

Second Report to Creditors
Under Insolvency Practice Rules
(Corporations) 75-225

Prosperity Resources Limited
(Administrator Appointed)

ACN 103 280 235

14 November 2017

Peter Krejci
Administrator

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PROSPERITY

BRI Ferrier

TABLE OF CONTENTS

1	EXECUTIVE SUMMARY	4
1.1	First Meeting of Creditors.....	6
1.2	Purpose of Report.....	6
1.3	Disclaimer	6
1.4	Declaration of Independence, Relevant Relationships and Indemnities.....	7
2	STATUTORY INFORMATION.....	7
2.1	Group Structure	7
2.2	Company Details	7
2.3	Officeholders.....	7
2.4	Share Structure and Shareholders.....	8
2.5	Current Registered Security Interests.....	8
2.6	Outstanding Winding up Applications	8
2.7	Related Entities	8
3	COMPANY HISTORY AND EVENTS LEADING UP TO ADMINISTRATION	9
3.1	Trading Losses.....	11
4	REASONS FOR FAILURE	12
5	CONDUCT OF THE ADMINISTRATION	13
6	HISTORICAL FINANCIAL INFORMATION	13
6.1	Balance Sheets.....	14
6.2	Profit and Loss Statements	14
7	CURRENT FINANCIAL POSITION.....	15
7.1	Assets	16
7.2	Liabilities	18
7.3	Explanation of Deficiency	21
8	PRELIMINARY INVESTIGATIONS	22
8.1	Overview	22
8.2	Investigation Constraints.....	22
8.3	Books and Records.....	22
8.4	Risk of Litigation Action Generally.....	22
8.5	Insolvency & Insolvent Trading (Section 588G).....	23
8.6	Assessment Of Insolvency	26
8.7	Voidable Transactions.....	28
8.8	Report to ASIC.....	31

9	ESTIMATED RETURN TO CREDITORS.....	31
10	RECOMMENDATION OF ADMINISTRATOR.....	32
	10.1 Deed of Company Arrangement.....	33
	10.2 Administration to End.....	33
	10.3 Liquidation.....	33
11	ADMINISTRATOR'S RECEIPTS AND PAYMENTS.....	33
12	ADMINISTRATOR'S / LIQUIDATOR'S REMUNERATION.....	33
	12.1 Voluntary Administration Period.....	34
	12.2 Liquidation Period.....	34
13	SECOND MEETING OF CREDITORS.....	34
14	QUERIES.....	35

Annexures	
1	Notice of Meeting
2	Group Structure
3	Related Party Entities
4	Deficiency Statement
5	Comparative Financial Statements
6	Administrator's Receipts and Payments
7	Remuneration Approval Report
8	Initial Remuneration Notice
9	Guide to ASIC Creditor Information Sheets
10	ARITA Information Sheet
11	Proof of Debt Form
12	Appointment of Proxy Form

Company Glossary	
Abbreviation	Definition
Prosperity (Tennant Creek)	Prosperity Resources (Tennant Creek) Pty Ltd
Prosperity (Mt Gibson)	Prosperity Resources (Mt Gibson) Pty Ltd
Prosperity (Yalgoo)	Jumbo Graphite Resources (Tanzania) Pty Ltd (Formerly Prosperity Resources (Yalgoo) Pty Ltd)
Prosperity (Indonesia)	Prosperity Resources (Indonesia) Pty Ltd
Prospindo Singapore	Prospindo Singapore Pte Ltd
Prospindo Energi Singapore	Prospindo Energi Singapore Pte Ltd
PT Prospindo	PT Prospindo
PT PSP	PT Prosperity Surya Persada
PT AWC	PT Aspirasi Widya Chandra
PT ATP	PT Arus Tirta Power
PT AMN	PT Aneka Mining Nasional
PT MMU	PT Multi Mmineral Utama
PT MKM	PT Mulia Kencana Makmur
PT BAM	PT Bintang Agung Mining
The Company	Prosperity Resources Limited (Administrator Appointed)
Collectively known as "the Group"	

1 EXECUTIVE SUMMARY

On 18 October 2017, I, Peter Paul Krejci, of BRI Ferrier (NSW) Pty Ltd, Level 30, Australia Square, 264 George Street, Sydney NSW 2000, was appointed Administrator of Prosperity Resources Limited (“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, Ms Caroline Coupland, Mr Guy Anderson and Mr John Sebastian Hempel (“the Directors”). I was also appointed Administrator of Paramount Mining Corporation Ltd (Administrator Appointed) (“PCP”), a related entity, on the same day.

Pursuant to Section 439A of the Act, I have convened the Second Meeting of Creditors to be held on 22 November 2017 at 12:00 noon AEST (local time in Sydney, NSW) at the office of BRI Ferrier (NSW) Pty Limited, Level 30, Australia Square, 264 George Street, Sydney NSW 2000. Please find attached as **Annexure “1”** the Notice of Meeting of Creditors for your information.

I summarise below my observations of the Company’s affairs, my preliminary investigations and the potential outcomes for creditors from this Administration process.

The Company was incorporated on 2 January 2003 and successfully listed on the Australian Stock Exchange (“ASX”) in November 2003. The Company is the parent entity of the Prosperity Resources Group (“the Group”) which controlled several entities, domiciled in Australia and overseas.

The Company focused on mineral exploration and development in Australia and Indonesia. The basis for the structure was that the subsidiary entities held the mining tenements required for each project, whilst the Company (as the parent entity) raised capital from shareholders/investors and advanced funds for all expenditure on the various projects.

The Company worked on four (4) major projects in Australia and Indonesia, however these projects did not progress to the successful production of any resource, and the mining tenements were eventually either sold or relinquished. In total, the Company incurred losses totalling approximately \$40M on these projects.

In October 2014, the Company voluntarily requested a suspension from the ASX in order to finalise the annual report for FY2014. By 2015, the Company’s only major project was based in Indonesia, however this was experiencing a major slow down due to various difficulties working in the region. In March 2016, the Company decided to divest the project in order to focus on other countries, which was transacted by way of the sale of the Company’s interests in the project to a significant creditor, Resource Global Finance Ltd (“RGF”), in exchange for the release of a debt of USD\$500K owed by the Company. Settlement of this transaction occurred in December 2016, following shareholder approval.

The Company continued to seek further project opportunities, however none were determined to be commercially viable.

In July 2017, the Company’s Director and Chairman, Mohammed Munshi was convicted of fraud charges and incarcerated in Mongolia. Mr Munshi appears to have been the controlling mind behind the operation and the promoter in respect of all capital raisings, which were essential to the exploration nature of the business. Mr Munshi was removed as a Director of the Company in July 2017 as a consequence of his conviction.

The Company appears to have a history of non-compliance with respect to completion of statutory accounts, whereby ASIC has previously issued fines and is currently prosecuting the Company for further failures. The ASX delisted the Company in October 2017, as it had been suspended for more than three (3) years. Shortly thereafter, the Directors resolved to appoint me as Voluntary Administrator.

Upon my appointment, the Company held minimal cash at bank of \$18K and a commercial property located at 5 Leichhardt Street, Tennant Creek, NT ("the Property"). The Property is the Company's major remaining asset and has been on the market since November 2015 without a sale, which may be reflective of the depressed local market. The Property is currently tenanted and the Company continues to receive rental income on a monthly basis.

I have engaged an independent valuer and the previous real estate agent to assess the market and appropriate sales strategy. Depending on the outcome of the sale of the Property, which may take some time, a return to Unsecured Creditors may be available. I note that there is possibly GST and Capital Gains Tax applicable on the sale.

There is a small amount of priority creditors, estimated to be owed approximately \$9K. There are no secured creditor claims. The unsecured creditors of the Company total approximately \$1.17M, however the majority of this is comprised of related party creditors and Directors' consultancy fees. External unsecured trade creditors total approximately \$114K.

I have also conducted preliminary investigations into the affairs of the Company, which has concluded that the Company may have been insolvent since around 31 December 2016. However, based on the known unrelated liabilities, there is no insolvent trading claim that can be pursued. I have not identified any other voidable recoveries at this time.

I have not received a proposal for a Deed of Company Arrangement ("DOCA") from the Directors or any other party. I note that the Mr Munshi had indicated that he wanted to propose a DOCA, however nothing has been forthcoming.

In a Liquidation scenario, the likelihood of a return to creditors will be dependent on the timing and quantum achieved from the sale of the Property.

As Administrator, it is incumbent on me to consider the options available to Creditors and make recommendations in respect of the future of the Company. The Company appears to be insolvent and therefore I do not recommend that the Administration should end. As there has been no proposal for a DOCA, I am unable to recommend that creditors resolve that the Company execute a DOCA.

Should the Company be wound up, subject to the sale of the Property, my enquires indicate that priority creditors would be discharged in full and unsecured creditor would receive a distribution of between 2 and 10 cents in the dollar.

Based on the information available to me, I recommend that creditors resolve to place the Company into Liquidation so that the Property can be realised and a proper investigation of their affairs can be conducted.

1.1 FIRST MEETING OF CREDITORS

The First Meeting of Creditors was held on 30 October 2017. At that meeting, my appointment as Administrator of the Company was confirmed. No Committee of Inspection was formed as no nominations were received in the meeting.

1.2 PURPOSE OF REPORT

The objective of Part 5.3A of the Act is to provide for the business, property and affairs of an insolvent (or likely to become insolvent) company to be administered in a way that maximises the chances of the company, or as much as possible of its business, continuing in existence, or, if this is not possible, results in a better return for the company's creditors than would result from an immediate winding up of the company.

Section 438A of the Act requires that, as soon as practicable, the Administrator must investigate the Company's business, property, affairs and financial circumstances and form an opinion about each of the following matters:

- Whether it would be in the Creditors' interests for the Company to execute a DOCA;
- Whether it would be in the Creditors' interests for the Administration to end; and
- Whether it would be in the Creditors' interests for the Company to be wound up.

1.3 DISCLAIMER

This Report and the statements made herein are based upon available books and records, information provided by the Company's Directors, Management, Advisors and from my own enquiries. Whilst I have no reason to doubt the accuracy of the information provided or contained herein, I reserve the right to alter my opinions or conclusions should the underlying data prove to be inaccurate or materially change after the date of this Report.

In considering the options available to Creditors and in formulating my recommendations, I have necessarily made forecasts and estimates of asset realisations and the ultimate quantum of Creditors' claims against the Company where appropriate. These forecasts and estimates may change as asset realisations progress and as Creditors' claims are made and adjudicated upon. Whilst the forecasts and estimates are the Administrator's best assessment in the circumstances, Creditors should note that the Company's ultimate deficiency, and therefore the outcome for Creditors could differ from the information provided in this Report.

Neither the Administrator nor any member or employee of BRI Ferrier accepts responsibility in any way whatsoever to any person in respect of any errors in this Report arising from incorrect information provided to me, or necessary forecasts, estimates and assessments made for the purposes of these Reports.

Should any Creditor have material information in relation to the Company's affairs which they consider may impact on my investigation or Reports, please forward the details to my office as soon as possible.

1.4 DECLARATION OF INDEPENDENCE, RELEVANT RELATIONSHIPS AND INDEMNITIES

A Declaration of Independence, Relevant Relationships and Indemnities (“DIRRI”) pursuant to Section 436DA of the Act was enclosed in the First Report to Creditors dated 20 October 2017 (“the First Report”). The DIRRI records that the Administrator undertook a proper assessment of the risks to his independence prior to accepting the appointment.

At the date of this Report there are no changes to the DIRRI.

2 STATUTORY INFORMATION

The following is a summary of statutory and business details obtained from the Australian Securities and Investments Commission (“ASIC”) database, the Personal Property Securities Register (“PPSR”) database, and the Company’s records:

2.1 GROUP STRUCTURE

The Company is an Australian parent entity to several entities registered in Australia and Indonesia. Attached as Annexure “2” is an illustration of the current and former group structure.

2.2 COMPANY DETAILS

Company Name	Prosperity Resources Limited
Incorporation Date	02/01/2003
A.B.N	60 103 280 235
A.C.N	103 280 235
Registered Office	Kings Park Business and Secretarial, 44 Kings Park Road, West Perth WA 6005
Principal Place of Business	44 Kings Park Road West Perth WA 6005

2.3 OFFICEHOLDERS

Name	Position	Start Date	Cease Date
John Sebastian Hempel	Director	21/07/2008	Current
Caroline Annette Coupland	Director	14/07/2017	Current
Guy Victor Murie Anderson	Director	7/09/2017	Current
Mohammed Ibrahim Munshi	Director	6/03/2007	19/07/2017
John Phillip Arbuckle	Director	9/09/2007	14/07/2017
Mufti Habriansyah	Director	1/12/2010	29/05/2015
Richard Morris Dawson	Director	2/01/2003	12/08/2008
Miles Richard Worsley	Director	1/11/2007	4/08/2008
Gary Joseph Artmont	Director	8/11/2006	1/11/2007
Laurie Edmund Whitehouse	Director	23/10/2006	13/06/2007
Robert Oswald Jones	Director	12/09/2003	23/10/2006
Malcolm Keith Smartt	Director	30/12/2004	23/10/2006
David James Holden	Director	2/01/2003	30/12/2004
Stephen James Hyland	Director	2/01/2003	12/09/2003
Lionel Kok Peng Liew	Secretary	6/04/2011	Current
Garry David Taylor	Secretary	29/04/2009	Current
Hubert Lennerts	Secretary	7/03/2007	30/04/2009
John Phillip Arbuckle	Secretary	20/10/2006	7/03/2007
Malcolm Keith Smartt	Secretary	23/06/2005	13/09/2006
Richard Morris Dawson	Secretary	2/01/2003	23/06/2005

2.4 SHARE STRUCTURE AND SHAREHOLDERS

A search of ASIC's register indicates that the Company had 687,846,214 fully paid up ordinary shares on issue which appears to be outdated. The Directors have provided a share register that indicates that as at the date of appointment there were 951,383,277 paid up ordinary shares on issue to 858 shareholders.

According to the document, the top 12 shareholders by volume are below:

Top 12 Shareholders	
Name	Units
R & K Global Finance Ltd	223,577,547
Ginkgo Inc	109,180,000
Magnolia Management Ltd	84,014,962
Magnolia Management Ltd	67,153,001
Der La Noble Corporation Limited	51,202,801
Resource Global Finance Ltd	50,000,000
Prufrock Partners Limited	49,240,688
BNP Paribas Nominees Pty Ltd	36,576,862
Zafum Holdings Ltd	33,000,000
Citicorp Nominees Pty Limited	31,103,730
Surina Investments Limited	22,443,534
Inner Mongolia Tai Xi Mei Group Co Ltd	20,000,000

2.5 CURRENT REGISTERED SECURITY INTERESTS

A search of the PPSR shows there are no security interests registered against the Company.

2.6 OUTSTANDING WINDING UP APPLICATIONS

There are no outstanding winding up applications against the Company.

2.7 RELATED ENTITIES

Directorship searches have been undertaken for each of the following current or recently resigned officeholders:

- ✦ John Sebastian Hempel (Current Director)
- ✦ Caroline Coupland (Current Director)
- ✦ Guy Anderson (Current Director)
- ✦ Mohammed Munshi (recently resigned former Director)
- ✦ John Arbuckle (recently resigned former Director)
- ✦ Garry Taylor (Current Secretary)
- ✦ Lionel Liew (Current Secretary)

Attached as Annexure "3" is a summary of my searches.

3 COMPANY HISTORY AND EVENTS LEADING UP TO ADMINISTRATION

The following information has been obtained from the Company's Directors, Management, Advisors, the Company records provided to me and my own enquiries:

- ✦ The Company was incorporated on 2 January 2003 and successfully listed on the ASX in November 2003.
- ✦ The Company operated as a parent entity to various subsidiaries, focused on mineral exploration and development in Australia and Indonesia. The basis for the structure was that each subsidiary entity held the mining tenements required for each project, whilst the Company (as the parent entity) raised capital from shareholders/investors and advanced funds for all expenditure on the various projects.
- ✦ The Company's initial flagship projects were a joint venture in the exploration drilling for gold resources in Yalgoo, WA and another joint venture in the exploration drilling for iron ore in Mt Gibson, WA.
- ✦ In order to provide more "blue sky appeal" to existing shareholders and attract new investors, the Company sought new projects. In May 2005, the Company was granted an option to explore for porphyry related copper and gold resources in Kalimantan, Indonesia. However, the exploration did not proceed in Indonesia.
- ✦ In March 2007, Mohammed Munshi was appointed as Director and Chairman of the Company.
- ✦ There were mixed results from the drilling in Yalgoo, and in 2007 the Company experienced licencing issues with its tenements. As a consequence, the Company commenced discussions with third parties to sell the Yalgoo project.
- ✦ In June 2007, the Company subsequently turned its focus to a large tenement package in Tennant Creek, NT and announced an intention to purchase same, which was then approved by shareholders at a meeting held in September 2007. In exchange, 5.5M shares of the Company were issued to the owner of the tenements in lieu of a cash payment.
- ✦ In October 2007, the Company also purchased the Property to assist with the project. The Tennant Creek area was known to be historically rich in gold and copper, with similar mines in close proximity to the Company's tenement areas.
- ✦ During 2008, the Company continued to explore and develop the iron ore tenements in the Mt Gibson project, however a deal with a significant Chinese steel maker to become a strategic partner was not approved by the Foreign Investment Review Board.
- ✦ The option agreement for the Yalgoo project lapsed in January 2008 and the Company was unsuccessful in its attempts to sell the project. The tenements were eventually relinquished. In total the losses incurred on the Yalgoo project total approximately \$6.2M.
- ✦ In 2008, with the downturn in capital markets and global financial crisis, the Company, as a relative newcomer to the industry, encountered difficulties raising the necessary capital for the

exploration and development of projects. Accordingly, the Company sought other opportunities with an Asian focus, particularly in Indonesia.

