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18 February 2009

**MIDWEST VANADIUM PTY LTD ACN 113 874 712  
(Receivers and Managers Appointed) (Administrators Appointed)  
("the Company")**

**CIRCULAR TO CREDITORS**

ADELAIDE  
BRISBANE  
MELBOURNE  
SYDNEY  
HONG KONG  
JAKARTA  
KUALA LUMPUR  
MANILA  
MUMBAI  
SINGAPORE  
TOKYO

affiliated through  
Kroll Worldwide  
UNITED STATES  
UNITED KINGDOM

I advise that Martin Jones, Andrew Saker and I were appointed Joint and Several Administrators of the Company pursuant to section 436C of the Corporations Act 2001 ("the Act") on 18 February 2009.

As you may be aware, Martin Madden and Brian McMaster of the firm Korda Mentha were appointed as Receivers and Managers of the Company on the same date. You should have regard to the Receivers and Managers' separate notices concerning future trading arrangements for the Company.

**1. First Meeting of Creditors**

We are required to call a first meeting of creditors within eight business days of our appointment pursuant to section 436E of the Act. The purpose of this meeting is to provide creditors with an opportunity to:

- Appoint a Committee of Creditors; and
- Appoint an alternative Administrator, if they so desire.

In this regard, I enclose the following documents:

- (a) Notice of Meeting of Creditors. A meeting of the creditors of the Company will be held at the **River View Room 5, Perth Convention and Exhibition Centre, 21 Mounts Bay Road, Perth WA on Tuesday 3 March 2009** at 11am WST. *Please note that the meeting commences at 11am. You should arrive for registration at least 30 minutes prior to the start of the meeting.*
- (b) Informal Claim Form for Voting Purposes.

*A person is not entitled to vote at the meeting unless they provide particulars of the debt or claim to the Administrators before the meeting. **Please note this form is for voting purposes only.** All creditors must furnish full details of their claims, indicating whether they rank as secured, preferential or unsecured, and whether they claim title to any goods supplied to the Company or any lien over goods in their possession which are property of the Company.*

mvpl initial circular lmc 2009.02.17



- (c) Appointment of Proxy form. The form enables you to appoint a person to act on your behalf at the meeting.
- (d) A publication of the Insolvency Practitioners Association of Australia ("IPAA") and the Australian Securities and Investments Commission concerning insolvency information for directors, employees, creditors and shareholders.

The Informal Claim Form for Voting Purposes and Proxy form should be lodged with this office before the meeting and, in any event, no later than **4.00pm on the day prior to the meeting**. Forms can be sent by facsimile on 08 9214 1400 marked to the attention of either Dario Musulin or Lauren McCann or scanned and emailed to [dmusulin@perth.fh.com.au](mailto:dmusulin@perth.fh.com.au) or [lmccann@perth.fh.com.au](mailto:lmccann@perth.fh.com.au). However, Corporations Regulation 5.6.36A requires lodgement of the original of the Proxy form with the Administrators' office within 72 hours of lodging the faxed copy.

## 2. Declaration by Administrators

Pursuant to sections 435DA(2) and (3) of the Act and the IPAA Code of Professional Practice, I enclose the Administrators' Declaration of Independence, Relevant Relationships and Indemnities.

## 3. Trading

As the Receivers and Managers have also been appointed to the Company all trading obligations will be dealt with by them and you should refer to the Receivers and Managers in this regard. No liability will be accepted to the account of the Administrators unless it is approved in writing.

## 4. Legal Proceedings

The appointment of Administrators stays a proceeding in a court against the Company. You cannot commence or continue a proceeding against the Company without our written consent or with the leave of the Court.

## 5. Employees

We have written separately to employees regarding the appointment of Administrators.

## 6. Report to Creditors and Second Meeting of Creditors

The Administrators will prepare a report to creditors under section 439A of the Act which will include details on the Company's business, property, affairs and financial circumstances.

A second meeting of creditors will be held on or before 26 March 2009 unless the Court extends this date. It is at this meeting that creditors will consider the Administrators' report and consider resolutions regarding the Company's future.

