



NAVARRE MINERALS QUEENSLAND PTY LTD (IN LIQUIDATION) (RECEIVERS AND MANAGERS APPOINTED)

STATUTORY REPORT TO CREDITORS PURSUANT TO SECTION 70-40 OF THE
INSOLVENCY PRACTICE RULES (CORPORATIONS) 2016

24 NOVEMBER 2023

PRIVATE AND CONFIDENTIAL

CONTACT FOR QUERIES: NATHAN MOXEY

CONTACT NUMBER: 02 9240 9987

CONTACT EMAIL: NATHAN.MOXEY@BDO.COM.AU





Level 11, 1 Margaret Street
Sydney NSW 2000
Australia

Tel: +61 2 9251 4100
Fax: +61 2 9240 9821
www.bdo.com.au

TO THE CREDITOR AS ADDRESSED

Dear Sir/Madam

Navarre Minerals Queensland Pty Ltd (Receivers and Managers Appointed) (In Liquidation)

ACN 653 931 803 ('the Company')

Andrew Sallway, Andrew Fielding and I refer to our previous correspondence regarding the Liquidation of the Company.

Please find enclosed a statutory report to creditors dated 24 November 2023, issued pursuant to Section 70-40 of the IPR.

A copy of our initial notice to creditors is available to creditors upon request.

This report includes information on:

- ▶ What happened to the business;
- ▶ The estimated amounts of assets and liabilities of the Company;
- ▶ The external Administrators' receipts and payments;
- ▶ Progress of the Liquidation;
- ▶ Remaining activities to complete the Liquidation;
- ▶ Reasons for failure of the business;
- ▶ Estimated return to creditors; and
- ▶ Possible recovery actions and investigations.

The Liquidators are not seeking any approval of their costs at this time so consequently, there is no meeting of creditors proposed.

If you have any queries in relation to the report, please contact Nathan Moxey of my office on (02) 9240 9987 or email Nathan.moxey@bdo.com.au.

Yours faithfully

Duncan Clubb
Joint and Several Liquidator

CONTENTS

1	EXECUTIVE SUMMARY	7
2	INTRODUCTION	10
3	WHAT HAPPENED TO THE BUSINESS?	12
4	ESTIMATED ASSETS AND LIABILITIES 70-40(2)(a)	14
5	PROGRESS OF THE LIQUIDATION 70-40(2)(b)	17
6	REMAINING ACTIVITIES 70-40(2)(c)	19
7	REASONS FOR FAILURE 70-40(2)(d)	21
8	ESTIMATED RETURN TO CREDITORS 70-40(2)(e)	23
9	POSSIBLE RECOVERY ACTIONS 70-40(2)(f)	25
10	LIQUIDATORS' RECEIPTS AND PAYMENTS	29
11	COSTS OF THE LIQUIDATION	31
12	CONCLUSION	33
13	APPENDICES	35

DISCLAIMER

BDO Business Restructuring Pty Ltd, its affiliates (present or future), Duncan Clubb, Andrew Fielding and Andrew Sallway and their employees and agents ('the Liquidators') hereby advise that in the time available to us, we have undertaken the following to prepare this report and formulate our opinion:

- ▶ Had discussions with the Company's directors regarding the status of the Company and its assets and liabilities;
- ▶ Taken control of all assets that were located at the Company's sites and premises;
- ▶ Undertaken searches of databases such as ASIC, Transport Departments, Land Titles records, ATO and other statutory agencies as necessary;
- ▶ Engaged solicitors to assist with the liquidation as required;
- ▶ Liaised with the Receivers and Managers in relation to their appointment and the operation of the Company; and
- ▶ Reviewed available books and records.

We have received the following information to assist with our review of the Company's financial position:

- ▶ Externally prepared financial statements for the financial years ended 30 June 2018 - 2022 and 31 December 2022. These accounts have been consolidated at the Navarre Minerals Limited (head company) level;
- ▶ Monthly management accounts for the Company to 31 May 2023;
- ▶ Listing of the Company's trade debtors and trade creditors;
- ▶ Fixed asset register at 31 May 2023;
- ▶ Bank statements;
- ▶ Secured creditor facility and security agreements; and
- ▶ Details of the employee information to assist with the calculation of outstanding employee entitlements.

The Directors provided ROCAP forms on 7 July 2023.

Creditors should be aware that we have relied upon the above sources of information in preparing our report. We have done so in good faith in the belief that such statements, records and opinions are not false and misleading. Consequently, the report's accuracy and reliability is dependent on the quality of the information produced by these parties.

Whilst the Liquidators have endeavoured to verify the accuracy or otherwise of the records, the financial accounts and other documentation pertaining to the Company's affairs and the advice of the Company's Directors, in the amount of time available under the Act, the Liquidators give no warranty as to the accuracy, completeness or reliability of same.

The Liquidators have not conducted an audit of the books and records, financial accounts and other documentation pertaining to the Company's affairs.

The Liquidators undertake no responsibility arising in any way whatsoever to any person for errors or omissions however caused by way of this report, or accompanying documents.

The Liquidators reserve the right to alter any conclusions reached on the basis of any changed or additional information which may become available to them between the date of this report and the date of the Meeting of Creditors.

GLOSSARY

Glossary of key terms

Term	Definition
The Act	Corporations Act 2001 (Cth)
AEST	Australian Eastern Standard Time
AIIPAP	All Present and After Acquired Property
ARITA	Australian Restructuring, Insolvency and Turnaround Association
ASIC	Australian Securities and Investments Commission
ASX	Australian Stock Exchange
ATO	Australian Taxation Office
BDO	BDO Business Restructuring Pty Limited
BRM	Black Range Metals Pty Ltd
c.	Circa
COI	Committee of Inspection
The Company	Navarre Minerals Queensland Pty Ltd
The Companies or The Group	Navarre Minerals Limited Black Range Metals Pty Ltd Loddon Gold Pty Ltd Navarre Minerals Queensland Pty Ltd North Central Gold Exploration Pty Ltd Tandarra Gold Pty Ltd Western Victoria Gold Pty Ltd
Directors	Kevin John Wilson Ian John Holland James Gurry
DIRRI	Declaration of Independence, Relevant Relationships and Indemnities

Term	Definition
DOCA	Deed of Company Arrangement
EBIT	Earnings Before Interest and Tax
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
FEG	Fair Entitlements Guarantee
FY	Financial Year Ended 30 June
The Group excluding NMQ	Navarre Minerals Limited Black Range Metals Pty Ltd Loddon Gold Pty Ltd North Central Gold Exploration Pty Ltd Tandarra Gold Pty Ltd Western Victoria Gold Pty Ltd
IPR	Insolvency Practice Rules (Corp) 2016
IPS	CORPORATIONS ACT 2001 - SCHEDULE 2 - Insolvency Practice Schedule (Corporations)
k	Thousands
LG	Loddon Gold Pty Ltd
Liquidators	Duncan Clubb, Andrew Sallway and Andrew Fielding of BDO
m	Millions
NCGE	North Central Gold Exploration Pty Ltd
NPBT	Net Profit Before Tax
NML	Navarre Minerals Limited
NMQ	Navarre Minerals Queensland Pty Ltd

