTION

The functions of a Committee of Inspection ("the Committee") as set out in section 80–35 of the Insolvency Practice Schedule (Corporations) ("IPS") are to:

- advise and assist the Administrator;
- give directions to the Administrator;
- monitor the conduct of the administration;
- carry out such other functions as conferred on the Committee by the Act; and
- do anything incidental or conclusive to the performance of any of the above functions.

Please note, the Administrator must have regard to any directions given by the Committee but is not required to comply with such directions.

Only creditors and their representatives are able to be members of the Committee. Please also note that a creditor or group of creditors representing at least 10% in value of creditors claims may appoint a person as a member of the Committee as may the Commonwealth if a claim for financial assistance is made or likely to be made against the Fair Entitlements Guarantee scheme.

In addition, an employee or group of employees representing at least 50% in value of employees' entitlements may appoint a member of the Committee to represent employees.

If a Committee is appointed at the forthcoming meeting, further information will be provided to the members of the Committee shortly thereafter.

Please note, as set out in Clause 80-55 of the IPS, a member of the Committee of Inspection must not directly or indirectly derive any profit or advantage from the external administration of the Company unless the creditors resolve otherwise or the Court gives leave. This includes selling to, or purchasing from, the Company during the Voluntary Administration.

8 REMUNERATION

8.1 INITIAL REMUNERATION NOTICE

Please find attached an Initial Remuneration Notice as **Annexure "6"** setting out the methods of calculation of remuneration available to an Insolvency Practitioner, together with the advice as to the method chosen.

This document also includes details of my firm's hourly rates, the expected remuneration as advised to the Directors of the Company prior to appointment, together with any amendments to that expected remuneration and the reasons for the amendment and also includes a summary of the method for charging of disbursements.

I am required to provide creditors with an estimate of the remuneration for the Administration. Based on the information provided by the Company's Directors, my preliminary understanding of the complexity of, and the risk associated with the appointment, I estimate that my remuneration will be approximately \$100,000 plus GST to the finalisation of the Voluntary Administration.

9 CREDITORS' RIGHTS

Pursuant to Clauses 70-40, 70-45, 75-15, 85-5, 90-24 and 90-35 of the IPS and Rule 70-30 of the Insolvency Practice Rules (Corporations) 2016 ("the Rules"), I am required to give certain information to creditors as to their rights in the administration.

Accordingly, I attach as **Annexure "7"** an Information Sheet on Creditors' Rights in a Voluntary Administration as published by ARITA for creditors' information.

Within one month of the end of the administration, I must lodge an End of Administration Return in the prescribed form. Should any creditor wish to receive notice of the lodgement of this return, please advise my office of your requirements in writing.

10 FURTHER INFORMATION

I enclose an information sheet entitled "Insolvency information for directors, employees, creditors and shareholders". This publication provides details to access further information to assist creditors in circumstances where a company has been placed into voluntary administration. I specifically refer

creditors to the Information Sheet 74 "Voluntary Administration: A Guide for Creditors" and Information Sheet 75 "Voluntary Administration: A Guide for Employees" which are available on the ASIC website at www.asic.gov.au.

Please note that I am not required to publish notices in the print media. ASIC maintains an online notices page for external administrators to publish notices in respect of companies. Creditors are encouraged to visit <http://insolvencyntices.asic.gov.au> throughout the administration to view any notices which may be published by me in respect of the company. These notices include:

- notices of winding up applications
- notices relating to appointments
- notices of meetings of creditors
- notices of intention to disclaim property
- notices calling for proofs of debt and intention to declare dividends

I enclose as **Annexure "8"** a summary of Insolvency information sheets available on the ASIC website.

If you would prefer to receive communications (including any Notice of Meeting) from me by email, please return the "Request to Receive Electronic Communications" attached as **Annexure "9"** to my office.

Should you have any further queries in this matter please contact Ms Katherine La of this office on (02) 8263 2300.

Dated this 20th day of October 2017.

PARAMOUNT MINING CORPORATION LTD (ADMINISTRATOR APPOINTED)

PETER KREJCI
Voluntary Administrator

BRI Ferrier

**Paramount Mining
Corporation Ltd
(Administrator Appointed)
ACN 102 426 175**

**Annexure "1"
Notice of Meeting**

CORPORATIONS ACT 2001
Section 436E

Section 436E
Insolvency Practice Rules (Corporations)
75-10, 75-15, 75-20

NOTICE OF FIRST MEETING OF
CREDITORS OF COMPANY UNDER ADMINISTRATION

PARAMOUNT MINING CORPORATION LTD
(ADMINISTRATOR APPOINTED)
ACN 102 426 175 ("the Company")

