

Administrators' Report to creditors

Pursuant to Section 439A of the
Corporations Act 2001

13 October 2015

Convergent Minerals Ltd

(Administrators Appointed)
A.C.N. 120 909 953

Montague Resources Australia Pty. Ltd.

(Administrators Appointed)
A.C.N. 097 875 619

AFL Resources Pty Ltd

(Administrators Appointed)
A.C.N. 147 523 751

NQ Metals Pty Limited

(Administrators Appointed)
A.C.N. 125 551 537

(collectively known as “**Convergent Group**”)

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ABBREVIATIONS

Act	Corporations Act 2001
Administrators	Alan Hayes and Christian Sprowles
AEDT	Australian Eastern Daylight Time
ANZ	Australian and New Zealand Banking Group Limited
ARITA	Australian Restructuring Insolvency and Turnaround Association
ASIC	Australian Securities & Investments Commission
ASX	Australian Securities Exchange
ATO	Australian Taxation Office
CBA	Commonwealth Bank of Australia
CEO	Chief Executive officer
CFO	Chief Financial Officer
CY	Calendar Year
DIRRI	Declaration of Independent Relevant Relationship & Indemnities
DoCA	Deed of Company Arrangement
ERV	Estimated Realisable Value
FY	Financial Year
NAB	National Australia Bank
PMSI	Purchase Money Security Interest
PPSR	Personal Properties and Securities Register
RATA	Report as to Affairs
TBA	To be announced
TBD	To be determined
YTD	Year to Date
WA	Western Australia
WA DM&P	Western Australian Department of Mines & Petroleum
CVG	Convergent Minerals Ltd (Administrators Appointed)
Montague	Montague Resources Australia Pty Ltd (Administrators Appointed)
AFL	AFL Resources Pty Ltd (Administrators Appointed)
NQ Metals	NQ Metals Pty Limited (Administrators Appointed)
Convergent Group	CVG, AFL, Montague & NQ Metals
Companies	CVG, AFL, Montague & NQ Metals
Capri	Capri Trading Pty Ltd in its capacity as Trustee of The Capri Family Trust

1.0 EXECUTIVE SUMMARY

Christian Sprowles and I were appointed Voluntary Administrators of CVG, AFL, Montague & NQ Metals on 14 September 2015 pursuant to separate resolutions pursuant to section 436A of the Act passed by each of the Companies' boards.

The Convergent Group includes CVG, Montague, AFL and NQ Metals. I have combined the reports required by section 439A of the Act, on each of those companies' business, property, affairs and financial circumstances into a single report. The intention of which is to make it easier for creditors to comprehend their current position, the return they may expect to receive and to report more economically. Further the companies are inextricably connected by their business operations, shareholdings, directorships and their Corporate Governance.

Unless stated otherwise, all comments in the Report refer to Convergent Group as a whole.

1.1 Purpose of the Second Meetings of Creditors and this report

The purpose of the Second Meetings is for creditors of each Company in the Convergent Group to decide separately, the future of the company of which they are a creditor by resolving to accept one of three (3) options for each company in the Convergent Group:

- The Company executes a Deed of Company Arrangement ("DoCA"); or
- The Company be wound up; or
- The Administration comes to an end (and control of the Company reverts to its Board of Directors).

To assist creditors with their decision we have investigated and herein report on the Convergent Group's business, property, affairs and financial circumstances. We have also provided our recommendation as to which of the three (3) alternatives is in the best interests of creditors.

The Second Meetings of Creditors will be held concurrently at Hayes Advisory, Level 11, 66 King Street Sydney NSW 2000 on **Tuesday, 20 October 2015 at 2.00pm AEDT**. Creditors are encouraged to attend at least 15 minutes prior to this time to enable orderly registration for the meeting, please submit proxy and proof of debt forms by 5.00pm on Monday 19 October 2015. The proxy forms used at the earlier meetings of creditors (convened pursuant to s 436E of the Act) cannot be used for the meetings to be held on the 20th October 2015 (convened pursuant to s 439A of the Act) because those meetings are separate & distinct meetings required by a different section of the Act. So, please complete and lodge with the Administrators the new proxy forms attached as **Appendix B** of this report.

Appendix B includes the Notices of Meetings, proxy forms and informal proof of debt.

1.2 Administrators' Opinion

As at the date of this report, a Deed of Company Arrangement (DoCA) proposal capable of acceptance has not been received. In the absence of any DoCA proposals, it is our opinion that it would be in the creditors' interests for each of the companies within the Convergent Group to be wound up. There is however an offer to submit a DoCA proposal,

and should this be advanced between the date of this report and the meetings of creditors convened for the 20th October 2015, we shall report on it.

Creditors may also resolve to adjourn the second meeting of creditors for a period of up to forty five (45) days. At this stage, we do not believe it would be in creditors' best interest to adjourn the meeting unless we receive a DoCA proposal capable of acceptance.

Appendix A is our statement setting out our opinion.

1.3 Estimated Return to Creditors

We do not expect there to be any return to any class of unsecured creditors from the Liquidation of any of the companies within the Convergent Group.

We estimate that the claim of the secured creditor will be satisfied in full.

On the basis that no DoCAs have been proposed, we are not in a position to compare estimated returns between a DoCA and a liquidation.

1.4 Appointment and First Meeting of Creditors

The First Meetings of CVG, AFL, Montague and NQ Metals creditors, convened pursuant to Section 436E of the Act, were held on Thursday, 24 September 2015. Creditors did not resolve to appoint any Committees of Creditors or to replace the incumbent Administrators. Accordingly in each of CVG, AFL, Montague and NQ Metals the incumbent Administrators remain in place and there have not been any committees formed.

1.5 Investigations

We have investigated the business, property, affairs and financial circumstances of CVG, AFL, Montague and NQ Metals and make the following observations based on our preliminary investigations:

- **Unfair Preferences**

We have not identified any transactions that would fall within this category

- **Unreasonable Director Related Transaction**

We have not identified any transactions that would fall within this category

- **Related Party Transactions**

We have not identified any transactions that would fall within this category.

- **Unfair Loans**

We have not identified any unfair loans that would fall within this category.

- **Breaches of Directors' Duties**

We have not identified any breaches of directors' duties.

- **Insolvent Trading**

Based on our investigations, we believe the companies within the Convergent Group did not trade whilst insolvent for any period leading up to the Administrators' appointment.

The ability to investigate and recover transactions of the above nature is available to a liquidator only. Accordingly, when considering the above transactions, creditors should consider the cost versus benefit of any pursuit of them by the Liquidator (only) and the likelihood of success.

1.6 Report to ASIC

Administrators are required to report to ASIC pursuant to Section 438D of the Act where they have identified offences that may have been committed. Such offences include breaches of directors' duties, failure to maintain proper books and records and insolvent trading. We have not identified any breaches and hence do not anticipate lodging a Report with the ASIC pursuant to Section 438D of the Act. However if in the interim we do uncover a matter that should be reported, we shall lodge a Section 438D report.

If creditors resolve to wind up the Company the liquidators will conduct further investigations and report to the ASIC pursuant to Section 533(1) of the Act, if necessary. eg: in summary, if the company is unable to pay its unsecured creditors more than 50 cents in the dollar and/or any past or present officer or employee or a member or contributory may be guilty of an offence.

1.7 Summary of Receipts and Payments

A summary of Receipts and Payments for each of the Companies within the Convergent Group for the period 14 September 2015 to 12 October 2015 is provided as **Appendix C**.

1.8 Information for creditors

To assist creditors, employees and shareholders to understand the Voluntary Administration process, the ASIC has released a package of insolvency information sheets. These have the endorsement of the ARITA and are attached as **Appendix D**. You can download these as PDF files from the ASIC, ARITA and our company website. The respective websites are:

- www.hayesadvisory.com.au
- www.arita.com.au
- www.asic.gov.au

2. DISCLAIMER & INDEPENDENCE

2.1 Disclaimer

In reviewing this report, creditors should note the following:

- The statements and opinions given in this report are given in good faith and in the belief that such statements and opinions are not false or misleading. Except where otherwise stated, we reserve the right to alter any conclusions reached on the basis of any changed or additional information which may be provided to us between the date of this report and the date of the Second Meeting of Creditors; and
- Neither we, nor Hayes Advisory nor any member or employee thereof is responsible in any way whatsoever to any person in respect of any errors in this report arising from incorrect information provided to us; and
- In considering the options available to creditors and formulating their recommendation, the Administrators have necessarily made forecasts of asset realisations and total creditors. These forecasts and estimates may change as asset realisations and any claims progress.

2.2 Independence

In accordance with Section 436DA of the Act and the ARITA Code of Professional Practice, a Declaration of Independence, Relevant Relationships and Indemnities was enclosed with the notices of the first meeting of creditors for each of the Companies within the Convergent Group.

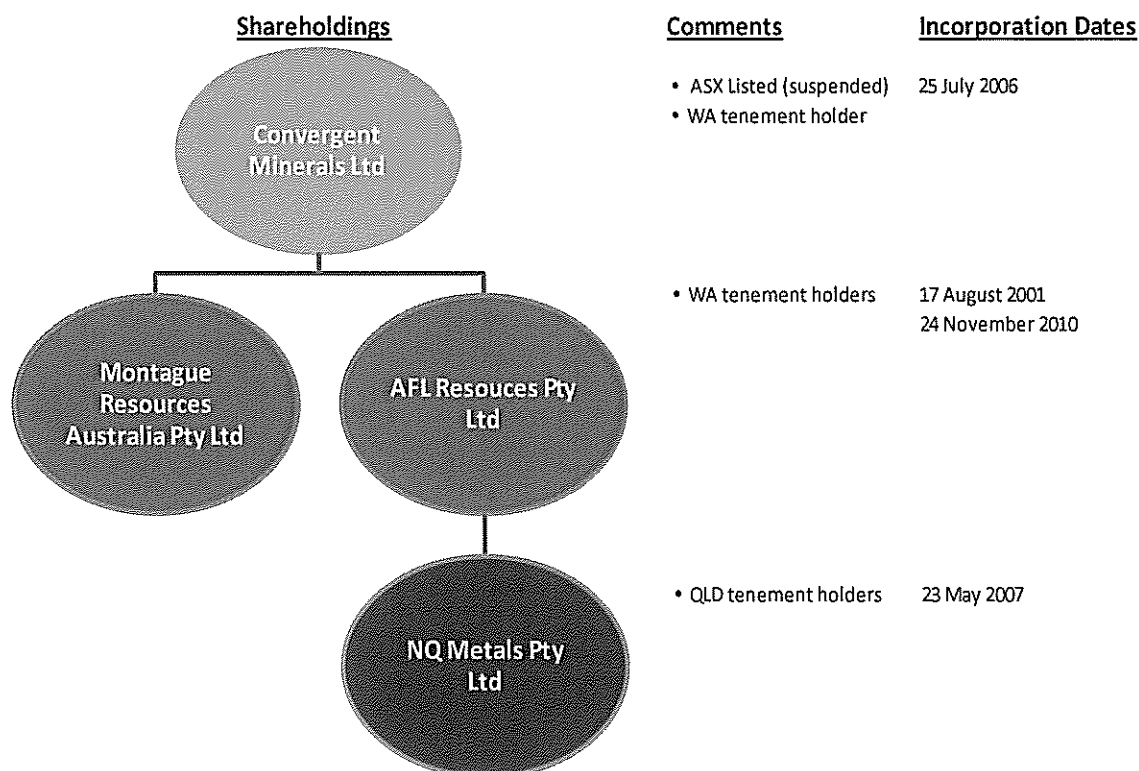
Copies of the DIRRI for each of the Companies within the Convergent Group are attached as **Appendix E** and will be tabled separately at the forthcoming concurrently held meeting of creditors.