GLOSSARY

Glossary of key terms

Term	Definition
PILN	Payment in Lieu of Notice
PMSI	Purchase Money Security Interest
POD	Proof of Debt
PPSA	Personal Property Securities Act
PPSR	Personal Property Securities Register
Receivers and Managers	Mark Holland, Jason Preston, Jason Ireland and Shaun Fraser of McGrath Nicol
ROCAP	Report on Company's Affairs and Property
ROT	Retention of Title
Secured Creditors	Evolution Mining Limited Conquest Mining Pty Limited Glencore International AG
Shareholders of Subsidiaries	Navarre Minerals Limited
TG	Tandarra Gold Pty Ltd
WVG	Western Victoria Gold Pty Ltd
YTD	Year to Date

SECTION 1

EXECUTIVE SUMMARY



EXECUTIVE SUMMARY

Appointment

Duncan Clubb, Andrew Fielding and Andrew Sallway were appointed Joint and Several Administrators of the Company on 19 June 2023. On 25 August 2023 at the adjourned second meeting of creditors it was resolved that the Company should be wound up and that Duncan Clubb, Andrew Fielding and Andrew Sallway be appointed as Joint and Several Liquidators of the Company. This report is compiled in accordance with section 70-40 of the IPR.

Creditors

At the date of our appointment, the amount outstanding to creditors was advised to be a total of \$7.7m. This has since increased following the submission of POD forms by other unsecured creditors of the Company.

To date, we have received 127 proofs of debt totalling \$15,218,523 from unsecured creditors of the Company. This includes a claim from the ATO for \$2m.

We are currently liaising with FEG in relation to the verification and distribution of outstanding employee entitlements under the scheme. For any funds paid to employees by FEG, FEG will stand in place of the respective employees for their priority, should a dividend be paid.

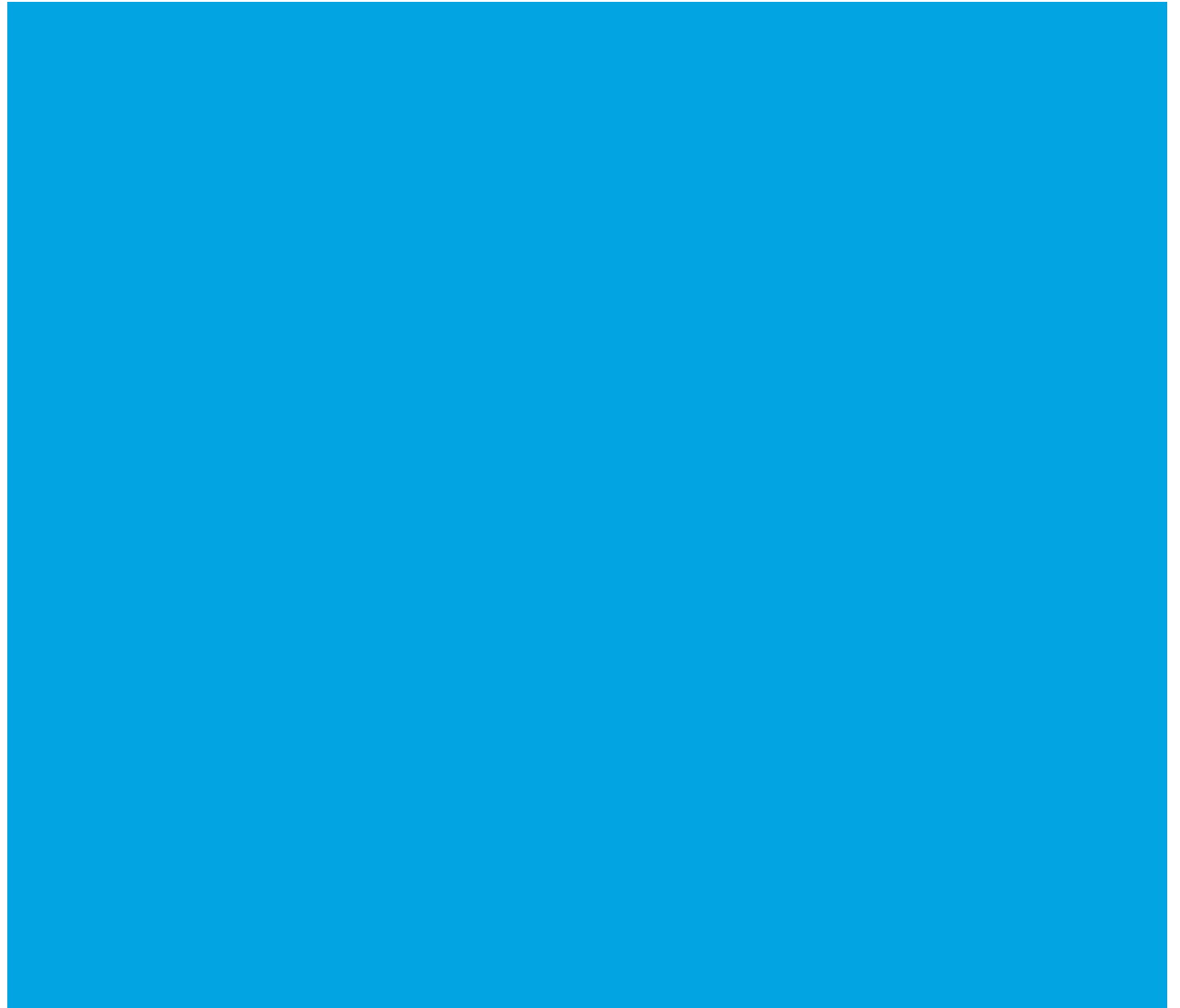
EXECUTIVE SUMMARY

Frequently Asked Questions

Question	Position
Do the Directors still have any powers?	No, they are suspended.
Who is in control of the Company?	The Liquidators were in control of NMQ from their appointment as Administrators on 19 June 2023 to 21 June 2023 when the Receivers and Managers were appointed. Since their appointment, the Receivers and Managers have been in control of NMQ which includes the Mt Carlton mine in Queensland.
Is the Company still trading?	The Receivers and Managers have put the mine into care and maintenance and have undertaken a sale campaign.
Is there a secured creditor?	Yes, Evolution Mining Limited, Conquest Mining Pty Limited (1 st ranking priority) and Glencore International AG (2 nd ranking priority), have registered General Security Agreements over Navarre Minerals Queensland Pty Ltd.
What is the position in relation to outstanding employee entitlements as at 25 August 2023?	The Receivers and Managers are managing the employees of NMQ and have provided an update of the employees to the Liquidators in relation to outstanding employee entitlements. Employees of NMQ can contact the Receivers and Managers with any queries in relation to their ongoing employment. Employees who have any questions with regards to their outstanding entitlements should contact Nathan Moxey on 02 9240 9987 or at nathan.moxey@bdo.com.au
What is the estimated return to creditors?	We estimate a return to unsecured creditors of between 0 and 10 cents in the dollar. Refer to Section 8 for further details.

