

30 November 2017

CIRCULAR TO CREDITORS

Dear Sir/Madam

PARAMOUNT MINING CORPORATION LTD (IN LIQUIDATION)
ACN 102 426 175 (“the Company”)

I refer to previous correspondence regarding the Company and provide herein an update.

1. LIQUIDATION OVERVIEW

As you are aware, I was appointed Voluntary Administrator of the Company on 18 October 2017. At the Meeting of Creditors held on 22 November 2017 pursuant to Section 439A of the Corporations Act (“the Act”), the Company was placed into Liquidation and I was appointed Liquidator.

I note that at the Meeting, creditors resolved to form a Committee of Inspection consisting of the following creditors:

Committee Member
Rutherford Mineral Resource Consultants
New England Corporate Services Pty Ltd
Mohammed Munshi
Guy Anderson

As Liquidator my primary duties are to realise assets, investigate the affairs of the Company and its officers, and pursue recoveries for the benefit of creditors. As discussed in my Second Report to Creditors dated 14 November 2017 (“Second Report”), the Company held assets in respect of cash at bank, a motor vehicle and related party loans owed by Paramindo Singapore Ltd (“PSL”) and Prosperity Resources Limited (“PSP”).

I have recovered cash at bank of \$207K and realised the motor vehicle for \$21K. I note that I am also appointed Liquidator of PSP and any recovery of the loan will be dependent on the realisation of a commercial real property held by PSP.

Silvia | Krejci | Cummins | Nicodemou | Karam | Ferrier (Consultant) | Green (Consultant)

BRI Ferrier (NSW) Pty Ltd Chartered Accountants ABN 97 128 947 848
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There was considerable discussion regarding the Company's loan to PSL of approximately \$328K. However, after issuing my Second Report, further information has been forthcoming that creates some uncertainty around the recoverability of this loan. Specifically, PSL dispute that any amount is owed to the Company, rather they assert that the funds paid by the Company were a repayment of an older debt. The available records, including the documentation surrounding the de-merger of the PSL interests, suggest that the amounts are owed to the Company.

However, in the alternate, should it prove to be that the funds were a repayment of an older debt, then a consequence of this "revised accounting" may be that the historical financial is worse than was reported, and as a consequence that this loss can be pursued as a voidable recovery or breach of duty claim. In this regard, I note that the disposal of the PSL interests were transacted by way of a dividend to shareholders, and a "revised accounting" adding liabilities to the Company's balance sheet at that time, may mean that the de-merger may be deemed an insolvent transaction and could be unwound. As I stated in my Second Report, a commercial resolution to this claim may be appropriate for all stakeholders.

Based on current estimates, Unsecured Creditors may receive a dividend of between 8 and 77 cents in the dollar, dependent on the recovery of the PSL loan and costs incurred pursuing same. In this regard, the timing of a return is currently unknown. Regardless, I encourage all creditors who have not already done so, to register their claims against the Company by submitting a Formal Proof of Debt form (**Annexure "1"**) with relevant supporting documentation.

2. SHAREHOLDERS

I note that it is unlikely that there will be any return to shareholders from the Liquidation. As such, I have also prepared a notice to shareholders pursuant to Section 104-145 of the Income Tax Assessment Act 1997, in respect of the anticipated capital loss for shareholders.

I understand that some creditors may also be shareholders of the Company, and as such, attached as **Annexure "2"** is a copy of the shareholders notice.

3. DECLARATION OF INDEPENDENCE, RELEVANT RELATIONSHIPS AND INDEMNITIES

I refer to my Declaration of Independence, Relevant Relationships and Indemnities enclosed with my Second Report and dated 24 October 2017 and note that there has been no changes to same.

4. OTHER MATTERS

Pursuant to Clauses 70-40, 70-45, 75-15, 85-5, 90-24 and 90-35 of the Insolvency Practice Schedule (Corporations) and Rule 70-30 of the Insolvency Practice Rules (Corporations) 2016, I am required to give certain information to creditors as to their rights in the administration. Accordingly, I attach as **Annexure "3"** further information regarding 'Creditor Rights in Liquidations'.

Previously attached to my Second Report was an ASIC information sheet entitled "Insolvency information for directors, practitioners, employees, creditors and investors". This publication provides basic

information about the different types of external administrations, including Liquidation, and reference to further sources of information 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 an administration. Creditors are encouraged to visit <http://insolvencynotices.asic.gov.au> throughout the liquidation to view any notices which may be published by the Liquidator in respect of the Company. These notices include:

- notices relating to appointments;
- notices of meetings of creditors; or
- notices calling for proofs of debt and intention to declare dividends.