1. On 18 October 2017 the Company under section 436A appointed Peter Krejci of BRI Ferrier (NSW) Pty Ltd, Level 30, Australia Square, 264 George Street, Sydney NSW 2000 as the Administrator of the Company.
2. Notice is now given that a meeting of the creditors of the Company will be held at the offices of BRI Ferrier (NSW) Pty Ltd, Level 30, Australia Square, 264 George Street, Sydney NSW 2000 on 30 October 2017 at 1:00PM AEST, Sydney time.
3. The purpose of the meeting is to determine:
 - a. whether to appoint a committee of inspection; and
 - b. if so, who are to be the committee's members.
4. At the meeting, creditors may also, by resolution:
 - a. remove the Administrator from office; and
 - b. appoint someone else as Administrator of the Company.
5. Attendance at this meeting is not compulsory. Creditors may attend and vote in person, by proxy or by attorney*. The appointment of a proxy must be in the approved form.

A special proxy can be lodged showing approval or rejection of each resolution. Proxy forms must be given to me as Administrator or the person named as convening the meeting. An attorney of the creditor must show the instrument by which he or she is appointed to the Chairperson of the meeting, prior to the commencement of the meeting.

Telephone conference facilities will be available at the meeting. Please note under Insolvency Practice Rules (Corporations) (IPR) Section 75-35 if you wish to participate in the meeting using such facilities you must give to the convener not later than 27 October 2017:

- (a) A written statement setting out:
 - (i) the name of the person and of the proxy or attorney (if any); and
 - (ii) an address to which notices to the person, proxy or attorney may be sent; and
 - (iii) a method by which the person, proxy or attorney may be contacted for the purposes of the meeting.

DATED this 20th day of October 2017.



PETER KREJCI

ADMINISTRATOR

BRI FERRIER (NSW) PTY LTD
Level 30
Australia Square
264 George Street
Sydney NSW 2000

Telephone: (02) 8263 2300

***Voting at a Meeting the effect of Insolvency Practice Rules (Corporations) 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.

BRI Ferrier

**Paramount Mining
Corporation Ltd
(Administrator Appointed)
ACN 102 426 175**

**Annexure "2"
Form 535 Formal Proof of Debt**

FORM 535
CORPORATIONS ACT 2001

Subregulation 5.6.49(2)

FORMAL PROOF OF DEBT OR CLAIM (GENERAL FORM)
PARAMOUNT MINING CORPORATION LTD
(ADMINISTRATOR APPOINTED)
ACN 102 426 175

To the Administrator of Paramount Mining Corporation Ltd (Administrator Appointed)

1. This is to state that the company was, on 18 October 2017 ⁽¹⁾ and still is, justly and truly indebted to⁽²⁾ (full name):

.....
(‘Creditor’)

.....
of (full address)

for \$ dollars and cents.

Particulars of the debt are:

| Date | Consideration ⁽³⁾ state how the debt arose | Amount \$ | GST included \$ | Remarks ⁽⁴⁾ include details of vouchers substantiating payment |
|------|--|-----------|--------------------|---|
| | | | | |

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

Insert particulars of all securities held. Where the securities are on the property of the company, assess the value of those securities. If any bills or other negotiable securities are held, specify them in a schedule in the following form:

| Date | Drawer | Acceptor | Amount \$ c | Due Date |
|------|--------|----------|-------------|----------|
| | | | | |

I am not a related creditor of the Company ⁽⁵⁾

I am a related creditor of the Company ⁽⁵⁾

relationship:

3A.^{(6)*} I am employed by the creditor and authorised in writing by the creditor to make this statement. I know that the debt was incurred for the consideration stated and that the debt, to the best of my knowledge and belief, still remains unpaid and unsatisfied.

3B.^{(6)*} I am the creditor's agent authorised to make this statement in writing. I know that the debt was incurred and for the consideration stated and that the debt, to the best of my knowledge and belief, still remains unpaid and unsatisfied.

DATED this day of 2017

Signature of Signatory

NAME IN BLOCK LETTERS

Occupation

Address

See Directions overleaf for the completion of this form

OFFICE USE ONLY

| | | | |
|----------------------------------|-----|--|----|
| POD No: | | ADMIT (Voting / Dividend) - Ordinary | \$ |
| Date Received: | / / | ADMIT (Voting / Dividend) – Preferential | \$ |
| Entered into CORE IPS: | | Reject (Voting / Dividend) | \$ |
| Amount per CRA/RATA | \$ | Object or H/Over for Consideration | \$ |
| Reason for Admitting / Rejection | | | |
| PREP BY/AUTHORISED | | TOTAL PROOF | \$ |
| DATE AUTHORISED | / / | | |