SECTION 2

INTRODUCTION



INTRODUCTION

Overview

Duncan Clubb, Andrew Fielding and Andrew Sallway were appointed Joint and Several Administrators of the Company on 19 June 2023. On 25 August 2023 at the adjourned second meeting of creditors it was resolved that the Company should be wound up and that Duncan Clubb, Andrew Fielding and Andrew Sallway be appointed as Joint and Several Liquidators of the Company.

As Liquidators, we are obligated to prepare this report pursuant to Section 70-40 of the Insolvency Practice Rules (Corporations) 2016.

The purpose of the report is to:

- ▶ Provide you with an update on the progress of the liquidation; and
- ▶ Advise you of the likelihood of a dividend being paid in the liquidation.

This report should be read in conjunction with our initial notifications to creditors dated 22 June 2023, 17 July 2023 and 18 August 2023. A copy of these reports can be provided upon request or can be found at our website:

<https://www.bdo.com.au/en-au/insights/appointments/navarre-minerals-group>

If you have any queries in relation to the report, please contact Nathan Moxey of my office on 02 9240 9987 or email nathan.moxey@bdo.com.au.

Declaration of Independence, Relevant Relationships and Indemnities

We refer to our DIRRI contained in our initial notification to creditors and advise no changes have been made. The Liquidators remain of the view that their prior professional relationships as outlined in the DIRRI do not create or give rise to any potential conflict of interest.

SECTION 3

WHAT HAPPENED TO THE BUSINESS?



WHAT HAPPENED TO THE BUSINESS?

Overview of what happened to the business

The Group initially operated solely in Victoria managing a portfolio of mining exploration licences until September 2021 when NMQ was incorporated as a trading entity following the purchase of a mine in Mt Carlton, Queensland. The acquisition of the mine from Evolution Mining Limited enabled the Company to trade a fully operational mine extracting and processing gold, silver and copper ore. In addition to this the Company conducted various exploration and evaluation projects of other mineral sites in Queensland.

The Company had concerns regarding the servicing of their debts and through the first half of 2023 the Directors undertook a number of initiatives to address the issues. However, it became apparent to the Directors that the Company and wider Group had solvency concerns and the decision to place the Company into Voluntary Administration was made on 19 June 2023.

For a more detailed history of the Company and Group please refer to our report dated 17 July 2023.

Upon appointment, the Administrators continued to trade the business until the appointment of Mark Holland, Jason Preston, Jason Ireland and Shaun Fraser of McGrath Nicol as Receivers and Managers by the secured creditor Evolution Mining Limited on 21 June 2023.

The Receivers and Managers took control of all operations and assets of NMQ and placed the Mt Carlton mine into care and maintenance in early August 2023. The Receivers and Managers made a number of employees redundant as part of this process and have retained 16 employees to undertake care and maintenance activities.

The Receivers and Managers began a sale campaign in mid-July 2023 for the Company's assets comprising the Mt Carlton's mineral tenements, fixed and mobile plant and mine infrastructure.

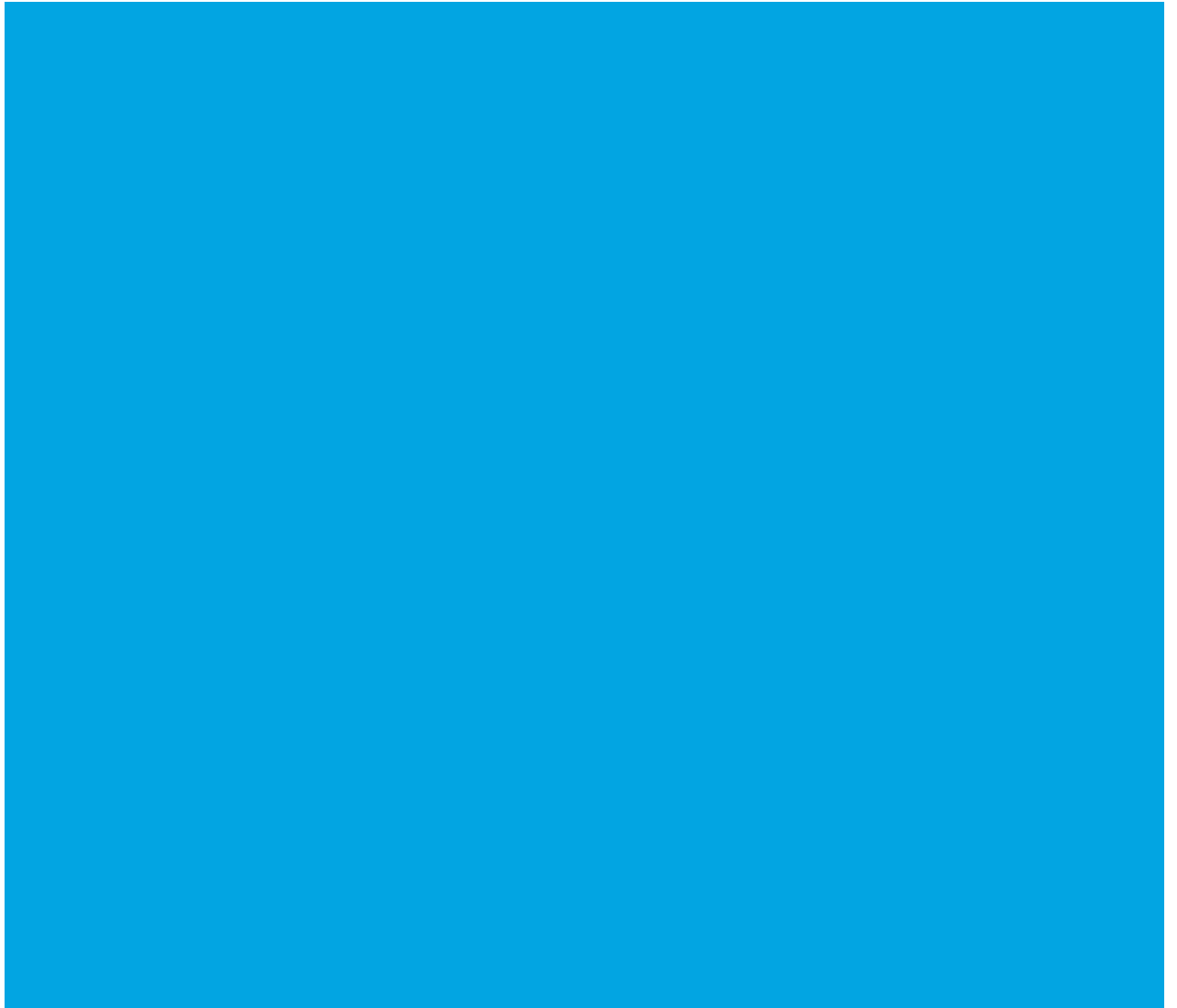
Final offers for the purchase of the assets were due in early October and the Receivers and Managers continue to engage in discussions with shortlisted parties regarding a potential sale of Mt Carlton. No formal or binding agreement for the sale of the Mt Carlton mine has been agreed or executed with any party at this time.

Having regard to the sale status and heading into Christmas break period, the Receivers and Managers have now begun a review of the approach to ongoing care and maintenance at Mt Carlton. With the assistance of current employees, they are investigating options to streamline ongoing care and maintenance activities.