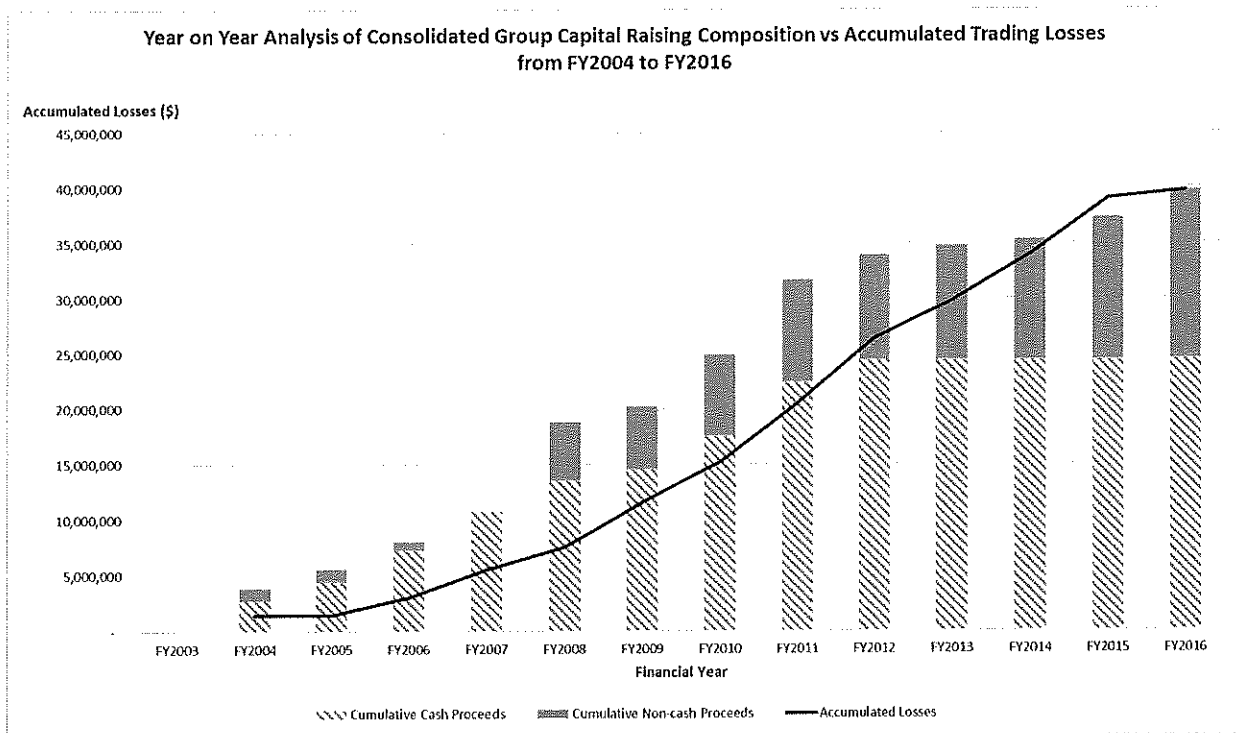
- ✦ Furthermore, in 2008, the Company experienced difficulties with access to the Tennant Creek tenements, despite ongoing discussions with the Central Land Council.
- ✦ The drilling in Mt Gibson had identified sub-grade iron ore and whilst there may have been other deposits, further drilling work was required. In April 2009, the Company began to seek expressions of interest for the Mt Gibson project. The Company eventually sold the tenements for \$25K in 2010. The total loss incurred on the Mt Gibson project was approximately \$2.3M.
- ✦ The Company also secured an agreement to conduct exploration in Indonesia in April 2009 for gold and copper resources. In June 2009, the Company focused on exploration of the South Aceh region of Indonesia, with the purchase of three (3) exploration licences, held by the individual subsidiary entities, PT MMU, PT MKM and PT BAM. The Company was also able to successfully convert three (3) mineral permits to mining licenses in April 2010. These licenses were again held by individual subsidiary entities, PT AWC, PT ATP and PT AMN.
- ✦ By late 2009, due to the aforementioned access issues, the Company ceased active groundwork in the Tennant Creek project. The total losses incurred on the Tennant Creek project was approximately \$8.2M.
- ✦ By 2010, it appears that the Company's only major project is based in Indonesia, which continued further exploration and drilling in 2011 and 2012.
- ✦ As the commodity market slowed down, funding support for the Company was sparse. Despite this, the Company released encouraging exploration results from the Indonesia project and was able to raise \$2M in early 2012 for working capital purposes.
- ✦ However, the Company continued to experience difficulties with the Indonesian project, specifically, high costs due to the remote terrain, dealing with the government and regulatory bodies in Indonesia and the legislative requirement for local involvement in the tenements. In FY2013, the Indonesian project had slowed down, but continued with limited exploration work up to FY2015.
- ✦ In October 2014, the Company voluntarily requested suspension from the ASX in order to finalise the annual report for FY2014. I understand that the Company also failed to pay the ASX listing fees.
- ✦ In an effort to reduce costs, the Company closed down its corporate office in Perth, WA, in late 2015.
- ✦ In November 2015, the Company appointed Elders Real Estate to market the Property for sale.
- ✦ In March 2016, the Company announced it had conducted a review of the Indonesian project and had decided to divest the project in order to focus on potential prospects in other countries. This was determined on the belief that new projects in different countries would attract new shareholder interest.

- ✦ This was further discussed at an Annual General Meeting of shareholders in July 2016, in which shareholders approved the divestment of the Indonesian project by way of the Company's shares in Prospindo Singapore to a significant creditor, RGF, in exchange for the release of a debt of USD\$500K owed by the Company. Completion of the sale occurred in December 2016. The total losses incurred on the Indonesian project total approximately \$11.5M.
- ✦ The Company continued to seek opportunities in respect of graphite resources in Tanzania, Africa. However, negotiations broke down in March 2017 and the project was never commenced.
- ✦ In July 2017, Mr Munshi was convicted of a fraud charge and incarcerated in Mongolia. Mr Munshi was removed as a Director of the Company at that time.
- ✦ Mr Munshi was the major promoter for the Company and following his incarceration and criminal conviction, the Company was limited in its ability to raise necessary capital for further projects.
- ✦ The Company appears to have a history of non-compliance, where ASIC has previously issued significant fines for failure to produce timely annual reports. In September 2017, ASIC issued a notice to the Company regarding proceedings for failure to lodge the FY2016 annual report and half yearly report for the period ending December 2016. In addition, the ASX issued notice to the Company of the impending delisting, due to the suspended trading of the Company's shares for a continuous period of three (3) years.
- ✦ Following Mr Munshi's incarceration, the Directors made enquiries in respect of a potential sale of the corporate shell, which was unsuccessful. I suspect the Company's history of non-compliance, penalties and prosecutions from ASIC, made any sale unviable.
- ✦ Following the Company's delisting from the ASX on 3 October 2017, the Directors resolved to appoint me as Voluntary Administrator shortly thereafter, on 18 October 2017.

3.1 TRADING LOSSES

Due to the nature of the business, being mineral exploration, substantial costs are generally incurred up front, before they are recovered only if a viable resource is located. The Group incurred substantial losses on projects over numerous years, which appear to have been funded by share capital raised as needed.

I have sought to analyse the losses and capital over time, based on the available financial reports which were prepared on a consolidated basis for the Group. My analysis indicates that the Group's trading losses of \$40M were funded by capital raised totalling \$39M from FY2004 to FY2016.



It appears that the capital raised was only partially in cash, to the extent of \$24M. In more recent years, the Group had to increasingly rely on non-cash equity to fund its ongoing trading losses through to FY2015, such as converting debt to equity, made equity based payments for remuneration to senior management in lieu of cash and issued shares to discharge interest costs on long term loans and fees for loan extensions. This is not unusual for exploration operations such as this, especially in tightening capital markets.

It is difficult to attribute the historical losses to particular projects over time. Regardless, to the extent identifiable, I have summarised below the capital raised and losses per project:

Project	Capital Raised (\$)	Trading Losses (\$)
Yalgoo, WA	7,200,000	6,160,513
Mt Gibson, WA	3,400,000	2,266,445
Tennant Creek, NT	8,300,000	8,192,764
Aceh, Indonesia	9,800,000	11,553,034
	28,700,000	28,172,756

The balance of the losses, of approximately \$12M, could not be attributed to particular projects in the financials and may reflect administrative costs incurred over the years.

4 REASONS FOR FAILURE

The Directors advised that the Company’s failure was due to the following:

- Loss of shareholder support following breakdown of informal forbearance arrangements and incarceration of Mr Munshi;
- Breakdown in negotiations for Tanzania project;

- ✦ Significant fine imposed by ASIC for failure to lodge annual reports; and
- ✦ Delisting from the ASX.

Whilst I agree with the above statement, I also attribute the following to the Company's failure:

- ✦ The management, operations and ability to raise capital was overly reliant on Mr Munshi, which caused major disruption following his incarceration; and
- ✦ The Company's historical lack of success in locating viable resources that could be brought into production.

5 CONDUCT OF THE ADMINISTRATION

As discussed earlier, the Company ceased work on all major projects by late 2016. From early 2017, the Company was seeking further opportunities, however as no new ventures had commenced, it was not trading in any material manner by the time of my appointment.

During my appointment, I have focused on the following major tasks:

- ✦ Communicated with shareholders and creditors;
- ✦ Liaised with ASIC in respect of the ongoing criminal prosecution of the Company for non-compliance of reporting obligations;
- ✦ Secured the Company's assets, including the Property, by way of liaising with the existing tenant;
- ✦ Engaged with the real estate agent and independent valuer to assess the market and recommended sales strategy;
- ✦ Dealt with the Company records stored at Sue Munshi's residential property in WA;
- ✦ Explored with Mr Munshi and the Directors whether a DOCA proposal may be formulated for creditors' consideration;
- ✦ Conducted investigations of the affairs of the Company, in particular the projects undertaken and financial results of each over time.

I now provide this report detailing my investigations and recommendations to creditors.

6 HISTORICAL FINANCIAL INFORMATION

As the Company operated the business as a parent entity with various subsidiary entities, the Company prepared consolidated financial statements for the Group for FY2004 to FY2016. However, the consolidated financial statements do not provide sufficient detail for the Company's affairs separately, and therefore my analysis has used the Company's available Management Accounts for the period after FY2014.

6.1 BALANCE SHEETS

I have prepared a comparative analysis of the Company's Management Accounts Balance Sheets as at 30 June 2014 to 18 October 2017, attached as **Annexure "4"**.

I make the following comments on the balance sheets:-

- ✦ The Company has reported a deficiency of net assets since FY2014.
- ✦ As the parent entity, the Company appears to have advanced loans to the subsidiaries for the mining exploration costs for all projects. Further, those loans at the Company level were written off as unrecoverable, once a determination was made that the projects would not be successful.
- ✦ The Company's only significant remaining asset is the Property, with a written down value of \$69K. However, my enquiries indicate that this written down value does not reflect market value for the Property. The independent valuation figures that I obtained for the Property have not been disclosed in this report, so as not to prejudice any eventual sale price.
- ✦ The majority of the Trade Creditors balance relates to R&K Global Finance Ltd ("R&K Global"), in respect of a loan facility with the Company, which peaked at \$920K at June 2016. I understand that R&K Global is an entity controlled by Mohammed Munshi and in March 2017, the debt owed by the Company of \$300K at the time, was extinguished by issue of the Company's shares to R&K Global.
- ✦ As discussed earlier, the loan from RGF of USD\$500K (AUD\$674K as disclosed above) was extinguished in December 2016 following the shareholder approved divestment of Prospindo Singapore to RGF. It appears that the Company's accounts were not adjusted to reflect the discharge of the liability.
- ✦ The accruals relate to Directors and professional fees that had been incurred over time.
- ✦ The balance sheets indicate that over recent years, the Company was partially reliant on funding from Directors and conversions of debt to equity.

6.2 PROFIT AND LOSS STATEMENTS

I have prepared a comparative analysis of the Company's Management Accounts Profit and Loss Statements for FY2014 to 18 October 2017, attached as **Annexure "4"**.

I make the following comments on the profit and loss statements:-

- ✦ As discussed above, the exploration costs were funded by the Company by way of loans to subsidiaries, and then written off when projects were determined to be unsuccessful or disposed of. The provision for the losses on the inter group loans were recorded as expenses, in particular in FY2014 and FY2015.
- ✦ Minimal income has been earned by the Company over recent years. This is consistent with the operations being only exploration, and following the disposal of the Prospindo Singapore

interests, effectively no trading. Following Mr Munshi's incarceration in July 2017, there does not appear to be any material trading.

- 4 In FY2017, the Company received fines from the ASIC in relation to the late lodgement of the 2014 annual reports. The ASIC have also commenced proceedings against the Company for failing to lodge the 2016 annual report on time and the half yearly report for the period ended 31 December 2016. These are criminal proceedings, which are not stayed during the Administration.

7 CURRENT FINANCIAL POSITION

Contained in this section is my analysis of the current financial position of the Company, with regard to the Directors' statement about the Company's business, property, affairs and financial position ("RATA") and my enquiries to date.

Prosperity Resources Limited (Administrator Appointed) Summary of RATA by Directors				
	Report Reference	Book Value as at 18/10/2017 (\$)	Directors' ERV (per RATA) (\$)	Administrator's ERV as at 18/10/2017 (\$)
Assets				
Cash on Hand	7.1.1	500	-	-
Cash at Bank	7.1.1	18,945	18,944	18,130
Debtors	7.1.2	619	-	1,742
Related Party Loans	7.1.3	-	-	-
Plant and Equipment (WDV)	7.1.4	-	-	-
Interest in Land	7.1.5	68,983	Withheld	400,000 *
Other Assets	7.1.6	4,075	-	-
Total Assets		93,122	18,944	419,872
Liabilities				
Priority Creditors	7.2.1	9,593	9,593	9,593
Secured Creditors	7.2.2	-	-	-
Unsecured Creditors	7.2.3			
Trade Creditors	7.2.3.1	154,256	78,117	114,539
Australian Taxation Office	7.2.3.2	-	-	-
Related Parties	7.2.3.3	696,108	796,864	793,564
Resource Global Finance Ltd	7.2.3.4	674,100	-	-
Contingent Liabilities	7.2.4			
Property Bond	7.2.4.1	1,000	1,000	-
Paramount Mining Corporation	7.2.4.2	248,646	251,872	251,872
Australian Securities and Investments Commission	7.2.4.3	-	-	112,000
Total Liabilities		1,783,703	1,137,446	1,281,569
Net Asset Deficiency		(1,690,581)	(1,118,502)	(861,697)

* The value attributed to the Property is the current list price and may not reflect the market or recoverable value.

Each asset and liability category is discussed below:

7.1 ASSETS

7.1.1 Cash on Hand / Cash at bank

On appointment, the Company held cash at bank of \$18K. These funds were subsequently deposited into the Administrator's bank account. Cash on hand appears to have been a book entry asset only and was not recoverable upon appointment.

7.1.2 Debtors

The Company has an informal month-to-month leasing arrangement with a commercial tenant at the Property. This debtor amounts relates to the rental income receivable on the Property which has been, or will be recovered, shortly.

7.1.3 Related Party Loans

As discussed previously, the exploration costs of the projects were funded by loans advanced to the subsidiary entities, totalling \$23M. These loans were written off as unrecoverable once a determination was made that the projects would not be successful. I have been provided certain financial information for the subsidiary entities, which shows that there would not be any recovery available from pursuing these loans.

In addition, I note the Company still has the following wholly owned subsidiaries:

7.1.3.1 Prosperity (Tennant Creek)

My review of the available management accounts for this entity indicates that it does not hold any assets, and it would be technically insolvent if the above loan to the Company of \$3.7M were to be reinstated. As such, the shareholding in this entity holds no value.

7.1.3.2 Prosperity (Mt Gibson)

My review of the available management accounts for this entity indicates that it does not hold any assets, and it would be technically insolvent if the above loan to the Company of \$2.2M were to be reinstated. As such, the shareholding in this entity holds no value.

7.1.3.3 Prosperity (Yalgoo)

My review of the available management accounts for this entity indicates that it does not hold any assets, and it would be technically insolvent if the above loan to the Company of \$6.1M were to be reinstated. As such, the shareholding in this entity holds no value.

7.1.4 Plant and Equipment

The RATA indicates that as at the date of my appointment, the Company held some minor plant and equipment which consists of office furniture and printing equipment. I understand the Company previously occupied an office in Perth, WA until late 2015. Some of the office furniture and equipment was subsequently stored at the residential property of Sue Munshi.

I have made enquiries and obtaining appraisal of the goods, which indicated that it was not of commercial value, having regarding to the costs to realise same. As such, there will not be any recovery.