## 7. Administrators' Remuneration

For the purposes of the Company's administration, the Administrators intend that their remuneration be fixed on the basis of time spent by them, and their staff of an appropriate level having regard to the nature and complexity of the work, and calculated by reference to hourly rates. Enclosed for your information are the following:

- Statement regarding remuneration setting out the four basic methods of calculating remuneration together with an explanation as to why hourly rates are appropriate in this administration; and
- Schedule of Rates and General Guide to Staff Experience.

The Administrators will provide creditors with a remuneration report pursuant to section 449E of the Act with the report to creditors referred to in section 6 above.

An information sheet concerning approval of remuneration in external administrations can be obtained from [www.ipaa.com.au](http://www.ipaa.com.au) or through this office.

## 8. Electronic Notification

You may elect to receive future correspondence from this office via email. Should you wish to do so, please email [mvpl@perth.fh.com.au](mailto:mvpl@perth.fh.com.au) with the following information:

- The person to whom matters regarding the administration should be directed;
- The full name of the entity; and
- The email address at which the creditor is to receive future correspondence.

## 9. Further Information

For further information concerning the Voluntary Administration process and Ferrier Hodgson, you may wish to visit our website at [www.ferrierhodgson.com](http://www.ferrierhodgson.com).

Should you have any queries in relation to this matter, please do not hesitate to contact either Dario Musulin or Lauren McCann of this office.



DARREN WEAVER  
Joint and Several Administrator of  
Midwest Vanadium Pty Ltd

Encl.

CORPORATIONS ACT 2001

NOTICE OF FIRST MEETING OF  
CREDITORS OF COMPANY UNDER ADMINISTRATION

MIDWEST VANADIUM PTY LTD  
(ADMINISTRATORS APPOINTED)(RECEIVERS AND MANAGERS APPOINTED)  
ACN 113 874 712 ("the Company")

1. Notice is given that on 18 February 2009, the company under Section 436C of the Corporations Act 2001 appointed Darren Weaver, Andrew Saker and Martin Jones of Ferrier Hodgson, Level 26 BankWest Tower, 108 St Georges Terrace, PERTH WA 6000, as the Joint and Several Administrators of the company.
2. Notice is also given that a meeting of the creditors of the Company will be held at the River View Room 5 of the Perth Convention Exhibition Centre, 21 Mounts Bay Road Perth WA 6000 on Tuesday 3 March 2009 at 11.00am.
3. At the meeting creditors will receive the Administrators' Declaration of Independence, Indemnities & Relevant Relationships.
4. The purpose of the meeting is to determine:
  - a. whether to appoint a committee of creditors; and
  - b. if so, who are to be the committee's members.
5. At the meeting, creditors may also, by resolution:
  - a. remove the Joint and Several Administrators from office; and
  - b. appoint someone else as Administrator of the company.

DATED this 18th day of February 2009.



DARREN WEAVER  
Joint and Several Administrator of  
Midwest Vanadium Pty Ltd

INFORMAL CLAIM FORM FOR VOTING PURPOSES

Regulation 5.6.47

MIDWEST VANADIUM PTY LTD  
(ADMINISTRATORS APPOINTED)(RECEIVERS AND MANAGERS APPOINTED)  
ACN 113 874 712

Name of creditor: .....

Address of creditor: .....

.....

ABN: .....

Telephone number: .....

Amount of debt claimed: \$..... (including GST \$ .....) )

Consideration for debt (i.e. the nature of goods or services supplied and the period during which they were supplied):

.....

.....

.....

Is the debt secured? YES/NO

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

.....

.....

.....

Other information:

.....

.....

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

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**Notes:**

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

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

At meetings held under Section 436E and 439A, a secured creditor may vote for the whole of his or her debt without regard to the value of the security.

Proxies must be made available to the Joint and Several Administrators.

CORPORATIONS ACT 2001

APPOINTMENT OF PROXY  
CREDITORS MEETING

MIDWEST VANADIUM PTY LTD  
(ADMINISTRATORS APPOINTED)(RECEIVERS AND MANAGERS APPOINTED)  
ACN 113 874 712 ("the Company")

\*I/\*We (1).....  
of .....  
a creditor of the Company, appoint (2) .....  
or in his absence .....  
as \*my/our \*general/special proxy to vote at the meeting of creditors to be held on Tuesday 3 March  
2009, or at any adjournment of that meeting.(3)

DATED this                      day of                      2009.