A meeting of creditors was convened on 25 August 2023. As there was no Deed of Company Arrangement put forward, the creditors resolved to place the Company into Liquidation on that same day.

SECTION 4

ESTIMATED ASSETS AND LIABILITIES 70-40(2)(a)





ESTIMATED ASSET AND LIABILITIES 70-40(2)(a)

Director and Liquidators' Estimate of Value

ROCAP - Navarre Minerals Queensland Pty Ltd (Receivers and Managers Appointed)

Account	Note	Directors Estimate \$'000	Liquidators' Estimate \$'000
<i>Assets</i>			
Cash	A	4,159	3,954
Mine Properties and Development	B	33,094	TBA
Accounts Receivable	C	2,692	2,692
Inventory	D	20,891	TBA
Exploration and Evaluation	E	14,515	TBA
Property, Plant and Equipment	F	-	TBA
Total assets		75,351	TBA
<i>Liabilities</i>			
Priority employee entitlements	G	(4,814)	(4,814)
Secured creditors	H	(40,200)	(41,529)
Unsecured creditors	I	(7,717)	(15,219)
Intercompany creditors	J	-	(51,259)
Total liabilities		(52,371)	(112,821)
Estimated net position		22,980	Subject to Asset Realisations

Commentary

A Director is required to submit a ROCAP as at the date of our appointment. The Directors provided ROCAP forms on 7 July 2023.

Set out below is a summary of the ROCAP provided by the Directors.

A	Cash	<ul style="list-style-type: none"> ▶ Immediately following our appointment, we notified the major banks of our appointment. ▶ Three trading bank accounts were identified with CBA. ▶ There were corporate credit cards with a debit balance in the company's name and these were set off against the balance of funds in the bank accounts. ▶ Accordingly, all accounts were frozen and a balance of \$3,954,382 was remitted to the Administrators' bank account following appointment. ▶ Trading expenses of \$1.1m were incurred by the Administrators, this amount was withheld and the balance remitted to the Receivers and Managers.
B	Mine Properties and Development	<ul style="list-style-type: none"> ▶ This asset relates to the acquisition of the Mt Carlton gold mine and Crush Creek gold tenement package on 5 October 2021. ▶ As NMQ is now in the control of Receivers and Managers, the Receivers will realise this asset.
C	Accounts Receivable	<ul style="list-style-type: none"> ▶ The Directors indicated that there was one material debtor of the company being Glencore International AG for previous shipments not yet finalised. ▶ As NMQ is now in the control of Receivers and Managers, the Receivers will realise this asset.



ESTIMATED ASSET AND LIABILITIES 70-40(2)(a)

Director and Liquidators' Estimate of Value

D	Inventory	<ul style="list-style-type: none"> ▶ The inventory of the company comprise of ore stockpiles, stores, Dore and concentrates. ▶ As NMQ is now in the control of Receivers and Managers, the Receivers will realise these assets. 	H	Secured Creditors	<ul style="list-style-type: none"> ▶ The Director identified a debt totalling \$32m, secured by an AllPAP in favour of Evolution Mining Limited and \$8.2m secured by an AllPAP in favour of Glencore International AG. ▶ Evolution Mining Limited's debt was incurred as they provided a bank guarantee on behalf of NMQ as surety for the environmental bond for the Mt Carlton mine. ▶ Glencore International AG provided NMQ with a USD \$7m working capital facility and has the second ranking AllPAP security. ▶ We have not conducted a security review of either security held by Evolution Mining Limited or Glencore International AG.
E	Exploration and Evaluation	<ul style="list-style-type: none"> ▶ This asset relates to the exploration and evaluation permits/licences held by the company for the mining tenements in Queensland. ▶ These tenements are in control of the Receivers and Managers of the company. ▶ As NMQ is now in the control of Receivers and Managers, the Receivers will realise this asset. 	I	Unsecured Creditors	<ul style="list-style-type: none"> ▶ To date, we have received 127 proofs of debt totalling \$15,218,523 from unsecured creditors. ▶ A review of the books and records of NMQ and the Director' ROCAP's identified trade creditors totalling \$7.7m at the date of our appointment. ▶ The main differences between the books and records and the proofs of debt submitted are the books and records not capturing all invoices issued to the company in the lead up to our appointment. ▶ We have not adjudicated on any of the claims received (other than for voting purposes) or verified any of the information contained in the books and records to date.
F	Property, Plant and Equipment	<ul style="list-style-type: none"> ▶ The Directors have not listed any PPE in their respective ROCAP's however PPE has a carrying value of \$47m in the management accounts as at 31 May 2023. ▶ The Liquidators have been provided with a PPE listing which consists of items such as: <ul style="list-style-type: none"> • Mining equipment and tools; • Motor vehicles; and • Office furniture and equipment. ▶ As NMQ is now in the control of Receivers and Managers, the Receivers will realise these assets. 	J	Intercompany creditors	<ul style="list-style-type: none"> ▶ The books and records of the Company indicate there is a substantial intercompany loan from Navarre Minerals Limited. ▶ The Directors did not indicate the value of the loan however the books and records of the NMQ indicate a balance in excess \$51m.
G	Priority Employee Entitlements	<ul style="list-style-type: none"> ▶ The Director provided a schedule of employee entitlements totalling \$4.8m for annual leave, unpaid wages, long service leave and superannuation. ▶ The Receivers and Managers provided details of the Company's priority claims and these are slightly lower than previously reported due to lower PILN and redundancy figures. 			

SECTION 5

PROGRESS OF THE LIQUIDATION 70-40(2)(b)



PROGRESS OF THE LIQUIDATION

Matters Completed

To date the following actions have been completed in the Administration and Liquidation (this is not an exhaustive list):

- ▶ Undertook an urgent assessment of the position of the Company;
- ▶ Attended the Mt Carlton mine site to assess operations;
- ▶ Notified parties with security interests on the PPSR;
- ▶ Prepared and lodged relevant forms with ASIC in relation to the Administration;
- ▶ Discussions with key management in relation to the Companies' historical background;
- ▶ Secured relevant books and records of the Company;
- ▶ Reviewed and analysed the Company's financial books and records;
- ▶ Issued notification of appointment to applicable statutory and government bodies;
- ▶ Prepared and distributed our initial notification to creditors and suppliers;
- ▶ Issued a Report on Company Activities and Property (ROCAP) to the Directors of the Company. Reviewed and lodged same;
- ▶ Corresponded with trade creditors regarding the Company's business and their outstanding claims;
- ▶ Conducted meetings with the Companies' employees to discuss the administration process and address any queries;
- ▶ Liaised with the secured creditors in relation to its finance arrangements, security and asset realisations;
- ▶ Placed a freeze on all bank accounts and secured the Company's cash at bank;
- ▶ Convened and held the first creditors' meeting on 29 June 2023;
- ▶ Liaised with our legal advisors in relation to various issues including the claims of the secured creditors and employee entitlements;
- ▶ Lodged the necessary documents with ASIC to place the Company into Liquidation;
- ▶ Liaised with the Receivers and Managers in relation to ongoing trading and supplier issues;
- ▶ Prepared this report pursuant to section 70-40 of the Act;
- ▶ Prepared the report dated 17 July 2023 pursuant to section s439A of the Act and IPR 75-225;
- ▶ Prepared the adjourned report dated 18 August 2023 pursuant to section s439A of the Act and IPR 75-225;
- ▶ Convened and held the second creditors' meeting on 24 July 2023 and the adjourned second creditors meeting on 25 August 2023 to place the Company into Liquidation; and
- ▶ Prepared and lodged the minutes of the second creditors' meeting and adjourned second creditors' meeting.