7.1.5 Interest in Land

The Company is the registered owner of the Property, located at 5 Leichhardt Street, Tennant Creek NT.

The Property is currently rented to a commercial tenant on a month to month basis at a rate of \$15,600 per annum (plus outgoings). The Property consists of land area of approximately 6,800 sq/mtrs with two detached industrial type workshop buildings, originally erected in 1991 plus sundry site improvements.

I understand that the Property was acquired on 25 October 2007 for \$143,000 (including \$13,000 GST). The value has since been written down in the books of the Company to \$68,983.

I am advised that the Property has been on the market for sale since November 2015, with Elders Real Estate (Alice Springs). I have continued to engage the real estate agent in marketing the Property for sale during my appointment. It is currently listed for sale by way of private treaty, at a list price of \$400,000.

I engaged an independent valuer, Mr Terry Weeks, Certified Practising Valuer, Bachelor of Applied Science (Valuation), from Northern Australian Property Consultants to inspect the Property and provide a formal valuation report. The valuation indicates that the Property is of realisable value, however I am not disclosing the figures in this report, so as not to prejudice any eventual sale.

I intend to continue the marketing of the Property with the existing agent on a private treaty basis for the time being. However, it appears that the Tennant Creek NT market is very quiet and considering the length of time the Property has been on the market without sale, it may mean that a sale by auction may be a viable option in due course.

I note that the agent and my staff have also engaged directly with parties, to seek expressions of interest for a sale. This includes the current tenant and the neighbouring businesses. My efforts to realise the Property are ongoing, however considering the time of the year, any sale may not occur until early 2018, if not later.

The only encumbrance that I am aware on the Property relates to outstanding council rates owing to Barkley Shire Council of approximately \$18K. I have written to the Council requesting particulars of their debt, and am awaiting their response.

I understand that the sale of the Property may potentially attract GST and Capital Gains Tax, given it is a commercial property with a relatively low written down value. The tax liabilities will be a function of the eventual sale price achieved and costs of realisation.

As such, depending on the timing and quantum of the sale of the Property, there may be a dividend to Unsecured Creditors.

7.1.6 Other Assets

7.1.6.1 Insurance Premiums

The Company paid insurance premiums of \$1,203 for various policies in advance, which had not yet expired. I understand that no refunds are available, and therefore there will not be any recovery.

7.1.6.2 *GST Refund*

According to the Company's management accounts, there is a GST refund of \$2,872 in respect of the September 2017 quarter. This amount will only be recoverable if the Activity Statement is lodged, which is required in the event there is a dividend to Unsecured Creditors.

7.2 LIABILITIES

7.2.1 Priority Creditors

Employees were terminated by the Company prior to my appointment. Minimal staff have been maintained as consultants following sale of the Indonesia project.

The RATA indicates that Priority Creditors are owed \$9K in respect of outstanding superannuation and annual leave. This appears reasonable having regard to the available payroll information. My assessment is preliminary at this stage and subject to further review, the estimate may change.

If the Company is wound up and there are insufficient funds to pay outstanding entitlements, employees may be eligible to lodge a claim with the Department of Employment's Fair Entitlement Guarantee Scheme ("FEG") for their outstanding entitlements. Please see below for further comment.

In accordance with Section 52 of the Superannuation Guarantee (Administration) Act 1992 any claim received from the ATO in relation to these amounts has a priority equal to the debts referred to in section 556(1)(e) of the Act in the event that a distribution is made, i.e. it is treated as a priority equal to wages.

7.2.1.1 *Fair Entitlements Guarantee ("FEG")*

In a liquidation, employees are eligible to apply to the Federal Government, which has established a safety net scheme known as FEG, for payment of their outstanding entitlements. FEG is administered by the Department of Employment for eligible employees who have been terminated as a result of their employer's insolvency and are owed entitlements.

In order for an employee to be eligible to claim outstanding entitlements under FEG:

- ✦ The employee must be an Australian citizen or permanent resident (contact FEG for further details); and
- ✦ The end of their employment must be due to the insolvency of the employer; or have occurred less than 6 months before the appointment of an insolvency practitioner; or occurred on or after the appointment of an insolvency practitioner.

Employees may submit claims in respect of the following entitlements, provided they are entitled to claim under their respective industrial instrument, contract of employment or by any other means:

- ✦ Up to thirteen weeks unpaid wages for the period ending at the earlier of the date on which employment ended or the appointment of an insolvency practitioner;
- ✦ Unpaid annual leave and long service leave;
- ✦ Up to a maximum of five weeks unpaid payment in lieu of notice;

- Up to a maximum of four weeks redundancy entitlement for each completed year of service.

In calculating employee entitlements payable under the scheme, the maximum annual wage applies.

FEG will not cover:

- Outstanding superannuation entitlements;
- Entitlements such as rostered days off unless the relevant legislation, award, statutory agreement or written contract of employment provides they are payable upon termination of employment; and
- Employee entitlements of the Directors and related party Creditors.

Please note that FEG will only assess claims if the Company is placed into Liquidation.

Should you wish to obtain further information, FEG may be contacted reached on 1300 135 040. Alternatively, you may visit their website at:

<https://employment.gov.au/fair-entitlements-guarantee-feg>

7.2.2 Secured Creditors

A search of the PPSA register indicates that there are no creditors with a general security agreement interest over the assets of the Company.

7.2.3 Unsecured Creditors

Based on the records and proofs of debt received to date, I have formed the view that Unsecured Creditors may be owed up to \$1.27M, subject to further enquiries and adjudication of claims. Below is a breakdown:

Unsecured Creditors	Amount (\$)
Trade Creditors	114,539
Related Party Creditors	793,564
Contingent Liabilities	363,872
Total	1,271,976

My comments are as follows:

7.2.3.1 Trade Creditors

The RATA indicates that Trade Creditors are owed \$78K. However, based on the proofs received to date and available records, Trade Creditors may be owed around \$114K. These debts are largely comprised of professional services (audit and legal) and other trade creditors. I note this amount also includes outstanding council rates of \$18K, which will likely need to be paid from the sale of the Property.

If and when I formally call for proofs of debts to be submitted, the actual claims may vary from this estimate. In the interim, I encourage all creditors to complete and return to this office the attached proof of debt form, together with supporting documents.

7.2.3.2 Australian Taxation Office

The ATO has advised there is no liability presently owed by the Company, however there are a few lodgements outstanding, in particular, the Income Tax Return for FY2017 and Business Activity Statements for the June 2017 and September 2017 quarters.

Given the Company’s significant losses from previous financial years and minimal trading during FY2017, I do not anticipate there would be a significant liability owing to the ATO. As mentioned previously, according to the Company’s management accounts, there appears to be a GST refund available.

7.2.3.3 Related Party Creditors

The RATA indicates that related party creditors are owed \$796K which is consistent with my review of the Company’s records. These amounts may be subject to change depending on lodgement of formal proofs of debt. Below is a summary:

Related Party Creditors	Amount (\$)
Alpha Global Investments Pty Ltd	46,200
Coupland Consulting	6,250
John Sebastian Hempel	112,500
Maybach Consulting Pty Ltd	116,750
Mohammed Munshi	314,230
Mufti Habriansyah	50,000
New England Corporate Services	53,721
Uranbileg Dashzeveg	93,914
Total	793,564

The majority of these claims relate to consultants’ fees and the remuneration of current and former Directors of the Company. I also note that the claims from New England Corporate Services, Mohammed Munshi and Uranbileg Dashzeveg include claims for reimbursement of Company expenses paid by these parties directly.

7.2.3.4 Resource Global Finance Ltd

As previously discussed, I understand that the loan of USD\$500K (AUD\$674K as disclosed above) from RGF owed by the Company was extinguished in December 2016, when RGF acquired the Company’s shares in Prospindo Singapore, with shareholder approval. It appears that the management accounts were not adjusted to reflect the extinguished debt.

By way of background, RGF was historically a major lender to the Company and provided significant financial support through the extension of loan facilities with the Company.

7.2.4 Contingent Liabilities

7.2.4.1 Property Bond

This relates to a security bond paid by the current tenant of the Property. This amount is refundable to the tenant on exit of the premises, subject to the condition of same.

At this stage, I am not aware of any intention by the tenant to vacate the Property and as such, I have not attributed any value to this claim.

7.2.4.2 Paramount Mining Corporation Limited

The RATA discloses that a related entity, PCP may have a claim against the Company of \$251K, which has been disclosed in the Company’s books and records, however the Directors dispute the legitimacy of this debt. It is my understanding this debt relates to various Company expenses paid by PCP in the past few years.

My preliminary review of the Company’s records regarding this claim have not revealed any genuine dispute, however this claim will be subject to further adjudication in the event there is a dividend to Unsecured Creditors.

7.2.4.3 Australian Securities and Investments Commission

As mentioned earlier, the ASIC have commenced criminal proceedings against the Company in relation to failure to lodge the FY2016 annual report and half yearly report for the period ending December 2016. As criminal charges, these are not stayed by my appointment pursuant to Section 440D of the Act and ASIC has advised that they intend to continue with the prosecution at the forthcoming hearing set for 24 November 2017.

It is my understanding that the charges may be up to \$54K each, however the fines imposed by the Court may be far less, in the order of \$2K each. I also note that the fines are unlikely to be provable debts in the Administration or the potential Liquidation, but I have included these fines for transparency.

Having regard to the above and assuming that creditors resolve to place the Company into Liquidation, there is no commercial merit incurring expenses to defend the prosecution if the hearing proceeds.

7.3 EXPLANATION OF DEFICIENCY

I estimate that the net deficiency may be in the order of \$861K, before the costs of the administration. However, when bringing to bear the loss on share capital, the deficiency dramatically increases to \$41.2M. Attached as **Annexure “5”** is the Deficiency Statement.

I summarise below the key aspect of the deficiency. You will note that the deficiency is predominantly represented by trading losses incurred on the various projects.

Summary of Deficiency Statement	Amount (\$)
Accumulated Trading Losses to Date	
Accumulated Losses as at 30 June 2014	39,037,129
Current Losses as at 30 June 2015	1,701,258
Current Losses as at 30 June 2016	582,809
Current Losses as at 30 June 2017	678,834
Current Losses as at 18 October 2017	48,541
Estimated Loss on Realisation of Assets	5,389
Estimated Profit on Realisation of Assets	(332,139)
Reduction in Creditor Claims Disclosed in Balance Sheet	(502,134)
Estimated Total Deficiency	41,219,687

8 PRELIMINARY INVESTIGATIONS

8.1 OVERVIEW

During the course of the Administration, I have conducted investigations into the affairs of the Company to ascertain whether there are any transactions that appear to be voidable, or other causes of action available whereby money, property or other benefits may be recoverable by a liquidator pursuant to Part 5.7B of the Act, in the event that creditors resolve to wind up the Company. Creditors should be aware that an Administrator does not have the power to recover voidable transactions or take action for insolvent trading.

8.2 INVESTIGATION CONSTRAINTS

The Act sets out a strict timeline for the reporting of Administrator's investigations of an insolvent company's affairs prior to the second meeting of Creditors.

As such, my investigations into the Company's affairs are preliminary at this stage. The interim findings discussed below are based on the available records reviewed and under time constraints. A Liquidator would conduct more detailed investigations, provided that necessary funding is available.

8.3 BOOKS AND RECORDS

Section 286 of the Act provides that:

"A company, registered scheme or disclosing entity must keep written financial records that:

- (a) correctly record and explain its transactions and financial position and performance; and
- (b) would enable true and fair financial statements to be prepared and audited."

The failure to maintain books and records in accordance with Section 286 of the Act may allow a Liquidator to presume the company was insolvent throughout the period the books were not maintained (Section 588E of the Act).

My preliminary view is that the Company has kept sufficient books and records to meet the requirements of Section 286 of the Act.

8.4 RISK OF LITIGATION ACTION GENERALLY

Part 5.7B of the Act gives liquidators (but not administrators) the right to commence certain legal proceedings to recover money, property or other benefits for the benefit of the Unsecured Creditors of a company.

Creditors should note that recovery actions:

- ▲ have the potential to increase the pool of funds available to Creditors;
- ▲ are usually expensive, lengthy and have unpredictable outcomes;

- should not be commenced unless defendants have the financial resources to satisfy any judgement; and
- must be funded out of the Company's existing assets or, where such assets do not exist, by Creditors or by external litigation funders (who are likely to require a significant share of the proceeds of any judgement as a condition of funding the litigation).

8.5 INSOLVENCY & INSOLVENT TRADING (SECTION 588G)

The *Corporations Act 2001* prohibits Insolvent Trading and provides that Directors can be required to compensate Creditors for losses they suffer because of Insolvent Trading by making a payment to a Liquidator of the Company. I have considered the prospects of such a claim, as it is one that is only available if creditors decide that the Company should be placed into Liquidation, and so may be relevant to the decisions Creditors take at their forthcoming Meeting.

8.5.1 What is Insolvent Trading?

Insolvent Trading is the incurring of a debt or liability at a time when the Company is insolvent and when the Director(s) have reasonable grounds to suspect, or a person in their position would have suspected, that the Company was insolvent.

If such a debt or liability is incurred, a Court may require the Directors to pay an amount of compensation to a Liquidator of the Company equal to the loss suffered by creditors. In determining that loss, it is necessary to have regard to any amount that may be recovered from the Company's assets or from the recovery of other claims such as Unfair Preferences.

Recovery for Insolvent Trading is only available in a Liquidation. A claim may be brought by a Liquidator, or, if, but only if, the Liquidator declines to pursue a claim, by one or more Creditors.

A Liquidator pursuing a claim must:

- demonstrate Insolvency
- show that the Director(s) suspected, or should have suspected, insolvency
- show that a debt or liability was incurred
- show the debt or liability has not been paid, so that the creditor has suffered loss.

A Director accused of Insolvent Trading can answer a claim by showing that:

- the Director had reasonable grounds to believe the debt would be paid; and/or
- the Director relied on information from another reliable person to believe the debt would be paid; and/or
- the Director did everything he or she could to avoid the incurring of the debt; and/or
- the Director was not participating in the management of the Company for some good reason, such as illness; and/or

- the Director was acting honestly and reasonably and, notwithstanding that a debt or liability was incurred that will be unpaid, he or she should be excused from liability.

Litigation in respect of Insolvent Trading is carried out in the ordinary civil courts. This means that the costs of pursuit of a claim are borne by the Liquidator, who uses the Company's assets and may enter into a form of borrowing called "litigation funding" to do so, or may ask creditors to make a voluntary contribution to the pursuit of a claim.

If a claim is successful some of the costs, but not all of them, may also be ordered to be paid by the Directors. If the Liquidator fails in some or all of the claim, he or she may be ordered to pay some or all of the costs incurred by the Directors in defending the claim. Because of this, in practice Liquidators can only pursue claims where they have funds available to meet both their own and the Defendants' costs, or they have the benefit of "insurance" against costs provided either by creditors or a commercial litigation funder.

If the Company has no assets and neither a litigation funder nor creditors are willing to fund the litigation, no claim can be pursued. Litigation in respect of Insolvent Trading can be expensive, slow and risky. The Liquidator, funder and creditors are exposed to the risk that if the Directors are found liable, they may be unable to meet the judgment against them.

Where a Company is a subsidiary of another Company, a claim can also be brought against the holding Company.

8.5.2 Insolvency

One important element of liability for Insolvent Trading is if, and when, the Company became insolvent.

Section 95A of the *Corporations Act* defines solvency as follows:

95A(1) [when person is solvent] A person is solvent if, and only if, the person is able to pay all the person's debts, as and when they become due and payable.

95A(2) [insolvent person not solvent] A person who is not solvent is insolvent".

Under Australian law, the test of insolvency is a "cashflow" test: it is focussed on whether, in commercial reality, a company is able to meet its liabilities as and when they fall due for payment. The forensic assessment of insolvency, and preparation of a case on insolvency, involves a thorough, and costly, examination of the Company's business, its market, its relationships with its customers, lenders, suppliers, owners and with regulators. Where a Company has had expectations of support from related parties, that support is a factor that has to be considered in the context of insolvency.

In elaborating on the cashflow test of insolvency, the Courts have provided extensive commentary on the subject to determining insolvency. One of the leading authorities is the judgment of the Victorian Supreme Court in *ASIC -v- Plymin*, in which Justice Mandie, relying on Expert Evidence, identified the following 14 indicators of insolvency:

- Continuing Losses;
- Liquidity ratios below 1;
- Overdue Commonwealth and State taxes;

- ✦ Poor relationship with present Bank, including inability to borrow further funds;
- ✦ No access to alternative finance;
- ✦ Inability to raise further equity capital;
- ✦ Suppliers placing company on COD, or otherwise demanding special payments before resuming supply;
- ✦ Creditors unpaid outside trading terms;
- ✦ Issuing of post-dated cheques;
- ✦ Dishonoured cheques;
- ✦ Special arrangements with selected creditors;
- ✦ Solicitors' letters, summons(es), judgements or warrants issued against the company;
- ✦ Payments to creditors of rounded sums which are not reconcilable to specific invoices;
- ✦ Inability to produce timely and accurate financial information to display the company's trading performance and financial position, and make reliable forecasts.

Comprehensive forensic insolvency assessment requires the review of each of these indicators, as well as the Company's business, to answer the question "was it able to pay its debts as and when they fell due".