Proof of Debt Form Directions

- * Strike out whichever is inapplicable.
- (1) Insert date of Court Order in winding up by the Court, or date of resolution to wind up, if a voluntary winding up.
 - (2) Insert full name and address (including ABN) of the creditor and, if applicable, the creditor's partners. If prepared by an employee or agent of the creditor, also insert a description of the occupation of the creditor.
 - (3) Under "Consideration" state how the debt arose, for example "goods sold and delivered to the company between the dates of", "moneys advanced in respect of the Bill of Exchange".
 - (4) Under "Remarks" include details of vouchers substantiating payment.
 - (5) Related Party / Entity: Director, relative of Director, related company, beneficiary of a related trust.
 - (6) If the Creditor is a natural person and this proof is made by the Creditor personally. In other cases, if, for example, you are the director of a corporate Creditor or the solicitor or accountant of the Creditor, you sign this form as the Creditor's authorised agent (delete item 3A). If you are an authorised employee of the Creditor (credit manager etc), delete item 3B.

Annexures

- A. If space provided for a particular purpose in a form is insufficient to contain all the required information in relation to a particular item, the information must be set out in an annexure.
- B. An annexure to a form must:
 - (a) have an identifying mark;
 - (b) and be endorsed with the words:
 - i) "This is the annexure of *(insert number of pages)* pages marked *(insert an identifying mark)* referred to in the *(insert description of form)* signed by me/us and dated *(insert date of signing)*;
and
 - (c) be signed by each person signing the form to which the document is annexed.
- C. The pages in an annexure must be numbered consecutively.
- D. If a form has a document annexed the following particulars of the annexure must be written on the form:
 - (a) the identifying mark; and
 - (b) the number of pages.
- E. A reference to an annexure includes a document that is with a form.

BRI Ferrier

**Paramount Mining
Corporation Ltd
(Administrator Appointed)
ACN 102 426 175**

**Annexure "3"
Proxy Form**

APPOINTMENT OF PROXY
CREDITORS MEETING

PARAMOUNT MINING CORPORATION LTD
(ADMINISTRATOR APPOINTED)
ACN 102 426 175 ("the Company")

*I/*We (1).....
of.....
a creditor of the Company, appoint (2)
.....
or in his or her absence
as *my/our *general/special proxy to vote at the meeting of creditors to be held on 30 October 2017, or at
any adjournment of that meeting.

Please mark any boxes with an

Proxy Type: General Special

DATED this day of 2017.

Signature

CERTIFICATE OF WITNESS

This certificate is to be completed only if the person giving the proxy is blind or incapable of writing. The signature of the creditor, contributory, debenture holder or member must not be witnessed 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 or her before he or she signed or marked the instrument.

Dated:

Signature of Witness:

Description:

Place of Residence:

* Strike out if inapplicable

- (1) If a firm, strike out "I" and set out the full name of the firm.
- (2) Insert the name, address and description of the person appointed.

BRI Ferrier

**Paramount Mining
Corporation Ltd
(Administrator Appointed)
ACN 102 426 175**

**Annexure "4"
Authorised Signatories**

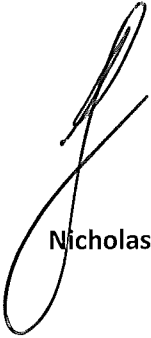
LIST OF SPECIMEN AUTHORISED SIGNATURES



Peter Krejci



John Keenan



Nicholas Wong

The logo for BRI Ferrier, featuring the text "BRI Ferrier" in white on a dark rectangular background with a diagonal gradient on the right side.

BRI Ferrier

**Paramount Mining
Corporation Ltd
(Administrator Appointed)
ACN 102 426 175**

**Annexure "5"
Declaration of Independence,
Relevant Relationships and
Indemnities**

Declaration of Independence, Relevant
Relationships and Indemnities

PARAMOUNT MINING CORPORATION LTD

(ADMINISTRATOR APPOINTED)

ACN 102 426 175

20 October 2017

Peter Krejci
Voluntary Administrator

BRI Ferrier (NSW) Pty Ltd ABN 97 128 947 848

Level 30

Australia Square

264 George Street, Sydney NSW 2000

GPO Box 7079, Sydney NSW 2001

Phone (02) 8263 2300

Facsimile (02) 8263 2399

Email: info@brifnsw.com.au

Website: www.briferrier.com.au

BRI Ferrier

This document requires the Practitioner/s appointed to an insolvent entity to make declarations as to:

- A. their independence generally;
- B. relationships, including
 - i the circumstances of the appointment;
 - ii any relationships with the Prosperity Resources Limited and others within the previous 24 months;
 - iii any prior professional services for the Prosperity Resources Limited within the previous 24 months;
 - iv. that there are no other relationships to declare; and
- C. any indemnities given, or up-front payments made, to the Practitioner.