..... OR    The Common Seal (6) of  
Signature (4) of individual or person (5)  
authorised by corporate resolution to                      was hereunto affixed in the  
represent the corporation    presence of:

.....  
Director

.....  
Secretary

CERTIFICATE OF WITNESS (7)

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                      2009.

.....  
Signature of Witness

.....  
Description

.....  
Place of Residence

- \* Strike out if inapplicable  
(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.  
(4) The signature of the creditor is not to be attested by the person nominated as proxy.  
(5) Note that a corporation may by resolution of its directors provide standing authority for a person to represent it at members  
meeting and appoint proxies (Section 249(3)& (5)). Copy of authority to be annexed.  
(6) The method of affixing the Common Seal should be prescribed by the creditor corporation's articles. See Note (5).  
(7) This certificate is to be completed only if the person giving the proxy is blind or incapable of writing. The signature of  
the creditor, contributory, debenture holder must not be witnessed by the person nominated as proxy.

Midwest Vanadium Pty Ltd ACN 113 874 712  
(Administrators Appointed)  
(Receivers and Managers Appointed)

### Insolvency information for directors, employees, creditors and shareholders

ASIC has nine 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's also a glossary of commonly used insolvency terms.

The Insolvency Practitioners Association of Australia (IPAA), 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 insolvency information sheets***

- Insolvency: a glossary of terms
- Voluntary administration: a guide for creditors
- Voluntary administration: a guide for employees
- Liquidation: a guide for creditors
- Liquidation: a guide for employees
- Receivership: a guide for creditors
- Receivership: a guide for employees
- Insolvency: a guide for shareholders
- Insolvency: a guide for directors

#### ***Getting copies of these information sheets***

Visit ASIC's website [www.asic.gov.au/insolvencyinfosheets](http://www.asic.gov.au/insolvencyinfosheets).

You can also visit the IPAA's website [www.ipaa.com.au/bestpractice](http://www.ipaa.com.au/bestpractice). This site also contains the IPAA's Statements of Best Practice, applicable to IPAA members.

**Important note:** These information sheets contain a summary of basic information on the topic. They are not a substitute for legal advice. Some provisions of the law referred to may have important exceptions or qualifications. They 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.

**CORPORATIONS ACT 2001**

Section 436DA(2)

**MIDWEST VANADIUM PTY LTD  
(ADMINISTRATORS APPOINTED)(RECEIVERS AND MANAGERS APPOINTED)  
ACN 113 874 712 (“the Company”)**

**DECLARATION OF INDEPENDENCE, RELEVANT RELATIONSHIPS AND INDEMNITIES**

**Independence**

Andrew Saker, Martin Jones and I have undertaken a proper assessment of the risks to our independence prior to accepting the appointment as Joint and Several Administrator of the Company. This assessment identified no real or potential risks to our independence. We are not aware of any reasons that would prevent us from accepting this appointment.

**Relevant Relationships**

Neither us, nor our firm, have, or have had within the preceding 24 months, any relationships with the Company, an associate of the Company, a former insolvency practitioner appointed to the Company or any other person or entity that has a charge on the whole or substantially whole of the Company's property.

**Prior Engagements with the Insolvent**

Aside from preliminary advice in relation to this appointment (that preliminary advice having commenced on 2 February 2009), neither us, nor our Firm, have undertaken any prior engagements for the Company.

There are no other prior professional relationships or engagements that should be disclosed.

**Indemnities**

We have received a limited indemnity in regard to our fees and costs as Administrators of the Company.

Dated this 18th day of February 2009



DARREN WEAVER  
Joint and Several Administrator of  
Midwest Vanadium Pty Ltd

**NOTE:** *If circumstances change, or new information is identified, I am required under the IPA Code of Professional Practice to update this Declaration and provide a copy to creditors with my next communication as well as table a copy of any replacement declaration at the next meeting of each of the company's creditors.*

**MIDWEST VANADIUM PTY LTD (ADMINISTRATORS APPOINTED)  
(RECEIVERS AND MANAGERS APPOINTED)  
ACN 113 874 712**

**STATEMENT REGARDING REMUNERATION**

**A. Remuneration methods**

There are four basic methods that can be used to calculate the remuneration charged by an insolvency practitioner. They are:

**Time based/hourly rates**

This is the most common method. The total fees charged is based on the hourly rate charged for each person who carries out the work multiplied by the number of hours spent by each person on each of task performed.