As part of reporting to you about Insolvent Trading I am required to form a preliminary view about when the Company became insolvent. My opinion is necessarily formed summarily: a forensic analysis of insolvency would be more thorough, more expensive and slower than the Voluntary Administration process ordinarily permits. I have set out my views below.

8.5.3 Directors' Knowledge

As well as insolvency, a Liquidator must also show when the Directors suspected, or ought to have suspected, that the Company was insolvent. If a claim is brought, this will normally involve the comprehensive review of company records to show when the Directors first learnt of circumstances that could indicate insolvency. That review is typically thorough and expensive. Again, for the purpose of reporting to you I am required to make a summary assessment of when suspicions were or should have been formed. I have set out my views in this respect below as well.

8.5.4 Loss

Only losses *incurred* at or after the time of insolvency can form the basis of a claim, although all unpaid unsecured creditors are entitled to share in any recovery after costs. A debt or liability is "incurred" when the last event that could have avoided the liability arising occurs. For example, taking delivery will normally be the time at which a debt for the supply of goods is incurred.

Liabilities that have fallen due, but which were not freshly incurred during the period of insolvency cannot form the basis for a claim. Such liabilities commonly include ongoing contracts of employment, long term

leases and hire-purchase arrangements, guarantees, loans and long term supply and construction contracts.

8.5.5 Litigation and Funding

As noted above, if a Company does not have significant assets, a Liquidator contemplating bringing a claim for Insolvent Trading will only be able to pursue a claim if either Creditors or a commercial Litigation Funder is willing to fund the Liquidator's Legal and Accounting Costs and meet any costs the Liquidator may be liable to pay if the claim is unsuccessful.

Funding of this sort can be arranged as follows:

- A creditor or creditors may contribute funds for additional investigations and litigation. Such creditors need to indemnify the Liquidator against any adverse costs orders should the litigation prove unsuccessful. However, should the litigation be ultimately successful, creditors who have funded the litigation may apply to the court to have their claim met in priority to other creditors not participating in the funding arrangement; and/or
- The Liquidator may request funding from an independent, specialist litigation funding firm. Generally, the litigation funder is compensated for its risk by receiving a share of up to 30 - 40% from any recoveries arising out of the litigation, where there is usually a minimal return (being a multiple of the risk) also required by the funder. Litigation funding is expensive in this regard, and therefore only feasible where the possible recoveries are significant.

8.5.6 Legal controversy

There are two controversial areas of insolvency law that bear on the Company. These are:

- Set-off. Traditionally courts have not allowed set-off of claims such as those for Insolvent Trading. However, in modern cases the Courts have been more generous to parties owing money to an insolvent Company. They have said they would allow the setting off of claims by parties liable to make payments to Liquidators of amounts owed to them by the insolvent Company. This matter remains an unresolved issue at law.
- Financial Support. Until 1993, the test of insolvency in Australia required that a Company be able to meet its liabilities *from its own monies*. This requirement was removed in 1993. Subsequently, the Courts have held that the provision of "financial support" by a related party can be a basis on which a Company is solvent when, without that support, it would clearly be insolvent. Where solvency is disputed, the Court's inquiry needs to extend to the nature and extent of that support. This remains a controversial issue in insolvency law.

8.6 ASSESSMENT OF INSOLVENCY

My assessment has been based on the information available to me from the Company's records, from information provided by the Directors, management and Creditors and on the basis of separate investigations of the Company's affairs. As noted above, this assessment has been undertaken on a summary basis. If the Company is placed into Liquidation and litigation were contemplated, I would need to undertake a more thorough and rigorous assessment. I would also need to obtain legal advice and conduct public examinations of the relevant parties.

It is my view that the Company was insolvent from around 31 December 2016, following the disposal of the Prospindo Singapore interest.

The reasons for my assessment are as follows:

- ✦ Whilst the Company had a net asset deficiency and incurred significant losses from active trading in 2004, this is not unusual in such a speculative industry as mining exploration, where exploration costs would only be recoverable if the projects had successfully produced a quantifiable resource.
- ✦ I have analysed the working capital requirements based on the Company's available management accounts from FY2014 to my appointment, as set out below:

Working Capital Analysis						
	Jun-14	Jun-15	Jun-16	Dec-16	Jun-17	Oct-17
Current Assets						
Cash at Bank	3,154	5,701	5,701	31,055	34,084	18,945
Trade Debtors	27,660	27,242	660	871	1,742	619
Current Tax Assets	8,941	7,430	2,139	2,899	328	4,903
Undrawn Loan Facility with RGF (USD\$)	500,000	500,000	500,000	-	-	-
Total Current Assets	539,755	540,372	508,500	34,825	36,154	24,467
Current Liabilities						
External Trade Creditors	34,755	42,773	28,373	34,810	50,862	61,496
External Accruals	15,000	50,972	75,404	104,092	61,369	11,369
Payroll Liabilities	13,541	8,138	8,138	8,138	8,138	8,138
Total Current Liabilities	63,296	101,883	111,915	147,039	120,369	81,002
Working Capital Deficiency	476,459	438,489	396,586	(112,214)	(84,215)	(56,535)

- ✦ The Company has a deficiency in Working Capital since December 2016. This indicates that the Company was cash flow insolvent from 31 December 2016 to the date of my appointment.
- ✦ In arriving at this conclusion, I have assumed that the Company had the benefit of informal forbearance from related party creditors. This is demonstrated by the financial support from related parties by way of loans from the former Director, Mr Munshi and non-payment of remuneration of Directors, and conversion of debt to equity at times, which mitigated the Working Capital deficiencies.
- ✦ I note that RGF had provided loan facilities to the Company since 2009 (which were unsecured and non-interest bearing), which were undrawn to the extent of USD\$500K from FY2014 to FY2016. The undrawn facility mitigated the Working Capital deficiency during those periods. However, on disposal of the Prospindo Singapore to RGF in December 2016, the loan facilities were withdrawn/extinguished, removing that financial support.

In addition, I also note the following factors in respect of the solvency of the Company:

- ✦ From FY2008 to FY2016, the audit reports indicated uncertainty as to whether the Group and the Company could continue as a going concern. However, with the benefit of hindsight, the Group and the Company was able to raise necessary capital from time to time to fund its exploration, until at least December 2016.
- ✦ The Company also received cash flow relief from creditors as summarised below:

- Long term creditors granted extensions on loans due in FY2011 to FY2016;
 - Agreement by creditors to convert loan balances to equity; and
 - Related party creditors forbearing on their claims in respect of their unpaid remuneration/fees.
- The Company had a history of non-compliance in respect of its reporting obligations, which ultimately resulted in ASIC issuing fines in December 2016 and prosecuting the Company recently and ASX delisting.
 - The Company continued to seek further exploration projects after December 2016, and was in negotiations regarding a potential graphite resource project in Tanzania, Africa, however these negotiations broke down in March 2017.
 - Mr Munshi was considered to be the major promotor and driving force of the Company and its capital raising efforts. Following his incarceration in July 2017, the Company was limited in its ability to raise further capital and seek other projects.

Having considered these issues, it is my view that the Company was insolvent from at least 31 December 2016, following the disposal of the Prospindo Singapore interests. Whilst this sale extinguished a significant liability of the Company, this left the Company without any potential significant source of income and the Property as the Company's only significant asset. However, considering the Property had been on the market for close to 2 years without sale, this was not a readily realisable asset.

8.6.1 Potential Amount of Claim

Based on an insolvency date of 31 December 2016, it appears that the amount owed to external creditors has decreased from \$147K to \$114K at appointment.

As such it appears that external creditors, in totality, have not suffered a loss after the insolvency date of 31 December 2016, to my appointment.

8.6.2 Conclusion

I have not identified an insolvent trading claim against the current or former Directors.

8.7 VOIDABLE TRANSACTIONS

Voidable transactions include transactions such as unfair preferences, uncommercial transactions, unfair loans, unreasonable director related transactions and circulating security interests created within six months before the relation-back day, which is the date of the appointment of the Administrators.

These transactions usually relate to the period six (6) months prior to the date of my appointment; however in certain circumstances, this period can be extended to four (4) years in relation to transactions with related entities and up to ten (10) years in relation if the transactions were entered into with related parties with the intention of fraud.

ARITA has issued a creditor information sheet "Offences, Recoverable Transactions and Insolvent Trading" providing further information about voidable transactions. This information sheet is attached as **Annexure "10"**.

8.7.1 Disposal of Prospindo Singapore Shares (Indonesia Project) to RGF

The Company sold its equity investment in its final project in Indonesia (held through Prospindo Singapore) to extinguish the liability owing to RGF. Consideration was given to whether this constituted a voidable transaction and/or breach of duty claim.

Given the considerable difficulties that the Company was experiencing with the Indonesia project in the recent years preceding the transaction, I understand that the Company determined it was not commercial to continue with the project. The transaction was approved by shareholders, and there does not appear to be any material creditors that pre-date the disposal that were prejudiced.

As such, I have no reason to believe the transaction was not made for proper purpose and I do not believe any voidable and/or breach of duty claim would result from this transaction.

8.7.2 Voidable Transaction Provisions

The transactions identified, if determined to be voidable, may be recoverable under the following provisions:

8.7.2.1 Unreasonable Director Related Transactions (S588FDA)

A transaction is an unreasonable Director-related transaction of the Company if:

- ✦ The transaction is a payment, a conveyance, transfer or disposition of property, the issue of securities, or incurring of an obligation to make a payment, disposition or issue by the Company.
- ✦ The transaction is to a Director or close associate of the Director or for their benefit.
- ✦ A reasonable person in the Company's circumstances would not have entered into the transaction having regard to the benefit or detriment to the Company or other parties involved in the transaction.
- ✦ The transaction was entered into during the four (4) years leading to my appointment.

I have inspected the Management Accounts and advise that there were no material transactions with director related entities made on uncommercial terms.

Accordingly, I have not identified any unreasonable director related transactions that may be pursued in a winding up.

8.7.2.2 Unfair Preferences

An unfair preference results when the Company and a creditor are parties to a transaction and the creditor receives more than it would receive if the transaction is set aside and the creditor proved for the debt in the winding up. If it is ultimately determined that certain payments are potentially recoverable as unfair preferences, it would be necessary to establish:

- ✦ that the Company was insolvent at the time the payments were made; and
- ✦ that the recipient had reasonable grounds to suspect that the Company was insolvent at that time or would become insolvent as a result of the payment.

The clawback provisions available to the liquidator relate only to payments to unrelated parties made within six (6) months from the date of the appointment known as the Relation Back Period ("RBP"). I advise that I have not identified any unfair preference payments made to unrelated parties.

The RBP is extended to four (4) years for transactions with related parties. As it is my preliminary view that the Company was insolvent from 31 December 2016, the RBP for related party transactions is restricted to payments made after 31 December 2016. I advise that I have not identified any unfair preference payments made to related parties.

8.7.2.3 Unfair Loans (S588FD)

A loan is unfair if it is made to a Company at extortionate interest rates or the charges in relation to the loan are extortionate. In considering whether interest and charges are extortionate, regard must be had to the following:

- Risk the lender is exposed to;
- Value of the security;
- Term;
- Repayment schedule; and
- Amount of loan.

The Company relied on substantial loans from RGF to fund its trading losses over the years, however, these loans were unsecured and non-interest bearing. Accordingly, there is no claim for unfair loans.

8.7.2.4 Uncommercial Transactions (S588FB)

A transaction is considered uncommercial if it is made at a time when the Company is insolvent and it may be expected that a reasonable person in the Company's circumstances would not have entered into the transaction having regard to:

- The benefits or detriment to the Company of entering into the transaction; and
- The prospective benefits to other parties to the transaction.

The clawback provisions available to the liquidator relate only to payments to unrelated parties made within two (2) years from the date of the appointment. The RBP is extended to four (4) years for transactions with related parties.

My preliminary investigations have not identified any uncommercial transactions that can be pursued.

8.7.2.5 Discharge of Related Party Debts (S588FH)

A transaction is considered to have discharged a related party's debt if funds from the Company are used to pay that Creditor which has had the effect of discharging, to the extent of a particular amount, a liability (whether under a guarantee or otherwise) of a related entity the Company.

My preliminary investigations indicate that the Company had not discharged any related party claims.

8.7.2.6 *Circulating Security Interests Created Within Six Months before the Relation-Back Day (S588FJ)*

A circulating security interest in property of the company created within six (6) months before the relation-back day may be void against a liquidator. However, circulating security interests that are created within this period for consideration paid at or after the date of creation remains valid.

My preliminary investigations have not identified any voidable security interests.

8.8 REPORT TO ASIC

Pursuant to section 438D of the Act, I am able to lodge a confidential report to ASIC in respect of my preliminary investigations and any potential offences identified. As I have not identified any potential offences, I do not intend to lodge this report to ASIC.

Should the Company be wound up, a liquidator is required to complete an investigation into the Company's affairs and, if offences are identified, or if the Company is unable to pay its Creditors more than 50 cents in the dollar, lodge a report with ASIC pursuant to Section 533 of the Act.

9 ESTIMATED RETURN TO CREDITORS

Set out below is an analysis of the estimated return that may be available to creditors in a Liquidation scenario. Please note these figures are estimates only, and the actual results may vary materially.

Prosperity Resources Limited (Administrator Appointed) Estimated Outcome Statement		
	Optimistic Scenario Amount (\$)	Pessimistic Scenario Amount (\$)
Asset		
Cash at Bank	18,130	18,130
Tennant Creek Property (incl. GST)	400,000	250,000
<u>Less: Sale of Property Costs (excl. GST)</u>		
Valuers Fees	(2,500)	(2,500)
Agent's Marketing Costs	(600)	(600)
Agent's Commission (3%)	(12,000)	(7,500)
Conveyancing Costs	(5,000)	(5,000)
Council Rates	(18,000)	(18,000)
Estimated GST Liability	(36,364)	(22,727)
Estimated CGT Liability	(65,520)	(20,584)
Total Sale of Property Costs	<u>(139,984)</u>	<u>(76,912)</u>
Rental income (Assuming property held to Feb 2018)	<u>4,000</u>	<u>4,000</u>
Net Recoveries	<u>282,146</u>	<u>195,218</u>
Less: Costs of External Administration (Excl. GST)		
Administrator's Remuneration from 18 October 2017 to 10 November 2017	(51,571)	(51,571)
Administrator's Remuneration from 11 November 2017 to 22 November 2017 (estimate)	(23,430)	(50,000)
Administrator's Disbursements	(3,000)	(5,000)
Liquidator's Remuneration	(70,000)	(50,000)
Liquidator's Disbursements	(3,000)	(3,000)
Total Costs of External Administration	<u>(151,000)</u>	<u>(159,571)</u>
Estimated Funds Available for Priority Creditors	<u>131,146</u>	<u>35,648</u>
Priority Creditors		
Superannuation	(8,137)	(8,137)
Annual Leave	(1,456)	(1,456)
Total Priority Claims	<u>(9,593)</u>	<u>(9,593)</u>
Estimated Funds Available for Unsecured Creditors	<u>121,553</u>	<u>26,055</u>
Unsecured Creditors		
Trade Creditors	(84,266)	(84,266)
Related Party Creditors	(793,564)	(793,564)
Contingent Liabilities	(307,872)	(307,872)
Net Participating Unsecured Creditors	<u>(1,185,702)</u>	<u>(1,185,702)</u>
Potential Rate of Return to Creditors		
	Cents in Dollar	
Priority Creditors	100.00	100.00
Unsecured Creditors	10.25	2.20
*This amount is for illustrative purposes only and is not reflective of current market or recoverable value.		

10 RECOMMENDATION OF ADMINISTRATOR

Pursuant to Section 439A(4)(b) of the Act, the Administrator is required to make a statement setting out the Administrator's opinion about each of the following matters and provide his reasons for those opinions:

- Whether it would be in the Creditors' interests for the Company to execute a DOCA;

- 4 Whether it would be in the Creditors' interests for the administration to end;
- 4 Whether it would be in the Creditors' interests for the Company to be wound up.

I set out below my opinions as to each of these options:

10.1 DEED OF COMPANY ARRANGEMENT

I have not received any proposal for a DOCA from the Directors or any other party. Accordingly, there is no DOCA proposal for creditors to consider.

I do not recommend creditors resolve that the Company execute a DOCA.

10.2 ADMINISTRATION TO END

Creditors may resolve that the Administration of the Company should end and that control of the Company should be handed back to its Directors.

The Company is clearly insolvent and if the administration was to end, the Company would be placed in a similar position to that existing prior to my appointment as Administrator.

I do not recommend that the Administration end on the basis that the Company is clearly insolvent.

10.3 LIQUIDATION

Should Creditors decide to wind up the Company, the Administration would revert to a Creditors Voluntary Liquidation and the Administrator would become the Liquidator, unless creditors resolved to appoint an alternative Liquidator.

One of the roles of the Liquidator would be to complete investigations into the reasons for the Company's failure and to identify any causes of action or voidable transaction recoveries against any entity or individual. The Liquidator is also required to report his findings to ASIC in the event that offences are uncovered.

On the basis that the Company is insolvent and that no DOCA has been submitted for Creditors' consideration, I recommend that Creditors resolve to wind up the Company at the forthcoming Second Meeting of Creditors.