This declaration is made in respect of myself, my partners and BRI Ferrier (NSW) Pty Ltd.

A. INDEPENDENCE

I, Peter Krejci, of BRI Ferrier (NSW) Pty Ltd have undertaken a proper assessment of the risks to my independence prior to accepting the appointment as Administrator of Paramount Mining Corporation Ltd ("the Company") in accordance with the law and applicable professional standards. This assessment identified no real or potential risks to my independence. I am not aware of any reasons that would prevent me from accepting this appointment.

B. DECLARATION OF RELATIONSHIPS

I. CIRCUMSTANCES OF APPOINTMENT

This appointment was referred to me by Stephen Hall of Forsyths Chartered Accountants ("Forsyths"), the Company's external accountant. I believe that this referral does not result in a conflict of interest or duty because:

- I have not been referred other matters from Forsyths prior to my appointment to this Company.
- In the past, Forsyths have referred other matters to my former partner, Martin Green, which were unrelated to the Company.
- I have not received or paid any benefit to Forsyths with respect to these referrals.

I had discussions with one of the Company's Directors, John Sebastian Hempel, in October 2017 as detailed below:

- On 10 October 2017, I had a telephone conversation with John Sebastian Hempel to discuss the Company's background and financial position. I also had email correspondence with John Sebastian Hempel to discuss the financial position of the Company and the options available to the Company, in particular, the voluntary administration process.

- On 11 October 2017, I had a telephone conversation with John Sebastian Hempel to discuss the registered security interests over the Company and my potential appointment.
- On 13 October 2017, my office sent pro-forma appointment documents to John Sebastian Hempel.
- On 17 October 2017 and 18 October, I received email correspondence from John Sebastian Hempel regarding the registered security interests.

My staff and I received no remuneration for the abovementioned meetings and/or advice.

In my opinion, the above do not affect my independence for the following reasons:

- The Courts and the Australian Restructuring Insolvency and Turnaround Association’s (“ARITA”) Code of Professional Practice (“COPP”) specifically recognise the need for practitioners to provide advice on the insolvency practice and the options available and do not consider that such advice results in a conflict or is an impediment to accepting the appointment.
- The nature of the advice provided to the Company is such that it would not be subject to review and challenge during the course of the Voluntary Administration.
- The pre-appointment advice will not influence my ability to be able to fully comply with the statutory and fiduciary obligations associated with the Voluntary Administration of the Company in an objective and impartial manner.
- I summarised the insolvency remedies available to the Company, but did not provide advice to the Directors about the possible or likely outcomes of any of those remedies; and

The Directors obtained their own advice regarding the financial position of the Company.

I have provided no other information or advice to the Company and/or Directors prior to my appointment beyond that outlined in this declaration.

II. RELEVANT RELATIONSHIPS (EXCLUDING PROFESSIONAL SERVICES TO THE INSOLVENT)

I, or a member of my firm, have, or have had within the preceding 24 months, a relationship with:

| Name | Nature of relationship | Reasons why no conflict of interest or duty |
|--|--|--|
| The Australian Taxation Office (“ATO”)/ Federal Commissioner of Taxation | Principals and Directors of BRI Ferrier around Australia, were, until its expiration at the end of 2014, members of a panel of Official Liquidators established by the ATO and accepted appointments by Australian Courts initiated by the Federal Commissioner. These Official Liquidators have undertaken to the ATO to | The ATO is a sophisticated statutory creditor and is administratively bound to act as a Model Litigant. In our experience the ATO does not seek to exert improper pressure on insolvency practitioners in connection with the discharge of their duties to creditors generally. |

| Name | Nature of relationship | Reasons why no conflict of interest or duty |
|--|--|---|
| | <p>accept appointments as Liquidator appointed by a Court under the Corporations Act where the ATO is the applicant creditor, whether the company has assets or not.</p> <p>BRI Ferrier is likely to seek inclusion in any comparable panel should one be established in future.</p> | <p>Membership of the panel was not conditional upon any preference or benefit being conferred upon the ATO.</p> |
| <p>Forsyths Chartered Accountants</p> | <p>I have not been referred other matters from Forsyths prior to my appointment to this Company.</p> <p>Forsyths previously referred other matters to another former partner in my firm.</p> | <p>These matters were referred to my firm on an irregular basis.</p> <p>I have not received or paid any benefit to Forsyths with respect of these referrals.</p> <p>Our previous dealings with Forsyths will not impact the performance of my duties on this appointment.</p> |
| <p>Prosperity Resources Limited ("Prosperity")</p> | <p>I was appointed as Voluntary Administrator of Prosperity on the same day as my appointment as Voluntary Administrator of the Company.</p> | <p>I believe that this relationship does not result in a conflict or interest of duty because:</p> <ul style="list-style-type: none"> ✦ The Company and Prosperity operated similar businesses separately, with common Directors. ✦ I am aware there are loans between the Company and Prosperity, however this is common for related entities. ✦ At the time of my appointment, I was not aware of any conflicts of interests between Prosperity and the Company. Should such a conflict arise, I will keep creditors informed and take appropriate action to resolve the conflict. ✦ Appointment to group and/or related parties are allowed under the COPP and should generate efficiencies in conducting the appointment. |