This declaration disclosed information regarding the independence, any prior personal or professional relationships the Administrators or Hayes Advisory had with the Company or related parties and any indemnities received in relation to this appointment.

3. COMPANY BACKGROUND

3.1 Group Structure and Operations

Convergent Group's structure and incorporation dates of each of the Companies are as follows:



3.1 Assets. Convergent Group's principal asset is the Mt Holland Goldfield in WA, located approximately 300kms east of Perth. The Convergent Group's Mt Holland goldfield comprises some 55 mining, exploration and related tenements, of which 7 are subject to joint tenancy arrangements.

In addition, the Group holds a single exploration tenement in Queensland, known as Esmeralda.

3.2 Activities. The Convergent Group did not trade an active mine, rather it was in the process of raising the funds necessary to continue exploration and commence mining a distinct portion of the region covered by the Mt Holland mining tenements in Western Australia over which it had control. In doing so, the CVG Group maintained its mining tenements by further exploration and expenditure, which was as required, reported regularly and frequently to the WA DM&P, through a specialist provider of said services.

The CVG Group had been conducting pre-feasibility technical studies and testing as part of a pre-development phase to determine known limits of gold mineralisation and grading at each of the open cut gold mine sites drilled.

3.3 Employer. CVG is the only company within the Convergent Group which employed staff. There were three (3) employees, being the CEO & CFO and a geologist. In addition, CVG had engaged a field assistant and project manager on a contracting basis on-site in WA to maintain the Mt Holland Goldfield site, test and sample as required in order to ensure compliance with the terms under which the tenements were granted by the WA DM&P and the ASX Listing Requirements. Including minimum trading requirements and the need to file quarterly reports on activities including changes in tenement interests, and issued and quoted securities (ASX Listing Rule 5).

3.5 Listed Public Company. CVG is listed on the ASX under the ASX Code: CVG.

3.6 ASX Trading Suspended. On 31 August 2015, the securities of CVG were placed in Trading Halt at the request of the Company. On 2 September 2015, the securities of CVG have been suspended at the request of the Company under the *ASX Listing Rule 17.2 – Suspension of securities from quotation*. CVG extended the voluntary suspension of its securities up to 15 September 2015. The securities remain in suspension during the Administration period. We recommend creditors visit the ASX web site to acquaint themselves completely with the announcements listed thereon.

3.7 Fund Raising / Refinancing Activities The principal financier, Capri was granted security and as a consequence holds security over the whole or substantially the whole of the property of the Convergent Group, with the possible exception of NQ Metals. The secured amount comprised the principal drawing (on 30 April 2014) of \$2.5M with a 7.5% coupon that was due for repayment on 31 January 2015. An agreement for extension was allowed until 30 June 2015 then subsequently extended to 31 August 2015. Capri advises this debt is currently \$3,124,494. We have reviewed records supporting the calculations of the secured debt amount and believe this amount to be broadly correct.

Prior to our appointment, the Convergent Group had been attempting to raise funding to refinance existing facilities and to fund the development of the projects at the Mt Holland Goldfield. The proposed refinance was aimed at providing sufficient capital to extend the mine life and thereby facilitate the refinance and improve the return to shareholders. The Convergent Group had aimed to finalise planning, plant and infrastructure construction, advance mine development and to progress certain projects towards production.

3.8 Catalyst for Voluntary Administration Capri was not prepared to extend the repayment date further, it required repayment of its loan. The Convergent Group's efforts to raise the funds to repay Capri had not been successful.

On Friday 11 September 2015, Alan Hayes met with Convergent Group's Board of Directors and the Secretary, was advised of the financial position of the Convergent Group as it was understood by the Board and provided the Board with the alternatives available. On Monday the 14 September 2015, the Board resolved to appoint Voluntary Administrators to Convergent Group as they determined the individual companies within the Group were either insolvent or likely to become insolvent.

3.9 Shareholders, Officers and Charges A summary of the searches of the ASIC database for each of the companies in the Convergent Group is attached as **Appendix F1**.

We have also conducted personal name searches of the Board of Directors, a summary of which is attached as **Appendix F2**.

3.10 Security interests and Personal Property and Securities Register ("PPSR")

The PPSR legislation became operational on 30 January 2012 and among other things replaced the previous system of security registration and retention of title. A search of the PPSR revealed the following security interests for each company in the Convergent Group:

Convergent Group - Schedule of Securities

Company (debtor)	Documents obtained	Parties (creditors)	Registration Date	Registration No and Type	Status/Comments
Convergent Minerals Ltd (Administrators Appointed)	General Security Agreement	Capri Trading Pty Ltd in its capacity as Trustee of The Capri Family Trust	30/04/2014	201404300061503 ALLPAAP No Exceptions	1. The GSA is further secured by floating charges over all the assets and uncalled capital of CVG, MRA an AFL.
	Mortgage Document and Schedule (x5 Miscellaneous Licences, x1 Prospecting Licence, and x12 General Purpose Leases)	Capri Trading Pty Ltd in its capacity as Trustee of The Capri Family Trust	As above	As above	2. All financial assets and non-financial assets of the group pledged collateral for the benefit of the note holder. 3. Principal sum secured is in the sum of \$2.7M.
	Fuji Xerox Customer Rental and Support Services Agreement	Fuji Xerox		No PPSR Registration	A facsimile machine rental agreement.
Montague Resources Australia Pty Limited (Administrators Appointed)	Notification of Details of a Charge	Troika Capital Pty Ltd *	30/01/2012	201112151151080 ALLPAAP No Exceptions	1. CVG's charge over MRA is essentially a GSA secured by a charge over the whole of the undertaking of MRA's fixed and floating assets up to a specified maximum amount of \$25M.
	ASIC Form 311 - Notification of Assignment of Change to Details of a Charge	LTKC Civils Pty Ltd (Replacement Chargee)			2. On 1 October 2015, the Administrators, in their capacity as Joint & Several Administrators of MRA, gave consent to CVG pursuant to Section 440B of the Act to enforce their security.
	ASIC Form 311A - Notification of Assignment of Change to Details of a Charge	Convergent Minerals Ltd (Replacement Chargee)			
	General Security Agreement	Capri Trading Pty Ltd in its capacity as Trustee of The Capri Family Trust	30/04/2014	201404300062013 ALLPAAP With Exceptions	1. The GSA is further secured by floating charges over all The assets and uncalled capital of CVG, MRA an AFL.
	Mortgage Document and Schedule (x3 Exploration Licences)	Capri Trading Pty Ltd in its capacity as Trustee of The Capri Family Trust			2. All financial assets and non-financial assets of the group have been pledged as part of the total collateral for the benefit of the note holder.
AFL Resources Pty Limited (Administrators Appointed)	Mortgage Document and Schedule (x16 Exploration Licences, x9 Miscellaneous Licences, x1 Prospecting Licence, x9 Mining Leases and x2 General Purpose Leases)	Capri Trading Pty Ltd in its capacity as Trustee of The Capri Family Trust			
	General Security Agreement	Capri Trading Pty Ltd in its capacity as Trustee of The Capri Family Trust	30/04/2014	201404300062698 ALLPAAP With Exceptions	As above
	Mortgage Document and Schedule (x1 Exploration Licence and x2 Prospecting Licences)	Capri Trading Pty Ltd in its capacity as Trustee of The Capri Family Trust			
NQ Metals Pty Ltd (Administrators Appointed)			No PPSR Charge		

I am not aware of any inaccuracies in the PPSR of Convergent Group.

In order to claim a security interest in the Company (i.e. as a secured or retention of title creditor), creditors are required to have registered their interest on the PPSR.

Creditors that have not registered their interest on the PPSR, prior to the date of the Administrators' appointment, are not entitled to claim a security interest in goods held by the Company. The fact that a creditor has or cannot register their interest on the PPSR, does not prevent that creditor from asserting its claim as an unsecured creditor of the Company, and subject to the availability of funds, receipt of a dividend through a liquidation or DoCA.

3.11 Books and Records Pursuant to Section 286 of the Act, a Company must keep written financial records that correctly record and explain its transactions, financial position and performance, and enable true and fair financial statements to be prepared and audited. Financial records must be kept by the Company for seven years and a director of a Company must take reasonable steps to secure compliance with this requirement.

Failure to maintain books and records may give rise to a presumption of insolvency pursuant to Section 588E of the Act. This presumption may be relied upon by the Liquidator in an application for compensation for insolvent trading and other actions for recoveries pursuant to Part 5.7B of the Act.

We have been provided with books and records of the Company, which appear to have been kept in a manner that currently complies with Section 286 of the Act. Please see Section 5 of this Report for specific comment on Convergent Group's consolidated financial statements including the Profit and Loss Statement and Balance Sheet.

The Convergent Group had as required, appointed an auditor. The Auditors have expressed their opinions on the financial report based on their audits. The complete Independent Auditors' reports may be found in Convergent Group's annual reports for 2014, 2013 and 2012, copies of which can be found on the Convergent Group's web site www.convergentminerals.com

A brief summary of the opinions of the auditors is presented below.