11 ADMINISTRATOR'S RECEIPTS AND PAYMENTS

Attached as **Annexure "6"** are the Administrators' Receipts and Payments to 14 November 2017. In addition, I am advised that the tenant has paid rent of \$1,584 for the period up to 7 November 2017 to the Company's pre-appointment Bankwest account, however I am yet to receive relevant documentation to record the transactions.

12 ADMINISTRATOR'S / LIQUIDATOR'S REMUNERATION

In compliance with the Australian Restructuring, Insolvency and Turnaround Association's ("ARITA") Code of Professional Practice and the requirements of the Act, I am required to provide detailed information

in respect of my remuneration. I attach my Remuneration Report as **Annexure "7"** which details the major tasks that have been and will be conducted in this administration. My remuneration is calculated on the time spent by staff at hourly rates used by BRI Ferrier, as detailed in my Remuneration Matrix. This document is contained within the Remuneration Report. In addition, a schedule of hourly rates are attached as **Annexure "8"**.

To date, my remuneration has been calculated on this "Time-Cost" basis, and I propose that it continue to be calculated on this basis. The Time-Cost method for calculating remuneration reflects the cost to my firm of the work undertaken, rather than a measure of the assets realised. In my view, the Time-Cost method is the preferable basis for calculating remuneration in an engagement such as this.

For Creditors' information, ASIC and ARITA information sheets (**Annexure "9"**) that relate to specific circumstances once an insolvency practitioner is appointed to a Company and approval of remuneration can be found at the following websites:

- ✦ <http://www.asic.gov.au/insolvencyinfosheets>
- ✦ <http://www.arita.com.au/insolvency-you/insolvency-explained/insolvency-fact-sheet>

12.1 VOLUNTARY ADMINISTRATION PERIOD

Creditors will be asked to approve the Administrators' remuneration at the Second Meeting of Creditors for the costs incurred.

Please refer to the Remuneration Approval Report, attached as **Annexure "7"** for further details.

12.2 LIQUIDATION PERIOD

If the Company is placed into liquidation at the Second Meeting of Creditors, I will be appointed Liquidator of the Company, unless creditors resolve to appoint an alternate Liquidator. I note that I have not received an alternate consent to act as Liquidator.

On the basis that I am to be appointed Liquidator, I will also seek approval for my estimated remuneration in conducting the Liquidation. The attached remuneration report details an estimate of the costs likely to be incurred in a liquidation scenario. It is an estimate only and may change depending on matters which occur during the course of the liquidation.

Please refer to the Remuneration Approval Report, attached as **Annexure "7"** for further details.

13 SECOND MEETING OF CREDITORS

The Second Meeting of Creditors will be held on 22 November 2017 at 12:00 noon AEST. The formal Notice of Meeting is attached as **Annexure "1"** for your reference.

The purpose of the Second Meeting of Creditors is to enable Creditors to consider the Administrator's Report pursuant to section 439A of the Corporations Act and to determine the Company's future.

To participate as a Creditor and/or eligible employee Creditor, you should:

- Provide us with a Proof of Debt detailing your claim to be a Creditor and/or eligible employee Creditor. Proofs of Debt are enclosed as **Annexure "11"**. If you have previously provided a proof of debt and wish to supplement it, you may do so. Otherwise, Creditors whose proofs were accepted for voting at the First Meeting are not required to be re-lodged for the Second Meeting of Creditors.
- Creditors may attend and vote in person, by proxy or by attorney. The appointment of a proxy, copies of which is attached as **Annexure "12"**, must be in accordance with Form 532. It is necessary for all Creditors to submit new proxies for these meeting. Persons attending on behalf of a corporate entity are required to have a proxy signed on behalf of that entity.
- A specific proxy can be lodged showing approval or rejection of each proposal. Creditors, in lodging specific proxies, need to be mindful that their intended voting patterns can become academic or "contradictory" where the outcome of an earlier vote (in the order of proceedings) is determined in a way which could influence or change their intended voting. Proxy forms or facsimiles thereof must be lodged at my office by 4.00 pm one (1) business day prior to the meeting.
- Where a facsimile copy of a proxy is sent, the original must be lodged with my office within seventy-two hours after receipt of the facsimile. An attorney of a Creditor must show the instrument by which he or she is appointed to the Chairperson prior to commencement of the meeting.

14 QUERIES

The BRI Ferrier staff member responsible for this matter is as follows:

- BRI Contact: Katherine La
- Phone: (02) 8263 2300
- Email: kla@brifnsw.com.au (preferred)
- Mailing: GPO Box 7079, Sydney NSW 2001
- Facsimile: (02) 8263 2399

Please contact Ms Katherine La from my office if you have any queries in relation to the Administration or the forthcoming meeting.

Yours faithfully

PROSPERITY RESOURCES LIMITED (ADMINISTRATOR APPOINTED)

PETER KREJCI
Administrator

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

BRI Ferrier

**Prosperity Resources Limited
(Administrator Appointed)
ACN 103 280 235**

**Annexure "1"
Notice of Meeting of Creditors**

FORM 529

CORPORATIONS ACT 2001

Section 439A

Insolvency Practice Rules (Corporations)

75-10, 75-15 & 75-20

NOTICE OF SECOND MEETING OF CREDITORS

PROSPERITY RESOURCES LIMITED

(ADMINISTRATOR APPOINTED)

ACN 103 280 235

NOTICE is 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 22 November 2017 at 12:00 noon AEST.

AGENDA

1. To receive the Report of the Administrator and receive questions from creditors.
2. To fix the remuneration of the Administrator.
3. For Creditors to resolve:
 - a. That the Company execute a Deed of Company Arrangement; or
 - b. That the administration should end; or
 - c. That the Company be wound up.
4. If Creditors resolve to wind up the Company:
 - a. To consider the appointment of an alternate Liquidator(s);
 - b. To consider approving the remuneration of the Liquidator; and
 - c. To consider the early destruction of the Company books and records.
5. To consider the appointment of a Committee of Inspection.
6. To consider any other business that may be lawfully brought forward.

Proxies to be used at the meeting should be lodged at the office of the Administrator by 2:00pm AEST on the business day prior to the meeting. A creditor can only be represented by proxy or by an attorney pursuant to Insolvency Practice Rules (Corporations) (IPR) 75-150 & 75-155 or, if a body corporate, by a representative appointed pursuant to Section 250D of the Corporations Act 2001.

Teleconference facilities

Creditors wishing to attend by telephone are advised to contact Ms Katherine La of this office by 4:00pm AEST two (2) business days prior to the meeting.

Creditor wishing to participate in the meeting by telephone must return to the convenor of the meeting not later than two (2) business days before the day of the meeting, a written statement setting out the name of the person and of the proxy or attorney, (if any), an address to which notices to the person, proxy or attorney may be sent, a telephone number at which the person, proxy or attorney may be contacted and any facsimile number to which notices to the person, proxy or attorney may be sent. A person, or the proxy or attorney of a person who participates in the meeting by telephone, must pay any costs incurred in participating and is not entitled to be reimbursed for those costs from the assets of the Company.

In accordance with IPR 75-85, creditors will not be entitled to vote at this meeting unless they have previously lodged particulars of their claim against the Company with the Administrators and their claim has been admitted for voting purposes wholly or in part by the Administrator.

DATED this 14th day of November 2017.



PETER KREJCI
VOLUNTARY ADMINISTRATOR

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

BRI Ferrier

**Prosperity Resources Limited
(Administrator Appointed)
ACN 103 280 235**

**Annexure "2"
Group Structure**

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

BRI Ferrier

**Prosperity Resources Limited
(Administrator Appointed)
ACN 103 280 235**

**Annexure "3"
Related Parties Entities**

Related Party Entities

John Sebastian Hempel

Company	A.C.N.	Position	Appointment Date	Cessation Date
Australian Agricultural Partnerships Pty Ltd	162 007 098	Director & Secretary	8/07/2013	Current
Benson Global Pty Ltd	101 696 315	Secretary	10/12/2012	Current
Carpentaria Cattle Company Pty Ltd	600 933 300	Director	3/09/2014	Current
Conchita Nominees Pty Ltd	100 477 950	Director & Secretary	8/05/2002	Current
New England Corporate Services Pty Ltd	166 787 480	Director	15/11/2013	Current
New England Corporate Services Pty Ltd	166 787 480	Secretary	15/11/2013	Current
Paramount Mining Corporation Ltd	102 426 175	Director	30/06/2017	Current
Prosperity Resources Limited	103 280 235	Director	21/07/2008	Current
The Armidale School	141 108 241	Director	14/12/2009	Current
Scandium Holding Company Pty Ltd	109 748 772	Secretary	13/08/2013	31/03/2015
Scandium 21 Pty Ltd	008 755 155	Secretary	13/08/2013	31/03/2015
Syerston Scandium Pty Ltd	078 239 059	Secretary	13/08/2013	31/03/2015
Uranium Development Pty Ltd	136 736 813	Secretary	13/08/2013	31/03/2015
Une Health Pty Ltd	161 262 933	Secretary	10/09/2013	24/02/2015
Fitzroy River Corporation Ltd	075 760 655	Director	1/09/2009	30/06/2014
Fitzroy River Corporation Ltd	075 760 655	Secretary	13/08/2012	13/04/2014
The Armidale School	141 108 241	Secretary	14/12/2009	21/02/2012
Greenwich Transaction Services Proprietary Limited	124 054 753	Director	6/02/2008	26/07/2010
Emesco Agents Pty Ltd	000 405 265	Secretary	29/05/2003	11/01/2008

Caroline Coupland

Director	Company	Position	Appointment Date	Cessation Date
Caroline Annette Coupland	Prosperity Resources Limited	Director	14/07/2017	Current
Caroline Annette Coupland	Minha Production Company Pty Ltd	Secretary	5/09/2014	Current
Caroline Annette Coupland	Carpentaria Cattle Company Pty Ltd	Secretary	3/09/2014	Current
Caroline Annette Coupland	Carpentaria Cattle Management Pty Ltd	Secretary	3/09/2014	Current
Caroline Annette Coupland	The Ascent Group Australia Limited	Director	12/12/2013	Current
Caroline Annette Coupland	Coupland Consulting Pty Ltd	Director	8/08/2013	Current
Caroline Annette Coupland	Culwulla Charters Towers Pty Ltd	Director	26/08/2008	Current
Caroline Annette Coupland	Carpentaria Cattle Company Pty Ltd	Director	19/08/2014	27/11/2014
Caroline Annette Coupland	Minha Production Company Pty Ltd	Secretary	3/09/2014	5/09/2014
Caroline Annette Coupland	Minha Production Company Pty Ltd	Director	19/08/2014	5/09/2014

Guy Anderson

Company	A.C.N.	Position	Appointment Date	Cessation Date
Paramount Mining Corporation Ltd	102 426 175	Director	19/09/2008	Current
Prosperity Resources Limited	103 280 235	Director	7/09/2017	Current
Scandium Holding Company Pty Ltd	109 748 772	Director	20/03/2007	31/03/2015
Scandium21 Pty Ltd	008 755 155	Director	20/03/2007	31/03/2015
Syerston Scandium Pty Ltd	078 239 059	Director	20/03/2007	31/03/2015
Uranium Development Pty Ltd	136 736 813	Director	23/04/2009	31/03/2015

Mohammed Munshi

Company	A.C.N.	Position	Appointment Date	Cessation Date
Paramount Mining Indonesia (Energy) Pty Ltd	140 633 021	Director	18/11/2009	Current
Paramount Mining Corporation Ltd	102 426 175	Director	19/09/2008	19/07/2017
Prosperity Resources Limited	103 280 235	Director	6/03/2007	19/07/2017
Paramount Mining (Indonesia) Pty Ltd	138 034 492	Director	8/10/2010	27/11/2016
Tabora Limited	107 045 983	Director	1/02/2007	29/08/2008
Scandium Holding Company Pty Ltd	109 748 772	Director	28/06/2004	20/03/2007
Scandium21 Pty Ltd	008 755 155	Director	20/07/2004	20/03/2007
Syerston Scandium Pty Ltd	078 239 059	Director	20/07/2004	20/03/2007
Scandium Holding Company Pty Ltd	109 748 772	Secretary	28/06/2004	15/02/2007
Scandium21 Pty Ltd	008 755 155	Secretary	20/07/2004	15/02/2007
Syerston Scandium Pty Ltd	078 239 059	Secretary	20/07/2004	15/02/2007
Chinova Resources Pty Ltd	107 689 878	Director & Secretary	20/01/2004	31/01/2007
Chinova Resources Cloncurry Mines Pty Ltd	106 255 216	Director & Secretary	11/01/2005	6/06/2006
Pearlfarms Limited	008 889 281	Director	28/12/2000	29/12/2004
KH Custodians Pty Ltd	089 830 080	Director	20/07/2000	29/01/2003
Kings Reef Mining NL	073 700 295	Director	6/11/2001	12/04/2002
Sustainability Pty Ltd	093 725 118	Director	20/07/2000	5/12/2001
Signature Technology Pty Ltd	091 264 265	Director	29/02/2000	24/07/2000
NEO Resources Limited	007 708 429	Director	13/05/1997	27/10/1997
Mountain Nominees Pty Ltd	068 897 727	Director	4/04/1995	30/10/1995

John Arbuckle

Company	A.C.N.	Position	Appointment Date	Cessation Date
Aicg Development Pty Ltd	162 008 246	Secretary	18/01/2013	Current
Bio-Phil Energy Limited	116 332 168	Director	22/09/2005	Current
Bio-Phil Energy Limited	116 332 168	Secretary	22/09/2005	Current
Canaccord Capital (Australia) Pty Ltd	115 994 048	Director	29/08/2005	Current
Canaccord Capital (Australia) Pty Ltd	115 994 048	Secretary	29/08/2005	Current
Dna Capital Pty Ltd	127 480 826	Director & Secretary	11/09/2007	Current
Hiam Pty Ltd	166 911 262	Director	29/08/2014	Current
Jumbo Graphite Resources (Tanzania) Pty Ltd	104 170 425	Director	15/02/2008	Current
Paramount Mining Indonesia (Energy) Pty Ltd	140 633 021	Director	2/11/2011	Current
Petro Australis Limited	148 997 586	Secretary	23/08/2012	Current
Petro Australis Myanmar Pty Ltd	159 403 620	Secretary	15/11/2012	Current
Prosperity Resources (Mt Gibson) Pty Ltd	104 170 354	Director	15/02/2008	Current
Prosperity Resources (Tennant Creek) Pty Ltd	122 235 643	Director	14/02/2008	Current

John Arbuckle (continued)

Company	A.C.N	Position	Appointment Date	Cessation Date
Prosperity Resources (Tennant Creek) Pty Ltd	122 235 643	Secretary	3/11/2015	Current
Prosperity Resources Indonesia (Energy) Pty Ltd	146 134 849	Director	2/09/2010	Current
Sablet Pty Ltd	135 827 717	Director	7/07/2015	Current
Prosperity Resources (Indonesia) Pty Ltd	137 239 082	Director	21/05/2009	15/10/2017
Lolivet Pty Ltd	161 298 255	Director	6/07/2015	8/08/2017
Prosperity Resources Limited	103 280 235	Director	9/09/2006	14/07/2017
Paramount Mining Corporation Ltd	102 426 175	Director	18/10/2011	30/06/2017
Paramount Mining (Indonesia) Pty Ltd	138 034 492	Director	2/11/2011	27/11/2016
Auvex Manganese Ltd	141 568 390	Director	26/10/2010	12/06/2016
Auvex Manganese Ltd	141 568 390	Secretary	5/07/2013	12/06/2016
Atc Alloys Ltd	118 738 999	Director	16/12/2015	31/03/2016
Atc Alloys Ltd	118 739 999	Secretary	23/12/2015	31/03/2016
Bighill Resources Limited	095 566 804	Director	16/12/2015	31/03/2016
Bighill Resources Limited	095 566 804	Secretary	23/12/2015	31/03/2016
Alianza Minerals Pty Ltd	154 157 598	Secretary	1/05/2012	1/08/2015
Gold Valley Corporation Pty Ltd	169 595 484	Secretary	16/05/2014	8/04/2015
Silk Road Wines Pty Ltd	162 772 885	Secretary	11/03/2013	8/04/2015
Hawkstone Mining Limited	008 720 223	Director	15/11/2013	5/12/2014
Hawkstone Mining Limited	008 720 223	Secretary	20/12/2013	5/12/2014
Tanga Resources Limited	141 940 230	Secretary	15/05/2010	3/10/2014
Minroz Pty Ltd	161 572 238	Secretary	10/12/2012	13/01/2014
International Development Concepts Limited	117 911 857	Director & Secretary	13/01/2006	24/03/2013
Emars Mining Pty Ltd	134 496 432	Secretary	9/12/2008	28/04/2012
Alchemy Resources (Murchison) Pty Ltd	124 455 465	Director	16/03/2007	25/11/2011
Alchemy Resources Limited	124 444 122	Director	16/03/2007	25/11/2011
Alchemy Resources (Three Rivers) Pty Ltd	131 301 409	Director	27/05/2008	25/11/2011
Goldtribe Corporation Pty Ltd	134 176 006	Director	13/07/2009	25/11/2011
Auvex Resources Pty Ltd	129 087 832	Director	20/01/2010	2/08/2011
Silkfield Holdings Pty Ltd	139 185 443	Secretary	25/09/2009	16/02/2011
Alchemy Resources (Murchison) Pty Ltd	124 455 465	Secretary	16/03/2007	15/02/2011
Alchemy Resources (Three Rivers) Pty Ltd	131 301 409	Secretary	27/05/2008	15/02/2011
Goldtribe Corporation Pty Ltd	134 176 006	Secretary	13/07/2009	15/02/2011
Alchemy Resources Limited	124 444 122	Secretary	16/03/2007	1/12/2010
Calima Energy Limited	117 227 086	Secretary	21/11/2005	9/03/2010
Rialto Energy (Ghana) Pty Ltd	127 137 508	Secretary	20/08/2007	9/03/2010
Carpathian Resources Limited	080 273 703	Director	17/03/2008	28/08/2008
Carpathian Resources Limited	080 273 703	Secretary	14/05/2007	28/08/2008
Ostridge Resources Limited	121 491 138	Director & Secretary	30/08/2006	30/07/2008
Pelican Energy Limited	121 493 650	Director & Secretary	30/08/2006	30/07/2008
Sardine Resources Limited	119 486 163	Director & Secretary	1/05/2006	30/07/2008
Southern Orion Energy Limited	121 491 129	Director & Secretary	30/08/2006	30/07/2008
Westwind Capital Pty Ltd	107 994 703	Director & Secretary	24/10/2005	15/07/2008
Segue Resources Limited	112 609 846	Secretary	18/07/2005	2/04/2008
Segue (Pardoo) Limited	008 957 462	Director & Secretary	12/09/2006	31/03/2008
Segue Resources Limited	112 609 846	Director	3/04/2006	31/03/2008
Mt Gould Minerals Pty Ltd	118 341 147	Director & Secretary	15/03/2006	29/08/2007
Weid Range Iron Ore Pty Ltd	118 340 686	Director & Secretary	15/03/2006	29/08/2007
Brimstone Resources Ltd	116 221 848	Director & Secretary	13/09/2005	28/08/2007
Michaelmas Holdings Pty Ltd	118 292 701	Director & Secretary	16/03/2006	17/08/2007
Prosperity Resources Limited	103 280 235	Secretary	20/10/2006	7/03/2007
333D Limited	118 159 881	Secretary	2/02/2006	31/01/2007