SECTION 6

REMAINING ACTIVITIES 70-40(2)(c)



REMAINING ACTIVITIES

To Finalise Liquidation

The following actions need to be completed before the Liquidation of the Company can be finalised:

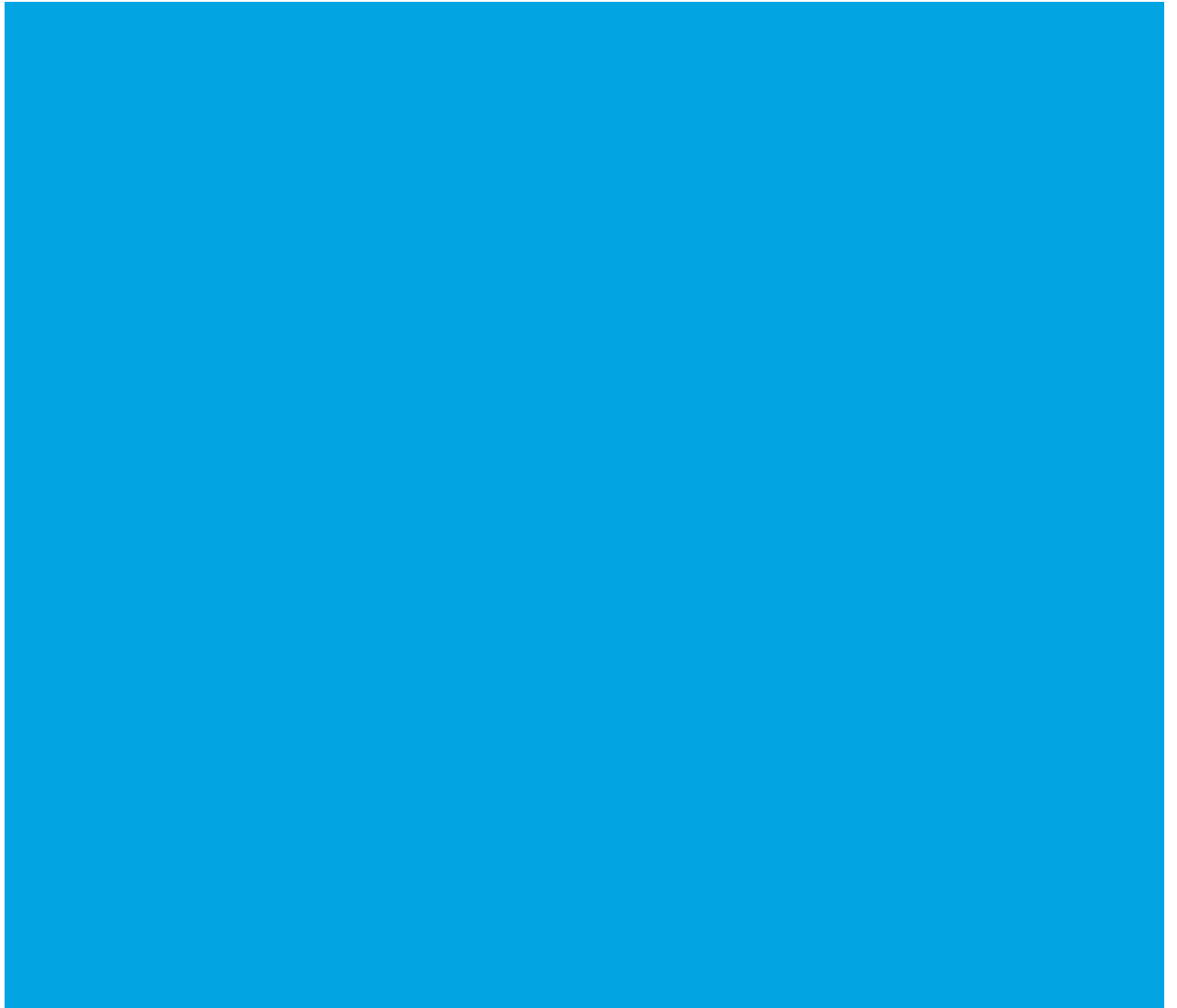
- ▶ Realise any remaining assets of the Company following the retirement of the Receivers and Managers;
- ▶ Complete investigations into the Company's affairs;
- ▶ Complete and lodge a report pursuant to section 533 of the Act with the corporate insolvency regulator, ASIC;
- ▶ Liaise with FEG in regard to employee claims;
- ▶ Adjudicate on priority creditors' proofs of debt; and
- ▶ Subject to the availability of funds, prepare and distribute a dividend to priority creditors.

We cannot give a finalisation deadline for the Liquidation until the Receivers and Managers have retired.

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

SECTION 7

REASONS FOR FAILURE 70-40(2)(d)



REASONS FOR FAILURE 70-40(2)(d)

The reasons for the failure of the Company are detailed in our report to creditors dated 17 July 2023.

In summary, the Liquidators identified the reason for failure due to:

- ▶ Inability to successfully restructure debt obligations to Evolution Mining Limited and Glencore International AG. Although these negotiations were progressing towards a positive outcome, the interaction between the two sets of agreements made the matters more complex and contributed to the board's concerns about completing the process in the required timeframe.
- ▶ Insufficient cashflows to allow the Group to meet debt amortisation commitments to associated with Evolution and Glencore.

SECTION 8

ESTIMATED RETURN TO CREDITORS 70-40(2)(e)



ESTIMATED RETURN TO CREDITORS

Overview

Based on current information available to us, we estimate that unsecured creditors will receive a dividend of between 0 and 10 cents in the dollar.

Please refer to **Appendix A** for the detailed Estimated Outcome Statement ('EOS').

Factors Influencing the Estimated Return

The return available to the Creditors of the Company will depend on the following variables:

- Realisations made by the Receivers and Managers;
- Determination of the secured creditors claim;
- Determination of the priority creditors claim;

It is the Liquidators' view that the estimated return presented in the table opposite is a reasonable estimate based on available information and the current position. However, these estimates may be subject to change.

