



**Windimurra Vanadium Limited
ACN 009 131 533
(Receivers and Managers Appointed)
(Subject to Deed of Company Arrangement)**

**Deed Administrators' Report
Pursuant to Section 445F of the Corporations Act 2001**

Darren Weaver

Martin Jones

Andrew Saker

27 April 2010





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GLOSSARY OF TERMS

Abbreviation	Description
ACN	Australian Company Number
Second Report	Administrators' Report to Creditors dated 30 November 2009 prepared pursuant to s439A of the Act
Act	The Corporations Act 2001
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
ATO	Australian Taxation Office
Board	Board of Directors
Committee	Committee of Creditors
the Company	Windimurra Vanadium Limited ACN 009 131 533 (Receivers and Managers Appointed) (Subject to Deed of Company Arrangement)
DOCA	Deed of Company Arrangement
DOCA Proponent	Trident Capital Pty Ltd
ERV	Estimated Realisable Value
GEERS	General Employee Entitlements Redundancy Scheme
MVPL	Midwest Vanadium Pty Ltd ACN 113 874 712 (Receivers and Managers Appointed) (Subject to Deed of Company Arrangement)
Project	Windimurra Vanadium open-pit mine site located 600km north-east of Perth, Western Australia
Receivers and Managers	Martin Madden and Brian McMaster of Korda Mentha
ROT	Retention of Title
Secured Lenders	Participants in the USD90m senior debt facility and USD37.5m mezzanine debt facility
Statement	Directors' Statement about the Company's Business, Property, Affairs and Financial Circumstances
Trident	Trident Capital Pty Ltd
WVL	Windimurra Vanadium Limited ACN 009 131 533 (Receivers and Managers Appointed) (Subject to Deed of Company Arrangement)

LISTING OF ANNEXURES

Annexure 1	DOCA Variation Proposal
Annexure 2	Remuneration Report
Annexure 3	Guide to DOCAs Involving Creditors' Trusts



1. EXECUTIVE SUMMARY

This report should be read in conjunction with the Administrators' previous reports to creditors dated 28 September 2009 and 30 November 2009.

Martin Jones, Andrew Saker and I were appointed Administrators of the Company on 18 February 2009, pursuant to Section 436A of the Act, and were subsequently appointed Deed Administrators on 31 December 2009. A further meeting of creditors is to be held on 6 May 2010 to consider the future of the Company.

The purpose of the existing DOCA was:

- To maximise the chance of WVL continuing in existence;
- To provide a greater return to WVL's creditors than would be available in liquidation;
- To cause WVL to be released from all claims apart from excluded claims; and
- To facilitate a recapitalisation that will benefit WVL's existing and future shareholders.

As a result of the above WVL has now been released from all claims apart from the unsecured claim of the Secured Lenders.

I have recently received a proposal to vary the DOCA from Trident and accordingly it is necessary to convene a meeting of creditors to consider, and if thought fit, pass a resolution either varying the terms of the DOCA, or terminating the DOCA thereby placing the Company into liquidation.

I note that this is the only DOCA proposal I have received.

The full terms of the proposal from Trident that would be incorporated into the DOCA variation are detailed in Annexure 1. Our assessment of these terms in relation to the remaining creditors of the Company is as follows:

- For the Secured Lenders, who are the only remaining creditors of the Company, the DOCA variation proposal is in their best interests as they are proposed to receive a higher return than that which would be available in liquidation.
- If the proposed DOCA variation is not accepted by creditors, the Company may proceed into liquidation.

Accordingly, I recommend that creditors accept the proposal put forward by Trident on that basis.



The meeting to consider the variation to the DOCA is to be held on **Wednesday, 6 May 2010** at the offices of Ferrier Hodgson, Level 26, 108 St Georges Terrace, Perth at 10.30am AWST. At the meeting, the following options will be available to creditors regarding the Company's future:

- That the Company vary the existing DOCA on the terms outlined herein; or
- That the Company be wound up.



2. INTRODUCTION

2.1 Existing DOCA

The DOCA was executed on 31 December 2009.

2.2 Purpose of Report

Section 445A of the Act provides that a DOCA may be varied by a resolution passed at a meeting of the company's creditors convened under section 445F of the Act, but only if the variation is not materially different from a proposed variation set out in the notice of meeting.

This report is provided to creditors in order that they may consider the DOCA variation proposal that has been received from Trident. Creditors will be called upon at the forthcoming meeting of creditors to consider the resolutions to determine the future of the Company and in particular whether:

- The Company should execute the variation to the DOCA that has been proposed; or
- To terminate the existing DOCA and resolve that the Company be wound up.

2.3 Non-Disclosure of Certain Information

I recognise the need to provide creditors with complete disclosure of all necessary information relating to the Company. However, independent valuations of certain assets that were commissioned by us are commercially sensitive, particularly in light of the interests of potential purchasers of those assets and in the event the Company is wound up and new purchasers are sought. Accordingly, such information has not been disclosed in this report.

2.4 Statement of Independence

The Deed Administrators considered the question of their independence prior to accepting their appointments as Administrators and Deed Administrators and continue to monitor such independence. I note that no changes have occurred to the previously stated position of independence in the Second Administrators' Report dated 28 September 2009, other than you will note from the proposal that is provided by Trident that an indemnity of up to \$30,000 is offered for remuneration and costs of the Deed Administrators in implementing the proposal terms following approval of the proposal by creditors.