John Arbuckle (continued)

Company	A.C.N.	Position	Appointment Date	Cessation Date
Black Sheep Brewing Pty Ltd	119 504 808	Director & Secretary	2/05/2006	31/01/2007
Mad Monk Pty Ltd	119 504 817	Director & Secretary	2/05/2006	31/01/2007
333D Limited	118 159 881	Director	2/02/2006	26/09/2006
Calima Energy Limited	117 227 086	Director	21/11/2005	16/02/2006
Extension Hill Pty Ltd	067 128 938	Secretary	31/01/2005	1/07/2005
Geraldton Bulk Handling Pty Ltd	100 105 388	Secretary	31/12/2004	1/07/2005
Mount Gibson Iron Limited	008 670 817	Secretary	21/07/2004	1/07/2005
Mount Gibson Mining Limited	074 575 885	Secretary	31/12/2004	1/07/2005
Whtk Pty Ltd	098 602 343	Secretary	31/12/2004	1/07/2005
Maybach Consulting Pty Ltd	115 045 988	Director & Secretary	30/06/2005	30/06/2005
Counter Intelligence Australia Pty Ltd	087 846 491	Secretary	29/05/2000	11/05/2001
Eftnet Global Management Pty Ltd	092 134 337	Secretary	29/05/2000	11/05/2001
Eftnet Payment Support Pty Ltd	082 687 741	Secretary	29/05/2000	11/05/2001
Financial Business Intelligence Pty Ltd	092 134 202	Secretary	29/05/2000	11/05/2001
Programmed Electrical Technologies Ltd	089 479 676	Secretary	29/05/2000	11/05/2001
Smarter Card Pty Ltd	092 367 274	Secretary	11/09/2000	11/05/2001
Technology Rental Group Pty Ltd	087 846 482	Secretary	29/05/2000	11/05/2001
13 Paid Pty Ltd	090 780 591	Secretary	29/05/2000	11/05/2001
Virtual Learning Pty Ltd	084 557 513	Secretary	24/09/1999	21/01/2000

Garry Taylor

Company	A.C.N.	Position	Appointment Date	Cessation Date
Paramount Mining Corporation Ltd	102 426 175	Director	22/09/2017	Current
Paramount Mining Corporation Ltd	102 426 175	Secretary	22/10/2007	Current
Prosperity Resources Indonesia (Energy) Pty Ltd	146 134 849	Secretary	2/09/2010	Current
Prosperity Resources Limited	103 280 235	Secretary	29/04/2009	Current
Jumbo Graphite Resources (Tanzania) Pty Ltd	104 170 425	Secretary	29/04/2009	Current
Prosperity Resources (MT Gibson) Pty Ltd	104 170 354	Secretary	29/04/2009	Current
Prosperity Resources (Tenant Creek) Pty Ltd	122 235 643	Secretary	29/04/2009	Current
Prosperity Resources (Indonesia) Pty Ltd	137 239 082	Secretary	24/08/2010	15/10/2017
Brearley Custodians Pty Ltd	118 912 217	Director & Secretary	19/06/2009	10/06/2016
Paramount Mining (Indonesia) Pty Ltd	138 034 492	Secretary	1/07/2009	25/03/2011
Paramount Mining Indonesia (Energy) Pty Ltd	140 633 021	Secretary	18/11/2009	25/03/2011
Newcol Holdings Limited	112 382 886	Secretary	15/05/2007	3/09/2007

Lionel Liew

Company	A.C.N.	Position	Appointment Date	Cessation Date
Gobi Coal & Energy Pty Ltd	616 044 298	Director	22/11/2016	Current
Momble Pty Ltd	165 379 288	Director	19/08/2013	Current
Paramount Mining Corporation Ltd	102 426 175	Secretary	6/04/2011	Current
Prosperity Resources Limited	103 280 235	Secretary	6/04/2011	Current
Dragonrabbit Pty Ltd	602 598 274	Director	30/10/2014	Current
Savire Holdings Pty Ltd	109 883 310	Director & Secretary	5/07/2004	30/10/2011

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

BRI Ferrier

**Prosperity Resources Limited
(Administrator Appointed)
ACN 103 280 235**

**Annexure "4"
Comparative Financial Statements**

Prosperity Resources Limited (Administrator Appointed)

Comparative Balance Sheets

	As at 30-Jun-14 (\$)	As at 30-Jun-15 (\$)	As at 30-Jun-16 (\$)	As at 30-Jun-17 (\$)	As at Oct-17 (\$)
Assets					
Current Assets					
Cash at Bank	3,154	5,701	15,207	34,084	18,945
Cash on Hand	500	500	500	500	500
Debtors	27,660	27,242	660	1,742	619
Other Assets	14,986	2,211	4,888	1,203	1,203
Current Tax Assets	5,201	4,990	108	-	2,872
Total Current Assets	51,502	40,644	21,362	37,529	24,139
Non Current Assets					
Property, Plant & Equipment	2,278	1,004	-	-	-
Land & Buildings	87,960	80,377	72,774	68,983	68,983
Loans to Related Parties					
Prosperity Resources (Yalgoo) Pty Ltd	-	-	-	-	-
Prosperity Resources (Mt Gibson) Pty Ltd	-	-	-	-	-
Prosperity Resources (Tennant Creek) Pty Ltd	-	-	-	-	-
Prosperity Resources Indonesia (Energy) Pty Ltd	-	-	-	-	-
Prospindo Singapore Pte Ltd	-	-	-	-	-
Prospindo Energi Singapore Pte Ltd	-	-	-	-	-
PT Prospindo	1,000,000	-	-	-	-
Vietnam Project	-	-	-	-	-
Total Non Current Assets	1,090,238	81,381	72,774	68,983	68,983
Total Assets	1,141,740	122,025	94,137	106,513	93,122
Liabilities					
Current Liabilities					
Trade Creditors	429,208	756,628	1,056,550	132,254	142,887
Accruals	75,000	198,472	308,352	412,619	412,619
Deposits Received	1,000	1,000	1,000	1,000	1,000
Payroll Liabilities	40,293	33,139	9,593	9,593	9,593
Current Tax Liabilities	-	-	-	1,704	-
Total Current Liabilities	545,501	989,239	1,375,495	557,170	566,099
Non Current Liabilities					
Loan - RGF Ltd	529,700	653,134	674,100	674,100	674,100
Loan - Gobi Coal & Energy	-	-	-	25,914	25,914
Loan - Mo Munshi	35,000	123,181	230,480	230,480	230,480
Loan - Sebastian Hempel	-	-	-	-	26,221
Loan - Paramount Mining Corporation	258,699	272,646	248,646	248,646	248,646
Loan - PT Paramindo	-	12,244	12,244	12,244	12,244
Total Non Current Liabilities	823,399	1,061,204	1,165,469	1,191,383	1,217,603
Total Liabilities	1,368,900	2,050,443	2,540,964	1,748,553	1,783,703
Net Assets	(227,160)	(1,928,418)	(2,446,827)	(1,642,040)	(1,690,580)
Equity					
Shares to be issued	-	-	13,424	-	-
Issued & Paid Up Capital	35,995,339	35,995,339	36,046,315	37,543,360	37,543,360
Less: Cost of Offer	(559,894)	(559,894)	(559,894)	(559,894)	(559,894)
Option Reserve	3,341,772	3,341,772	3,341,772	3,341,772	3,341,772
Performance Rights Reserve	32,752	32,752	32,752	32,752	32,752
Retained Earnings	(33,209,176)	(39,037,129)	(40,738,387)	(41,321,196)	(42,000,030)
Current Earnings	(5,827,953)	(1,701,258)	(582,809)	(678,834)	(48,541)
Total Equity	(227,160)	(1,928,418)	(2,446,827)	(1,642,040)	(1,690,580)

Prosperity Resources Limited (Administrator Appointed)

Comparative Profit & Loss Statements

	FY2014	FY2015	FY2016	FY2017	PE Oct 2017
	(\$)	(\$)	(\$)	(\$)	(\$)
Income	<u>316,991</u>	<u>361,365</u>	<u>171,770</u>	<u>15,280</u>	<u>8,060</u>
Cost Of Sales					
Exploration Expenditure					
Consultants Fee	70,025	24,000	-	-	-
Consultants- R & K Global Fin	300,000	300,000	-	-	-
Other Exploration Expenditure	29,950	20,911	(20)	(2,496)	(1,344)
Transferred to Loan Acct	(399,975)	(344,911)	20	-	-
Total Exploration Expenditure	-	-	-	(2,496)	-
Total Cost Of Sales	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,496)</u>	<u>(1,344)</u>
Gross Profit	<u>316,991</u>	<u>361,365</u>	<u>171,770</u>	<u>17,776</u>	<u>9,404</u>
Expenses					
ASIC	3,554	3,080	2,348	54,565	78
Consultants - Director	125,000	65,000	395,000	395,000	-
Consultant - SD	215,625	204,375	119,219	-	-
Foreign Exchange Prof/Loss	305,553	(1,966,916)	(338,017)	-	-
Impairment charges	312,550	2,450	-	-	-
Exploration write offs	(68,997)	24,000	(20)	10,351	-
Other Expenses	206,374	123,715	165,422	236,694	57,867
Provision for Inter Group Loan	4,870,886	3,465,128	395,512	-	-
Wages	174,399	141,792	15,115	-	-
Total Expenses	<u>6,144,944</u>	<u>2,062,623</u>	<u>754,579</u>	<u>696,610</u>	<u>57,945</u>
Net Profit/(Loss)	<u>(5,827,953)</u>	<u>(1,701,258)</u>	<u>(582,809)</u>	<u>(678,834)</u>	<u>(48,541)</u>

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**Prosperity Resources Limited
(Administrator Appointed)
ACN 103 280 235**

**Annexure "5"
Deficiency Statement**

Prosperity Resources Limited (Administrator Appointed)				
Summary of RATA by Directors				
	Book Value as at 18/10/2017 (\$)	Directors' ERV (per RATA) (\$)	Administrator's ERV as at 18/10/2017 (\$)	Estimated Deficiency (\$)
Assets				
Cash on Hand	500	-	-	
Cash at Bank	18,945	18,944	18,130	
Debtors	619	-	1,742	
Plant and Equipment (WDV)	-	-	-	
Interest in Land	68,983	Withheld	400,000 *	
Other Assets	4,075	-	-	
Total Assets	93,122	18,944	419,872	
Liabilities				
Priority Creditors	9,593	9,593	9,593	
Secured Creditors	-	-	-	
Unsecured Creditors				
Trade Creditors	154,256	78,117	114,539	
Australian Taxation Office	-	-	-	
Related Parties	696,108	796,864	793,564	
Resource Global Finance Ltd	674,100	-	-	
Contingent Liabilities				
Property Bond	1,000	1,000	-	
Paramount Mining Corporation	248,646	251,872	251,872	
Australian Securities and Investments Commission	-	-	112,000	
Total Liabilities	1,783,703	1,137,446	1,281,569	
Net Asset Deficiency	(1,690,581)	(1,118,502)	(861,697)	861,697

* The value attributed to the Property is the current list price and may not reflect the market or recoverable value.

Prosperity Resources Limited (Administrator Appointed)				
Deficiency Statement				
		Amount(\$)	Amount(\$)	
Deficiency of Assets to Liabilities				861,697
Add: Loss of Share Capital		40,357,990		
Estimated Total Deficiency				41,219,687
These losses are represented by:				
a) Accumulated Losses				
Accumulated Losses as at 30 June 2014		39,037,129		
Current Losses as at 30 June 2015		1,701,258		
Current Losses as at 30 June 2016		582,809		
Current Losses as at 30 June 2017		678,834		
Current Losses as at 18 October 2017		48,541		
		42,048,571		42,048,571
b) Estimated Loss on Realisation of Assets disclosed in Balance Sheet				
	Book Value as at 18/10/2017 (\$)	Administrator's ERV as at 18/10/2017 (\$)	Loss on Realisation (\$)	
Assets				
Cash on Hand	500	-	(500)	
Cash at Bank	18,945	18,130	(815)	
Plant and Equipment (WDV)	-	-	-	
Other Assets	4,075	-	(4,075)	
Total Assets	23,520	18,130	(5,389)	5,389
c) Estimated Profit on Realisation of Assets disclosed in Balance Sheet				
	Book Value as at 18/10/2017 (\$)	Administrator's ERV as at 18/10/2017 (\$)	Profit on Realisation (\$)	
Assets				
Debtors	619	1,742	1,123	
Interest in Land	68,983	400,000	331,017	
Total Assets	69,603	401,742	332,139	(332,139)
d) Reduction in Creditor Claims Disclosed in Balance Sheet				
	Book Value as at 18/10/2017 (\$)	Administrator's ERV as at 18/10/2017 (\$)	Unreported Liabilities (\$)	
Liabilities				
Priority Creditors	9,593	9,593	-	
Secured Creditors	-	-	-	
Unsecured Creditors				
Trade Creditors	154,256	114,539	(39,717)	
Australian Taxation Office	-	-	-	
Related Parties	696,108	793,564	97,456	
Resource Global Finance Ltd	674,100	-	(674,100)	
Contingent Liabilities				
Property Bond	1,000	-	(1,000)	
Paramount Mining	248,646	251,872	3,227	
Australian Securities and Investments Commission	-	112,000	112,000	
Total Liabilities	1,783,703	1,281,569	(502,134)	(502,134)
Difference				(0)
Deficiency as Above				41,219,687

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**Prosperity Resources Limited
(Administrator Appointed)
ACN 103 280 235**

**Annexure "6"
Administrator's Receipts and
Payments**

**Prosperity Resources Limited
(Administrator Appointed)**

**Administrator's Summary of Receipts and Payments
To 14 November 2017**

RECEIPTS	Total (AUD)
Cash at Bank	18,130.13
	<hr/>
	18,130.13
	<hr/>
PAYMENTS	
Bank Charges	3.70
	<hr/>
	3.70
Balances in Hand	18,126.43
	<hr/>
	18,130.13
	<hr/> <hr/>

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**Prosperity Resources Limited
(Administrator Appointed)
ACN 103 280 235**

**Annexure "7"
Remuneration Approval Report**

Remuneration Approval Report

**Prosperity Resources Limited
(Administrator Appointed)**

A.C.N. 103 280 235

14 November 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
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PROSPERITY

BRI Ferrier

TABLE OF CONTENTS

1	DECLARATION	3
2	EXECUTIVE SUMMARY	3
3	DESCRIPTION OF WORK COMPLETED / TO BE COMPLETED IN VOLUNTARY ADMINISTRATION	4
	3.1 Remuneration for the period 18 October 2017 to 10 November 2017	4
4	CALCULATION OF REMUNERATION	8
5	DESCRIPTION OF WORK TO BE COMPLETED IN VOLUNTARY ADMINISTRATION ..	9
	5.1 Remuneration for the period 11 November 2017 to the Conclusion of the Administration	9
6	LIQUIDATOR'S REMUNERATION FOR THE PERIOD 22 NOVEMBER 2017 TO CONCLUSION	12
7	STATEMENT OF REMUNERATION CLAIM	16
8	REMUNERATION RECOVERABLE FROM EXTERNAL SOURCES	17
9	DISBURSEMENTS	17
10	SUMMARY OF RECEIPTS AND PAYMENTS	18
11	QUERIES & INFORMATION SHEET	19

1 DECLARATION

I, Peter Krejci, of Bri Ferrier (NSW) Pty Ltd have undertaken a proper assessment of this remuneration claim for my appointment as Voluntary Administrator of Prosperity Resources Limited (Administrator Appointed) in accordance with the law and applicable professional standards. I am satisfied that the remuneration claimed is in respect of necessary work, properly performed, or to be properly performed, in the conduct of the Administration.