EOS Summary		
	Estimate - Low \$'000	Estimate - High \$'000
Circulating Assets		
Total Circulating Assets	6,043	17,092
Total VA Costs	(1,250)	(1,250)
Receivers and Managers Costs	(1,000)	(1,000)
Net Balance Available to Priority Creditors	3,793	14,841
Priority Creditors	(10,219)	(10,219)
Net Balance Available after Priority Creditors	-	4,622
Total Non-Circulating Assets	9,534	47,668
Total Assets Available to Secured Creditor	9,534	52,290
Secured Creditor	(41,153)	(41,153)
Net Surplus/(Shortfall) after Secured Creditor Payments	(31,619)	11,137
Receivers and Managers Costs	(4,000)	(4,000)
VA Remuneration and Costs	(88)	(88)
Liquidator Remuneration and Costs	(200)	(200)
Total Amount Available to Unsecured Creditors	-	6,849
Total Unsecured Creditors	(66,477)	(66,477)
Estimated Return to Unsecured Creditors (c/\$)	-	10

SECTION 9

POSSIBLE RECOVERY ACTIONS 70-40(2)(f)



POSSIBLE RECOVERY ACTIONS

Voidable Transactions

Voidable Transactions

A Liquidator has the ability to take recovery action against various parties that may have received preferential treatment ahead of other creditors. The objective is to recover funds and redistribute the money to creditors. Broadly, these recovery actions include:

- ▶ A payment made to a creditor, in the six (6) month period prior to the appointment of an external administrator which is an insolvent transaction of the company (unfair preference);
- ▶ A payment made to a non-related creditor during the two (2) years prior to the appointment of an administrator which is an insolvent transaction and an uncommercial transaction;
- ▶ A payment made to a related party in the four (4) years prior to the filing of the appointment of an administrator which is an unreasonable director related transaction, or an insolvent uncommercial transaction or an unfair preference payment;
- ▶ A payment made to a creditor in the ten (10) years prior to the appointment of an administrator which is fraudulent;
- ▶ An unfair loan whenever made; and
- ▶ A transaction in the twelve (12) months prior to the appointment which involves the transfer or sale of company assets for less than market value, designed to hinder or significantly delay creditors' access to a company's assets (creditor defeating dispositions).

Further information in relation to the identified potential voidable transactions is provided on the following pages.

Unfair Preferences

An unfair preference is a payment made to an unsecured creditor of the company in the A transaction is an unfair preference if it results in a creditor receiving from a company, in respect of an unsecured debt, more than the creditor would receive from the company if the transaction(s) was/were set aside and the creditor was to prove for the debt in the winding up of the company. If the payment(s) to the creditor was/were made within the six (6) months preceding the appointment of the administrator (known as the 'relation back date'), a liquidator can take action to recover funds from the preferred creditor and distribute them according to the order of priority contained in Section 556 of the Act.

Creditors should note that, whilst a liquidator will endeavour to recover any unfair preferences for the benefit of all creditors, there may be statutory defences available pursuant to Section 588FGB of the Act. In addition, the liquidator must establish that the company was insolvent at the time of the transaction.

We have not identified any transactions of this nature to date.

POSSIBLE RECOVERY ACTIONS

Voidable Transactions

Uncommercial Transactions

For an uncommercial transaction to exist at the time of the transaction, it must have the following features:

- ▶ A reasonable person would not have entered into the transaction after taking into account the detriment and benefits to the Company;
- ▶ It was made when the Company was insolvent;
- ▶ It must have been entered into two (2) years or less prior to our appointment as Administrators however, if it was a related entity it may be four (4) years prior to the commencement of the Administration; and
- ▶ The person could have reasonably been aware that the Company was insolvent at the time of the transaction or the person did not provide valuable consideration.

We have not identified any transactions of this nature to date.

Unreasonable Director Related Transactions

Under section 588FDA of the Act, unreasonable director related transactions are payments made by the Company to a director of the Company or a close associate of the director, 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 (if any) to the Company of entering into the transactions; and
- ▶ The detriment to the Company of entering into the transactions; and
- ▶ The respective benefits to other parties to the transactions entering into it; and
- ▶ Any other relevant matter.

We have not identified any transactions of this nature to date.

Unfair loans

Section 588FD of the Act defines a loan as being unfair if:

- ▶ The interest on the loan was extortionate when the loan was made, or has since become extortionate because of variation; or
- ▶ The charges in relation to the loan were extortionate when the loan was made, or has since become extortionate because of variation.

We have not identified any transactions of this nature to date.

Creditor Defeating Dispositions

For a creditor defeating disposition to exist, at the time of the transaction, it must have the following features:

- ▶ It involves the transfer of company assets for less than market value (or the best price reasonably attainable);
- ▶ It was made when the Company is insolvent or became insolvent as a result of the transaction; and
- ▶ It occurred in the 12 months before the date of our appointment.

We have not identified any transactions of this nature to date.



INVESTIGATIONS

Insolvent Trading

Overview

Section 558G of the Act provides that it is an offence for a director of a company to allow a company to incur credit at a time when the company is insolvent. Should a director contravene this section, the Liquidator is entitled to commence legal proceedings against them to recover the loss suffered by the company as a result.

A company is considered to be insolvent at the point when it is unable to pay its debts as and when they fall due for payment. Consideration is given to when the debts are commercially due for payment.

Insolvent Trading Overview

Pursuant to Sections 588G and 588M of the Act, a Liquidator may seek to recover from the Directors of the Company, any debt incurred by the Company after a time that a reasonable person would suspect that the Company could not pay its debts as and when they fell due.

Accordingly, the Liquidator needs to determine the likely date the Company became insolvent. The test for solvency and consequently insolvency is prescribed by Section 95A of the Act which states that:

- ▶ A company is solvent if, and only if, the company is able to pay all the Company's debts, as and when they become due and payable; and
- ▶ A company who is not solvent is insolvent.

This translates into a "cashflow test" of solvency, however, there are a number of other indicators to consider, including an analysis of the company's balance sheet.

Findings

The findings of our preliminary investigations in relation to insolvent trading are detailed in our report dated 17 July 2023, if not earlier. It is the Liquidators' view that the Company was insolvent from 1 June 2023. Key considerations in this assessment are:

- ▶ Following the FY22 annual report, the Company's auditors still had material concerns regarding the Company's ability to repay upcoming obligations to Evolution Mining Limited.
- ▶ The Company did take steps to arrange alternative finance via a share placement and a finance facility with Glencore, however, these efforts did not provide sufficient cash in time.

- ▶ Cash became scarce for the Company and the wider Group as it declined from \$12m to \$130k in the six months to 31 December 2022. The Company did recover its cash balance after this with the recovery of certain receivables however, not significantly enough to enable them to address the amortisation payments that were due end of June 2023.
- ▶ When the Directors' final negotiations with Evolution Mining Limited and Glencore International AG failed, they recognised they had no other alternatives and placed the Company and the wider Group into Administration.
- ▶ As all entities of the Group had the support of one another, we consider that they all became insolvent at the same time.

A claim for insolvent trading is generally calculated by reference to the increase in liabilities in the period of insolvency.

It should also be noted that any claim for insolvent trading against the Directors needs to be assessed on commercial grounds taking into account the costs to pursue such a claim and the Directors' ability to meet any claim.