Years	Auditor	Audit	Auditor's Opinion
30 June 2014	BDJ Partners North Sydney NSW	The Financial Report of the CVG Group	Accords with the Act
		True & fair view given of CVG Group's Financial position & performance	Accords with the Act
		AAS & Corp Regulations	Accords with the Act
		International Financial Reporting Standards	Complies
		Going Concern	Not qualified
30 June 2013	BDJ Partners North Sydney NSW	The Financial Report of the CVG Group	Accords with the Act
		True & fair view given of CVG Group's	Accords with the Act

		Financial position & performance	
		AAS & Corp Regulations	Accords with the Act
		International Financial Reporting Standards	Complies
		Going Concern	Not qualified
30 June 2012	PKF Mack West Perth WA	The Financial Report of the CVG Group	Accords with the Act
		True & fair view given of CVG Group's Financial position & performance	Accords with the Act
		AAS & Corp Regulations	Accords with the Act
		International Financial Reporting Standards	Complies
		Going Concern	Not qualified

We comment further on the auditors' reports on the 2014 year. The financial reports were prepared on a "going concern" basis and in 2014 the auditors commented specifically "if the Project Finance Facility or alternate capital raising is unsuccessful, it would indicate a material uncertainty which may cast doubt about the consolidated entity's ability to continue as a going concern". Notwithstanding, the auditors provided an unqualified opinion on "Going Concern."

Similarly, in the 30 June 2013 year the auditor stated "Should the consolidated entity not be able to raise funds for working capital, it would indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and the consolidated entity's ability to pay its debts as and when they fall due. Notwithstanding the auditors provided an unqualified report on "Going Concern". A loan of \$2,500,000 was raised in the following financial year ie: 2014.

The 30 June 2015 financial accounts have not been lodged with the ASX as per the listing requirements. This has been notified.

Further investigations into the financial reports will be undertaken if the company(s) are wound up. Notwithstanding, we have not seen anything untoward reported in the auditors' reports.

3.12 Sale of Assets. Section 437A of the Act, provides the Administrators with the power to control each Company's business, property and affairs. Administrators may also, pursuant to s437A of the Act carry on each Company's business, manage the property and the affairs, and sell all or any of each Company's property.

Further, pursuant to s437D of the Act, only the Administrators can deal with the Company's property.

Prior to our appointment as Voluntary Administrators on 14th September 2015, the Board had been attempting to obtain funding to repay the companies' secured creditor Capri. We are advised by the Board that they had been dealing with various parties over a period of at least two (2) months to seek to obtain the funds to refinance Capri. The companies' search failed and eventually Capri sought repayment of its debt.

We are advised by the Board that, in the period leading up to our appointment as Administrators, the Board had been in contact and/or had discussions with various parties

interested in the Companies' assets. We requested the schedule of those interested parties from the Board, a request with which they complied.

In considering the sale of the Group's assets we had regard to, amongst other things, the:

- Boards' resolutions that the Companies' were insolvent or likely to become insolvent
- Very limited funds available to the Administrators
- Convergent's suspension from trading
- Tenement expenditure required
- Tenement reporting obligations
- Trade on costs including the need to retain staff essential to preserve the assets
- Exposure to the market of the Convergent Group assets in recent months
- Voluntary Administration's legislative timeframe and our legal obligations

We planned and implemented a sale of assets campaign which included:

- Direct notification with all known "interested parties"
- On-line advertising campaign
- Issuance of 41 Confidentiality Agreements
- Establishment of an on-line dataroom which included technical & corporate data
- Dialogue with those parties interested

A flowchart depicting the sale process is attached as **Appendix F3**.

The first batch of Confidentiality Agreements were dispatched by email on the 25th September 2015 and their dispatch continued upon receipt of interest from parties, until the 7th October 2015. There were a total of 41 Confidentiality Agreements dispatched. Accompanying the dispatch of each Confidentiality Agreements was a letter from the Administrators in which we advised each party of the Administrators ability to control and sell the assets, the sale process including how to gain access to the dataroom we had established, how to conduct site visits and the time at which offers closed.

Dataroom access was granted to five (5) parties and five (5) parties submitted offers by the 7th October 2015. The offers were not sufficient to repay the secured creditor and consequently Capri was not prepared to release its security over the assets. Hence a sale could not proceed.

Further the limited funds available to us did not enable an approach to the court to seek an extension of the period in which we could convene the second meeting of creditors and thereby extend the sale period. Our requests to fund the Companies' cashflow deficiency were met in part by Capri, which has enabled payment of some wages and tenement rents, and thereby assisted our work to preserve the Companies' assets.

Offers submitted after the deadline were not considered by the Administrators to ensure their unbiased and non-prejudicial conduct of the sale process.

We are currently corresponding with Capri to document a proposal that deals with its debt and the assets over which it has security. Further details will likely be available at the meetings on the 20th October 2015.

3.13 Directors' opinion regarding causes of failure

The Directors have listed the following factors as contributing to the Convergent Group's failure:

Company	Reason
CVG	The principal financier, Capri was not willing to continue forbearance to extend the repayment date any further and wanted repayment of their outstanding debt. The Company had no money to repay the secured debt.
Montague	The Parent Company, CVG was the primary source of funding its subsidiary companies and it has been placed into Voluntary Administration.
AFL	As above.
NQ Metals	As above.

3.14 Administrators' opinion regarding causes of failure

Notwithstanding the above, our preliminary assessment reveals the following additional reasons for the failure of the Convergent Group:

- High cash burn rate associated with exploration and evaluation activities.
- Undercapitalisation and inability to raise sufficient equity and/or debt finance.
- The recent & current state of the ASX mining market was and continues to be difficult (unfavourable) to "small cap" gold miners.

4. ADMINISTRATORS' TRADING ACTIVITIES

4.1 Cash flow. The Convergent Group has NOT and is NOT expected to generate any cash inflow from operational activities during the period of our appointment. Rather, each company within the group is in a business development stage and hence expend cash on development rather than generate cash from operational activities. Capri, the secured creditor has provided limited funding (\$40,750) to the Administrators to assist the asset retention, specifically the mining tenements and incumbent staffing to facilitate same. The Chairman of the CVG Group did provide funding (approximately \$29,000) to the CVG Group for tenement rent payments prior to our appointment.

4.2 Trading on care & maintenance basis. The Administrators' trading related activities have concentrated on the attendance to tenement reporting obligations to the WA DM&P and the Qld Department of Natural Resources and Mining Monitoring and meeting financial commitments associated with the tenements including rents and rates. We have continued to engage the Group's tenement managers, Austwide Mining Title Management Pty Ltd ("**Austwide**"), during the administration period.

4.3 Tenement Forfeiture Application. On 10 October 2015, we received formal notification, via Austwide, of the lodgement with the WA DM&P of forfeiture applications and complaints in respect of 54 tenements held by the Convergent Group.

The applications and complaints were lodged on 2 October 2015 by Phoenix Rise Pty Ltd and Jeffery Hull. The directors of Phoenix Rise Pty Ltd are recorded on ASIC records to be Narelle Anne Graham and Paul Montague Williams. Mr Williams is a former director of MRA.

The applications have been made on the ground that the Holders have failed to comply with the expenditure conditions in respect of the tenements. We are unaware of any specific failures in this regard. The Board have advised there are no reasonable grounds on which the forfeiture application could prevail.

Responses to the applications are required to be lodged within 14 days of service of notice. A hearing date has been listed for 24 November 2015.

We are considering the Group's response to the applications. This will consider, amongst other things, the failure of the applicants to obtain the Administrators' consent, or leave of the Court, under Section 440D of the Act.

4.4 Claims relating to joint tenement holdings. We have been notified of a potential claim against CVG from Hanking Gold Mining Pty Ltd relating to alleged breaches of the terms of joint tenements agreements relating to certain tenements held jointly in W.A.. In our opinion, this matter may give rise to a claim against one or more of the Convergent Group companies.

5. HISTORICAL FINANCIAL RESULTS

The following financial analysis has been limited to FY14 and FY15. The Administrators note that audited financial statements for FY13 and prior years are available for review via the Company's website. See Section 3.11 of this report for a summary of the auditors' opinions.

Set out below is a summarised comparative analysis of Convergent Group's financial consolidated performance and position for the years ended 30 June 2014 (per FY14 Annual Report) and 30 June 2015 (per unaudited management accounts):

5.1 Comparative Financial Analysis – Profit & Loss Accounts FY14 and FY15

Convergent Group Consolidated				
Profit & Loss Summary	Actual		Actual	
Consolidated	FY15		FY14	
	\$'000	%	\$'000	%
Revenue				
Revenue from Continuing Operations	-		-	
Subtotal Revenue	0		0	
Other Revenue				
Interest Income	26	4%	25	92%
Profit on Sale of Shares	0	0%	0	0%
Revaluation of Shares	0	0%	0	0%
Other	620	96%	2	8%
Total Other Revenue	645		27	
Total Revenue	645		27	
Expenses				
Compliance and Regulatory Expenses	67		56	
Consulting Fees	210		26	
Director Fees	92		122	
Employment Expenses	264		227	
Exploration Expenditure Written Off	6		176	
Finances Costs	648		189	
Legal Expenses	58		37	
Office and Utility Expenses	62		43	
Other Expenses	109		238	
Total Expenses	1,515		1,116	
EBITDA	(870)		(1,088)	
Depreciation / Amortisation	27		36	
EBIT	(896)		(1,124)	
Income Tax Expense/(Benefit)	-		(324)	
NPBT	(896)		(800)	

Comments:

- Convergent Group incurred losses of \$800K and \$896K in FY14 and FY15 respectively.
- The absence of any trading revenue in FY14 and FY15 is reflective of the observation that the Group's activities were limited to exploration activities and that the Group was not undertaking any mining operation activities.
- The Profit and Loss accounts for FY14 and FY15 disclose total expenses incurred in the conduct of its exploration and related activities of \$1.16M and \$1.52M respectively.
- The EBITDA has been funded by borrowings.