2 EXECUTIVE SUMMARY

To date, no remuneration has been approved and paid in this administration. This remuneration report details approval sought for the following fees:

Period	Report Reference	Amount (\$, ex GST)
Resolution [1]: <i>Administrator's remuneration for the period 18 October 2017 to 10 November 2017</i>	[3.1]	\$51,570.50
Resolution [2]: <i>Administrator's remuneration for the period 11 November 2017 to the Conclusion of the Administration</i>	[5.1]	\$23,429.50
Sub-total:		\$75,000.00
<u>If the Creditors resolve to wind up the Company:</u>		
Resolution [3]: <i>Liquidator's remuneration for the period 22 November 2017 to the conclusion of the Liquidation</i>	[6]	\$70,000.00
Sub-total:		\$70,000.00

Please refer to report section references detailed above for full details of the calculation and composition of the remuneration approval sought.

I note that the current remuneration approval sought is better than the estimate of costs provided in the Initial Remuneration Notice dated 20 October 2017.

3 DESCRIPTION OF WORK COMPLETED / TO BE COMPLETED IN VOLUNTARY ADMINISTRATION

The tables below provide a summary of the work completed / to be completed by me and my staff in the Administration.

Company	Prosperity Resources Limited	Period From	18/10/2017	To	10/11/2017
Practitioner	Peter Krejci	Firm	BRI FERRIER (NSW) PTY LTD		
Administration Type	Voluntary Administration				

3.1 REMUNERATION FOR THE PERIOD 18 OCTOBER 2017 TO 10 NOVEMBER 2017

Task Area	General Descriptions	Includes
Assets 6.70 Hours \$2,974.50	Cash at Bank	Liaising with Bank West regarding the transfer of funds
	Plant and Equipment	Preparing and issuing correspondence to the Department of Transport WA Reviewing asset listings Liaising with Directors regarding estimated realisation value of plant and equipment Liaising with valuers regarding collection of the equipment and prospects of a recovery Liaising with BRI WA office regarding disclaiming the equipment
	Sale of Real Property	Liaising with Elders Real Estate regarding the sale of the Tennant Creek property Perusal of the property appraisal, agency agreement and marketing / sales strategy Liaising with Directors regarding potential sale Liaising with valuers regarding a formal valuation

Task Area	General Descriptions	Includes
Creditors 31.40 Hours \$14,736.00		Liaising with the tenants regarding existing rental arrangement and intention to sell the property
	Creditor Enquiries	Liaising with ASIC regarding legal proceedings Perusal of legal documentation Corresponding with interested parties regarding potential DOCA Maintaining creditor enquiry register Review and prepare correspondence to creditors and their representatives by facsimile, email and post Discussion with creditors regarding dealings with the Company
	Creditor reports	Preparing and issuing First Report to Creditors regarding notification of appointment and convening First Meeting of Creditors Preparing and issuing Second Report to Creditors detailing investigations and convening Second Meeting of Creditors
	First Meeting of Creditors	Preparation of meeting notices, proxies and advertisements Sending 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, Presentation and draft minutes of meeting. Preparation and lodgement of minutes of meetings with ASIC Responding to stakeholder queries and questions immediately following meeting
	Second Meeting of Creditors	Preparation of meeting notices, proxies and advertisements
	Dealing with proofs of debt	Receipting and filing Proofs when not related to a dividend

Task Area	General Descriptions	Includes
Investigation 45.90 Hours \$20,497.50	Shareholder enquires	Preparing initial correspondences to shareholders regarding notification of appointment Reviewing ASX listing and related announcements
	Conducting investigation	Collection of company books and records Reviewing company's books and records Reviewing group structure and trading history Summarising group structure and subsidiary entities Preparation of narrative of business nature and history Conducting and summarising statutory searches Perusal of consolidated annual reports Perusal of MYOB records i.e. management accounts and general ledgers Preparation of comparative financial statements Preparation of deficiency statement Performing an unrelated and related creditor preference analysis Preparation of capital and loss schedule Performing a reconciliation of the Company's cash flow over time, including funds raised and expenses paid Performing working capital analysis Review of specific transactions and liaising with directors regarding certain transactions Preparation of investigation file Investigating other potential voidable transactions Investigating potential insolvent trading claim Internal meetings regarding the above matters
Administration 36.00 Hours \$13,362.50	Correspondence	All other correspondence not discussed above
	Document maintenance/file review/checklist	Filing of documents File reviews Updating checklists
	Insurance	Identification of potential issues requiring attention of insurance specialists

Task Area	General Descriptions	Includes
		Correspondence with insurer regarding initial insurance requirements Reviewing insurance policies Correspondence with previous brokers
	Bank account administration	Preparing correspondence opening and closing accounts Requesting bank statements Bank account reconciliations Correspondence with bank regarding specific transfers
	ASIC Form 524 and other forms	Preparing and lodging ASIC forms including 505, 531, 507 etc
	ATO and other statutory reporting	Notification of appointment
	Planning / Review	Discussions regarding status of administration Correspondence with Directors and staff regarding administration process
TOTAL 120.00 Hours \$51,570.50 (Excl. GST)		

4 CALCULATION OF REMUNERATION

Prosperity Resources Limited (Administrators Appointed)
 Summary of Administrator's Remuneration
 For the Period 18 October 2017 to 10 November 2017

Staff Classification	Name	Office	Charge Rate per Hour		Assets		Creditors		Investigation		Administration		Total	
			\$	Hour	Hrs	\$	Hrs	\$	Hrs	Hrs	\$	Hrs	\$	Hrs
Appointee	Peter Krejci	NSW	650.00		0.00		1.7	1,105.00	6.7	4,355.00	6.4	4,160.00	14.8	9,620.00
Director	John Keenan	NSW	540.00		1,728.00		9.4	5,076.00	6.9	3,726.00	4.1	2,214.00	23.6	12,744.00
Senior Manager	Nicholas Wong	NSW	500.00		200.00		6.8	3,400.00	2.2	1,100.00	1.8	900.00	11.2	5,600.00
Manager	Denis Brodschii	WA	470.00		0.00			0.00		0.00	0.3	141.00	0.3	141.00
Supervisor	Katherine La	NSW	400.00		880.00		12.1	4,840.00	25.9	10,360.00	3.7	1,480.00	43.9	17,560.00
Senior 1	Kira Yu	NSW	340.00		0.00			0.00	0.1	34.00		0.00	0.1	34.00
Senior 2	Costa Kambourglou	NSW	275.00		0.00			0.00		0.00	0.4	110.00	0.4	110.00
Intermediate 1	William	WA	230.00		0.00			0.00		0.00	2.5	575.00	2.5	575.00
Intermediate 1	Jonathan Carter	WA	230.00		0.00			0.00		0.00	2.5	575.00	2.5	575.00
Intermediate 2	Thomas Bodell	NSW	225.00		0.00		1.4	315.00	4.1	922.50	9.8	2,205.00	15.3	3,442.50
Intermediate 2	Xiaoyan Lin	NSW	225.00		0.00			0.00		0.00	4.0	900.00	4.0	900.00
Senior Administration	Sonia Stelmach	NSW	210.00		0.00			0.00		0.00	0.4	84.00	0.4	84.00
Intermediate 2	Jared Anderson	WA	185.00		166.50			0.00		0.00	0.1	18.50	1.0	185.00
Total					<u>6.7</u>	<u>2,974.50</u>	<u>31.4</u>	<u>14,736.00</u>	<u>45.9</u>	<u>20,497.50</u>	<u>36.0</u>	<u>13,362.50</u>	<u>120.0</u>	<u>51,570.50</u>
Average rate per hour					<u>443.96</u>		<u>469.30</u>		<u>446.57</u>		<u>371.18</u>		<u>515.75</u>	
													GST	<u>5,157.05</u>
													Total (incl GST)	<u>\$56,727.55</u>
														<u>429.75</u>

5 DESCRIPTION OF WORK TO BE COMPLETED IN VOLUNTARY ADMINISTRATION

The tables below provide a summary of the work to be completed by me and my staff in the Administration.

Company	Prosperity Resources Limited	Period From	11/11/2017	To	Conclusion
Practitioner	Peter Krejci	Firm	BRI FERRIER (NSW) PTY LTD		
Administration Type	Voluntary Administration				

5.1 REMUNERATION FOR THE PERIOD 11 NOVEMBER 2017 TO THE CONCLUSION OF THE ADMINISTRATION

Task Area	General Descriptions	Includes
Assets 5.50 Hours \$2,610.00	Plant and Equipment	Reviewing asset listings Liaising with BRI WA office regarding intention to disclaim the plant and equipment
	Sale of Real Property	Liaising with Elders Real Estate regarding the sale of the Tennant Creek property Perusal of formal valuations from various valuers Liaising with the tenants regarding the status of the sale of the property
Creditors 31.00 Hours \$14,430.00	Creditor Enquiries	Maintaining creditor enquiry register Review and prepare correspondence to creditors and their representatives by facsimile, email and post Discussion with creditors regarding dealings with the Company

Task Area	General Descriptions	Includes
	Creditor reports	Further preparation and issuance of Second Report to Creditors detailing investigations and convening Second Meeting of Creditors
	Second Meeting of Creditors	<p>Preparation of meeting notices, proxies and advertisements</p> <p>Sending Notice to all known creditors</p> <p>Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting, Second Report to Creditors, advertisement of meeting and draft minutes of meeting.</p> <p>Preparation and lodgement of minutes of meetings with ASIC</p> <p>Responding to stakeholder queries and queries immediately following meeting</p>
	Dealing with proofs of debt	<p>Receipting and filing Proofs when not related to a dividend</p> <p>Adjudication of creditor claims for meeting purposes</p>
	Shareholder enquires	<p>Responding to shareholder queries</p> <p>Reviewing ASX listing and related announcements</p>

Task Area	General Descriptions	Includes
<p>Investigation</p> <p>7.00 Hours</p> <p>\$5,055.00</p>	<p>Conducting investigation</p>	<p>Collection of company books and records</p> <p>Reviewing company's books and records</p> <p>Preparation of narrative of business nature and history</p> <p>Summarising statutory searches</p> <p>Further perusal of consolidated annual reports</p> <p>Further perusal of MYOB records i.e. management accounts and general ledgers</p> <p>Perusal of comparative financial statements and identification of historical trading behaviours</p> <p>Perusal of deficiency statement and identification of reasons for the Company's failure</p> <p>Performing an unrelated and related creditor analysis for working capital deficiency</p> <p>Perusal of capital and loss schedule</p> <p>Performing a reconciliation of the Company's cash flow over time, including funds raised and expenses paid</p> <p>Performing adjusted working capital analysis</p> <p>Review of specific transactions and liaising with directors regarding certain transactions</p> <p>Preparation of investigation file</p> <p>Investigating other potential voidable transactions</p> <p>Investigating other potential insolvent trading claim</p> <p>Internal meetings regarding the above matters</p>
<p>Administration</p>	<p>Correspondence</p>	<p>All other correspondence not discussed above</p>
<p>6.00 Hours</p> <p>\$1,334.50</p>	<p>Document maintenance/file review/checklist</p>	<p>Filing of documents</p> <p>File reviews</p> <p>Updating checklists</p>
	<p>Planning / Review</p>	<p>Discussions regarding status of administration</p> <p>Correspondence with Directors and staff regarding administration process</p>
<p>TOTAL</p> <p>53.0 Hours</p> <p>\$23,429.50</p> <p>(excl. GST)</p>		

6 LIQUIDATOR'S REMUNERATION FOR THE PERIOD 22 NOVEMBER 2017 TO CONCLUSION

Company	Prosperity Resources Limited	Period From	22/11/2017	To	Conclusion
Practitioner	Peter Krejci	Firm	BRI FERRIER (NSW) PTY LTD		
Administration Type	Creditors' Voluntary Liquidation				

At the forthcoming meeting, Creditors may resolve to place the Company into Liquidation and to appoint Peter Krejci as Liquidator of same. The Liquidator will seek the approval of Creditors to be paid remuneration for services rendered in the Liquidation from the date of the resolution being passed to the completion of the Liquidation. A summary of the expected major tasks and costs relating to the professional services for this period is set out below.

Task Area	General Descriptions	Includes
Assets 35.00 Hours \$16,000.00	Sale of Real Property	Liaising with Elders Real Estate regarding the status of the sale of the Tennant Creek property Liaising with the tenants regarding the status of the sale of the property Preparation of and execution of sales contract All tasks associated with the sale of the property Internal meetings to discuss/review offers received
Creditors 39.00 Hours \$17,500.00	Creditor Enquiries	Liaising with ASIC regarding status of legal proceedings Receive and follow up creditor enquiries by telephone Maintaining creditor enquiry register Review and prepare correspondence to creditors and their representatives by facsimile, email and post
	Creditor reports	Preparing Statutory Report to Creditors regarding investigations and general reports to creditors

Task Area	General Descriptions	Includes
	Meeting of Creditors	<p>Preparation of meeting notices, proxies and advertisements</p> <p>Sending Notice of Meeting to all known creditors</p> <p>Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting, Presentation and draft minutes of meeting.</p> <p>Preparation and lodgement of minutes of meetings with ASIC</p> <p>Responding to stakeholder queries and questions immediately following meeting</p>
	Dealing with proofs of debt	<p>Receipting and filing Proofs when not related to a dividend</p> <p>Adjudication of creditor claims for meeting purposes</p>
	Shareholder enquires	<p>Responding to shareholder queries</p> <p>Reviewing ASX listing and related announcements</p>
<p>Employees</p> <p>14.50 Hours</p> <p>\$6,500.00</p>	Employees enquiry	<p>Receive and follow up employee enquiries by telephone</p> <p>Maintain employee enquiry register</p> <p>Review and prepare correspondence to creditors and their representatives by facsimile, email and post</p>
	Fair Entitlements Guarantee	<p>Correspondence with FEG</p> <p>Preparing notification spreadsheet</p> <p>Preparing FEG quotations</p> <p>Preparing FEG distributions</p>
	Calculation of entitlements	<p>Calculating employee entitlements</p> <p>Reviewing employee files and company's books and records</p> <p>Reconciling superannuation accounts</p> <p>Reviewing awards</p> <p>Liaising with solicitors regarding entitlements</p>

Task Area	General Descriptions	Includes
	Employee dividend	<ul style="list-style-type: none"> Correspondence with employees regarding dividend Correspondence with ATO regarding SGC proof of debt Calculating dividend rate Preparing dividend file Advertising dividend notice Preparing distribution Receipting Proofs Adjudicating Proofs Ensuring PAYG is remitted to ATO
	Other employee issues	<ul style="list-style-type: none"> Correspondence with Child Support Correspondence with Centrelink
Dividend 33.00 Hours \$15,000.00	Processing proofs of debt	<ul style="list-style-type: none"> Preparation of correspondence to potential creditors inviting lodgement of Proofs Receipt of Proofs Maintain Proofs of Debt register Adjudicating Proofs of Debt Request further information from claimants regarding Proofs 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 Preparation of dividend file Preparation of payment vouchers to pay dividend Preparation of correspondence to creditors enclosing payment of dividend

Task Area	General Descriptions	Includes
Investigation 21.00 Hours \$10,000.00	Conducting investigation	Collection of company books and records Reviewing company's books and records Preparation of narrative of business nature and history Summarising statutory searches Further perusal of consolidated annual reports Further perusal of MYOB records i.e. management accounts and general ledgers Perusal of comparative financial statements and identification historical trading behaviours Perusal of deficiency statement and identification of reasons for the Company's failure Performing an unrelated and related creditor preference analysis Perusal of capital and loss schedule Performing a reconciliation of the Company's cash flow over time, including funds raised and expenses paid Performing adjusted working capital analysis Review of specific transactions and liaising with directors regarding certain transactions Preparation of investigation file Investigating other potential voidable transactions Investigating potential insolvent trading claim Internal meetings regarding the above matters
Administration 23.00 Hours \$5,000.00	Correspondence	All other correspondence not discussed above
	Document maintenance/file review/checklist	First month, then six monthly administration review Filing of documents File reviews Updating checklists
	Insurance	Correspondence with insurer regarding ongoing insurance requirements
	Bank account administration	Bank account reconciliations

Task Area	General Descriptions	Includes
	ASIC Form 524 and other forms	Preparing and lodging ASIC forms including 505, 524 etc Correspondence with ASIC regarding statutory forms
	ATO and other statutory reporting	Preparing BASs
	Finalisation	Notifying ATO of finalisation Cancelling ABN / GST / PAYG registration Completing checklists Finalising WIP
	Planning / Review	Discussions regarding status of administration Correspondence with Directors and staff regarding administration process
	Books and records / storage	Dealing with records in storage Sending job files to storage
TOTAL 165.50 Hours \$70,000.00 (Excl. GST)		

7 STATEMENT OF REMUNERATION CLAIM

By Resolution, I will be seeking approval from the Creditors for the following resolutions:

Resolution 1: Administrator’s Remuneration for the period 18 October 2017 to 10 November 2017

“That the remuneration of the Administrator, his partners and staff for the period 18 October 2017 to 10 November 2017, be calculated on a time basis in accordance with the rates of charge annexed to the Voluntary Administrator’s Second Report to Creditors dated 14 November 2017, be fixed and approved at \$51,570.50 (plus GST), and that the Voluntary Administrator be authorised to draw that amount.”