There are no other prior professional or personal relationships that should be disclosed.

III. PRIOR PROFESSIONAL SERVICES TO THE INSOLVENT

Neither I, nor my firm, have provided any professional services to Prosperity Resources Limited in the previous 24 months, other than those outlined herein.

IV. NO OTHER RELEVANT RELATIONSHIPS TO DISCLOSE

There are no other known relevant relationships, including personal, business and professional relationships, from the previous 24 months with Prosperity Resources Limited, an associate of Prosperity Resources Limited, a former insolvency practitioner appointed to Prosperity Resources Limited or any person or entity that has a valid and enforceable security interest on the whole or substantially whole of company's property that should be disclosed.

C. INDEMNITIES AND UP-FRONT PAYMENTS

I have not been indemnified in relation to this administration, other than any indemnities that I may be entitled to under statute and I have not received any up-front payments in respect of my remuneration or disbursements.

Dated: 20th October 2017

.....
PETER KREJCI

ADMINISTRATOR

Note:

1 If circumstances change, or new information is identified, I am/we are required under the Corporations Act 2001 and the ARITA Code of Professional Practice to update this Declaration and provide a copy to creditors with my next communication as well as table a copy of any replacement declaration at the next meeting of the insolvent's creditors.

2 Pursuant to Section 506A(5) of the Corporations Act 2001 I am required to make a replacement declaration of relevant relationships if:-

- (a) The declaration becomes out-of-date; or
- (b) The Liquidator becomes aware of an error in the declaration.

I am also required to table a copy of any replacement declaration at the next meeting of the company's creditors.

3 Any relationships, indemnities or up-front payments disclosed in the DIRRI must not be such that the Practitioner is no longer independent. The purpose of components B and C of the DIRRI is to disclose

relationships that, while they do not result in the Practitioner having a conflict of interest or duty, ensure that creditors are aware of those relationships and understand why the Practitioner nevertheless remains independent.

BRI Ferrier

**Paramount Mining
Corporation Ltd
(Administrator Appointed)
ACN 102 426 175**

**Annexure "6"
Initial Remuneration Report**

INITIAL REMUNERATION NOTICE

Insolvency Practice Schedule (Corporations) 70-50

Insolvency Practice Rules (Corporations) 70-35

**Paramount Mining Corporation Ltd (Administrator Appointed)
ACN 102 426 175 ("the Company")**

The purpose of the Initial Remuneration Notice is to provide you with information about how my remuneration for undertaking the Administration will be set.

A REMUNERATION METHOD

There are four methods for calculation of remuneration that can be used to calculate the remuneration of an Insolvency Practitioner. They are:

▲ Time based / hourly rates or "Time Cost"

This is the most common method. It provides for remuneration to be charged at an hourly rate for each person working on the matter. The hourly rate charged will reflect the level of experience each person has.

▲ Fixed Fee

The total remuneration for the administration is quoted at commencement of the appointment and is the total charge for the administration. Sometimes a practitioner will finalise an administration for a fixed fee.

▲ Percentage

The remuneration for the appointment is based on a percentage of a particular variable, such as the gross proceeds of asset realisations.

▲ Contingency

The total remuneration for the matter is structured to be contingent on a particular outcome being achieved.

B METHOD CHOSEN

BRI Ferrier normally charges to use a Time Cost basis, because:

- ▲ It is often difficult to estimate accurately the likely cost of undertaking an appointment, as appointments differ in unforeseeable ways as to their factual or legal complexity;
- ▲ The Time Cost method reflects the opportunity cost to BRI Ferrier of the use of staff on a particular engagement

- ▲ The Time Cost method reflects the extent of work undertaken, reflecting in turn the nature of the appointment
- ▲ The Time Cost method can be applied equally to all aspects of an appointment, while percentage or contingent remuneration normally only reflect parts of an appointment, such as the recovery of assets. Our duties include activities, such as reporting to creditors and ASIC, that do not directly yield asset recovery, while contributing to the overall return to creditors.