If you would prefer to receive electronic communications (including any Notice of Meeting) from me by email, please return the enclosed "Request to Receive Electronic Communications" to my office attached as **Annexure "4"**.

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

Yours faithfully

PARAMOUNT MINING CORPORATION LTD (IN LIQUIDATION)

PETER KREJCI
Liquidator

Encl.

BRI Ferrier

**Paramount Mining
Corporation Ltd
(In Liquidation)
ACN 102 426 175**

**Annexure "1"
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
(IN LIQUIDATION)
ACN 102 426 175

To the Liquidator of Paramount Mining Corporation Ltd (In Liquidation)

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⁾ <small>state how the debt arose</small>	Amount \$	GST included \$	Remarks ⁽⁴⁾ <small>include details of voucher substantiating payment</small>

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
(In Liquidation)
ACN 102 426 175**

**Annexure "2"
Notice to Shareholders**

1 December 2017

PARAMOUNT MINING CORPORATION LIMITED (IN LIQUIDATION)
ACN 102 426 175 ("the Company")
(Former ASX Code "PCP")

NOTICE TO SHAREHOLDERS

DECLARATION FOR THE PURPOSE OF SECTION 104-145 OF THE INCOME TAX ASSESSMENT ACT 1997

I refer to previous correspondence regarding the above Company. As you are aware, I was appointed Voluntary Administrator of the Company on 18 October 2017. At the Meeting of Creditors held on 22 November 2017 pursuant to Section 439A of the Corporations Act ("the Act"), the Company was placed into Liquidation and I was appointed Liquidator.

In accordance with Section 104-145 of the Income Tax Assessment Act 1997, I declare that there are reasonable grounds to believe there is no likelihood that shareholders of the Company will receive any distribution in respect of their shares.

As a consequence, shareholders who acquired the shares on or after 20 September 1985 may choose to make a capital loss in the income year that includes the date of Declaration as a result of CGT Event G3 occurring. The capital loss is equal to the reduced cost base of the shares.

Shareholders will need to review their own records to determine their shareholdings. I will not be able to confirm shareholdings nor issue share certificates.

Yours faithfully

PARAMOUNT MINING CORPORATION LIMITED (IN LIQUIDATION)

PETER KREJCI

Liquidator

Silvia | Krejci | Cummins | Nicodemou | Karam | Ferrier (Consultant) | Green (Consultant)

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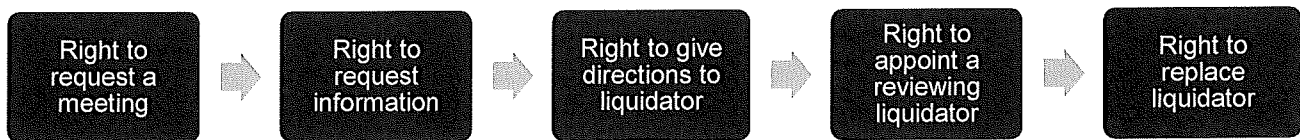
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**Paramount Mining
Corporation Ltd
(In Liquidation)
ACN 102 426 175**

**Annexure "3"
Information Sheet on Creditors'
Rights – Liquidation**

Creditor Rights in Liquidations

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



Right to request a meeting

In liquidations, no meetings of creditors are held automatically. However, creditors with claims of a certain value can request in writing that the liquidator hold a meeting of creditors.

A meeting may be requested in the first 20 business days in a creditors' voluntary liquidation by $\geq 5\%$ of the value of the debts held by known creditors who are not a related entity of the company.

Otherwise, meetings can be requested at any other time or in a court liquidation by:

- $> 10\%$ but $< 25\%$ of the known value of creditors on the condition that those creditors provide security for the cost of holding the meeting
- $\geq 25\%$ of the known value of creditors
- creditors by resolution, or
- a Committee of Inspection (this is a smaller group of creditors elected by, and to represent, all the creditors).

If a request complies with these requirements and is 'reasonable', the liquidator must hold a meeting of creditors as soon as reasonably practicable.

Right to request information

Liquidators will communicate important information with creditors as required in a liquidation. In addition to the initial notice, you should receive, at a minimum, a report within the first three months on the likelihood of a dividend being paid.