**Fixed fee**

The total fee charged is normally quoted at the commencement of the administration and is the total cost for the administration. Sometimes, a practitioner will finalise an administration for a fixed fee.

**Percentage**

The total fee charged is based on a percentage of a particular variable such as the gross proceeds of asset realisations.

**Contingency**

The insolvency practitioner's fee is contingent on achieving a particular outcome.

**B. Method Chosen**

Time based remuneration is appropriate in this administration given:

- It ensures creditors are only charged for work performed;
- We are required to perform tasks unrelated to asset realisations; hence, fees solely based on asset realisation would be unrealistic; and
- We are unable to provide a reliable estimate of total fees to complete all tasks in the administration.

**C. Fee estimate**

We estimate fees for the administration of the Group's affairs at between \$100,000 and \$150,000. Please note this is an estimate only and may vary materially given the circumstances of the administration.



DARREN WEAVER  
Joint and Several Administrator of  
Midwest Vanadium Pty Ltd

## SCHEDULE OF HOURLY RATES & GENERAL GUIDE TO STAFF EXPERIENCE

Classification	Rate (\$)	Experience
Partner/Appointee	500.00	The Partner/Appointee is a registered liquidator and member of the ICAA and IPAA bringing specialist skills to the administration or insolvency task. For specific experience and other details of the appointee/s, please visit our website at <a href="http://www.ferrierhodgson.com">www.ferrierhodgson.com</a>
Director	425.00	Generally, minimum of 12 years experience at least 2 years of which is to be at Manager level. University degree; member of the ICAA and IPAA with deep knowledge and lengthy experience in relevant insolvency legislation and issues.
Senior Manager	350.00	Generally, more than 7 years experience with at least 2 years as a Manager. University degree; member of the ICAA and IPAA; very strong knowledge of relevant insolvency legislation and issues.
Manager	310.00	Generally, 5-7 years chartered accounting or insolvency management experience. University degree; member of the ICAA and IPAA; sound knowledge of relevant insolvency legislation and issues.
Supervisor	270.00	Generally, 4-6 years chartered accounting or insolvency management experience. University degree; member of the ICAA; completing IPAA Insolvency Education Program. Good knowledge of relevant insolvency legislation and issues.
Senior 1	240.00	Generally, 2-4 years chartered accounting or insolvency management experience. University degree; completing the ICAA's CA, program. Good knowledge of basic insolvency legislation and issues.
Senior 2	225.00	Generally, 2-3 years chartered accounting or insolvency management experience. University degree, ICAA's CA program commenced.
Intermediate 1	175.00	0 to 2 years experience. Has completed or substantially completed a degree in finance/accounting. Under supervision, takes direction from senior staff in completing administrative tasks.
Intermediate 2	150.00	0 – 1 year's experience. Undertaking a degree part-time in finance/accounting. Under supervision, takes direction from senior staff in completing administrative tasks.
Senior Secretary	150.00	Appropriate skills including machine usage.
Junior/Filing	125.00	Completed schooling and plans to undertake further studies. Required to assist in administration and day to day field work under the supervision of more senior staff.

**Notes:**

1. The hourly rates are exclusive of GST.
2. The guide to staff experience is intended only as a general guide to the qualifications and experience of our staff engaged in the administration. Staff may be engaged under a classification that we consider appropriate for their experience.
3. Time is recorded and charged in six-minute increments.
4. Rates are subject to change from time to time. Disbursements are recovered on the following basis.

<b>Disbursements</b>	<b>Charges (Excluding GST)</b>
Postage	At cost
Telephone	At cost
Photocopying/Document Production	35 cents a copy
Facsimile	\$1 per page
Company Search	At cost
File Set up	At cost
Advertising	At cost
Storage	At cost
Couriers	At cost

The Partners of Ferrier Hodgson, Perth are members of the Insolvency Practitioners Association of Australia and follow the IPA Code of Professional Practice.

A copy of the IPA Code of Professional Practice may be found on the IPA website at [www.ipaa.com](http://www.ipaa.com).