[THIS SECTION LEFT BLANK INTENTIONALLY]

5.2 Comparative Financial Analysis – Balance Sheets FY14 and FY15

Convergent Group Consolidated		
Balance Sheet Summary	Actual FY15 \$'000	Actual FY14 \$'000
Current Assets		
Cash and Cash Equivalents	151	2,063
Trade and Other Receivables	7	423
Other Current Assets	-	50
Total Current Assets	159	2,536
Non-Current Assets		
Financial Assets	-	-
Property, Plant and Equipment	132	158
Capitalised Exploration and Evaluation Expenditure	12,449	10,627
Other Non-Current Assets	-	119
Total Non-Current Assets	12,582	10,904
TOTAL ASSETS	12,740	13,440
Current Liabilities		
Employee Entitlements	19	25
Trade and Other Payables	68	285
Loan	2,961	2,542
Total Current Liabilities	3,048	2,851
Non-Current Liabilities		
Total Non-Current Liabilities	-	-
TOTAL LIABILITIES	3,048	2,851
NET ASSETS	9,692	10,589
Equity		
Issued Capital	14,984	14,984
Asset Revaluation Reserve	-	-
Retained Earnings/(Losses)	(5,291)	(4,395)
Non-Controlling Interest	-	-
Total Owner's Equity	9,692	10,589

Comments:

- Comparative analysis of the FY14 and FY15 balance sheets shows that, in summary, current assets as at FY14 of \$2.54M (comprising predominantly of cash of \$2.06M) were applied towards trading losses and increases in capitalized exploration and evaluation expenditure.
- The positive net asset positions as at FY14 and FY15, of \$10.6M and \$9.69M respectively, are predominantly based on the capitalized value of the exploration and evaluation expenditure incurred by the Group in relation to its mining and exploration tenements. For accounting purposes, these figures represent historical costs. Accordingly, the book value of these capitalized costs do not necessarily reflect the realizable values of the tenements.
- Property, Plant and Equipment ("PP&E") is made up of Plant & Equipment, Motor Vehicles, Furniture and Fittings (incl. Office Equipment) and Mine and Camp Site Development, less accumulated depreciation.
- Whilst the net assets are positive, the inability to repay the secured creditor led to the current insolvency.

6. REPORTS AS TO AFFAIRS ("RATA")

The Act requires directors to complete and provide to the Administrators a RATA, which details the financial position of the Company at the date of our appointment. The RATA discloses the estimated book value and estimated realisable value (ERV) of known assets and liabilities.

I have provided below summary of the Reports as to Affairs as submitted by the Companies' directors together with comparisons of the Administrators' ERVs and supporting comments.

CVG

Description	Notes	Per Directors' RATA		Administrators'
		Book Value	ERV	ERV*
		(\$'000)	(\$'000)	(\$'000)
Assets				
Cash at Bank		37	37	38
Debtors		8	8	8
Plant and Equipment	1	22	Unknown	30
Other Assets	2	12,582	Unknown	Withheld
Total Assets		12,649	Unknown	76
Less: Creditors				
Employee Entitlements	3	27	27	115
Unsecured Creditors	4	396	396	424
Secured Creditor	5	2,961	2,961	3,014
Total Creditors		3,384	3,384	3,554
Surplus/(Deficiency)		9,266	Unknown	(3,478)

Comments:

1. Plant & Equipment ("P&E")

Administrators' ERV of P&E is an estimate only and is subject to receipt of our Valuer's final valuation report.

2. Other Assets

Our investigations reveal eighteen (18) tenements are held in the name of CVG. No value has been assigned to tenements in the RATA. For the purposes of this summary, Administrators have withheld an estimate of the tenements ERV.

3. Employee Entitlements

The difference between RATA value of \$27K and Administrators' estimate of \$115K relates to redundancy entitlements.

4. Unsecured Creditors

See further breakdown below:

	Per RATA	Admin.s ERV
	(\$ '000)	(\$ '000)
Total Unsecured Creditors	396	424
Less: Intercompany Debt to AFL	335	335
Less: R Reynolds (Director) Loan	2	2
Balance: External Creditors	58	87

5. Secured Creditor

The secured creditor claim of \$2.96M as disclosed in the RATA represents the Directors' assessment of the balance of the secured debt due to Capri Trading Pty Ltd as at 31 August 2015. Capri has provided the Administrators with an updated calculation of the balance currently due of \$3.124M. We have recalculated the balance due as at appointment date to be \$3.014M. The loan was as per a Loan Note Subscription Agreement dated 30 April 2014 between CVG and Capri, with AFL as the guarantor, and is supported by a

cross-collateralised fixed and floating charge over the Group's assets. We are presently seeking clarification as to whether the Capri charge extends to the assets and undertakings of NQ Metals Pty Ltd. The initial loan sum was \$2.5M.

Montague

Description	Notes	Per Directors' RATA	Administrators'	
		Book Value	ERV	ERV*
		(\$'000)	(\$'000)	(\$'000)
Assets				
Cash at Bank		2	2	2
Plant and Equipment	1	110	Unknown	-
Other Assets	2	11,400	Unknown	Withheld
Total Assets		11,553	Unknown	2
Less: Creditors				
Unsecured Creditors	3	10,544	10,544	10,545
Secured Creditor	4	2,961	2,961	3,014
Total Creditors		13,504	13,504	13,559
Surplus/(Deficiency)		(1,952)	Unknown	(13,527)

Comments:

1. Plant & Equipment ("P&E")

For the purposes of the Administrators' RATA analyses, the Administrators' ERV for P&E has been attributed to CVG (see table above). A more reliable allocation of P&E between CVG and Montague is pending receipt of our Valuer's detailed valuation report.

2. Other Assets

The book value of other assets as per the Directors' RATA represents the capitalised value of the historical exploration and evaluation expenditure. The Directors have advised that they were not in a position to provide any reliable estimate or opinion regarding the realisable value of the Group's tenement holdings. It is also noted that for the purposes of the Directors' RATAs, all tenements have been disclosed as being held by Montague. The Administrators are aware that Montague's holding is limited to twenty eight (28) tenements (plus seven (7) tenements jointly held).

In addition to the Other assets referred to above, the Administrators are aware of a potential R&D rebate available to Montague. The receipt of this rebate is contingent upon various factors, including the preparation and lodgement of an FY15 tax return. We are advised that the rebate may become unavailable if Montague is placed into liquidation. The potential R&D rebate is estimated to be in the order \$150,000. We have engaged external accountants to pursue this matter. Given the uncertainty regarding this rebate, we have excluded it from our ERV assessment above.

3. Unsecured Creditors

See further breakdown below:

	Per RATA	Admin.s ERV
	(\$ '000)	(\$ '000)
Total Unsecured Creditors	10,544	10,545
Less: Intercompany Debt to AFL	10,516	10,516
Less: R Reynolds (Director) Loan	28	28
Balance: External Creditors	\$200	\$1,708

4. Secured Creditor

Refer to comments for CVG above.

AFL

Description	Notes	Per Directors' Book Value (\$)	RATA ERV (\$)	Administrators' ERV* (\$)
Assets				
Cash at Bank		473	473	508
Other Assets	1	646,591	Unknown	-
Total Assets		647,064	Unknown	508
Less: Creditors				
Unsecured Creditors	2	198	198	413
Secured Creditor	3	2,960,503	2,960,503	3,014,071
Total Creditors		2,960,701	2,960,701	3,014,488
Surplus/(Deficiency)		(2,313,637)	Unknown	(3,013,980)

Comments:

1. Other Assets

See further breakdown below:

	Per RATA	Admin.s ERV
	(\$)	(\$)
Investments – NQ Metals	10,544	-
Loan – NQ Metals	10,516	-
Loan – CVG	28	-
Company Establishment Costs	1,086	-
Balance: External Creditors	646,591	-

We note that 2 tenements are held in the name of AFL. These have not been separately disclosed by the Directors in the RATA for AFL. As mentioned above, for the purposes of the RATAs, the Directors have allocated all tenements to Montague.

2. Unsecured Creditors

See further breakdown below:

	Per RATA	Admin.s ERV
	(\$)	(\$)
Total Unsecured Creditors	198	413
Less: R Reynolds (Director) Loan	198	198
Balance: External Creditors	0	216

3. Secured Creditor

Refer to comments for CVG above.

NQ Metals

Description	Notes	Per Directors' RATA Book Value (\$)	ERV (\$)	Administrators' ERV ¹ (\$)
Assets				
Cash at Bank		891	891	927
Other Assets	1	101,229	Unknown	Withheld
Total Assets		102,120	Unknown	927
Less: Creditors				
Unsecured Creditors	2	310,039	310,039	310,040
Secured Creditor	3	2,960,503	2,960,503	3,014,071
Total Creditors		3,270,542	3,270,542	3,323,184
Surplus/(Deficiency)		(3,168,422)	Unknown	(3,323,184)

Comments:

1. Other Assets

The book value of Other assets as per the Directors' RATA represents the capitalized cost value of the Esmeralda tenement (Qld). The Directors have advised that they were not in a position to provide a reliable estimate or opinion regarding the realisable value of this tenement.

2. Unsecured Creditors

See further breakdown below:

	Per RATA	Admin.s ERV
	(\$)	(\$)
Total Unsecured Creditors	310,039	310,040
Less: R Reynolds (Director) Loan	310,039	310,039
Balance: External Creditors	0	1

3. Secured Creditor

Refer to comments for CVG above.

7. DEED OF COMPANY ARRANGMENT

As at the date of preparing this report, no DoCA proposal, in an acceptable form, has been submitted to the Administrators.

We are advised that a DoCA proposal, in an acceptable form, may be forthcoming. If received prior to the forthcoming meeting of creditors, we will circulate a summary of the proposal and/or table the proposal at the meeting and, if the meeting sees fit, may adjourn that meeting to allow proper analysis and consideration of the proposal. Please see Section 1.2 of this report for comments on adjournment.

8. ESTIMATED RETURN TO CREDITORS IN A DOCA VS LIQUIDATION SCENARIO

In the absence of a DoCA proposal, no comparison can be undertaken between estimated returns in a DoCA compared to a liquidation scenario.

9. OFFENCES, VOIDABLE TRANSACTIONS AND INSOLVENT TRADING

9.1 Offences

The Administrators are required to complete and lodge a report with the ASIC pursuant to Section 438D of the Act where it appears to the Administrators that a past or present officer of the Company may have been guilty of an offence in relation to the Company and in other limited circumstances. We shall lodge a report pursuant to Section 438D of the Act with the ASIC

General information about what offences may be identified by the Administrators may be obtained from the attached ARITA information sheet entitled "*Creditor Information Sheet: Offences, Recoverable transactions and Insolvent Trading*" marked as **Appendix G**.

9.2 Voidable Transactions

Corporations Regulation 5.3A.02 requires Administrators to specify whether there are any transactions that appear to be voidable transactions in respect of money, property or other benefits which may be recoverable by a Liquidator under Part 5.7B of the Act.

The Act requires Administrators to specify whether there are any transactions that appear to the Administrators to be voidable transactions in respect of which money, property or other benefits may be recoverable by a liquidator under Part 5.7B of the Act. This issue is relevant to creditors if they are being asked to choose between a Deed of Company Arrangement (DOCA) or liquidation, as voidable transactions are only recoverable if the Company is being wound up, i.e. in liquidation.