BRI Ferrier reviews its hourly rates every twelve months. The hourly rates quoted below remain current until 30 June 2018. At this time BRI Ferrier may increase the hourly rates charged for work performed past that date. If hourly rates are increased, I will seek approval from creditors.

C EXPLANATION OF HOURLY RATES

The rates applicable are set out in the table on the following page together with a general guide to the qualifications and experience of staff engaged in administration and the role they undertake in the administration. The hourly rates charged encompass the total cost of providing professional services and are not comparable to an hourly wage rate.

| HOURLY RATES | | |
|-----------------------|---|----------------------------|
| Title | Description | Rate (excl GST) |
| Appointee | An Official Liquidator and/or Registered Trustee. A senior accountant with over 10 years' experience who brings specialist skills and experience to the appointment. Leads the team carrying out the appointment. | \$650 |
| Principal | A Registered or Official Liquidator. A senior accountant with over 10 years' experience. Leads the team carrying out and controls all aspects of an appointment. | \$620 |
| Director | An accountant with more than 10 years' experience. May be an Official or Registered Liquidator. Fully qualified and able to control all aspects of an appointment. May have specialist industry knowledge or skills. Assists with all facets of appointment. | \$540 |
| Senior Manager | An accountant with more than 7 years' experience. Qualified and answerable to the Team Leader. Self-sufficient in completing and planning all aspects of large appointments. | \$500 |
| Manager | An accountant with at least 6 years' experience. Typically qualified with well-developed technical and commercial skills, and studying or has completed specialised study in Insolvency and Reconstruction. Controls and plans all aspects of medium to larger appointments, reporting to the Team Leader. | \$480 |
| Supervisor | An accountant with more than 4 years' experience. Typically qualified with sound knowledge of insolvency principles and developing commercial skill. Assists to plan and control specific tasks on medium to larger appointments. Often undertaking post qualification study specialising in Insolvency and Reconstruction. | \$400 |
| Senior 1 | An accountant with more than 2 years' experience. Typically a graduate undertaking study leading to professional qualification as a Chartered Accountant or CPA. Able to complete work on appointments with limited supervision. | \$340 |
| Senior 2 | An accountant with less than 2 years' experience. Typically a graduate who has commenced study leading to professional qualifications. Able to complete many tasks on medium to large appointments under supervision. | \$275 |
| Intermediate 1 | An accountant with less than 2 years' experience. Typically a graduate and commencing study for qualifications. Able to complete multiple tasks on smaller to medium appointments under supervision. | \$250 |
| Intermediate 2 | An accountant with less than 1 year's experience. A trainee undertaking degree with an accountancy major. Assists in the appointment under supervision. | \$225 |
| Senior Administration | Appropriately skilled and undertakes support activities including but not limited to treasury, word processing and other administrative, clerical and secretarial tasks. | \$210 |
| Junior Administration | Appropriately skilled and undertakes support activities including but not limited to treasury, word processing and other administrative, clerical and secretarial tasks. | \$150 |

D ESTIMATED REMUNERATION

I estimate that this administration will cost up to \$100,000 (plus GST) to complete, subject to the following variables which may have a significant effect on this estimate and that I am unable to determine until I have commenced the administration:

- ▲ Information provided to me before appointment about the Company's assets, its liabilities and its trading performance is substantially accurate;

- The records of the Company are made available immediately on my appointment in a form permitting examination and investigation;
- All property of the Company is surrendered to me upon appointment;
- All relevant officers comply with their statutory duties to provide information about the Company's affairs; and
- No appointment is made by a secured creditor.

This estimate is based on the information available to date. Should any of the above circumstances change, I believe that costs will likely increase from my estimate above. However, as mentioned previously, actual remuneration sought to be approved may exceed this estimate and this higher amount must be approved by the Creditors, Committee of Creditors or Court.

I also note that this estimate relates only to the conduct of a Voluntary Administration, and does not relate to any later administration of a Deed of Company Arrangement or Liquidation.

E DISBURSEMENTS

Disbursements are divided into three types:

- Externally provided professional services - these are recovered at cost. An example of an externally provided service disbursement is legal fees.
- Externally provided non-professional costs such as travel, accommodation and search fees. These are recovered at cost.
- Internal disbursements such as photocopying, printing and postage. These disbursements, if charged to the Administration, would generally charged at cost; though some expenses such as telephone calls, photocopying and printing may be charged at a rate which recoups both variable and fixed costs. The recovery of these costs must be on a reasonable commercial basis.

I am not required to seek creditor approval for disbursements paid to third parties, but must account to creditors. However, I must be satisfied that these disbursements are appropriate, justified and reasonable.

I am required to obtain creditor's consent for the payment of internal disbursements. Creditors will be asked to approve my internal disbursements prior to these disbursements being paid from the administration.