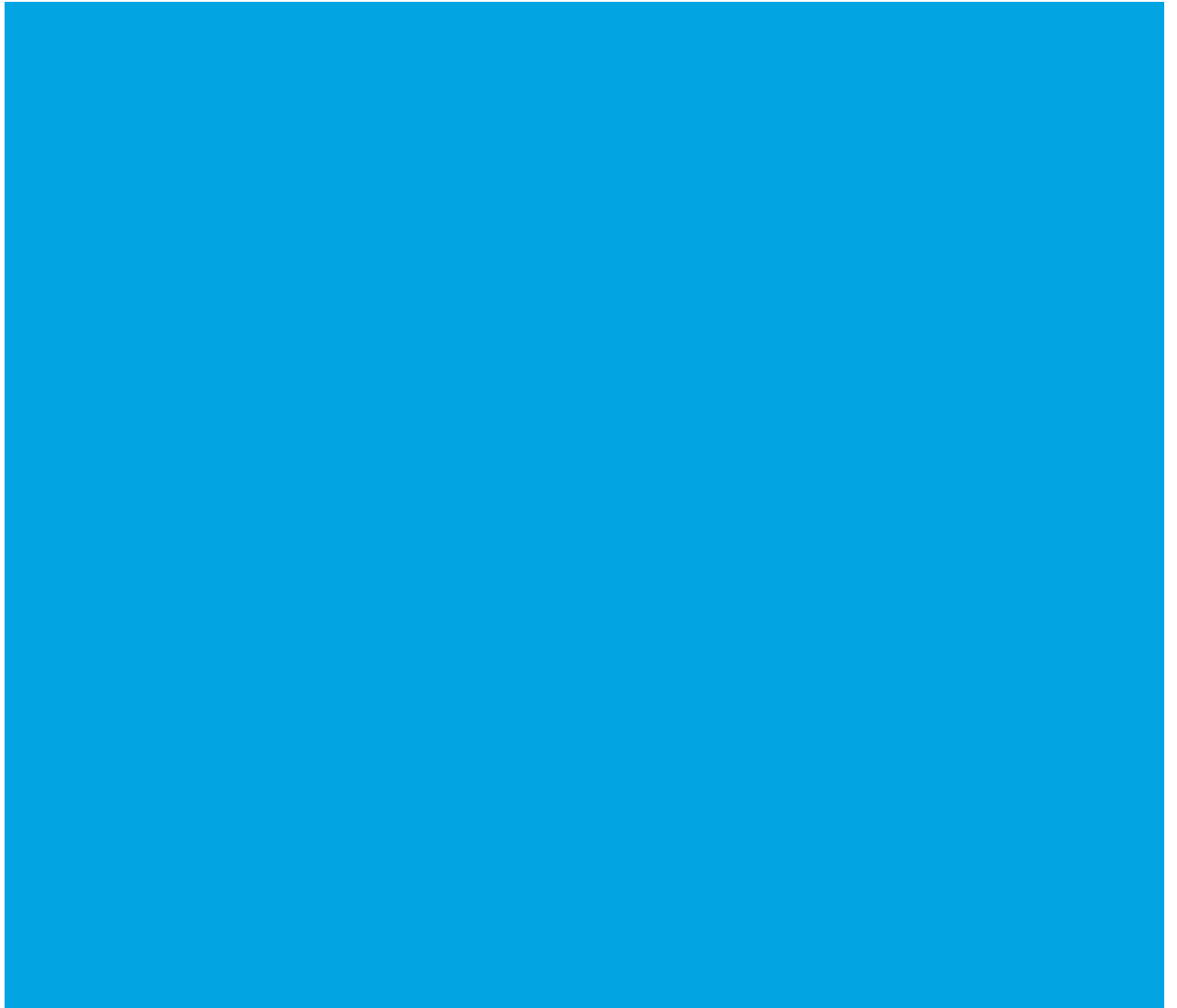
Possible Defences

There are potential defences available to the Directors pursuant to Section 588H Act in respect of insolvent trading, summarised as follows:

1. When the debt was incurred the Directors had reasonable grounds to expect that the Company was solvent and would remain so even if the debt was incurred (Section 588H(2));
2. When the debts were incurred the Directors had reasonable grounds to believe, and did believe, that a competent and reliable person was providing adequate information about the Company's solvency to the Directors and based on that information the Directors expected the Company to be solvent and remain so (Section 588H(3));
3. The Directors did not take part in the management of the Company at the time due to illness or other good reason (Section 588H (4)); and
4. The Director took reasonable steps to prevent the Company from incurring the debt (Section 588H(5)).

SECTION 10

LIQUIDATORS' RECEIPTS AND PAYMENTS



LIQUIDATORS' RECEIPTS AND PAYMENTS

Receipts and payments for the period 19 June 2023 to 24 November 2023

Overview

The Administrators' receipts and payments for the period 19 June 2023 to 24 November 2023 are as presented below.

Receipts	Amount (Incl. GST)
Cash at Bank on Appointment	3,954,382
Interest Income	13,478
TOTAL Receipts	3,967,859

Payments	Amount (Incl. GST)
Agents Fees	6,600
Appointee Disbursements	10,268
Appointee Fees	137,184
Bank Charges	7
IT Costs	19,214
Mine Site Suppliers	155,428
Transfer to Receivers and Managers	3,076,909
Utilities	239,040
TOTAL Payments	3,644,650
Net Receipts and Payments	323,209

SECTION 11

COSTS OF THE LIQUIDATION



COSTS OF THE LIQUIDATION

Appointees' Remuneration

Appointees' Remuneration

At the meetings of creditors held on 24 July 2023 and 25 August 2023, creditors approved the remuneration of the Administrators and the future remuneration of the Liquidators. Below is a summary of the approved remuneration:

Remuneration	\$ (excl. GST)
Voluntary Administration - 19 June 2023 to 7 July 2023	174,559.50
Voluntary Administration - 8 July 2023 to 24 July 2023	40,000.00
Voluntary Administration - 8 July 2023 to 24 July 2023 (overruns)	1,480.00
Voluntary Administration - 25 July 2023 to 11 August 2023	25,226.50
Voluntary Administration - 12 August 2023 to 25 August 2023	25,000.00
Total Remuneration for the Voluntary Administration	266,266.00
Liquidators - 25 August 2023 to the conclusion of the winding up	200,000.00
Total Remuneration for the Liquidation	200,000.00

The Liquidators' have only paid \$137,184 of the approved Voluntary Administrators' remuneration from the funds held.

The remaining Voluntary Administrators' and Liquidators' time costs have not been drawn. The Liquidators will have to wait for the Receivers and Managers to retire to understand if there will be sufficient realisations to meet the Voluntary Administrators and Liquidators' approved remuneration (subject to reasonably incurring the time costs).

Should the Liquidators incur time costs in excess of what has been approved by Creditors, the Liquidators may seek approval of additional remuneration from creditors.

SECTION 12

CONCLUSION



CONCLUSION

Summary

The Liquidators will complete their statutory report into the affairs of the Company and upon the retirement of the Receivers and Managers realise any remaining assets of the Company and assess whether a dividend will be payable to any class of creditor.

If additional information is provided which materially alters an opinion expressed in this report a supplementary report will be issued prior to the meeting.

We welcome any information which creditors feel may be of assistance in the conduct of the liquidation.

Should any creditor require further information regarding the matters raised in this report, please do not hesitate to contact Nathan Moxey of this office on 02 9240 9987 or Nathan.moxey@bdo.com.au.

Further Information

The Australian Restructuring Insolvency and Turnaround Association (ARITA) provides information to assist creditors with understanding liquidations and insolvency. This information, including details of your rights as a creditor, is available from ARITA's website at arita.com.au.

ASIC provides information sheets on a range of insolvency topics. These information sheets can be accessed on ASIC's website at www.asic.gov.au.

Electronic Communications

If you would like to receive all communications electronically, please send an email to: Nathan.moxey@bdo.com.au. The request will remain active until you provide us with further instructions to the contrary. Please alert us if you change your email address or postal address.

Commitment to Client Service

BDO's policy is to conduct files to the highest ethical and professional standards.

BDO adheres to the codes of conduct prescribed by the adheres to the codes of conduct prescribed by Chartered Accountants Australia & New Zealand, AFSA, ARITA and INSOL the International Federation of Insolvency Professionals.

If creditors have any questions, queries or complaints concerning the conduct of this administration please direct them to this office.

If you are dissatisfied with a decision made by the appointee, you may ask the appointee to review his decision or explain their reasons. If you are still not satisfied it may be necessary for an application to court to have the decision reviewed. In this instance it is recommended that you seek your own independent legal advice.

In the event that you are not satisfied with our handling of your query you may refer your complaint to the ASIC.

In an effort to improve our standards and the quality of information that you receive, we welcome your feedback. You can submit feedback anonymously in writing to this office or by email on info@bdo.com.au.

SECTION 13

APPENDICES

Appendix	Page
A - Estimated Outcome Statement	
B - Formal Proof of Debt form	



APPENDIX A

Estimated Outcome Statement

NAVARRE MINERALS QUEENSLAND PTY LTD Estimated Outcome Statement			
	Notes	Estimate - Low \$'000	Estimate - High \$'000
Circulating Assets			
Cash at Bank	1	3,954	3,954
Accounts Receivable	2	-	2,692
Inventory	3	2,089	10,446
Total Circulating Assets		6,043	17,092
Fees and Costs			
VA Remuneration and Costs (Lien)	4	(178)	(178)
VA Trade on Costs	5	(1,072)	(1,072)
Total VA Costs		(1,250)	(1,250)
Receivers and Managers Costs	6	(1,000)	(1,000)
Net Balance Available to Priority Creditors		3,793	14,841
Priority Creditors	7	(10,219)	(10,219)
Net Circulating Assets Available to Secured Creditor		-	4,622
Non-Circulating Assets			
Plant and Equipment	8	4,773	23,864
Mine Properties and Developments	9	3,309	16,547
Exploration and Evaluation	10	1,451	7,257
Total Non-Circulating Assets		9,534	47,668
Total Assets Available to Secured Creditor		9,534	52,290
Secured Creditor	11	(41,153)	(41,153)
Net Surplus/(Shortfall) after Secured Creditor Payments		(31,619)	11,137
Receivers and Managers Costs	6	(4,000)	(4,000)
VA Remuneration and Costs	12	(88)	(88)
Liquidator Remuneration and Costs	12	(200)	(200)
Total Amount Available to Unsecured Creditors		-	6,849
Unsecured Creditors			
Unsecured Creditors	13	(13,138)	(13,138)
Statutory Creditors	14	(2,081)	(2,081)
Related Party	15	(51,259)	(51,259)
Total Unsecured Creditors		(66,477)	(66,477)
Estimated Return to Unsecured Creditors (c/\$)		-	10



APPENDIX B

Estimated Outcome Statement Notes

Note	Description	Commentary
1	Cash	▶ Cash balance received from pre-appointment bank accounts.
2	Accounts Receivable	▶ Estimate based on Directors' ROCAP and books and records.
3	Inventory	▶ Low/High estimate provided. Nil return for low scenario, 50% return on book value of asset. For demonstration purposes only.
4	VA Remuneration (Lien)	▶ Time costs incurred by the Administrators during the period 19-21 June 2023. Amount approved by creditors at the meetings of creditors on 24 July 2023 and 25 August 2023.
5	Trade on Costs	▶ Estimated costs trade on costs as provided in report dated 17 July 2023.
6	Receivers and Managers Costs	▶ Estimated costs of Receivers and Managers costs.
7	Priority Creditors	▶ Estimate employee entitlements as provided by the Receivers and Managers.
8	Plant and Equipment	▶ Low/High estimate of PPE based on book and records. Low estimate 10% of estimated value, high estimate 50% of estimated value.
9	Mine Properties and Developments	▶ Low/High estimate of PPE based on book and records. Low estimate 10% of estimated value, high estimate 50% of estimated value.
10	Exploration and Evaluation	▶ Low/High estimate of PPE based on book and records. Low estimate 10% of estimated value, high estimate 50% of estimated value.
11	Secured creditors	▶ Estimate of secured claims based on proofs of debt received.
12	VA and Liquidators Remuneration and Costs	▶ Amount approved by creditors at the meetings of creditors on 24 July 2023 and 25 August 2023
13	Unsecured Creditors	▶ Unsecured creditor claims based on books and records and proofs of debt received.
14	Statutory Creditors	▶ Estimate of statutory claims based on proofs of debt received by the ATO.
15	Related Party Creditors	▶ Estimate of the intercompany loan from Navarre Minerals Limited based on the books and records of the Group.

APPENDIX B

Formal Proof of debt form

Page left intentionally blank

FORMAL PROOF OF DEBT OR CLAIM (GENERAL FORM)

**NAVARRE MINERALS QUEENSLAND PTY LTD (ADMINISTRATORS APPOINTED)
ACN 653 931 803 ('THE COMPANY')**

To the Administrators of

**NAVARRE MINERALS QUEENSLAND PTY LTD (ADMINISTRATORS APPOINTED)
ACN 653 931 803**

1. This is to state that the Company was on 19 June 2023, and still is, justly and truly indebted to (insert full name and address of the creditor¹)

for (insert amount of claim in words)

	dollars and	
		cents

Particulars of the debt are (give details of claim²):

Date	Consideration (state how the debt arose)	Amount \$ ¢	Remarks (include details of voucher substantiating payment)

2. To my knowledge or belief the creditor has not, nor has any person by the creditor's order, had or received any satisfaction or security for the sum or any part of it except for the following³:

3. ⁴I know that the debt was incurred for the consideration stated and that the debt, to the best of my knowledge and belief, remains unpaid and unsatisfied. I am the creditor, employed by the creditor, and/or the creditor's agent duly authorised in writing to make this statement.

Signed

Dated

Confirmation of postal/contact details of Creditor

Address		
City	State	Postcode
Phone	Email	

Correspondence by email

Do you consent to this office electing to send correspondence regarding the Company to the above email address? Yes

Notes:

1. Insert the full name and address 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.
2. Insert particulars of all securities held. If the securities are on the property of the Company, assess the value of those securities. If any bills or other negotiable securities are held, show them in a schedule in the following form:

Date	Drawer	Acceptor	Amount	Due Date
			\$ ¢	

3. Under "Consideration" state how the debt arose, for example "goods sold and delivered to the Company between the date of", "moneys advanced in respect of the Bill of Exchange." Include details of vouchers substantiating payment.
4. Do not complete section three if this proof is made by the creditor personally.

FOR OFFICE USE ONLY

Received	Admitted to Vote for	Admitted to rank for dividend
	\$ ¢	\$ ¢