Our investigations into the Company's affairs have not identified any voidable transactions that may be voidable by a liquidator (see further details on these transactions below).

A summary of the various transactions is set out below:

a) Unfair Preferences (Section 588FA)

Potential unfair preference claims can only be considered and pursued if the Company is placed into liquidation.

It would also be necessary to establish that the Company was insolvent at the time the payments were made for them to be recoverable and that the recipient had reasonable grounds for suspecting that the Company was insolvent at that time or would become insolvent.

We have investigated Convergent Group's records for the relation back day period, being six (6) months prior to the date of our appointment.

Our preliminary review based on bank statements provided by financial institutions reveals that there does not appear to be any unfair preference payments that are recoverable.

b) Related Party Transactions (Section 588FE(4))

Section 588FE(4) of the Act provides for payments to related parties may be voided where the companies within the Convergent Group were insolvent at the time of the transaction.

We have not identified any transactions that would be subject to this Section of the Act.

c) Uncommercial Transactions (Section 588FB)

Section 588FB of the Corporations Act provides for transactions that were not beneficial or were detrimental to the Company as being void. The transaction must have occurred when the Company was insolvent or would become insolvent.

We have not identified any transactions that would be subject to this Section of the Act.

d) Unfair Loans (Section 588FD)

Section 588FD of the Act provides for loans to be voided in circumstances where interest or charges are considered extortionate.

We have not identified any transactions that would be subject to this Section of the Act.

e) Unreasonable Director-Related Transactions (Section 588FDA)

Section 588FDA of the Act provides for transactions where 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, detriments and respective benefits to other parties.

We have sought copies of all the Company's books and records including bank statements and have not identified any transactions that would be subject to this Section of the Act.

9.3 Insolvent Trading (Section 588G)

Section 588G of the Act provides that a company's director has a duty to protect the Company from incurring debt when there are reasonable grounds for suspecting that the Company will be unable to pay its debts as and when they fall due. Section 588M of the Act provides that a Liquidator is able to recover 'damages' from the director of an

insolvent company, in an amount equal to the loss or damage suffered by the Company as a result of a breach of duty.

My preliminary view is that the Company **did not trade whilst insolvent** because of the following reasons:

- Prior to the withdrawal of support by the Group's financier, Capri Trading Pty Ltd, we have found no evidence of undue creditor pressure, demands or legal actions from the Group's unsecured creditors.
- Our investigation to date indicate that up until the date of our appointment the Group had met all of its financial obligations applying to its tenement holdings.
- The Directors have advised the sequence of events leading up to the appointment of administrators to the Group included the following:
 - On 25 June 2015 the Group negotiated an extension of its secured loan facility with Capri Trading Pty Ltd to 31 August 2015.
 - As at 31 August 2015 CVG had failed to repay the Capri loan, at which time the directors negotiated a period of approximately one week's further forbearance with Capri.
 - Following the expiry of the further forbearance period, and being unable to repay the secured debt amount, the Directors sought advice and took steps to place the Group into Administration.
- The secured creditor has confirmed to us the timeline of events as described by the Directors.

For general information about insolvent trading, please refer to the Creditor Information Sheet – S439A reports contained within the Code of Professional Conduct on the ARITA website at www.arita.com.au.

9.4 Directors' Personal Financial Position

If the Company is wound up at the Second Meeting of Creditors further investigations may be conducted into any insolvent trading claim and the costs benefits of pursuing such an action.

At this stage, we have not identified any voidable transactions to be pursued against the Board of Directors. As such and according to the ARITA Code Section 25.6.3, we do not require nor have we requested a statement of personal assets and liabilities position from the Board of Directors.

9.5 Breach of Directors' Duties

Section 180 to 183 of the Act sets out duties and powers of directors and officers of a company to enable Directors act in the interest of the Company. The duties include:

- Section 180 – Care and Diligence
- Section 181 – Good Faith
- Section 182 – Use of Position
- Section 183 – Use of Information

Our preliminary review is that the Board of Directors have not breached their director's duties.

9.6 Examination of Officers of the Company and Others

The provisions of Div 1 of Part 5.9 of the Act provide a means by which an 'eligible applicant' such as a Liquidator can examine officers of a company and others about its examinable affairs and any other person who may be able to provide information relating to such affairs. 'Examinable affairs' is a comprehensive term of wide ranging application and includes:

- The promotion, formation, management, administration or winding up of the corporation;
- And other affairs of the corporation; and
- The business affairs of a connected entity of the corporation in so far as they appear to be relevant to the corporation or its affairs.

If the Court is satisfied that a summons for examination should be issued, the examinee is usually required to produce at (or prior to) the examination specified books that are in the person's possession and relate to the corporation.

It is an offence if the person to be examined fails to attend the court, fails to answer a question, makes a false or misleading statement or fails to produce books stipulated in the summons.

In the event the Company is wound up, the Liquidator would review the voidable transactions, if any, and could, subject to funding and the Court's discretion, consider an examination.

Based on the investigations to date, an examination is not required at this stage.

10. ADMINISTRATORS' OPINION

Section 439A requires Administrators to provide their opinion on which of the three (3) alternative courses of action available to creditors, is in their interests.

It is the Administrators' opinion that:

- It **would not** be in the creditors' interest to resolve to **end the administration** at the second meeting of creditors as the Companies are insolvent and are unlikely to return to solvency.
- It **would not** be in the creditors' interest to resolve that the Companies execute a **Deeds of Company Arrangement ("DoCA")**. Our reasons are as follows:
 - No DoCA proposal has been received.
- It **would** be in the creditors' interests for the **Companies to be wound up**. The reasons include:
 - The Liquidator is able to pursue any voidable transactions or insolvent trading, if identified
 - Investigations into the Company's business, property, affairs and financial circumstances will continue.
 - In the absence of the Companies' solvency and a DoCA proposal, this is the only alternative available to creditors.

See **Appendix A** as my formal statement of opinion.

11. SECOND MEETING OF CREDITORS

The Second Meeting of Creditors will be held concurrently at Hayes Advisory, Level 11, 66 King Street Sydney NSW 2000 on **Tuesday, 20 October 2015 at 2.00pm**.

The purpose of the Second Meeting of Creditors is to discuss the Company's affairs and to determine the Company's future. Creditors' options are as follows:

- The Company executes a Deed of Company Arrangement.
- That the Administration should end.
- That the Company be wound up.

Creditors may adjourn the meeting for up to forty-five (45) business days.

Creditors will also be asked whether they wish to replace the incumbent Administrators with a new Liquidator or Deed Administrators (as applicable)

In respect of the meeting please find enclosed the following at **Appendix B**:

- Form 529 – Notices of Meeting and Agenda
- Form 532 – Appointment of Proxy
- Informal Proof of Debt Form for voting purposes only.

In order to receive this report and any future reports and/or notices via email or facsimile, rather than by regular post, please provide your contact details on the Informal Proof of Debt from enclosed herein.

12. REMUNERATION

12.1 Voluntary Administration

At the meeting of creditors to be held on 20 October 2015 at 11:00 am the Administrators will seek creditor approval for the fee's set out in the **Remuneration Report** pursuant to section 449E of the Act, which is attached as **Appendix H**.

At the concurrently held meeting, creditors will be asked to consider the following resolutions:

Convergent Group's Voluntary Administration Remuneration Resolutions		
Company	Period	Remuneration to be approved (\$ excl. GST)
CVG	14 September 2015 to 8 October 2015	72,830
	9 October 2015 to 19 October 2015	15,000
	20 October 2015 to signing of the Deed (if applicable)	7,500
	Sub-Total	95,330
Montague	14 September 2015 to 8 October 2015	10,893
	9 October 2015 to 19 October 2015	10,000
	20 October 2015 to signing of the Deed (if applicable)	7,500
	Sub-Total	28,393
AFL	14 September 2015 to 8 October 2015	8,786
	9 October 2015 to 19 October 2015	5,000
	20 October 2015 to signing of the Deed (if applicable)	5,000
	Sub-Total	18,786
NQ Metals	14 September 2015 to 8 October 2015	7,454
	9 October 2015 to 19 October 2015	5,000
	20 October 2015 to signing of the Deed (if applicable)	5,000
	Sub-Total	17,454
Grand Total		159,963

Please refer to the Remuneration Report attached as **Appendix H** for each of the resolutions to be approved as summarised in the above table.

A copy of the information sheet 'Approving Fees: a guide for creditors' can be found on the ASIC website at www.asic.gov.au.

12.2 Deed Administration

If the creditors resolve that Convergent Group execute a Deed of Company Arrangement, approval of the Deed Administrators' future remuneration will be sought in accordance with the remuneration report attached as **Appendix I**. A summary of the tasks to be completed by the Deed Administrators and his staff in the conduct of the Deed Administration from its commencement to completion also outlined in the **Remuneration Report**.

At the concurrently held meeting, creditors will be asked to consider the following resolution for each of the Companies within the Convergent Group:

"That the remuneration of the Deed Administrators, as set out in the Deed Administrators' remuneration report, for the period from the commencement of the Deed of Company Arrangement to completion of the Deed of Company Arrangement, is charged in accordance with the hourly rates of Hayes Advisory as at 1 July 2015 (as amended from year to year, by a maximum of 10%) and be fixed at \$12,500 plus GST and that the Deed Administrators be authorised to make payment on account as required."

12.3 Liquidation

If the Company is placed in liquidation, approval of the Liquidators' future fees will be sought in accordance with the remuneration report attached as **Appendix J**. A summary of the tasks to be completed by the Liquidators and his staff in the conduct of the liquidation for the period 20 October 2015 to the completion of the liquidation is also outlined in the **Remuneration Report**.

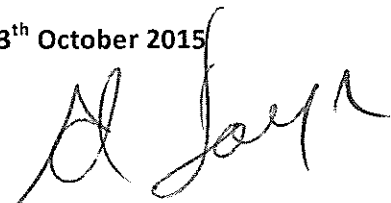
At the concurrently held meeting, creditors will be asked to consider the following resolutions:

Convergent Group's Creditors Voluntary Liquidation Remuneration Resolutions		
Company	Period	Remuneration to be approved (\$ excl GST)
CVG	For the period 20 October 2015 to completion of winding up	15,000
Montague	For the period 20 October 2015 to completion of winding up	10,000
AFL	For the period 20 October 2015 to completion of winding up	5,000
NQ Metals	For the period 20 October 2015 to completion of winding up	5,000
Grand Total		35,000

Please refer to the Remuneration Report attached as **Appendix J** for each of the resolutions to be approved as summarised in the above table.