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

A liquidator 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 liquidator 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:

Both meetings and information:

- (a) complying with the request would prejudice the interests of one or more creditors or a third party
- (b) there is not sufficient available property to comply with the request
- (c) the request is vexatious

Meeting requests only:

- (d) a meeting of creditors dealing with the same matters has been held, or will be held within 15 business days

Information requests only:

- (e) the information requested would be privileged from production in legal proceedings
- (f) disclosure would found an action for breach of confidence
- (g) the information has already been provided
- (h) the information is required to be provided under law within 20 business days of the request

If a request is not reasonable due to (b), (d), (g) or (h) above, the liquidator must comply with the request if the creditor meets the cost of complying with the request.

Otherwise, a liquidator must inform a creditor if their meeting or information request is not reasonable and the reason why.

Right to give directions to liquidator

Creditors, by resolution, may give a liquidator directions in relation to a liquidation. A liquidator must have regard to these directions, but is not required to comply with the directions.

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

An individual creditor cannot provide a direction to a liquidator.

Right to appoint a reviewing liquidator

Creditors, by resolution, may appoint a reviewing liquidator to review a liquidator's remuneration or a cost or expense incurred in a liquidation. 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.

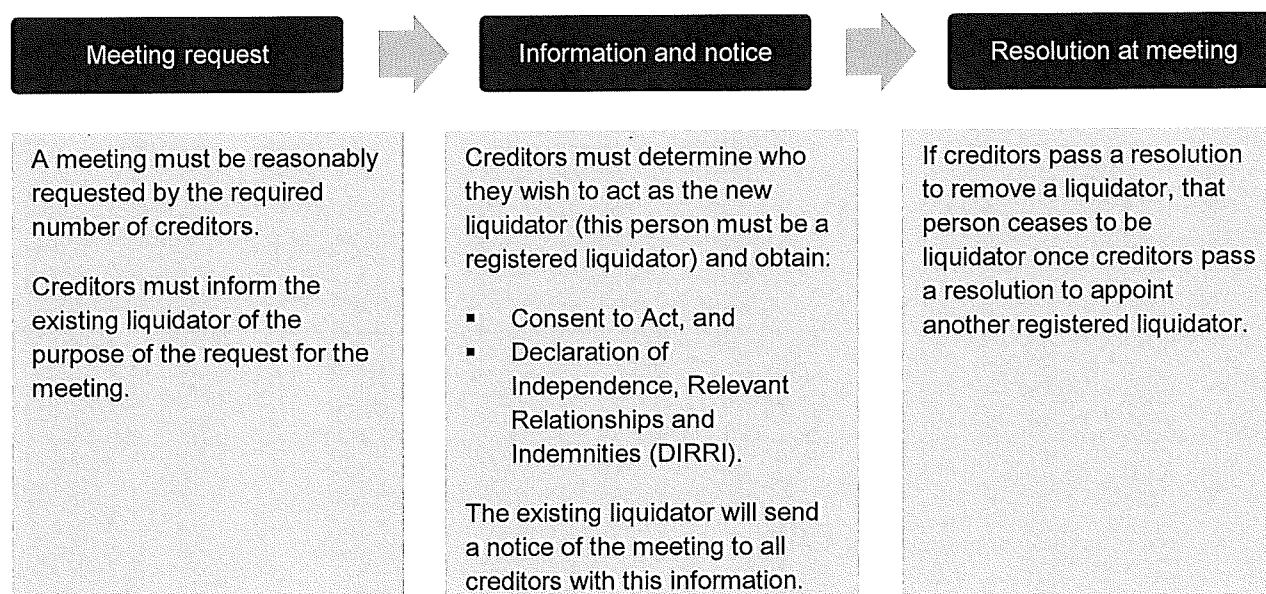
The cost of the reviewing liquidator is paid from the assets of the liquidation, in priority to creditor claims.

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

Right to replace liquidator

Creditors, by resolution, have the right to remove a liquidator and appoint another registered liquidator.

For this to happen, there are certain requirements that must be complied with:



For more information, go to www.arita.com.au/creditors

BRI Ferrier

**Paramount Mining
Corporation Ltd
(In Liquidation)
ACN 102 426 175**

**Annexure "4"
Request to Receive Electronic
Communications**

**PARAMOUNT MINING CORPORATION LTD
(IN LIQUIDATION)
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