Resolution 2: Administrator’s Remuneration for the period 11 November 2017 to the Conclusion of the Administration

“That the remuneration of the Administrator, his partners and staff for the period 11 November 2017 to the conclusion of the Administration, be calculated on a time basis in accordance with the rates of charge

annexed to the Voluntary Administrator's Second Report to Creditors dated 14 November 2017, be fixed and approved at \$23,429.50 (plus GST), and that the Voluntary Administrator be authorised to draw that amount as and when incurred."

If the Company is wound up:

Resolution 6: Liquidator's Remuneration for the period 22 November 2017 to Conclusion

"That the remuneration of the Liquidator, his partners and staff for the period 22 November 2017 to the conclusion of the Liquidation, be calculated on a time basis in accordance with the rates of charge annexed to the Voluntary Administrator's Second Report to Creditors dated 14 November 2017, and approved to an interim cap of \$70,000.00 (plus GST), and that the Liquidator be authorised to draw that amount as and when incurred."

At this time, I do not anticipate seeking approval for any further remuneration other than as set out in this report. Should further issues arise as a result of my investigations and I wish to seek further remuneration then I will be required to convene a meeting of the creditors and present a report detailing the remuneration sought and explaining the additional work that was necessarily performed.

8 REMUNERATION RECOVERABLE FROM EXTERNAL SOURCES

I advise that to date, I have not recovered any remuneration from external sources.

9 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 be charge 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 have undertaken a proper assessment of disbursements claimed for the Company, in accordance with the law and applicable professional standards. I am satisfied that the disbursements claimed are necessary and proper.

To date, I have incurred the following disbursements:-

Disbursements	Basis	Total (excl. GST)
<i>Externally provided professional services</i>		
Estimated Legal costs (Hall & Wilcox)	At cost	\$5,000.00
<i>Externally provided non-professional services</i>		
ASIC Statutory Advertising	At cost	\$5.00
<i>Internal disbursements</i>		
Photocopying	\$0.25 per page	\$452.50
Postage	At cost	\$93.28
Total		\$5,550.78

I advise that to date, I have not been paid any disbursements incurred during this Administration by my Firm.

I am required to seek creditor approval for internal disbursements where there could be a profit or advantage. Accordingly, I will be seeking approval from creditors for the following resolution:

Resolution 7: Voluntary Administrator’s Internal Disbursements for the period 18 October 2017 to the Conclusion of the Administration:

“That the Voluntary Administrator be allowed internal disbursements at the rates of charge annexed to the Voluntary Administrator’s Remuneration Approval Report dated 14 November 2017, up to an amount of \$3,000.00 (plus GST) and that the Voluntary Administrator be authorised to draw that amount as accrued.”

Resolution 8: Liquidator’s Internal Disbursements for the period 22 November 2017 to Conclusion:

“That the Liquidator be allowed internal disbursements at the rates of charge annexed to the Voluntary Administrator’s Remuneration Approval Report dated 14 November 2017, up to an amount of \$3,000.00 (plus GST) and that the Liquidator be authorised to draw that amount as accrued.”

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

Internal Disbursements	Rate (Excl. GST) (\$)
Photocopying/Printing	\$0.25 per page
Facsimile	\$0.25 per page
Postage	At cost
Staff vehicle use	In accordance with ATO mileage allowances

11 QUERIES & INFORMATION SHEET

The above information is provided to assist creditors with the appropriateness of the remuneration claims that are being made.

Creditors should contact the Liquidator's office to seek further information concerning the remuneration claimed if they so require.

The Australian Restructuring, Insolvency and Turnaround Association ("ARITA") has produced a document entitled "Creditors Information Sheet: Approving Remuneration in External Administrations" which can be downloaded from the ARITA website, www.arita.com.au, or can be obtained from this office.

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BRI Ferrier

**Prosperity Resources Limited
(Administrator Appointed)
ACN 103 280 235**

**Annexure "8"
Advice to Creditors About
Remuneration**

ADVICE TO CREDITORS ABOUT REMUNERATION

Insolvency Practice Schedule (Corporations) 70-50

Insolvency Practice Rules (Corporations) 70-35

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.

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 above 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, we will seek their approval.

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.

As staff from both our New South Wales ("NSW") and Western Australian ("WA") offices have been engaged in the administration, the hourly rates for both offices are set out on the following page and staff from each office will charge at their applicable hourly rate.

Title	Description	NSW Hourly Rate (ex GST)	WA Hourly Rate FY2017 (ex GST)	WA Hourly Rate FY2018 (ex 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	\$600	\$630
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	\$550	\$575
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	\$500	\$525
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	\$475	\$495
Manager	An accountant with at least 6 years' experience. Typically qualified with well-developed technical and commercial skills. Controls and plans all aspects of medium to larger appointments, reporting to the Team Leader.	\$480	\$450	\$470
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	\$400	\$420
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	\$320	\$330
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	\$280	\$290
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	\$230	\$240
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	\$180	\$185
Senior Administration	Appropriately skilled and undertakes support activities including but not limited to treasury, word processing and other administrative, clerical and secretarial tasks.	\$210	\$180	\$185
Junior Administration	Appropriately skilled and undertakes support activities including but not limited to treasury, word processing and other administrative, clerical and secretarial tasks.	\$150	\$150	\$155

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 be 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 internal disbursements in this administration are provided below:

➤ NSW Office

Internal Disbursements	Rate (Excl. GST) (\$)
Printing / Photocopying	\$0.25 per page
Facsimile	\$0.25 per page
Staff vehicle use	In accordance with ATO mileage allowances

➤ WA Office

Internal Disbursements	Rate (Excl. GST) (\$)
Printing / Photocopying	\$0.65 per page
Scanning	\$0.10 per page
Facsimile	\$1.00 per page
Stationery	\$10.00 per file
Staff vehicle use	As per ATO prescribed rate

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**Prosperity Resources Limited
(Administrator Appointed)
ACN 103 280 235**

**Annexure "9"
Guide to ASIC Creditor Information
Sheets**



ASIC

Australian Securities & Investments Commission

Insolvency

Resources on insolvency for directors, practitioners, employees, creditors and investors

An insolvent company is one that is unable to pay its debts when they fall due for payment.

The three most common corporate insolvency procedures are voluntary administration, liquidation and receivership. The personal insolvency procedures that apply to a person, not a company, are bankruptcy and personal insolvency agreements. For more information on these personal insolvency procedures refer to the [Australian Financial Security Authority \(AFSA\)](#).

ASIC has a number of insolvency [information sheets](#) to assist you if you're affected by a company's insolvency and have little or no knowledge of what's involved.

To track insolvency trends in Australia, ASIC publishes monthly [statistics](#) on both the number of companies entering external administration for the first time and the number of insolvency appointments recorded in that period.

You can search and browse insolvency and deregistration notices on the ASIC-sponsored [published notices website](#).

More in this section

- › For directors What to do if your company is in financial difficulty and your role during external administration.
- › For creditors Your rights as a creditor when a company is in external administration.
- › For employees What are your options if your employer is in financial trouble, your rights in external administration, Fair Entitlements Guarantee (FEG)/General Employee Entitlements and Redundancy Scheme (GEERS).
- › For investors How does external administration affect you if you have invested in debentures or a managed investment scheme.
- › For shareholders How does external administration affect shareholders?
- › For liquidators How to register as a liquidator. Your ongoing obligations, including reporting, how to lodge documents.

Related links

- [Types of insolvency](#)
- [Bankruptcy and personal insolvency agreements – AFSA website](#)
- [Insolvency information sheets](#)
- [Insolvency terms](#)
- [Latest insolvency statistics](#)
- [Regulatory index – insolvency](#)
- [Published notices website](#)

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**Prosperity Resources Limited
(Administrator Appointed)
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**Annexure "10"
ARITA Information Sheet**

Creditor Information Sheet

Offences, Recoverable Transactions and Insolvent Trading



Offences

A summary of offences under the Corporations Act that may be identified by the administrator:

180	Failure by company officers to exercise a reasonable degree of care and diligence in the exercise of their powers and the discharge of their duties.
181	Failure to act in good faith.
182	Making improper use of their position as an officer or employee, to gain, directly or indirectly, an advantage.
183	Making improper use of information acquired by virtue of the officer's position.
184	Reckless or intentional dishonesty in failing to exercise duties in good faith for a proper purpose. Use of position or information dishonestly to gain advantage or cause detriment. This can be a criminal offence.
198G	Performing or exercising a function or power as an officer while a company is under administration.
206A	Contravening a court order against taking part in the management of a corporation.
206A, B	Taking part in the management of corporation while being an insolvent, for example, while bankrupt.
206A, B	Acting as a director or promoter or taking part in the management of a company within five years after conviction or imprisonment for various offences.
209(3)	Dishonest failure to observe requirements on making loans to directors or related companies.
254T	Paying dividends except out of profits.
286	Failure to keep proper accounting records.
312	Obstruction of an auditor.
314-7	Failure to comply with requirements for the preparation of financial statements.
437D(5)	Unauthorised dealing with company's property during administration.
438B(4)	Failure by directors to assist administrator, deliver records and provide information.
438C(5)	Failure to deliver up books and records to the administrator.
590	Failure to disclose property, concealed or removed property, concealed a debt due to the company, altered books of the company, fraudulently obtained credit on behalf of the company, material omission from Report as to Affairs or false representation to creditors.

Recoverable Transactions

Preferences

A preference is a transaction, such as a payment by the company to a creditor, in which the creditor receiving the payment is preferred over the general body of creditors. The relevant period for the payment commences six months before the commencement of the liquidation. The company must have been insolvent at the time of the transaction, or become insolvent because of the transaction.

Where a creditor receives a preference, the payment is voidable as against a liquidator and is liable to be paid back to the liquidator subject to the creditor being able to successfully maintain any of the defences available to the creditor under the Corporations Act.

Uncommercial Transaction

An uncommercial transaction is one that it may be expected that a reasonable person in the company's circumstances would not have entered into, having regard to:

- the benefit or detriment to the company;
- the respective benefits to other parties; and,
- any other relevant matter.

To be voidable, an uncommercial transaction must have occurred during the two years before the liquidation. However, if a related entity is a party to the transaction, the period is four years and if the intention of the transaction is to defeat creditors, the period is ten years.

The company must have been insolvent at the time of the transaction, or become insolvent because of the transaction.

Unfair Loan

A loan is unfair if and only if the interest was extortionate when the loan was made or has since become extortionate. There is no time limit on unfair loans – they only must be entered into before the winding up began.

Arrangements to avoid employee entitlements

If an employee suffers loss because a person (including a director) enters into an arrangement or transaction to avoid the payment of employee entitlements, the liquidator or the employee may seek to recover compensation from that person. It will only be necessary to satisfy the court that there was a breach on the balance of probabilities. There is no time limit on when the transaction occurred.

Unreasonable payments to directors

Liquidators have the power to reclaim '*unreasonable payments*' made to directors by companies prior to liquidation. The provision relates to payments made to or on behalf of a director or close associate of a director. The transaction must have been unreasonable, and have been entered into during the 4 years leading up to a company's liquidation, regardless of its solvency at the time the transaction occurred.

Voidable charges

Certain charges over company property are voidable by a liquidator:

- circulating security interest created within six months of the liquidation, unless it secures a subsequent advance;
- unregistered security interests;
- security interests in favour of related parties who attempt to enforce the security within six months of its creation.

Insolvent trading

In the following circumstances, directors may be personally liable for insolvent trading by the company:

- a person is a director at the time a company incurs a debt;
- the company is insolvent at the time of incurring the debt or becomes insolvent because of incurring the debt;
- at the time the debt was incurred, there were reasonable grounds to suspect that the company was insolvent;
- the director was aware such grounds for suspicion existed; and
- a reasonable person in a like position would have been so aware.

The law provides that the liquidator, and in certain circumstances the creditor who suffered the loss, may recover from the director, an amount equal to the loss or damage suffered. Similar provisions exist to pursue holding companies for debts incurred by their subsidiaries.

A defence is available under the law where the director can establish:

- there were reasonable grounds to expect that the company was solvent and they did so expect;
- they did not take part in management for illness or some other good reason; or
- they took all reasonable steps to prevent the company incurring the debt.

The proceeds of any recovery for insolvent trading by a liquidator are available for distribution to the unsecured creditors before the secured creditors.

Important note: This information sheet contains a summary of basic information on the topic. It is not a substitute for legal advice. Some provisions of the law referred to may have important exceptions or qualifications. This document may not contain all of the information about the law or the exceptions and qualifications that are relevant to your circumstances.

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BRI Ferrier

**Prosperity Resources Limited
(Administrator Appointed)**

ACN 103 280 235

Annexure "11"

Form 535: Formal Proof of Debt

FORM 535
CORPORATIONS ACT 2001

Subregulation 5.6.49(2)

FORMAL PROOF OF DEBT OR CLAIM (GENERAL FORM)
PROSPERITY RESOURCES LTD
(ADMINISTRATOR APPOINTED)
ACN 103 280 235

To the Administrator of Prosperity Resources Limited (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⁾ <small>state how the debt arose</small>	Amount \$	CST 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.

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

**Prosperity Resources Limited
(Administrator Appointed)
ACN 103 280 235**

**Annexure "12"
Proxy Form**

APPOINTMENT OF PROXY

PROSPERITY RESOURCES LIMITED
(ADMINISTRATOR APPOINTED)
ACN 103 280 235 ("the Company")

*I/*We⁽¹⁾.....of.....
.....a creditor of Prosperity Resources Limited,
appoint⁽²⁾..... or in his or her absence
..... as *my/our general/special proxy to vote at the Second
Meeting of Creditors of the Company to be held on Wednesday, 22 November 2017 at 12:00 noon AEST, or at
any adjournment of that meeting.

Please mark any boxes with an X

Proxy Type: General Special

	For	Against	Abstain
<p>Resolution 1: <i>"That the remuneration of the Administrator, his partners and staff for the period 18 October 2017 to 10 November 2017, be calculated on a time basis in accordance with the rates of charge annexed to the Voluntary Administrator's Second Report to Creditors dated 14 November 2017, be fixed and approved at \$51,570.50 (plus GST), and that the Voluntary Administrator be authorised to draw that amount."</i></p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p>Resolution 2: <i>"That the remuneration of the Administrator, his partners and staff for the period 11 November 2017 to the Conclusion of the Administration, be calculated on a time basis in accordance with the rates of charge annexed to the Voluntary Administrator's Second Report to Creditors dated 14 November 2017, be fixed and approved at \$23,429.50 (plus GST), and that the Voluntary Administrator be authorised to draw that amount as and when incurred."</i></p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p>Resolution 3: <i>"That the Company execute a Deed of Company Arrangement."</i></p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p>Resolution 4: <i>"That the Voluntary Administration should end."</i></p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

<p>Resolution 5: <i>"That the Company be wound up."</i></p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p>Resolution 6 – If creditors resolve to wind up the Company: <i>"That the remuneration of the Liquidator, his partners and staff for the period 22 November 2017 to the conclusion of the Liquidation, be calculated on a time basis in accordance with the rates of charge annexed to the Voluntary Administrator's Second Report to Creditors dated 14 November 2017, and approved to an interim cap of \$70,000.00 (plus GST), and that the Liquidator be authorised to draw that amount as and when incurred."</i></p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p>Resolution 7: <i>"That the Voluntary Administrator be allowed internal disbursements at the rates of charge annexed to the Voluntary Administrator's Remuneration Approval Report dated 14 November 2017, up to an amount of \$3,000.00 (plus GST) and that the Voluntary Administrator be authorised to draw that amount as accrued."</i></p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p>Resolution 8: <i>"That the Liquidator be allowed internal disbursements at the rates of charge annexed to the Voluntary Administrator's Remuneration Approval Report dated 14 November 2017, up to an amount of \$3,000.00 (plus GST) and that the Liquidator be authorised to draw that amount as accrued."</i></p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p>Resolution 9 – If creditors resolve to wind up the Company: <i>"That subject to the consent of the Australian Securities & Investment Commission, the Liquidator be approved to destroy the books and records of the Company at any time after the dissolution of the Company."</i></p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

INSTRUCTIONS FOR COMPLETING:

- * Strike out if inapplicable.
- (1) Insert name and address. 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.

DATED thisday of 2017

Signature

Proxies should be returned to the offices of BRI Ferrier (NSW) Pty Ltd by 2.00pm AEST one (1) business day prior to the meeting by:

Email: Kla@brifnsw.com.au, or Fax: (02) 8263 2399, or Post: GPO Box 7079 SYDNEY NSW 2001

CERTIFICATE OF WITNESS – (This certificate is to be completed only if the person giving the proxy is blind or incapable of writing)
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.

DATED thisday of 2017

Signature of Witness:

Description:

Place of Residence:
