



Investmet Limited (In Liquidation)
ACN 125 585 935
(Investmet)

Report to Creditors

We refer to our appointment as liquidators of Investmet on 19 February 2020 and to our prior communication with creditors, in particular our report to creditors dated 18 May 2020 (**Previous Report**).

A meeting of creditors has been convened for Tuesday, 15 March 2022 at 12:00PM (AWST) in order to:

- provide an update on the liquidation and expected next steps;
- receive a presentation from the proponent of a potential Deed of Company Arrangement (**DOCA**) proposal;
- consider and, if thought fit, approve the compromise of a debt due to Investmet by commercial settlement which has been recommended by the Liquidators; and
- consider and, if thought fit, approve the Liquidators' retrospective and prospective remuneration.

Creditors are encouraged to attend the meeting so that they can receive a briefing on a potential DOCA proposal and provide their feedback thereon.

1 DOCA proposal

Shortly after our appointment and as previously communicated to creditors, Delta Resource Management Pty Ltd (**Delta**) (a secured creditor of Investmet and associate by way of the common involvement of the Fotios family), communicated an intention to propose a DOCA. The DOCA seeks to maximise the return to Investmet's creditors by putting a process in place to realise the ASX-listed shares held by Investmet over a longer time period (and therefore potentially achieving realisations at higher share prices) than would otherwise be the case. This is because liquidators would not normally wait a further 6 to 12 months before realising assets subject to their appointment.

Due to Delta having security over all of Investmet's assets, the Liquidators are unable to realise any assets without Delta's consent. Whilst Delta has been in discussions with the Liquidators about its DOCA proposal, it has not consented to the Liquidators undertaking their usual realisation activities (with the exception of limited share sale transactions comprising approximately 7% of the total ASX-listed shares held). It is for this reason that there has been limited progress in the liquidation to date. However, due to a number of recent events (as outlined in this update), the Liquidators are now able to proceed.

Whilst Delta's DOCA proposal has developed over multiple iterations, the key mechanism through which it attempts to improve the return to creditors is via (i) the realisation of Investmet's assets over an extended period of time, and (ii) related party creditors subordinating their claims behind third party creditors and thereby reducing the claims made against net asset realisations which increases the dividend to remaining creditors.

As Investmet is in liquidation (as opposed to voluntary administration), any DOCA proposal cannot currently be considered by creditors. In order for creditors to formally consider any DOCA proposal, the liquidation would need to be terminated and voluntary administrators appointed. Embarking on such a process will result in additional, irrevocable costs being incurred when the prospect of acceptance of any DOCA proposal by Investmet's creditors is uncertain.

In order to assess whether taking these steps would be in creditors' best interests, the Liquidators sought preliminary feedback from Investmet's key creditors in February 2021 as to whether they were likely to support Delta's DOCA proposal. The majority (in value) of third-party creditors indicated they were not supportive of Delta's DOCA proposal at that time. As such, the Liquidators provided Delta with additional time to consult with key creditors to determine if the requisite support for its proposal could be obtained. Despite the intervening passage of time, we understand the position remains unchanged.



The sole director of Delta was Mr George Fotios. Mr George Fotios was also a director of Investmet. In October 2021, Mr George Fotios passed away and Delta was without an authorised officer to act on Delta's behalf or commit it to the DOCA proposal as initially envisaged. Consideration is being given as to whether an alternate entity could propose the DOCA. If another entity is confirmed before the meeting, a representative of that entity may attend the meeting to further discuss the DOCA proposal with creditors.

Subsequently on 15 February 2022, Rob Kirman and I were appointed provisional liquidators of Delta by order of the Supreme Court of Western Australia. Our appointment followed an application by Mr Kirman and me as Court appointed Receivers of the Michael Fotios Family Trust which holds 76% of Delta's share capital. Our role as provisional liquidators of Delta is to act in a caretaker capacity, given Delta has no director, whilst concurrently reporting to the court on Delta's asset and liability position and solvency.

The Liquidators encourage creditors to attend the meeting so that they can receive a detailed explanation of any DOCA proposal that may be forthcoming and provide their feedback on the proposal.

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2 Estimated return to creditors

Set out below is an estimate of the return to creditors of Investmet in liquidation. In summary, gross asset realisations of circa \$8.9 million to \$13.4 million are estimated as against unsecured creditors' claims of circa \$40.7 million to \$43.4 million. Net of costs and secured and priority creditor claims, this equates to an estimated return to unsecured creditors of circa 15.6 to 28.3 cents in the dollar.

| Investmet Limited (In Liquidation) - Estimated Outcome Statement | | | | | |
|--|-------|-------------------------|----------------|----------------|-----------------|
| \$'000 | Notes | Book Value | ROCAP | ERV | |
| | | | | Low | High |
| Asset realisations | | | | | |
| Cash | 2.1 | 44.8 | 30.4 | 30.2 | 30.2 |
| Debtors | 2.2 | 139.6 | 126.2 | 101.0 | 128.9 |
| Loans receivable | 2.3 | 14,432.5 | 2,173.0 | 1,597.1 | 1,878.1 |
| Listed shares | 2.4 | 21,267.7 | 3,023.5 | 6,908.9 | 8,452.3 |
| Unlisted shares | 2.4 | 8,583.2 | 353.6 | 176.8 | 353.6 |
| Unlisted options | 2.4 | 787.7 | - | 56.3 | 56.3 |
| Other | 2.5 | 10.8 | 10.8 | - | - |
| Indicative Liquidator recoveries (net) | 3.0 | -----not applicable---- | | - | 2,500.0 |
| Total realisations | | 45,266.4 | 5,717.6 | 8,870.2 | 13,399.4 |
| Costs | | | | | |
| Direct costs of realisation | 2.6 | -----not applicable---- | | (114.6) | (137.9) |
| Legal fees | 2.6 | -----not applicable---- | | (280.0) | (260.0) |
| Liquidators' fees (actual to 26 Nov 21 and estimated) | 2.6 | -----not applicable---- | | (721.9) | (671.9) |
| Total costs | | - | - | (1,116.5) | (1,069.8) |
| Funds available to petitioning creditor | | -----not applicable---- | | 7,753.7 | 12,329.6 |
| Petitioning creditors costs | 2.7 | -----not applicable---- | | (30.0) | (30.0) |
| Delta (secured only) | 2.8 | -----not applicable---- | | (957.0) | (754.0) |
| Funds available for unsecured creditors | | -----not applicable---- | | 6,766.7 | 11,545.6 |
| Unsecured creditors: | | | | | |
| Trade creditors | 2.9 | (916.7) | (902.3) | (1,008.4) | (916.7) |
| Loans payable | 2.10 | (13,447.7) | (13,456.3) | (13,737.0) | (11,967.9) |
| ATO | 2.11 | (14,472.8) | (16,883.2) | (17,336.6) | (16,851.3) |
| Guarantee Debt | 2.12 | - | (6,000.0) | (11,275.0) | (11,000.0) |
| Total unsecured creditors | | (28,837.3) | (37,241.8) | (43,357.0) | (40,735.9) |
| Estimated return to unsecured creditors (cents in dollar) | | -----not applicable---- | | 15.6 | 28.3 |

2.1 Cash

As previously advised, Investmet held bank accounts with a combined balance of \$30,161 which were closed and transferred to a liquidation bank account on the Liquidators' appointment. No further realisations from cash are expected.



2.2 Debtors

Investmet's records disclose invoices due from related parties with a book value of circa \$139,600. Consent to realise these amounts has not been provided by Delta. Based on a conservative estimate and noting the age of the debts and status of the debtors, the Liquidators estimate between \$101,000 and \$128,900 will be realised.

| Debtors | | | | | | |
|--|--------------|--------------|----------|--------------|--------------|--|
| \$000 | Book Value | ROCAP | Realised | Total ERV | | |
| | | | | Low | High | |
| Murchison Copper Mines Pty Ltd | 33.2 | 33.2 | - | | | |
| Scorpion Minerals Limited | 93.0 | 93.0 | - | 101.0 | 128.9 | |
| Target Energy Limited (In Liquidation) | 13.4 | - | - | | | |
| Total | 139.6 | 126.2 | - | 101.0 | 128.9 | |

2.3 Loans receivable

Investmet made a number of loans to related or associated entities (via common director) with a book value of \$14.4 million, however, the Directors estimated a much lower value is likely to be realised due to the insolvency of a number of counter parties. To date the Liquidators have realised \$485,307 from Eastern Goldfields Limited Ltd (EGS) by consent and, subject to creditor approval, have agreed a further commercial settlement of \$411,147 from Redbank Copper as set out in the notes below the table below. A further \$0.7 million to \$1.0 million is estimated to be realisable from remaining loans.

| Loans receivable | | | | | | |
|--|-------|-----------------|----------------|--------------|----------------|----------------|
| \$000 | Notes | Book Value | ROCAP | Realised | Total ERV | |
| | | | | | Low | High |
| Eastern Goldfields Limited (Subject to DOCA) | 1. | 10,361.5 | 821.7 | 485.3 | 485.3 | 485.3 |
| Redbank Copper Limited | 2. | 447.2 | 450.8 | - | 411.1 | 411.1 |
| Scorpion Minerals Limited | | 294.8 | 299.2 | - | | |
| Horseshoe Metals Ltd | | 581.0 | 601.4 | - | | |
| Whitestone Minerals Pty Ltd (In Liquidation) | | 1,417.6 | - | - | 700.6 | 981.7 |
| Target Energy Limited (In Liquidation) | | 418.9 | - | - | | |
| Apollo Corporation Pty Ltd | | 323.6 | - | - | | |
| Others | | 587.9 | - | - | | |
| Total | | 14,432.5 | 2,173.0 | 485.3 | 1,597.1 | 1,878.1 |

Notes:

- As previously advised, a dividend of \$983,891 was declared but not paid to Investmet in respect of the loan due by EGS pursuant to a Deed of Company Arrangement and Creditors' Trust implemented before the Liquidators' appointment. The ATO had a competing claim to this dividend entitlement due to a pre-appointment garnishee notice. Based on the merits of the ATO's claim, the Liquidators agreed a settlement with the ATO and the Trustee of the EGS Creditors' Trust, which resulted in the even distribution of the net dividend entitlement between the ATO and Investmet. After costs, a net amount of \$485,307 has been received by Investmet in full and final payment of this loan.
- Subject to creditors' approval, the Liquidators have agreed a full and final settlement of the loan due by Redbank Copper Limited (**Redbank**) on payment of \$411,147 by Redbank. The settlement is explained in detail at section 4.2 of this report and creditors will be asked to approve the settlement by way of formal resolution at the forthcoming meeting.

2.4 Shares and options

Whilst Delta was still under the control of its director, the Liquidators agreed a partial realisation strategy with Delta to realise up to \$2.6 million of Investmet's share portfolio, subject to certain pricing parameters. To date, an amount of \$791,400 has been realised pursuant to this agreement, however, the pricing parameters set by Delta for



the balance of the realisation program have not been achieved due to share prices remaining outside these parameters, which has restricted the Liquidators' ability to realise the portfolio.

Based on the amount realised to date, and current market value as close of business on 22 February 2022, total realisations from the share portfolio are estimated to be between \$6.9 million and \$8.6 million as detailed below.

We note that, although the Liquidators have been prevented from realising the share portfolio in a timely manner, the total estimated value of all shares has increased from \$4.3 million at the date we were appointed to \$8.6 million, per the table below.

| Shares & options | | | | | | |
|--|-------|-----------------|----------------|--------------|------------------|-------------------|
| \$000 | Notes | Book Value | ROCAP | Realised | ERV | |
| | | | | | Low ¹ | High ¹ |
| ASX listed | | | | | | |
| Auris Minerals Limited | | 4,074.1 | 719.0 | - | 2,444.5 | 3,055.6 |
| Oklo Resources Limited | | 260.7 | 105.0 | 193.5 | 193.5 | 193.5 |
| Redbank Copper Limited | | 437.2 | 268.2 | 263.6 | 577.5 | 656.0 |
| Scorpion Minerals Limited | | 853.0 | 466.4 | - | 1,691.4 | 2,114.3 |
| Indiana Resources Limited | | 1,104.7 | 354.2 | - | 878.5 | 1,098.1 |
| Horseshoe Metals Limited | | 164.6 | 115.9 | - | - | - |
| QX Resources Limited | | 1,016.0 | 171.8 | 128.3 | 238.5 | 266.0 |
| Liontown Resources Limited | | 6.0 | 21.5 | 149.8 | 149.8 | 149.8 |
| Ora Banda Mining Limited | | 13,211.9 | 801.7 | - | 495.9 | 619.9 |
| Other | 2. | 139.4 | - | - | - | - |
| Subtotal | | 21,267.7 | 3,023.5 | 735.2 | 6,669.5 | 8,153.0 |
| Unlisted | | | | | | |
| Fairway Energy Ltd | | 172.8 | 172.8 | - | - | - |
| Altus Renewables Limited | | 180.8 | 180.8 | - | 176.8 | 353.6 |
| Target Energy Limited (In Liquidation) | 2. | 8,229.6 | - | - | - | - |
| Other unlisted shares | 2. | 0.0 | - | - | - | - |
| Subtotal | | 8,583.2 | 353.6 | - | 176.8 | 353.6 |
| Options | | | | | | |
| Auris Minerals Limited | 3. | 18.5 | - | - | - | - |
| Ora Banda Mining Limited | 3. | 723.0 | - | - | - | - |
| Hipo Resources Limited | 3. | 46.2 | - | - | - | - |
| Scorpion Minerals Limited | 3. | - | - | 56.3 | 56.3 | 56.3 |
| Subtotal | | 787.7 | - | 56.3 | 56.3 | 56.3 |
| Total | | 30,638.6 | 3,377.1 | 791.4 | 6,902.5 | 8,562.9 |

Notes:

1. In the high scenario, the ERV reflects realisations to date, plus the current (as at close of market on 22 February 2022) market value of the balance of the portfolio. In the low scenario, current market values have been discounted by 20% to reflect market volatility and a lack of liquidity for certain positions.
2. Investmet holds various shareholdings in insolvent and de-registered companies where no recovery is expected.
3. Investmet holds options to acquire shares in several listed entities, which are exercisable at certain prices before certain points in time. With Delta's consent, one parcel of options was realised for \$56,3000. The exercise price for the balance of options held are significantly below the current market value of the underlying securities and therefore no future realisations are expected. The Liquidators will continue to monitor this position and realise value if possible.



2.5 *Other*

Investmet's books and records record an investment in Fibonacci Global of \$10,840, an offshore payment services business. The Liquidators do not have any information to identify, support or realise this investment. Accordingly, no recovery is estimated.

2.6 *Costs*

A summary of the costs incurred to date in conducting the liquidation and expected to be incurred to completion of the liquidation is provided below:

| Costs | | | |
|--|-------|------------------|------------------|
| \$'000 | Notes | ERV | |
| | | Low | High |
| General costs | | | |
| Broker fees | 1 | (107.6) | (133.5) |
| General costs | 2 | (7.5) | (5.0) |
| Subtotal | | (115.1) | (138.5) |
| Legal fees | | | |
| Liquidation (Actual to 11 February 2022) | 3 | (230.0) | (230.0) |
| Liquidation (Estimate to Completion) | 3 | (50.0) | (30.0) |
| Subtotal | | (280.0) | (260.0) |
| Appointee fees | | | |
| Liquidation (Actual to 11 February 2022) | 4 | (471.9) | (471.9) |
| Liquidation (Estimate to completion) | 4 | (250.0) | (200.0) |
| Subtotal | | (721.9) | (671.9) |
| Total | | (1,117.0) | (1,070.4) |

Notes:

1. Direct costs of realisation comprise estimated brokerage of 1.5% of gross proceeds on the sale of Investmet's share portfolio.
2. A general provision of \$5k to \$7.5k for future costs has been assumed.
3. Actual legal fees to date have been circa \$230,000, which relate to reviewing the DOCA proposal, considering Delta's security, liaising with ATO on the EGS settlement, liaising with Redbank on its settlement, and preliminary investigations into liquidator recoveries. We estimate future legal costs of between \$30,000 to \$50,000 will be required to complete the liquidation (excluding the cost of any liquidator recovery actions which have accounted for in the recovery estimated at section 3).
4. The Liquidators' remuneration is discussed in detail in the attached Remuneration Report.

2.7 *Petitioning creditor costs*

Pit n Portal incurred costs of circa \$30k in petitioning Investmet's liquidation, which receive a priority to unsecured creditor claims pursuant to section 556(1)(b) of the Corporation Act 2001 (**Act**). The balance of Pit n Portal's claim, which has been assigned to a related party, ranks as an unsecured creditor of Investmet.

2.8 *Secured Creditor*

Delta has claimed a security interest in all of Investmet's assets and undertakings which arises under a general security agreement that supported a loan facility of \$850,000. The facility was established in November 2019 to fund a settlement with an unsecured creditor.

The Liquidators understand \$650,000 was advanced prior to Investmet's liquidation. Despite requests, Delta has not provided an interest calculation or confirmed the total amount owing. Accordingly, there is some uncertainty



around the quantum of Delta's secured claim. Based on the Liquidators' calculations, the total secured debt is estimated at between \$754,000 and \$957,000.

Aside from quantum, the Liquidators have reviewed Delta's security interest and consider that it is valid and enforceable and ranks ahead of other unsecured creditors, but behind petitioning creditors costs.

2.9 Trade creditors

Investmet's books and records details trade creditors of \$916,700. The Liquidators have not called for formal proofs of debt or adjudicated creditors' claims, however, estimated total trade creditors claims are between \$0.9 million and \$1.0 million as detailed in the below table.

| Trade creditors | | | | | |
|---|-------|--------------------------|----------------|------------------|-------------------|
| \$'000 | Notes | Book Value | ROCAP | Total ERV | |
| | | | | Low ¹ | High ¹ |
| Delta (unsecured trade debt only) | 2 | (443.3) | (443.3) | (443.3) | (443.3) |
| Squire Patton Boggs | | (252.6) | (252.6) | (252.6) | (252.6) |
| Readhead Legal Pty Ltd | | (66.0) | (66.0) | (66.0) | (66.0) |
| Whitestone Minerals Pty Ltd | | (55.2) | (55.2) | (55.2) | (55.2) |
| Michael Fotios Family Trust (Receivers Appointed) | | (19.8) | (5.3) | (19.8) | (19.8) |
| Pitcher Partners Perth | | (15.7) | (15.7) | (15.7) | (15.7) |
| Alan Stil | | (35.0) | (35.0) | (35.0) | (35.0) |
| Other trade creditors (circa 10) | 3 | (29.2) | (29.2) | (29.2) | (29.2) |
| Contingency | 1 | -----not applicable----- | | (91.7) | - |
| Total | | (916.7) | (902.3) | (1,008.4) | (916.7) |

Notes:

1. Creditors' claims in the high scenario are based on book value. In the low scenario, a 10% contingency has been included to reflect that actual claims generally increase once formal proofs of debt are requested.
2. This represents Delta's unsecured trade creditor claim only and excludes (i) its secured claim detailed at section 2.8 and its unsecured loan account detailed at section 2.10.
3. Trade creditors with a balance of \$10,000 or less.

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2.10 *Loans payable*

As noted above, the Liquidators have not called for formal proofs of debt or adjudicated creditors' claims, however, Investmet's balance sheet discloses (and the Directors advise of) loans payable of \$13.4 million, all of which are purportedly due to related parties.

| Loans payable | | | | | |
|---|-------|--------------------------|-------------------|-------------------|-------------------|
| \$'000 | Notes | Book Value | ROCAP | Total ERV | |
| | | | | Low ¹ | High ¹ |
| Azurite Corporation Pty Ltd | 2 | (11,121.2) | (11,121.2) | (11,075.4) | (9,641.4) |
| Delta (exlcuding secured and trade debt) | 3 | (1,680.0) | (1,749.1) | (1,680.0) | (1,680.0) |
| Betty Moore | | (586.0) | (586.0) | (586.0) | (586.0) |
| Michael Fotios Family Trust (Receivers Appointed) | | (60.5) | - | (60.5) | (60.5) |
| Contingency | 1 | -----not applicable----- | | (335.0) | - |
| Total | | (13,447.7) | (13,456.3) | (13,737.0) | (11,967.9) |

Notes:

- Loans Payable in the high scenario are based on book value. In the low scenario, a contingency of 2.5% has been included, to reflect the risk of claims increasing once formal proofs of debt are requested.
- This loan comprises cash advances and payments on behalf of Investmet under an undocumented loan agreement, which totals \$9.6 million plus purported interest of \$1.4 million. The majority of this funding was immediately 'on-lent' to EGS and formed the basis of the loan due from EGS to Investmet, discussed at section 2.2. Although interest of \$1.4 million has been recorded on this loan, the Liquidators have not sighted the loan agreement, to confirm this entitlement, therefore no interest has been included in the outcome statement in the high scenario.
- Net of Delta's secured and trade creditor claims.

2.11 *ATO*

Investmet's books and records disclose a debt due to ATO of \$14.4 million and the Directors' ROCAP estimated a debt of \$16.8 million. The ATO has submitted a proof of debt in the amount of \$17.3 million. This claim has not been adjudicated or admitted and is expected to reduce by the amount received by the ATO in respect of the EGS dividend (refer section 2.2). Accordingly, the total ATO debt is estimated by the Liquidators to be between \$16.8 million and \$17.3 million.

2.12 *Guaranteed debts*

Investmet guaranteed certain debts of EGS, including \$6.0 million due to Pit n Portal and \$5.0 million due to GR Engineering Services Limited (**GR Engineering**). These claims were contingent and therefore not reflected in Investmet's books and records. The Liquidators have not yet called for formal proofs of debt or adjudicated these claims, however, based on discussions with the creditors involved understand the full value of the contingent claims have crystallised against Investmet.

| Guaranteed debts | | | | | |
|------------------|-------|--------------------------|------------------|-------------------|-------------------|
| \$'000 | Notes | Book Value | ROCAP | Total ERV | |
| | | | | Low ¹ | High ¹ |
| Pit n Portal | | - | (6,000.0) | (6,000.0) | (6,000.0) |
| GR Engineering | | - | - | (5,000.0) | (5,000.0) |
| Contingency | 1 | -----not applicable----- | | (275.0) | - |
| Total | | - | (6,000.0) | (11,275.0) | (11,000.0) |

Notes:



1. The high scenario is based on claims as advised by creditors. In the low scenario, a contingency of 2.5% has been included, to reflect the risk of claims increasing once formal proofs of debt are requested.

3 Preliminary Investigations

The Liquidators have progressed their preliminary investigations into Investmet's failure, including the date of insolvency and any liquidator recovery actions that could potentially be pursued for the benefit of creditors.

However, given Delta's potential DOCA proposal (which, if accepted, would mean any such claims could not be pursued) the Liquidators have not invested significant time and costs to progress these investigations or commence recovery action, as those costs will be wasted if a DOCA is accepted. Rather, ongoing preliminary investigations have focused on material matters and only to the extent necessary to consider Delta's DOCA proposal.

Notwithstanding, the Liquidators provide the below summary and update which, for the reasons stated above, remain a preliminary view subject to further investigation:

- The Liquidators consider that Investmet became insolvent on 23 July 2018 and traded whilst insolvent for approximately seven months thereafter. The gross quantum of the estimated insolvent trading claim is approximately \$2.3 million. A detailed assessment of the financial capacity of the Directors to meet such a claim has not yet been undertaken, however, (i) Mr Michael Fotios was only a director for a part of this period and is an undischarged bankrupt, and (ii) Mr George Fotios was a director throughout the relevant period however recently passed away and the status of his estate is unknown. If a DOCA proposal does not proceed in the short term, we intend to progress potential claims against Michael and George Fotios's respective estates.
- The Liquidators have identified one transaction of between \$650,000 and \$825,000 which appears to satisfy the criteria of an unfair preference and a further five transactions between \$10,000 and \$110,000 (circa \$215,000 in total) which may also be preferential in nature. Given Delta's potential DOCA proposal, investigations into these transactions have not been finalised and demands have not been issued, however, as noted above all potential claims will be progressed if a DOCA proposal does not progress in the short term.
- In addition to the above, there were a number of transactions between Investmet and related entities that remain an area of interest to the Liquidators and subject to further investigation. Notwithstanding, no specific transactions of interest have been identified this stage.

Net of costs, the Liquidators estimate that gross recoveries in the high scenario of up to \$3.0 million (\$2.5 million, net of costs of recovery) could potentially be pursued if a DOCA proposal is not progressed. Recoveries may be nil in a low scenario. Further investigations will be undertaken if a DOCA proposal is not progressed in the short term and recovery actions commenced, as appropriate.

Finally, The Liquidators have submitted a confidential report to the Australian Securities and Investment Commission (**ASIC**), pursuant to section 533 of the Act and ASIC has advised that it does not intend to take any action at this stage.

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4 Meeting of creditors

A meeting of creditors has been convened on Tuesday, 15 March 2022 at 12:00PM (AWST) in order to:

- provide an update on the liquidation and expected next steps;
- receive a presentation from the proponent of a potential DOCA proposal;
- consider and, if thought fit, approve the compromise of a debt due to Investmet by commercial settlement which has been recommended by the Liquidators; and
- consider and, if thought fit, approve the Liquidators' retrospective and prospective remuneration.

The Liquidators encourage creditors to attend the meeting so that they can receive Delta's explanation of its DOCA proposal and provide their feedback.

4.1 Meeting particulars

The key meeting particulars are set out below:

Particulars of Creditors Meeting

| | |
|---|--|
| Date: | 15 March 2022 |
| Time: | 12:00PM (Western Standard Time) |
| Place of Meeting: | A virtual meeting will be held, details of which can be provided on request. |
| Deadline for return of meeting documents: | 14 March 2022 |
| Teleconference facilities available: | Yes |
| Meeting enquiries: | Antoine Cleuet – (08) 6363 7635 |

A Form 529 'Notice of Meeting of Creditors' is attached to this report, together with Form 535 'Formal Proof of Claim' and Form 532 'Appointment of Proxy'. Creditors wishing to attend and participate in voting at the meeting are required to complete and return Form 535 and Form 532 to this office no later than **14 March 2022**. Creditors who have already lodged a proof of debt do not need to complete a new proof.

A person, or the proxy or attorney of a person who participates in the meeting, must pay any costs incurred by them in participating and is not entitled to be reimbursed for those costs from the assets of Investmet.

Please confirm whether you wish to attend the meeting electronically prior to the above date, and you will be provided with the relevant teleconference details.

4.2 Resolution to consider - Redbank settlement

As noted at Section 2.3, subject to creditor's approval, the Liquidators have agreed to settle a circa \$447k loan due by Redbank on receipt of a full and final payment of \$411,147. The settlement has been document under a conditional Deed of Settlement which has been executed by the Liquidators and Redbank, with the following key terms:

- payment of \$411,147 by Redbank within 14 days of satisfaction of the final condition precedent, being creditors' approval;
- Consent to the settlement from Delta (which has been received);
- Creditor approval pursuant to section 477(2A) of the Act (refer below); and
- On receipt of the settlement funds, mutual releases of claims between Redbank, Investmet and the Liquidators.



The Liquidators recommend the settlement to creditors for the following reasons:

- Under the settlement 98% of the loan due is recovered at no further costs to creditors. This is a very strong recovery in a liquidation environment, particularly given the age and nature of the debt; and
- Redbank's current board (who were appointed after the debt was incurred) have vigorously disputed the amounts owing to Investmet. Accordingly, in the absence of an agreed settlement, it is likely that the matter would need to be litigated, which would drive increased costs, timing and uncertainty of final return.

Accordingly, the following resolution will be proposed at the forthcoming meeting:

The Liquidators are hereby authorised, pursuant to section 477(2A) of the Corporations Act 2001, to compromise the debt owing by Redbank Copper Limited substantially on the terms set out in the settlement deed executed on 21 December 2020.

4.3 ***Resolution to consider – Liquidators' Remuneration***

The Liquidators have incurred costs in progressing the liquidation which relate to (i) dealing with and assessing the multiple iterations of Delta's DOCA proposal and seeking the input of key creditors, (ii) negotiating and agreeing an asset realisation program with Delta and implementing that program where possible, (iii) negotiating and documenting the settlement with Redbank, and (iv) various administrative and statutory tasks required to maintain and progress the liquidation.

Accordingly, a detailed report on our remuneration report (**Remuneration Approval Report**), is enclosed for creditors' information. As detailed, therein, the following resolutions will be proposed at the forthcoming meeting:

- *"That the remuneration of the Liquidators for the period 16 May 2020 to 11 February 2022, calculated at hourly rates as detailed in the Initial Remuneration Notice dated 11 March 2020, is determined in the sum of \$284,001, exclusive of GST."; and*
- *"That the future remuneration of the Liquidators from 12 February 2022 to 31 December 2022 is determined at a sum equal to the cost of time spent by the Liquidators and their partners and staff, calculated at the hourly rates as detailed in the Initial Remuneration Notice dated 11 March 2020, up to \$150,000, exclusive of GST."*

4.4 ***Resolution to consider – Destruction of books and records***

To avoid the costs of storing Investmet's books and records for the statutory period of 5 years, the Liquidators request creditors' approval for the early destruction of Investmet's books and records, subject to ASIC's consent.

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5 Receipts and payments

Investmet's receipts and payments for the period to 11 February 2022 are set out in the table below:

| Investmet Limited Pty Ltd (In Liquidation) - Receipts and payments | |
|--|------------------|
| Category | \$ (inc GST) |
| Receipts | |
| Pre-appointment cash at bank | 30,323 |
| Share realisations | 791,405 |
| EGS Dividend | 485,307 |
| GST refunds | 6,985 |
| Interest | 260 |
| Total receipts | 1,314,280 |
| Payments | |
| ASIC charges | (115) |
| Bank charges | (124) |
| Appointee fees | (143,000) |
| Broker fees | (9,188) |
| Document storage costs | (97) |
| Legal fees | (136,828) |
| Mail redirection | (320) |
| Printing and stationery costs | (181) |
| Total payments | (289,853) |
| Cash at bank as at 11 February 2022 | 1,024,426 |

6 Updated Declaration of Independence, Relevant Relationships and Indemnities (DIRRI)

On 11 March 2020, the Liquidators issued a DIRRI to creditors confirming their independence, the background to their appointment, setting out relevant relationships and confirming they had not received any upfront payment or indemnities.

As detailed in section 1 of this report, Rob Kirman and I were appointed provisional liquidators of Delta on 15 February 2022 by the Supreme Court of Western Australia. Accordingly, we have issued an updated DIRRI to reflect this relevant relationship which has been published on McGrathNicol's website, lodged with ASIC and is enclosed herewith.

7 What happens next?

The liquidators intend to shortly:

- pay the petitioning creditors' costs;
- adjudicate the quantum of Delta's secured claim and discharge the debt and underlying security;

Subject to creditors feedback at the forthcoming meeting, the Liquidators will also proceed with the wider liquidation, which will include (where relevant):

- realising Investmet's assets including the share portfolio, debtors, loans and other assets;
- completing our investigations into Investmet's affairs and pursuing any viable claims for statutory recovery actions; and
- subject to the availability of funds, adjudicating other creditors' claims and making distributions.

The Liquidators may write to you again with further information on the progress of the liquidation.



8 Where can you get more information?

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

- ARITA at www.arita.com.au/creditors.
- ASIC at www.asic.gov.au (search for "insolvency information sheets").

If you have any queries, please contact Antoine Cleuet on (08) 6363 7635. For further information about this engagement, please refer to the website www.mcgrathnicol.com/creditors.

Dated: 28 February 2022

Rob Brauer
Liquidator

Enclosures

- 1 Remuneration Approval Report
- 2 Declaration of Independence, Relevant Relationship and Indemnities dated 28 February 2022
- 3 Form 529 - Notice of Meeting of Creditors
- 4 Form 532 - Appointment of Special Proxy
- 5 Special proxy Guidance Notes
- 6 Proof of Debt (Form 535)
- 7 Proof of Debt Guidance Notes
- 8 General information for attending and voting at meetings of creditors
- 9 ARITA Information Sheet – Approving remuneration of an external administrator