Should you have any questions, please call Geoff Knoke of our office on (02) 8270 9308 or Brandon Lee on (02) 8270 9304.

DATED this the 13th October 2015



Alan Hayes

Joint & Several Administrator

Convergent Minerals Ltd (Administrators Appointed)

Montague Resources Australia Pty. Ltd. (Administrators Appointed)

AFL Resources Pty Ltd (Administrators Appointed)

NQ Metals Pty Limited (Administrators Appointed)

Appendix



Convergent Minerals Ltd (Administrators Appointed)
A.C.N. 120 909 953

Montague Resources Australia Pty. Ltd. (Administrators Appointed)
ACN 097 875 619

NQ Metals Pty Limited (Administrators Appointed)
ACN 125 551 537

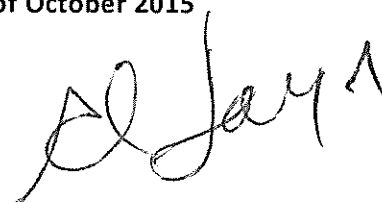
AFL Resources Pty Ltd (Administrators Appointed)
ACN 147 523 751

Statement of Administrators' Opinion
Pursuant to Section 439A(4)(b) of the Corporations Act 2001

This statement sets out my opinions in relation to the alternatives which the creditors of the company will consider at the Second Meeting of Creditors to be held at Hayes Advisory, Level 11, 66 King Street, Sydney NSW 2000 on **20 October 2015 at 2:00 p.m.**

- It **would not** be in the creditors' interest to resolve **to end the administration** at the second meeting of creditors as the Companies are insolvent and are unlikely to return to solvency.
- It **would not** be in the creditors' interest to resolve **that the Companies execute a Deeds of Company Arrangement ("DoCA")**. Our reasons are as follows:
 - No DoCA proposal has been received.
- It **would** be in the creditors' interests for the **Companies to be wound up**. The reasons include:
 - The Liquidator is able to pursue any voidable transactions or insolvent trading, if identified
 - Investigations into the Company's business, property, affairs and financial circumstances will continue.
 - In the absence of the Companies' solvency and a DoCA proposal, this is the only alternative available to creditors.

Dated this **13th** of October 2015



Alan Hayes
Joint & Several Administrator
Convergent Minerals Ltd (Administrators Appointed)
Montague Resources Australia Pty. Ltd. (Administrators Appointed)
AFL Resources Pty Ltd (Administrators Appointed)
NQ Metals Pty Limited (Administrators Appointed)

Appendix

B

Instructions for Attendance by Telephone Conference
(Relating to the accompanying Notices of Meeting)

Convergent Minerals Ltd
(Administrators Appointed)
ACN 120 909 953

Montague Resources Australia Pty. Ltd.
(Administrators Appointed)
ACN 097 875 619

NQ Metals Pty Limited
(Administrators Appointed)
ACN 125 551 537

AFL Resources Pty Ltd
(Administrators Appointed)
ACN 147 523 751

Pursuant to Regulation 5.6.13A of the Corporations Regulations, please see below information regarding attendance by telephone conference:

- a) Conference Call Dial in telephone number - **03 8672 0100** and the **Access Code – 920 857**. If you wish to attend by telephone, please contact Mr Brandon Lee of my office on (02) 8270 9304 or blee@hayesadvisory.com.au to confirm your attendance;
- b) a person, or the proxy or attorney of a person, who wishes to participate in the meeting by telephone must give to Christian Sprowles, Joint & Several Liquidator, not later than the second-last working day before the day on which the meeting is to be held (i.e. **Tuesday, 20 October 2015**), a written statement setting out:
 - (i) the name of the person and of the proxy or attorney (if any); and
 - (ii) an address to which notices to the person, proxy or attorney may be sent; and
 - (iii) a telephone number at which the person, proxy or attorney may be contacted; and
 - (iv) any facsimile transmission number to which notices to the person, proxy or attorney may be sent; and
- c) a person, or the proxy or attorney of a person, who participates in the meeting by telephone must pay any costs incurred by the person, proxy or attorney in participating and is not entitled to be reimbursed for those costs from the assets of the Company.

Corporations Act 2001
Section 439A(3)(a)
Sub-regulation 5.6.12(2)

FORM 529

NOTICE OF SECOND MEETING OF CREDITORS

Convergent Minerals Ltd
(Administrators Appointed)
A.C.N. 120 909 953

NOTICE IS GIVEN that a meeting of the creditors of the company will be held at **Hayes Advisory, Level 11, 66 King Street, Sydney NSW 2000** on **20 October 2015 at 2:00 p.m. (AEDT)**

Telephone conference facilities are available and instructions are contained on the first page within Annexure B.

AGENDA

1. To review the Administrators' report concerning the company's business, property, affairs and financial circumstances.
2. For creditors to consider the options available and to resolve either:
 - 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.
3. For creditors to:
 - a) approve the Voluntary Administrators' remuneration; and
 - b) determine the remuneration of the Liquidator/Deed Administrators, if one is appointed.
4. For creditors to consider the appointment of an alternative Deed Administrators or Liquidator
5. If the company is wound up, to consider the appointment of a Committee of Inspection.
6. If the company is wound up, to consider the early destruction of the books and records at the conclusion of the liquidation.
7. To consider any other business that may be brought before the meeting.

DATED this 13th October 2015

Alan Hayes
Joint & Several Administrator

Hayes Advisory Pty Limited, Level 11, 66 King Street, Sydney NSW 2000.

INFORMAL PROOF OF DEBT FORM

Regulation 5.6.47

**Convergent Minerals Ltd
(Administrators Appointed)
A.C.N. 120 909 953**

Name of creditor:

Amount of debt claimed:

(see note)

Consideration for debt:

Whether debt secured or unsecured:

If secured, give details of security including dates, etc:

Balance, if any, after deducting value of security (see note):

.....
Creditor (or person authorised by creditor)

NOTE:

Under the Corporations Regulations, a creditor is not entitled to vote at a meeting unless (Regulation 5.6.23):

- a. his claim has been admitted, wholly or in part, by the Administrators; or
- b. he has lodged with the Administrators particulars of the debt or claim, or if required, a formal proof of debt.

For the purposes of Part 5.3A, a secured creditor may vote (Regulation 5.6.24):

- a. for the whole of his debt without regard to the estimated value of his security.

Proxies must be made available to the Administrators

FORM 532

Regulation 5.6.29

Corporations Act 2001

APPOINTMENT OF PROXY

Convergent Minerals Ltd
(Administrators Appointed)
A.C.N. 120 909 953

I/We¹ _____

of _____

a creditor of **Convergent Minerals Ltd**,
appoint²

or in his/her absence _____

as *my/our *general/special proxy³ to vote at the meeting of creditors to be held on 20 October 2015 at 2:00 PM, or
at any adjournment of that meeting, to vote:

a) on all matters arising at the meeting; **OR**

b) on each of the following resolutions in the manner specified:

		For	Against	Abstain
i)	A resolution that the Administration end.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
ii)	A resolution that the company be required to execute a Deed of Company Arrangement.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
iii)	A resolution that the company be wound up.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
iv)	That the remuneration of the Administrators, as set out in the Administrators' remuneration report, for the period 14 September 2015 to 8 October 2015, in accordance with the applicable time costs charged by Hayes Advisory as at 1 July 2015 be approved in the sum of \$72,830 plus any applicable GST and that the Administrators, Deed Administrators or Liquidators be authorised to pay the remuneration.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

¹ If a firm, strike out "I" and set out the full name of the firm.

² Insert the name, address and description of the person appointed.

³ If a special proxy, add the words "to vote for" or the words "to vote against" and specify the particular resolution.

- | | | | | |
|-------|---|--------------------------|--------------------------|--------------------------|
| v) | That the remuneration of the Administrators, as set out in the Administrators' remuneration report, for the period from 9 October 2015 to 19 October 2015, in accordance with the applicable time costs charged by Hayes Advisory as at 1 July 2015, be approved in the sum of \$15,000 plus any applicable GST and that the Administrators, Deed Administrators or Liquidators be authorised to pay the remuneration. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| vi) | That the remuneration of the Administrators, as set out in the Administrators' remuneration report, for the period 20 October 2015 to signing of the Deed (if applicable), is calculated in accordance with the applicable time costs charged by Hayes Advisory for work of this nature and is fixed and paid in the sum at \$7,500 plus any applicable GST and that the Administrators, Deed Administrators or Liquidators be authorised to pay the remuneration. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| vii) | That the remuneration of the Deed Administrators, as set out in the Deed Administrators' remuneration report, for the period from the commencement of the Deed of Company Arrangement to completion of the Deed of Company Arrangement, is charged in accordance with the hourly rates of Hayes Advisory as at 1 July 2015 (as amended from year to year, by a maximum of 10%) and be fixed at \$12,500 plus GST and that the Deed Administrators be authorised to make payment on account as required. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| viii) | That the remuneration of the Liquidators, as set out in the Liquidators' remuneration report, for the period 20 October 2015 to completion is charged in accordance with the hourly rates of Hayes Advisory as at 1 July 2015 (as amended from year to year, by a maximum of 10%) and be fixed at \$15,000 plus any applicable GST and that the Liquidators be authorised to make payment on account as required." | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ix) | A resolution that a committee of inspection be appointed. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| x) | A resolution that the books and record of the company be disposed of 6 months after the dissolution of the company or earlier at the discretion of the ASIC. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| xi) | Adjourn the second meeting of creditors for up to 45 business days. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

DATED this 2015

.....
Signature⁴

CERTIFICATE OF WITNESS ⁵		
I	_____ of _____	
certify that the above instrument appointing a proxy was completed by me in the presence of and at the request of the person appointing the proxy and read to him or her before he or she signed or marked the instrument.		
DATED this	day of	20
Signature of Witness	_____	
Description	_____	
Place of Residence	_____	

⁴ The signature of the creditor is not to be attested by the person nominated as proxy.

⁵ This certificate is to be completed only where the person giving the proxy is blind or incapable of writing.

Corporations Act 2001
Section 439A(3)(a)
Sub-regulation 5.6.12(2)

FORM 529

NOTICE OF SECOND MEETING OF CREDITORS

Montague Resources Australia Pty. Ltd.
(Administrators Appointed)
ACN 097 875 619

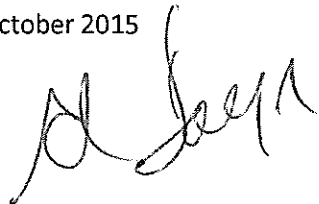
NOTICE IS GIVEN that a meeting of the creditors of the company will be held at **Hayes Advisory, Level 11, 66 King Street, Sydney NSW 2000** on **20 October 2015 at 2:00 p.m.**

Telephone conference facilities are available and instructions are contained on the first page within Annexure B.

AGENDA

1. To review the Administrators' report concerning the company's business, property, affairs and financial circumstances.
2. For creditors to consider the options available and to resolve either:
 - 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.
3. For creditors to:
 - a) approve the Voluntary Administrators' remuneration; and
 - b) determine the remuneration of the Liquidator/Deed Administrators, if one is appointed.
4. For creditors to consider the appointment of an alternative Deed Administrators or Liquidator
5. If the company is wound up, to consider the appointment of a Committee of Inspection.
6. If the company is wound up, to consider the early destruction of the books and records at the conclusion of the liquidation.
7. To consider any other business that may be brought before the meeting.

DATED this 13th October 2015



Alan Hayes
Joint & Several Administrator

Hayes Advisory Pty Limited, Level 11, 66 King Street, Sydney NSW 2000.

INFORMAL PROOF OF DEBT FORM

Regulation 5.6.47

Montague Resources Australia Pty. Ltd.
(Administrators Appointed)
ACN 097 875 619

Name of creditor:

Amount of debt claimed: (see note)

Consideration for debt:

Whether debt secured or unsecured:

If secured, give details of security including dates, etc:

Balance, if any, after deducting value of security (see note):

.....
Creditor (or person authorised by creditor)

NOTE:

Under the Corporations Regulations, a creditor is not entitled to vote at a meeting unless (Regulation 5.6.23):

- a. his claim has been admitted, wholly or in part, by the Administrators; or
- b. he has lodged with the Administrators particulars of the debt or claim, or if required, a formal proof of debt.

For the purposes of Part 5.3A, a secured creditor may vote (Regulation 5.6.24):

- a. for the whole of his debt without regard to the estimated value of his security.

Proxies must be made available to the Administrators

FORM 532

Regulation 5.6.29

Corporations Act 2001

APPOINTMENT OF PROXY

Montague Resources Australia Pty. Ltd.
(Administrators Appointed)
ACN 097 875 619

I/We⁶ _____

of _____

a creditor of **Montague Resources Australia Pty. Ltd.**
, appoint⁷

or in his/her absence _____

as *my/our *general/special proxy⁸ to vote at the meeting of creditors to be held on 20 October 2015 at 2:00PM, or at any adjournment of that meeting, to vote:

a) on all matters arising at the meeting; **OR**

b) on each of the following resolutions in the manner specified:

	For	Against	Abstain
i)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
ii)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
iii)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
iv)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

- i) A resolution that the Administration end.
- ii) A resolution that the company be required to execute a Deed of Company Arrangement.
- iii) A resolution that the company be wound up.
- iv) That the remuneration of the Administrators, as set out in the Administrators' remuneration report, for the period 14 September 2015 to 8 October 2015, in accordance with the applicable time costs charged by Hayes Advisory as at 1 July 2015 be approved in the sum of \$10,893 plus any applicable GST and that the Administrators, Deed Administrators or Liquidators be authorised to pay the remuneration.

⁶ If a firm, strike out "I" and set out the full name of the firm.

⁷ Insert the name, address and description of the person appointed.

⁸ If a special proxy, add the words "to vote for" or the words "to vote against" and specify the particular resolution.

- | | | | | |
|-------|---|--------------------------|--------------------------|--------------------------|
| v) | That the remuneration of the Administrators, as set out in the Administrators' remuneration report, for the period from 9 October 2015 to 19 October 2015, in accordance with the applicable time costs charged by Hayes Advisory as at 1 July 2015, be approved in the sum of \$10,000 plus any applicable GST and that the Administrators, Deed Administrators or Liquidators be authorised to pay the remuneration. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| vi) | That the remuneration of the Administrators, as set out in the Administrators' remuneration report, for the period 20 October 2015 to signing of the Deed (if applicable), is calculated in accordance with the applicable time costs charged by Hayes Advisory for work of this nature and is fixed and paid in the sum at \$7,500 plus any applicable GST and that the Administrators, Deed Administrators or Liquidators be authorised to pay the remuneration. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| vii) | That the remuneration of the Deed Administrators, as set out in the Deed Administrators' remuneration report, for the period from the commencement of the Deed of Company Arrangement to completion of the Deed of Company Arrangement, is charged in accordance with the hourly rates of Hayes Advisory as at 1 July 2015 (as amended from year to year, by a maximum of 10%) and be fixed at \$12,500 plus GST and that the Deed Administrators be authorised to make payment on account as required. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| viii) | That the remuneration of the Liquidators, as set out in the Liquidators' remuneration report, for the period 20 October 2015 to completion is charged in accordance with the hourly rates of Hayes Advisory as at 1 July 2015 (as amended from year to year, by a maximum of 10%) and be fixed at \$10,000 plus any applicable GST and that the Liquidators be authorised to make payment on account as required. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ix) | A resolution that a committee of inspection be appointed. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| x) | A resolution that the books and record of the company be disposed of 6 months after the dissolution of the company or earlier at the discretion of the ASIC. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| xi) | Adjourn the second meeting of creditors for up to 45 business days. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

DATED this 2015

.....
Signature⁹

CERTIFICATE OF WITNESS¹⁰

I _____ of _____
certify that the above instrument appointing a proxy was completed by me in the presence of and at the request of the person appointing the proxy and read to him or her before he or she signed or marked the instrument.

DATED this _____ day of _____ 20____

Signature of Witness _____

Description _____

Place of Residence _____

⁹ The signature of the creditor is not to be attested by the person nominated as proxy.

¹⁰ This certificate is to be completed only where the person giving the proxy is blind or incapable of writing.

Corporations Act 2001
Section 439A(3)(a)
Sub-regulation 5.6.12(2)

FORM 529

NOTICE OF SECOND MEETING OF CREDITORS

AFL Resources Pty Ltd
(Administrators Appointed)
ACN 147 523 751

NOTICE IS GIVEN that a meeting of the creditors of the company will be held at **Hayes Advisory, Level 11, 66 King Street, Sydney NSW 2000** on **20 October 2015 at 2:00 p.m.**

Telephone conference facilities are available and instructions are contained on the first page within Annexure B.

AGENDA

1. To review the Administrators' report concerning the company's business, property, affairs and financial circumstances.
2. For creditors to consider the options available and to resolve either:
 - 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.
3. For creditors to:
 - a) approve the Voluntary Administrators' remuneration; and
 - b) determine the remuneration of the Liquidator/Deed Administrators, if one is appointed.
4. For creditors to consider the appointment of an alternative Deed Administrators or Liquidator
5. If the company is wound up, to consider the appointment of a Committee of Inspection.
6. If the company is wound up, to consider the early destruction of the books and records at the conclusion of the liquidation.
7. To consider any other business that may be brought before the meeting.

DATED this 13th October 2015


Alan Hayes
Joint & Several Administrator

Hayes Advisory Pty Limited, Level 11, 66 King Street, Sydney NSW 2000.

INFORMAL PROOF OF DEBT FORM

Regulation 5.6.47

**AFL Resources Pty Ltd
(Administrators Appointed)
ACN 147 523 751**

Name of creditor:

Amount of debt claimed: (see note)

Consideration for debt:

Whether debt secured or unsecured:

If secured, give details of security including dates, etc:

Balance, if any, after deducting value of security (see note):

.....
Creditor (or person authorised by creditor)

NOTE:

Under the Corporations Regulations, a creditor is not entitled to vote at a meeting unless (Regulation 5.6.23):

- a. his claim has been admitted, wholly or in part, by the Administrators; or
- b. he has lodged with the Administrators particulars of the debt or claim, or if required, a formal proof of debt.

For the purposes of Part 5.3A, a secured creditor may vote (Regulation 5.6.24):

- a. for the whole of his debt without regard to the estimated value of his security.

Proxies must be made available to the Administrators

FORM 532

Regulation 5.6.29

Corporations Act 2001

APPOINTMENT OF PROXY

AFL Resources Pty Ltd
(Administrators Appointed)
ACN 147 523 751

I/We¹¹ _____

of _____

a creditor of **AFL Resources Pty Ltd**,
appoint¹²

or in his/her absence _____

as *my/our *general/special proxy¹³ to vote at the meeting of creditors to be held on 20 October 2015 at 2:00 PM, or
at any adjournment of that meeting, to vote:

a) on all matters arising at the meeting; **OR**

b) on each of the following resolutions in the manner specified:

	For	Against	Abstain
i)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
ii)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
iii)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
iv)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

- i) A resolution that the Administration end.
- ii) A resolution that the company be required to execute a Deed of Company Arrangement.
- iii) A resolution that the company be wound up.
- iv) That the remuneration of the Administrators, as set out in the Administrators' remuneration report, for the period 14 September 2015 to 8 October 2015, in accordance with the applicable time costs charged by Hayes Advisory as at 1 July 2015 be approved in the sum of \$8,786 plus any applicable GST and that the Administrators, Deed Administrators or Liquidators be authorised to pay the remuneration.

¹¹If a firm, strike out "I" and set out the full name of the firm.

¹²Insert the name, address and description of the person appointed.

¹³If a special proxy, add the words "to vote for" or the words "to vote against" and specify the particular resolution.

- | | | | | |
|-------|---|--------------------------|--------------------------|--------------------------|
| v) | That the remuneration of the Administrators, as set out in the Administrators' remuneration report, for the period from 9 October 2015 to 19 October 2015, in accordance with the applicable time costs charged by Hayes Advisory as at 1 July 2015, be approved in the sum of \$5,000 plus any applicable GST and that the Administrators, Deed Administrators or Liquidators be authorised to pay the remuneration. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| vi) | That the remuneration of the Administrators, as set out in the Administrators' remuneration report, for the period 20 October 2015 to signing of the Deed (if applicable), is calculated in accordance with the applicable time costs charged by Hayes Advisory for work of this nature and is fixed and paid in the sum at \$5,000 plus any applicable GST and that the Administrators, Deed Administrators or Liquidators be authorised to pay the remuneration. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| vii) | That the remuneration of the Deed Administrators, as set out in the Deed Administrators' remuneration report, for the period from the commencement of the Deed of Company Arrangement to completion of the Deed of Company Arrangement, is charged in accordance with the hourly rates of Hayes Advisory as at 1 July 2015 (as amended from year to year, by a maximum of 10%) and be fixed at \$12,500 plus GST and that the Deed Administrators be authorised to make payment on account as required. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| viii) | That the remuneration of the Liquidators, as set out in the Liquidators' remuneration report, for the period 20 October 2015 to completion is charged in accordance with the hourly rates of Hayes Advisory as at 1 July 2015 (as amended from year to year, by a maximum of 10%) and be fixed at \$5,000 plus any applicable GST and that the Liquidators be authorised to make payment on account as required." | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ix) | A resolution that a committee of inspection be appointed. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| x) | A resolution that the books and record of the company be disposed of 6 months after the dissolution of the company or earlier at the discretion of the ASIC. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| xi) | Adjourn the second meeting of creditors for up to 45 business days. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

DATED this 2015

.....
Signature¹⁴

CERTIFICATE OF WITNESS¹⁵

I _____ of _____
certify that the above instrument appointing a proxy was completed by me in the presence of and at the request of the person appointing the proxy and read to him or her before he or she signed or marked the instrument.

DATED this _____ day of _____ 20____

Signature of Witness _____

Description _____

Place of Residence _____

¹⁴The signature of the creditor is not to be attested by the person nominated as proxy.

¹⁵This certificate is to be completed only where the person giving the proxy is blind or incapable of writing.

Corporations Act 2001
Section 439A(3)(a)
Sub-regulation 5.6.12(2)

FORM 529

NOTICE OF SECOND MEETING OF CREDITORS

NQ Metals Pty Limited
(Administrators Appointed)
ACN 125 551 537

NOTICE IS GIVEN that a meeting of the creditors of the company will be held at **Hayes Advisory, Level 11, 66 King Street, Sydney NSW 2000** on **20 October 2015 at 2:00 p.m.**

Telephone conference facilities are available and instructions are contained on the first page within Annexure B.

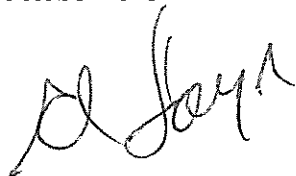
AGENDA

1. To review the Administrators' report concerning the company's business, property, affairs and financial circumstances.
2. For creditors to consider the options available and to resolve either:
 - 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.
3. For creditors to:
 - a) approve the Voluntary Administrators' remuneration; and
 - b) determine the remuneration of the Liquidator/Deed Administrators, if one is appointed.
4. For creditors to consider the appointment of an alternative Deed Administrators or Liquidator
5. If the company is wound up, to consider the appointment of a Committee of Inspection.
6. If the company is wound up, to consider the early destruction of the books and records at the conclusion of the liquidation.
7. To consider any other business that may be brought before the meeting.

DATED this 13th October 2015

Alan Hayes

Joint & Several Administrator



Hayes Advisory Pty Limited, Level 11, 66 King Street, Sydney NSW 2000.

INFORMAL PROOF OF DEBT FORM

Regulation 5.6.47

**NQ Metals Pty Limited
(Administrators Appointed)
ACN 125 551 537**

Name of creditor:

Amount of debt claimed: (see note)

Consideration for debt:

Whether debt secured or unsecured:

If secured, give details of security including dates, etc:

Balance, if any, after deducting value of security (see note):

.....
Creditor (or person authorised by creditor)

NOTE:

Under the Corporations Regulations, a creditor is not entitled to vote at a meeting unless (Regulation 5.6.23):

- a. his claim has been admitted, wholly or in part, by the Administrators; or
- b. he has lodged with the Administrators particulars of the debt or claim, or if required, a formal proof of debt.

For the purposes of Part 5.3A, a secured creditor may vote (Regulation 5.6.24):

- a. for the whole of his debt without regard to the estimated value of his security.

Proxies must be made available to the Administrators

FORM 532

Regulation 5.6.29

Corporations Act 2001

APPOINTMENT OF PROXY

NQ Metals Pty Limited
(Administrators Appointed)
ACN 125 551 537

I/We¹⁶ _____

of _____

a creditor of **NQ Metals Pty Limited**,
appoint¹⁷

or in his/her absence _____

as *my/our *general/special proxy¹⁸ to vote at the meeting of creditors to be held on 20 October 2015 at 2:00 PM, or
at any adjournment of that meeting, to vote:

a) on all matters arising at the meeting; **OR**

b) on each of the following resolutions in the manner specified:

	For	Against	Abstain
i)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
ii)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
iii)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
iv)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

- i) A resolution that the Administration end.
- ii) A resolution that the company be required to execute a Deed of Company Arrangement.
- iii) A resolution that the company be wound up.
- iv) That the remuneration of the Administrators, as set out in the Administrators' remuneration report, for the period 14 September 2015 to 8 October 2015, in accordance with the applicable time costs charged by Hayes Advisory as at 1 July 2015 be approved in the sum of \$7,454 plus any applicable GST and that the Administrators, Deed Administrators or Liquidators be authorised to pay the remuneration.

¹⁶ If a firm, strike out "I" and set out the full name of the firm.

¹⁷ Insert the name, address and description of the person appointed.

¹⁸ If a special proxy, add the words "to vote for" or the words "to vote against" and specify the particular resolution.

- | | | | | |
|-------|---|--------------------------|--------------------------|--------------------------|
| v) | That the remuneration of the Administrators, as set out in the Administrators' remuneration report, for the period from 9 October 2015 to 19 October 2015, in accordance with the applicable time costs charged by Hayes Advisory as at 1 July 2015, be approved in the sum of \$5,000 plus any applicable GST and that the Administrators, Deed Administrators or Liquidators be authorised to pay the remuneration. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| vi) | That the remuneration of the Administrators, as set out in the Administrators' remuneration report, for the period 20 October 2015 to signing of the Deed (if applicable), is calculated in accordance with the applicable time costs charged by Hayes Advisory for work of this nature and is fixed and paid in the sum at \$5,000 plus any applicable GST and that the Administrators, Deed Administrators or Liquidators be authorised to pay the remuneration. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| vii) | That the remuneration of the Deed Administrators, as set out in the Deed Administrators' remuneration report, for the period from the commencement of the Deed of Company Arrangement to completion of the Deed of Company Arrangement, is charged in accordance with the hourly rates of Hayes Advisory as at 1 July 2015 (as amended from year to year, by a maximum of 10%) and be fixed at \$12,500 plus GST and that the Deed Administrators be authorised to make payment on account as required. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| viii) | That the remuneration of the Liquidators, as set out in the Liquidators' remuneration report, for the period 20 October 2015 to completion is charged in accordance with the hourly rates of Hayes Advisory as at 1 July 2015 (as amended from year to year, by a maximum of 10%) and be fixed at \$5,000 plus any applicable GST and that the Liquidators be authorised to make payment on account as required. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ix) | A resolution that a committee of inspection be appointed. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| x) | A resolution that the books and record of the company be disposed of 6 months after the dissolution of the company or earlier at the discretion of the ASIC. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| xi) | Adjourn the second meeting of creditors for up to 45 business days. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

DATED this 2015

.....
Signature¹⁹

CERTIFICATE OF WITNESS²⁰

I _____ of _____
certify that the above instrument appointing a proxy was completed by me in the presence of and at the request of the person appointing the proxy and read to him or her before he or she signed or marked the instrument.

DATED this _____ day of _____ 20____

Signature of Witness _____

Description _____

Place of Residence _____

¹⁹The signature of the creditor is not to be attested by the person nominated as proxy.

²⁰This certificate is to be completed only where the person giving the proxy is blind or incapable of writing.

Appendix

C

**Convergent Minerals Ltd
(Administrators Appointed)
ACN 120 909 953**

**Receipts and Payments for the period 14 September 2015 to 12 October 2015
(All figures below exclude GST)**

Receipts	\$
Accounts Receivable (Pre-Appointment)	8,470.00
Cash at Bank	37,509.86
Data Access Fee	6,000.00
Funding Loan from Secured Creditor	40,750.00
Site Visit Fees	1,500.00
Total	94,229.86

Payments	\$
ASIC Lodgement Fees	1,161.00
Bank Charges	7.50
Data Imaging and Forensics Fees	79.20
Legal Fees	311.85
Refund of Data Room Access Fees	1,000.00
Share Registry Administration Charges	429.52
Site Visit Reimbursement	500.00
Storage Costs	105.05
Tenement Rental Payments	17,509.90
Wages (less PAYG)	4,930.00
Total	26,034.02

Net Receipts (Payments) 68,195.84

**Montague Resources Australia Pty. Ltd.
(Administrators Appointed)
ACN 097 875 619**

**Receipts and Payments for the period 14 September 2015 to 12 October 2015
(All figures below exclude GST)**

Receipts	\$
Cash at Bank	2,163.53
Total	2,163.53

Payments	\$
Bank Charges	2.50
Total	2.50

Net Receipts (Payments) 2,161.03

**AFL Resources Pty Ltd
 (Administrators Appointed)
 ACN 147 523 751**

**Receipts and Payments for the period 14 September 2015 to 12 October 2015
 (All figures below exclude GST)**

Receipts	\$
Cash at Bank	507.95
Total	507.95
 Payments	 \$
Bank Charges	2.50
Total	2.50
 Net Receipts (Payments)	 505.45

**NQ Metals Pty Ltd
 (Administrators Appointed)
 ACN 125 551 537**

**Receipts and Payments for the period 14 September 2015 to 12 October 2015
 (All figures below exclude GST)**

Receipts	\$
Cash at Bank	926.51
Total	926.51
 Payments	 \$
Bank Charges	2.50
Total	2.50
 Net Receipts (Payments)	 924.01

Appendix

D



ASIC

Australian Securities & Investments Commission

Insolvency information for directors, employees, creditors and shareholders

ASIC has 11 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.

These plain language information sheets give directors, employees, creditors and shareholders a basic understanding of the three most common company insolvency procedures—liquidation, voluntary administration and receivership. There is an information sheet on the independence of external administrators and one that explains the process for approving the fees of external administrators. A glossary of commonly used insolvency terms is also provided.

The Insolvency Practitioners Association (IPA), the leading professional organisation in Australia for insolvency practitioners, endorses these publications and encourages its members to make their availability known to affected people.

List of information sheets

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

Getting copies of the information sheets

To get copies of the information sheets, visit ASIC's website at www.asic.gov.au/insolvencyinfosheets. The information sheets are also available from the IPA website at www.ipaa.com.au. The IPA website also contains the IPA's Code of Professional Practice for Insolvency Professionals, which applies to IPA members.

Important note: The information sheets contain 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. These documents may not contain all of the information about the law or the exceptions and qualifications that are relevant to your circumstances. You will need a qualified professional adviser to take into account your particular circumstances and to tell you how the law applies to you.