Details of the basis of recovering disbursements in this administration are provided below.

| Internal Disbursements | Rate (excl GST) (\$) |
|-------------------------|---|
| Photocopying / Printing | \$0.25 per page |
| Facsimiles | \$0.25 per page |
| Postage | At cost |
| Travel | At cost |
| Staff vehicle use | In accordance with ATO mileage allowances |

Dated this 20th day of October 2017.



PETER KREJCI
ADMINISTRATOR

The logo for BRI Ferrier, featuring the text "BRI Ferrier" in white on a dark rectangular background with a diagonal gradient on the right side.

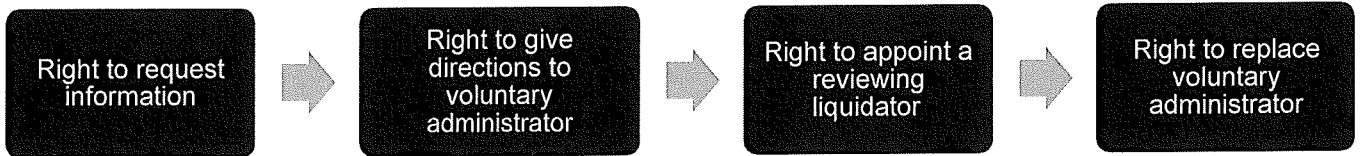
BRI Ferrier

**Paramount Mining
Corporation Ltd
(Administrator Appointed)
ACN 102 426 175**

**Annexure "7"
Information Sheet on Creditors'
Rights – Voluntary Administration**

Creditor Rights in Voluntary Administrations

As a creditor, you have rights to request meetings and information or take certain actions:



Right to request information

Information is communicated to creditors in a voluntary administration through reports and meetings.

In a voluntary administration, two meetings of creditors are automatically held. You should expect to receive reports and notice of these meetings:

- The first meeting is held within 8 business days of the voluntary administrator's appointment. A notice of meeting and other information for this meeting will be issued to all known creditors.
- The second, or decision, meeting is usually held within 6 weeks of the appointment, unless an extension is granted. At this meeting, creditors will get to make a decision about the company's future. Prior to this meeting the voluntary administrator will provide creditors with a notice of the meeting and a detailed report to assist in making your decision.

Important information will be communicated to creditors prior to and during these meetings. Creditors are unable to request additional meetings in a voluntary administration.

Creditors have the right to request information at any time. A voluntary administrator must provide a creditor with the requested information if their request is 'reasonable', the information is relevant to the voluntary administration, and the provision of the information would not cause the voluntary administrator to breach their duties.

A voluntary administrator must provide this information to a creditor within 5 business days of receiving the request, unless a longer period is agreed. If, due to the nature of the information requested, the voluntary administrator requires more time to comply with the request, they can extend the period by notifying the creditor in writing.

Requests must be reasonable.

They are not reasonable if:

- (a) complying with the request would prejudice the interests of one or more creditors or a third party
- (b) the information requested would be privileged from production in legal proceedings
- (c) disclosure would found an action for breach of confidence
- (d) there is not sufficient available property to comply with the request
- (e) the information has already been provided
- (f) the information is required to be provided under law within 20 business days of the request
- (g) the request is vexatious

If a request is not reasonable due to (d), (e) or (f) above, the voluntary administrator must comply if the creditor meets the cost of complying with the request.

Otherwise, a voluntary administrator must inform a creditor if their information request is not reasonable and the reason why.

Right to give directions to voluntary administrator

Creditors, by resolution, may give a voluntary administrator directions in relation to a voluntary administration. A voluntary administrator must have regard to these directions, but they are not required to comply with the directions.

If a voluntary administrator chooses not to comply with a direction given by a resolution of the creditors, they must document their reasons for not complying.

An individual creditor cannot provide a direction to a voluntary administrator.

Right to appoint a reviewing liquidator

Creditors, by resolution, may appoint a reviewing liquidator to review a voluntary administrator's remuneration or a cost or expense incurred in a voluntary administration. The review is limited to:

- remuneration approved within the six months prior to the appointment of the reviewing liquidator, and
- expenses incurred in the 12 months prior to the appointment of the reviewing liquidator.

The cost of the reviewing liquidator is paid from the assets of the voluntary administration, in priority to creditor claims.

An individual creditor can appoint a reviewing liquidator with the voluntary administrator's consent, however the cost of this reviewing liquidator must be met personally by the creditor making the appointment.

Right to replace voluntary administrator

At the first meeting, creditors have the right to remove a voluntary administrator and appoint another registered liquidator to act as voluntary administrator.

A creditor must ensure that they have a consent from another registered liquidator prior to the first meeting if they wish to seek the removal and replacement of a voluntary administrator.

Creditors also have the opportunity to replace a voluntary administrator at the second meeting of creditors:

- If creditors vote to accept a proposed deed of company arrangement, they can appoint a different registered liquidator as the deed administrator.
- If creditors vote to place the company into liquidation, they can appoint a different registered liquidator as the liquidator.

It is however usual for the voluntary administrator to act as deed administrator or liquidator. It would be expected that additional costs would be incurred by an alternate deed administrator or liquidator to gain the level of knowledge of the voluntary administrator.

Like with the first meeting, a creditor must ensure that they have a consent from another registered liquidator prior to the second meeting if they wish to seek to appoint an alternative registered liquidator as deed administrator or liquidator.

**For more information, go to www.arita.com.au/creditors
go to ASIC's web site to view their insolvency resources**

or

The logo for BRI Ferrier, featuring the text "BRI Ferrier" in white, bold, sans-serif font on a black rectangular background. The background has a diagonal gradient from black to grey on the right side.

BRI Ferrier

**Paramount Mining
Corporation Ltd
(Administrator Appointed)
ACN 102 426 175**

**Annexure "8"
Insolvency Information Sheet**



ASIC

Australian Securities & Investments Commission

Insolvency information for directors, employees, creditors and shareholders

This information sheet (INFO 39) lists ASIC's information sheets for directors, employees, creditors and shareholders affected by a company's insolvency.

We have produced these with endorsement from the Australian Restructuring Insolvency & Turnaround Association (ARITA).

The information sheets give a basic understanding of the three most common company insolvency procedures – liquidation, voluntary administration and receivership – as well as the independence requirements for external administrators and approving external administrator remuneration. There is also a glossary of commonly used insolvency terms.

List of information sheets

- [INFO 41](#) Insolvency: A glossary of terms
- [INFO 42](#) Insolvency: A guide for directors
- [INFO 43](#) Insolvency: A guide for shareholders
- [INFO 45](#) Liquidation: A guide for creditors
- [INFO 46](#) Liquidation: A guide for employees
- [INFO 54](#) Receivership: A guide for creditors
- [INFO 55](#) Receivership: A guide for employees
- [INFO 74](#) Voluntary administration: A guide for creditors
- [INFO 75](#) Voluntary administration: A guide for employees
- [INFO 84](#) Independence of external administrators: A guide for creditors
- [INFO 85](#) Approving fees: A guide for creditors

Where can I get more information?

Further information is available from the [ARITA website](#). The ARITA website also contains the [ARITA Code of Professional Practice for Insolvency Practitioners](#).

This is **Information Sheet 39 (INFO 39)** updated on 1 September 2017. Information sheets provide concise guidance on a specific process or compliance issue or an overview of detailed guidance.

The logo for BRI Ferrier, featuring the text "BRI Ferrier" in white on a dark background with a diagonal split.

BRI Ferrier

**Paramount Mining
Corporation Ltd
(Administrator Appointed)
ACN 102 426 175**

**Annexure "9"
Request to Receive Electronic
Communications**

**PARAMOUNT MINING CORPORATION LTD
(ADMINISTRATOR APPOINTED)
ACN 102 426 175 ("THE COMPANY")**

**Corporations Act 2001 Section 600G
Insolvency Practice Rules (Corporations) – 75-10**

**CREDITOR'S APPROVAL TO THE USE OF EMAIL BY THE EXTERNAL ADMINISTRATOR WHEN
GIVING OR SENDING CERTAIN NOTICES UNDER SECTION 600G
OF THE CORPORATIONS ACT 2001**

Should you wish to receive notices and documents relating to the administration of Paramount Mining Corporation Ltd by email, please complete this form and return it to Katherine La at the address set out below.

I/We authorise the External Administrator on behalf of the Company and his or her employees and agents to send and give notices and documents where such notices and documents may be sent by email to me using the email address provided below.

Where the external administration has evolved into another form of external administration (such as a voluntary administration becoming a deed of company arrangement or creditors voluntary administration) I/We authorise the External Administrator of the Company whether as voluntary administrator or deed administrator or liquidator of the Company and his employees and agents to send and give notices and documents where such notices and documents may be sent by email to me/us using the email address provided below.

| | |
|--------------------------|--|
| Signature: | |
| Creditor name: | |
| Creditor address: | |
| Contact name: | |
| Position: | |
| Email Address: | |
| Contact number: | |

Return to: BRI FERRIER (NSW) PTY LTD

Via Email: kla@brifnsw.com.au

Via Post: Level 30, Australia Square, 264 George Street, Sydney NSW 2000