3. STATEMENT OF POSITION

The following table summarises the Deed Administrators' estimated statement of position under a liquidation scenario in comparison to the varied DOCA proposal put forward by Trident:

Statement of Position	Ref	Deed Administrators' ERV	
		Liquidation \$	DOCA Variation \$
Floating Charge Assets			
Cash at Bank	3.1	Nil	Nil
Mining Licence	3.2	Undetermined	Nil
Cash Contribution from Trident	3.3	Nil	480,000
Total Floating Charge Assets		Nil	480,000
Fixed Charge Assets			
Plant and Equipment (Remaining)	3.4	151,679	151,679
Total Assets Available		151,679	631,679
Less: Priority Claims			
Remuneration incurred to 11 April 2010		(59,627)	(59,627)
Disbursements incurred to 11 April 2010		(5,455)	(5,455)
Estimated Deed Administrators' & Trustees' fees		(10,000)	(40,000)
Estimated liquidators fees		(100,000)	Nil
Total Priority Claims		(175,082)	(105,082)
Total Assets Available for Remaining Creditors		Nil	526,597
Unsecured Creditors			
Secured Lenders	3.5	(205,529,301)	(205,529,301)
Total Unsecured Creditors		(205,529,301)	(205,529,301)
Surplus / (Deficiency) Subject to Costs & Qualifications		(205,547,249)	(204,997,249)
Estimated rate of dividend to Unsecured Creditors (Cents)		Nil cents	0.21 to 0.26 cents

3.1 Cash at Bank

As at 11 April 2010 \$268,178.97 was held in the Company's bank account, however this amount is required to meet the costs of maintaining the Company during the DOCA, including maintaining the office where the records and remaining assets of the Company are currently located.

Following the payment of all such expenses, the remaining funds (if any) would be made available in both the DOCA or liquidation scenarios.



3.2 Mining Licence

As per the WVL's records, the tenement application, M58/272, lies wholly within the boundaries of the Badimia (WAS 612 of 1998) Native Title region, which was accepted for registration on 15 July 1999. As at the date of our appointment, WVL and MVPL were negotiating with the Badimia people for a Native Title agreement in respect of exploration licenses that it holds adjacent to the existing mining leases.

Under the DOCA variation proposal, this asset will remain with the Company and will not be available to participating creditors in the Creditors Trust.

3.3 Cash Contribution by Trident

This amount represents the cash contribution that the DOCA Proponent will contribute to the proposed Creditors' Trust for distribution to creditors of the Company if the conditions precedent set out in Annexure 1 are satisfied.

3.3 Plant and Equipment

The plant and equipment relates to equipment located at the head office in West Perth. We have included the book value in our analysis rather than the valuations we have received so as to not prejudice any potential realisations from this asset category.

Under the proposed DOCA variation the plant and equipment will be transferred to the Creditors Trust.

3.4 Secured Lenders

As per the terms of the DOCA executed on 31 December 2009, all creditor claims, except of the Secured Lenders, were extinguished. The Secured Lenders are the only remaining creditors of the Company.

4. TRADING BY DEED ADMINISTRATORS

4.1 Head Office Activities

During the period 26 November 2009 to 15 January 2010, the Company continued to provide head office support services to MVPL and its Receivers and Managers.

4.2 Summary of Receipts and Payments

Summaries of the receipts and payments for the periods 26 November 2009 to 31 December 2009 and from 1 January 2010 to 11 April 2010 are set out at Annexure 3.



5. STATUTORY INVESTIGATIONS

5.1 Investigations/Potential Recoveries

My preliminary investigations concluded that there were no significant likely recoveries that had been identified for the benefit of unsecured creditors. It was also noted that an Administrator or Deed Administrator will not usually carry out investigations to the same extent as a Liquidator.

A Liquidator may require months of investigation and conduct public examinations before forming a concluded view on recovery action. I have investigated matters to the extent possible given time and funds available to do so.

An Administrator or Deed Administrator does not have recourse to the voidable transaction provisions that are specific to a Liquidator as outlined in my Administrators' Report dated 28 September 2009.

My preliminary conclusions from the investigations were that, subject to further investigation that may be conducted by any Liquidator of the Company, the issues arising from my investigations into the Company's affairs to date resulted in my preliminary conclusion that there is unlikely to be any significant recoveries available to unsecured creditors during a liquidation.

6. PROPOSAL FOR A VARIATION TO THE DOCA

I have received a DOCA variation proposal from Trident for the recapitalisation of the Company, which is detailed in full at Annexure 1.

For creditors of the Company, the terms include the following:

- An amount of \$480,000 will be deposited into a fund held pursuant to a creditors' trust deed for distribution to unsecured creditors;
- The fund is to be applied in order of priority as outlined in the proposal being towards Deed Administration costs, Creditors' Trust costs and then to other unsecured claims rateably;
- Several conditions precedent to the establishment of the fund will exist, including the retirement of the Receivers and Managers before the execution of the Creditors' Trust and ASX confirming the Company has the ability to be re-listed.

Please have regard to the fuller terms of the DOCA variation proposal set out at Annexure 1.



Further to the terms set out at Annexure 1, I confirm that:

- The Administrators of the deed will be Andrew Saker, Martin Jones and Darren Weaver.
- The remaining creditors of WVL who had claims as at the date of the appointment of the Administrators (i.e. those that have not already been extinguished), including the Secured Lenders, will be bound by the DOCA (Remaining Participating Creditors).
- The claims of the Remaining Participating Creditors are to be substituted with rights under the Creditors Trust deed referred to in Annexure 1. The substitution will only occur immediately after the amount of \$480,000 has been deposited to the Creditors Trust by the Proponent.
- The Creditors Trust referred to under the variation proposal is a separate creditors' trust to that already created pursuant to the terms of the DOCA executed on 31 December 2009. The trustees of the creditors trust will be Andrew Saker, Martin Jones and Darren Weaver.
- The property of the company available to pay the Remaining Participating Creditors claims will be limited to that specified in Annexure 1 and will create a Fund under the Creditors Trust.
- The Fund is to be administered in accordance with the trust deed, broadly as follows:
 - (a) First, payment to the deed administrators and trustees in respect to their remuneration and costs in administering the DOCA and creditors trust; and
 - (b) Second, the balance to the Remaining Participating Creditors rateably.
- The Remaining Participating Creditors will accept their rights under the Trust Deed in full satisfaction and complete discharge of all claims against WVL and will be barred from taking any action against WVL.
- The DOCA terminates following satisfaction of the conditions under section 1.1 of the DOCA variation proposal as set out in Annexure 1, or otherwise in accordance with Section 445C in the Act.
- The existing moratorium on creditors' claims will continue until the completion or termination of the DOCA.

I have not received any other DOCA variation proposals.



7. CREDITORS' OPTIONS, DIVIDEND ESTIMATES AND COST ESTIMATES

The options available to creditors at the forthcoming meeting of creditors are to resolve that:

1. WVL should execute a variation to the DOCA that has been proposed and outlined in this report; or
2. The existing DOCA terminate and the Company be wound up.

It is also possible for the existing DOCA to continue, however unless there is a stated objective for that continuation there would seem no purpose in doing so.

In forming our opinion on the available options, it is necessary to consider an estimate of the dividend creditors might expect, and the likely costs, under each option.

7.1 Variation to the DOCA

In accordance with my analysis at Section 3, I have estimated the dividend for unsecured creditors under the DOCA variation proposal to be in a range of approximately 0.21 to 0.26 cents in the dollar on creditors' claims.

If the DOCA variation is accepted by creditors, in addition to the costs of convening the next meeting, the costs are estimated (refer to Section 9 of this report) as follows:

- Further remuneration associated with the Deed Administrators will be in the vicinity of \$10,000 to \$30,000;
- Further remuneration associated with the Creditors' Trust aspect of the DOCA will be in the vicinity of \$10,000 to \$30,000; and
- In combination will not exceed \$30,000.

7.2 Winding up of the Company

If the Company was to be placed into liquidation, the Deed Administrators would become the Liquidators and the DOCA variation proposal would fall away and be at an end. The Liquidators would be required to complete their statutory investigations (the extent of those investigations would be determined by available funding), gather in available assets and if funds become available distribute those monies in accordance with the Act.



As Administrator I completed my preliminary investigations into the affairs of the Company as previously reported. My preliminary finding was that the quantum of recoveries from voidable and other transactions that may be available to a Liquidator for the benefit of unsecured creditors are not significant or likely to be commercially successful.

Given the above, and the analysis completed at Section 3 of this report, it is likely that a Liquidation of the Company would provide no return to unsecured creditors and shareholders.

Having regard to the work already undertaken, the costs of winding up the Company's affairs are estimated at \$50,000 to \$100,000, although these costs could be higher.

8. DEED ADMINISTRATORS' OPINION

The DOCA variation proposal is to provide a deposit of \$480,000 that may not otherwise be available in a Liquidation.

I estimate that the level of return unsecured creditors is generally as follows:

Dividend Comparison	Estimated Rates of Return	
	Varied DOCA Proposal (c/\$)	Liquidation (c/\$)
Unsecured Creditors Claims	0.21 to 0.26	Nil

For unsecured creditors, the DOCA proposal provides for a greater return than liquidation, and therefore it is in their best interest. Under a liquidation scenario, unsecured creditors are unlikely to receive a return due to the lack of available realisations.

Having regard to the above, it is my recommendation to creditors that the proposed DOCA from Trident be approved by creditors of the Company.

9. REMUNERATION AND DISBURSEMENTS

At the meeting of creditors, I will seek approval of my remuneration in respect of the DOCA/Trust (as appropriate), and in respect of the Liquidation if the Company is wound up.

9.1 Deed Administrators'/Trustees' Remuneration

My remuneration as Deed Administrator for the period 31 December 2009 to 11 April 2010 totalled \$78,633.67 and is summarised in the attached Remuneration Report at Annexure 2.



The costs of administering the DOCA were approved at the hourly rates of Ferrier Hodgson at up to \$15,000 excluding GST (\$50,000 including amounts apportioned to the original Creditors' Trust) by the meeting of creditors on 9 December 2009 and therefore I will seek approval for the balance of \$63,633.67 at the meeting of creditors on 29 April 2010.

I consider that our further Deed Administrators' costs to 6 May 2010 will be approximately \$10,000 and I will seek approval for those fees at the meeting of creditors on 6 May 2010.

In the event that creditors approve the DOCA variation, we will also seek creditors' approval for:

- Future costs of administering the DOCA estimated, at the Ferrier Hodgson scale of hourly rates, at up to \$30,000 (plus GST); and
- Future costs of administering the Creditors' Trust estimated, at the Ferrier Hodgson scale of hourly rates, at up to \$30,000 (plus GST).

9.2 Prospective Liquidators' Remuneration

In the event creditors vote to wind up the company, Liquidators' remuneration is estimated at up to \$100,000. Accordingly, in the event that creditors resolve to wind up the Company, the Liquidators would seek approval of remuneration at the Ferrier Hodgson standard hourly rates fixed at that amount. A summary of the anticipated tasks is set out in Annexure 2.

10. FURTHER QUERIES

I will advise creditors in writing, if practicable, of any additional matter that comes to our attention after the dispatch of this report that, in our view, is material to creditors' deliberations.

In the meantime, should creditors have any queries, please do not hesitate to contact Lauren McCann of this office.

DATED this 27th day of April 2010.

DARREN WEAVER
Joint and Several Deed Administrator of
Windimurra Vanadium Ltd

Annexure 1

DOCA Variation Proposal

**Windimurra Vanadium Limited ACN 009 131 533
(Receivers and Managers Appointed)
(Subject to Deed of Company Arrangement) (“WVL”)
DOCA Variation Proposal**

Element	Proposal
Proposal	<p>A. the Proponent will maintain a suitable business unit within the Company (the mining licence M78/272) to satisfy the ASX Listing Rules to maintain its listing within the current industry sector. The Proponent will negotiate directly with the Company Administrators regarding this aspect;</p> <p>B. all other assets and divisions held by the Company shall be disposed of or transferred by the Company;</p> <p>C. Amendment of the Deed of Company Arrangement (“DOCA”) binding all parties to the terms of this Proposal and;</p> <p style="padding-left: 20px;">1. Appointing Trident Capital Pty Ltd as the Proponent for the recapitalisation of WVL; and</p> <p style="padding-left: 20px;">2. Incorporating a Reconstruction Deed setting out the terms of the recapitalisation.</p> <p>D. the Proponent will subscribe, or procure subscriptions, for 100,000,000 shares (post consolidation) at 0.5 cents per share in consideration for payment to the Company of \$500,000 (“Proponent’s Issue”) such sum being available through the Creditor’s Trust for outstanding Administrator’s costs and Company Creditors;</p> <p>E. the Proponent will procure the Company to undertake a capital raising (post consolidation) to raise at least \$2,000,000 by issue of at least 200,000,000 shares at 1 cent each (“Public Issue”);</p> <p>F. The Proponent reserves the right to issue up to 30 million shares to strategic stakeholders in order to facilitate the completion of the transaction; and</p> <p>G. \$480,000 shall be made available to the Company’s Creditors and Administrators costs (Administrator costs of \$30,000 are paid from this \$480,000).</p>
1. Settlement and Payment	<p>1.1 Promptly after completion of the Capital Raising the parties shall convene settlement to effect the following:</p> <p style="padding-left: 20px;">1.1.1. The Proponent pays \$480,000 to the Administrator.</p> <p style="padding-left: 20px;">1.1.2. The Administrator shall procure the resignation of existing directors.</p> <p style="padding-left: 20px;">1.1.3. The Proponent shall procure appointment of new directors.</p> <p style="padding-left: 20px;">1.1.4. The Administrator shall terminate the DOCA and procure the release of the creditors and any charges or encumbrances.</p> <p>1.2 The parties will be under no obligation to complete settlement in the event of an intervening Court Order in the event of a take over offer to acquire 50% or more of the Shares pursuant to any compromise or arrangement under Section 411(4) of the Corporations Act 2001.</p>

2. Capital Raising	2.1.	The Proponent will prepare at its own expense (which it shall be entitled to be reimbursed by the Company from the proceeds of the Capital Raising) a prospectus to raise \$2,000,000 once shareholder resolutions are passed. Prospective investors will predominantly be those introduced by the Proponent in association with a syndicate of brokers and high net worth individuals.
	2.2.	If fully subscribed the Company is anticipated to have working capital after payments to Company's creditors, Administrator's and reconstruction costs of approximately \$1,500,000.
3. Directors	3.1.	The Administrator must procure the resignation of all existing directors of the Company and subsidiaries, if any, on or before termination of the DOCA.
	3.2.	The Proponent shall procure the appointment of not less than three new directors to be appointed on termination of the DOCA.
4. Available Assets	4.1.	The Proponents and the Company acknowledge that the tenement M78/272 shall remain for the benefit of the Proponent and the re-quotation of the Company.
	4.2.	The tenement M78/272 held by the Company or its subsidiary at the date of the Proposal shall not be dealt with in any way by the Administrator, Receiver or secured creditor, which is detrimental to the implementation of this Proposal
5. Conditions Precedent	5.1.	The binding offer is conditional on and subject to the following:
	5.1.1.	The Company varying (if required) any Deed of Company Arrangement (DOCA) agreed by creditors in accordance with resolutions passed at a meeting of the Company's creditors, to the extent necessary to implement the binding offer.
	5.1.2.	The retirement of the Receivers and Managers of the Company (if any), following which a Creditors Trust is to be created to enable the Company to seek a capital raising and apply for its securities to be re-listed on the ASX.
	5.1.3.	The ASX confirming to the Company and the Proponent that nothing contemplated by the binding offer will prevent the Company from retaining its ASX Listing and that Chapter 11 of the ASX Listing Rules will not be invoked.
	5.1.4.	The passing of all necessary shareholder and creditor approvals to implement the proposal.
	5.1.5.	The successful completion and full subscription of the Capital Raising.
	5.1.6.	All secured creditors providing their written consent to be bound by the reconstruction deed.
	5.1.7.	The parties executing a reconstruction deed to give legal effect to this binding offer within 30 days of the date of acceptance of the binding offer.
		If the conditions are not waived by mutual written agreement or satisfied by 31 December 2010, this binding offer will be at an end.

6. Shareholder Approval	6.1.	The Proponent must at its own expense (which it shall be entitled to be reimbursed by the Company out of the proceeds of the Capital Raising) promptly prepare or procure the following documents or approvals.
	6.1.1.	Shareholder meeting documents to give effect to the resolutions required to undertake the proposal.
	6.1.2.	All listing requirements approvals.
	6.1.3.	Any ASIC lodgments, approvals or re-listing fees.
	6.1.4.	Completion of all outstanding taxation and audit requirements.
	6.1.5.	Draft reconstruction deed for consideration and execution.
	6.2.	The meeting resolutions are to be inter-dependent and it will be a requirement that all resolutions be approved to give effect to the proposal.
7. Creditors' Trust	7.1.	A Creditors' Trust shall be established for the purpose of depositing the creditors' funds of \$480,000 along with additional funds from realising assets transferred from the Company (if any). The Administrator as trustee shall be responsible for performing the duties of the trustee, namely fundamentally the distribution of the creditors' funds in accordance with the priorities specified.
8. Documentation and Costs	8.1.	On acceptance of a binding offer the Proponent shall prepare a reconstruction deed for the Company's and Administrator's consideration.
	8.2.	Each party shall bear its own costs of and incidental to the negotiation, preparation and execution of the reconstruction deed. The Proponent shall bear the cost of any stamp duty.

Annexure 2

Deed Administrators' Remuneration

Liquidators' Remuneration

The Firm's Schedule of Hourly Rates



Corporations Act 2001

Section 449E

Windimurra Vanadium Limited
ACN 009 131 533
(Receivers and Managers Appointed)
(Subject to Deed of Company Arrangement)

Remuneration Report
(For the period 31 December 2009 to 11 April 2010)

Deed Administrators' Remuneration
Estimated Deed Administrators' Remuneration
Estimated Trustees' Remuneration
Estimated Liquidators' Remuneration

27 April 2010

Martin Jones
Andrew Saker
Darren Weaver



**Windimurra Vanadium Limited ACN 009 131 533
(Receivers and Managers Appointed) (Subject to Deed of Company Arrangement)
("the Company")**

REMUNERATION REPORT

The Administrators' Remuneration Report, prepared pursuant to Section 449E of the Corporations Act 2001, takes the following format:

Part A

- A1 Schedule of hourly rates and general guide to staff experience
- A2 Schedule and tasks undertaken by the Deed Administrators from 31 December 2009 to 11 April 2010
- A3 Schedule of the Deed Administrators' anticipated tasks and remuneration estimate for the period 12 April 2010 to 6 May 2010
- A4 If the varied DOCA proposal is executed, a schedule of the Deed Administrators' anticipated tasks and estimated further remuneration for the period 7 May 2010 to the termination of the DOCA.
- A5 If the varied DOCA proposal is executed, a schedule of the Trustees' anticipated tasks and further remuneration estimate to the completion of the Creditors' Trust.
- A6 Where Liquidators are appointed, a schedule of the Liquidators' anticipated tasks and remuneration estimate from 7 May 2010 to the conclusion of the Liquidation
- A7 Remuneration approved and drawn to date
- A8 Resolutions to be put to creditors at the meeting for 6 May 2010

Part B

- B1 Disbursements
- B2 Summary of Receipts and Payments
- B3 Other creditor information on remuneration

PART A

A1 SCHEDULE OF HOURLY RATES & GENERAL GUIDE TO STAFF EXPERIENCE

Classification	Rate \$	Experience
Partner/Appointee	540	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 www.ferrierhodgson.com
Director	460	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.
Manager 1	390	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 2	325	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	285	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	255	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	230	Generally, 2-3 years chartered accounting or insolvency management experience. University degree, ICAA's CA program commenced.
Intermediate 1	185	1 - 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	155	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	Appropriate skills including machine usage.
Junior	130	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.

A2 TASKS UNDERTAKEN BY THE DEED ADMINISTRATORS FOR THE PERIOD 31 DECEMBER 2009 TO 11 APRIL 2010

Deed Administrators fees, based on the tasks detailed below, for the period 31 December 2009 to 11 April 2010 are \$78,633.67 excluding GST, of which \$63,633.67 requires approval from creditors.

Task Areas	Description	Includes
Assets 23.60 hours \$5,274.00	Assets Other	<ul style="list-style-type: none"> ▪ Review of all office equipment and assets at West Perth offices ▪ Review of fixed asset register against auction sale ▪ Review of confidentiality deed and agreements
	Assets Leasing	<ul style="list-style-type: none"> ▪ Correspondence with Landlord ▪ Review and internal discussion regarding monthly lease
Creditors 49.50 hours \$11,339.50	Creditor Enquiries	<ul style="list-style-type: none"> ▪ Corresponded with creditors regarding status of the administration, current procedures and their outstanding debts ▪ Received and followed up creditor enquiries via telephone and email ▪ Reviewed and prepared correspondence to creditors and their representatives via facsimile, email and post ▪ Updating creditor details
	Dealing with Proof of Debt	<ul style="list-style-type: none"> ▪ Adjudication of various creditor claims ▪ Entering claims into database ▪ Prepare correspondence to creditors in regards to the adjudication of their claim ▪ Contacting creditors to obtain supporting documentation in relation to their claim
	Shareholder Enquiries	<ul style="list-style-type: none"> ▪ Corresponded with shareholders regarding update of Deed of Company Arrangement ▪ Corresponded with shareholders regarding status of Administration ▪ Response via email and telephone to various shareholder enquiries ▪ Reviewed requests to transfer shares
Employees 12.20 hours \$2,737.50	Calculation of entitlements	<ul style="list-style-type: none"> ▪ Compared director calculations to Administrators' calculations ▪ Calculated and verified employee entitlements ▪ Determine appropriate tax rates ▪ PAYG summary calculations ▪ Calculation and review of superannuation entitlements ▪ Queries to Receivers and Managers regarding assigned employee entitlements
	Other employee issues	<ul style="list-style-type: none"> ▪ Processed monthly payroll requirements ▪ Paid superannuation obligations for post appointment period ▪ Prepared and reviewed affidavit for application to Court regarding employee entitlement ▪ Review ETP tax calculations ▪ Internal discussions regarding ETP and PAYG calculations
Dividend 9.90 hours \$2,249.00	Dividend Distribution	<ul style="list-style-type: none"> ▪ Prepared dividend distribution to secured creditors ▪ Processed payments to secured creditors ▪ Transferred funds to secured creditors
Investigation 10.10 hours \$2,240.50	Research/Investigation	<ul style="list-style-type: none"> ▪ Research on intercompany loan agreements ▪ Investigation of the treatment of interest in Business Activity Statement ▪ Research on changing access to West Perth offices ▪ Investigation on progress claim

Task Areas	Description	Includes
Trade On 57.00 hours \$14,747.50	Trade on Management	<ul style="list-style-type: none"> ▪ Authorised purchase orders ▪ Maintained purchase order registry ▪ Prepared and authorised payment vouchers ▪ Attended to issues arising from day to day operations
	Trading Issues	<ul style="list-style-type: none"> ▪ Review of outstanding trading payments and invoices ▪ Summary of monthly trading expenses
	Processing receipts and payments	<ul style="list-style-type: none"> ▪ Entered payments into accounting system ▪ Prepared and reviewed payment and receipt requisitions ▪ Collated supporting documentation for payments and receipts
Administration 169.77 hours \$40,045.67	Correspondence	<ul style="list-style-type: none"> ▪ Prepared general correspondence to numerous parties ▪ Collated of correspondence to numerous parties ▪ Corresponded with utility providers regarding ongoing requirements ▪ Website updates
	Document maintenance/ file review/ checklist	<ul style="list-style-type: none"> ▪ Filed documents ▪ Conducted file reviews ▪ Updated checklists ▪ Updated employee and creditor contact details ▪ Reorganisation of files
	ASIC Forms & other forms	<ul style="list-style-type: none"> ▪ Prepared and lodged ASIC forms ▪ Corresponded with ASIC regarding statutory forms ▪ Prepared section 524 report ▪ Prepared form 5011 for lodgement of minutes of the meeting ▪ Notice of Deed of Company Arrangement to ASIC
	ATO & other statutory reporting	<ul style="list-style-type: none"> ▪ Corresponded with ATO regarding statutory reporting obligations ▪ Corresponded with ATO regarding dividend expectation and superannuation charge guarantee ▪ Reviewed 524 forms ▪ Prepared 505 form for appointment of Deed of Company Arrangement ▪ Collated various statutory forms ▪ Business Activity Statements
	Bank Account	<ul style="list-style-type: none"> ▪ Reconciled various utility invoices ▪ Bank reconciliation for November & December ▪ Opened new bank accounts
	Books and Records	<ul style="list-style-type: none"> ▪ Reviewed books and records
	Site Visits	<ul style="list-style-type: none"> ▪ Attended West Perth office to allow authorised persons access as directed by MRL and the Receivers and Managers

A2 (CONT) TASKS UNDERTAKEN BY THE DEED ADMINISTRATORS FOR THE PERIOD 31 DECEMBER 2009 TO 11 APRIL 2010.

Employee	Position	Charge Rate	Total		Assets		Creditors		Employees		Dividend		Investigation		Trade On		Administration	
		\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$
Darren Weaver	Partner	540	12.20	6,588.00	-	-	3.40	1,836.00	-	-	0.20	108.00	-	-	5.40	2,916.00	3.20	1,728.00
Wayne Rushton	Senior Manager	390	20.10	7,839.00	1.10	429.00	3.00	1,170.00	0.80	312.00	-	-	-	-	1.60	624.00	13.60	5,304.00
Kieran Chu	Supervisor	285	1.20	342.00	-	-	-	-	1.20	342.00	-	-	-	-	-	-	-	-
Bob Bickford	Supervisor	285	1.20	342.00	-	-	0.90	256.50	-	-	-	-	-	-	-	-	0.30	85.50
Erlyn Dale	Senior 1	255	2.20	561.00	-	-	1.50	382.50	-	-	-	-	-	-	-	-	0.70	178.50
Jamie Gunnis	Senior 2	230	0.50	115.00	-	-	0.50	115.00	-	-	-	-	-	-	-	-	-	-
Vijay Iswariah	Senior 2	230	3.40	782.00	-	-	-	-	-	-	-	-	-	-	-	-	3.40	782.00
Geoff Webb	Senior 2	230	0.90	207.00	-	-	-	-	-	-	-	-	-	-	-	-	0.90	207.00
Dario Musulin	Senior 2	230	8.10	1,863.00	-	-	1.10	253.00	-	-	5.30	1,219.00	-	-	0.60	138.00	1.10	253.00
Lauren McCann	Senior 2	230	218.20	50,186.00	18.10	4,163.00	16.80	3,864.00	6.70	1,541.00	3.20	736.00	9.00	2,070.00	45.50	10,465.00	118.90	27,347.00
Clinton Roberts	Intermediate 1	185	0.20	37.00	-	-	0.20	37.00	-	-	-	-	-	-	-	-	-	-
Penny Vetten	Intermediate 2	155	1.60	248.00	-	-	-	-	-	-	-	-	1.10	170.50	-	-	0.50	77.50
Kaila George	Intermediate 2	155	53.80	8,339.00	4.40	682.00	22.10	3,425.50	3.50	542.50	1.20	186.00	-	-	3.90	604.50	18.70	2,898.50
Melissa Kroon	Secretary	150	3.80	570.00	-	-	-	-	-	-	-	-	-	-	-	-	3.80	570.00
Jacqui Westwood	Secretary	150	0.20	30.00	-	-	-	-	-	-	-	-	-	-	-	-	0.20	30.00
Carly McDougall	Secretary	150	0.20	30.00	-	-	-	-	-	-	-	-	-	-	-	-	0.20	30.00
Dorothy Radisich	Junior	130	1.70	221.00	-	-	-	-	-	-	-	-	-	-	-	-	1.70	221.00
Kate Martin	Junior	130	1.30	169.00	-	-	-	-	-	-	-	-	-	-	-	-	1.30	169.00
Melissa Ross	Junior	130	1.17	151.67	-	-	-	-	-	-	-	-	-	-	-	-	1.17	151.67
Evlyen Gray	Junior	130	0.10	13.00	-	-	-	-	-	-	-	-	-	-	-	-	0.10	13.00
Total			332.07	78,633.67	23.60	5,274.00	49.50	11,339.50	12.20	2,737.50	9.90	2,249.00	10.10	2,240.50	57.00	14,747.50	169.77	40,045.67
GST				7,863.37		527.40		1,133.95		273.75		224.90		224.05		1,474.75		4,004.57
TOTAL (incl. GST)				\$86,497.03		\$5,801.40		\$12,473.45		\$3,011.25		\$2,473.90		\$2,464.55		\$16,222.25		\$44,050.23
Average hourly rate				\$236.80		\$223.47		\$229.08		\$224.39		\$227.17		\$221.83		\$258.73		\$235.88

* We Note that \$50,000 of these fees exclusive of GST have already been approved by creditors

A3 SCHEDULE OF ANTICIPATED TASKS AND DEED ADMINISTRATORS' ESTIMATED REMUNERATION FOR THE PERIOD 12 APRIL 2010 TO 6 MAY 2010

Based on the following tasks, I estimate the Deed Administrators' fees for the above period at \$10,000 (exclusive of GST)

Task Areas	Description	Includes
Creditors \$7,500	Creditor Enquiries	<ul style="list-style-type: none"> ▪ Correspond with creditors regarding status of the administration, current procedures and their outstanding debts ▪ Receive and follow up creditor enquiries via telephone and email ▪ Review and prepare correspondence to creditors and their representatives via facsimile, email and post ▪ Update creditor details
	Creditors' Meeting	<ul style="list-style-type: none"> ▪ Tasks associated with convening meeting of creditors to consider varied DOCA proposal
	Creditor Reports/Circulars	<ul style="list-style-type: none"> ▪ Prepare circular and notice to creditors ▪ Collation and distribution of circulars to creditors ▪ Preparation and distribution of Deed Administrators' Report
Administration \$2,500	Correspondence	<ul style="list-style-type: none"> ▪ Prepare general correspondence to numerous parties ▪ Collate of correspondence to numerous parties ▪ Correspond with utility providers regarding ongoing requirements ▪ Website updates
	Document maintenance/ file review/ checklist	<ul style="list-style-type: none"> ▪ File documents ▪ Conduct file reviews ▪ Update checklists ▪ Update employee and creditor contact details
	ATO & other statutory reporting	<ul style="list-style-type: none"> ▪ Business Activity Statements
	Bank Account	<ul style="list-style-type: none"> ▪ Reconciled various utility invoices ▪ Bank reconciliation ▪ Process various payments
	Books and Records	<ul style="list-style-type: none"> ▪ Reviewed books and records listing
	Site Visits	<ul style="list-style-type: none"> ▪ Attend West Perth office to allow authorised persons access as directed by MRL and the Receivers and Managers

A4 A SCHEDULE OF THE DEED ADMINISTRATORS' ANTICIPATED TASKS AND ESTIMATED FURTHER REMUNERATION FOR THE PERIOD 7 MAY 2010 TO THE TERMINATION OF THE DOCA

Based on the following anticipated tasks, I estimate the Deed Administrators' fees for the above period to be between \$10,000 and \$30,000 exclusive of GST.

Task Area	General Description	Includes
Creditors \$20,000	Creditor Enquiries	<ul style="list-style-type: none"> ▪ Receive and follow up creditor enquiries via telephone and email ▪ Review and prepare correspondence to creditors and their representatives via facsimile, email and post ▪ Correspondence with committee of creditors members
	Creditor reports/circulars	<ul style="list-style-type: none"> ▪ Preparation of circulars to creditors
	Secured Creditor Reporting	<ul style="list-style-type: none"> ▪ Discussions with secured creditor, Receivers and Managers and their legal representatives
Administration \$10,000	Correspondence	<ul style="list-style-type: none"> ▪ General correspondence
	Document maintenance/file review/checklist	<ul style="list-style-type: none"> ▪ Filing of documents ▪ File reviews ▪ Updating checklists
	ASIC Form 524 and other forms	<ul style="list-style-type: none"> ▪ Preparing and lodging ASIC forms including 5011 ▪ Correspondence with ASIC regarding statutory forms
	ATO & other statutory reporting	<ul style="list-style-type: none"> ▪ Business Activity Statements
	Planning / Review	<ul style="list-style-type: none"> ▪ Discussions regarding status/strategy of DOCA
	Site Visit	<ul style="list-style-type: none"> ▪ Attend West Perth office to allow authorised persons access as directed by MRL and the Receivers and Managers
	Finalisation	<ul style="list-style-type: none"> ▪ Finalisation procedures

A5 A SCHEDULE OF THE TRUSTEES' ANTICIPATED TASKS AND ESTIMATED REMUNERATION TO THE COMPLETION OF THE CREDITORS' TRUST

Based on the following anticipated tasks, I estimate the Trustees' fees for the above period to be between \$10,000 and \$30,000 exclusive of GST.

Task Area	General Description	Includes
Assets \$6,000	Trust Fund	<ul style="list-style-type: none"> ▪ Tasks associated with the amount proposed to be deposited into the trust fund account.
	Plant and equipment	<ul style="list-style-type: none"> ▪ Liaising with valuers, auctioneers and interested parties ▪ Reviewing asset listings
Creditors \$9,000	Creditor Enquiries	<ul style="list-style-type: none"> ▪ Receive and follow up creditor enquiries via telephone and email ▪ Maintaining creditor enquiry register ▪ Review and prepare correspondence to creditors and their representatives via facsimile, email and post ▪ Correspondence with committee of creditors members
	Creditor Reports/Circulars	<ul style="list-style-type: none"> ▪ Preparation of circulars to creditors
Dividend \$6,000	Processing Proofs of Debt	<ul style="list-style-type: none"> ▪ Preparation of correspondence to potential creditors inviting lodgement of POD ▪ Receipt of PODs ▪ Maintain POD register ▪ Adjudicating PODs ▪ Request further information from claimants regarding POD ▪ Preparation of correspondence to claimant advising outcome of adjudication
	Dividend Procedures	<ul style="list-style-type: none"> ▪ Preparation of correspondence to creditors advising of intention to declare dividend ▪ Advertisement of intention to declare dividend ▪ Preparation of dividend calculation ▪ Preparation of correspondence to creditors announcing declaration of dividend ▪ Preparation of distribution ▪ Preparation of dividend file ▪ Preparation of payment vouchers to pay dividend ▪ Preparation of correspondence to creditors enclosing payment of dividend
Administration \$9,000	Correspondence	<ul style="list-style-type: none"> ▪ General correspondence
	Document maintenance/file review/checklist	<ul style="list-style-type: none"> ▪ Filing of documents ▪ File reviews ▪ Updating checklists
	Planning / Review	<ul style="list-style-type: none"> ▪ Discussions regarding status/strategy of administration

**A6 SCHEDULE OF LIQUIDATORS' ANTICIPATED TASKS AND REMUNERATION ESTIMATE
FROM 7 MAY 2010 TO THE CONCLUSION OF THE LIQUIDATION**

Based on the following anticipated tasks of the Liquidation, I estimate the Liquidators' fees at \$100,000 (Exclusive of GST).

Task Area	General Description	Includes
Assets \$15,000	Plant and equipment	<ul style="list-style-type: none"> ▪ Liaising with valuers, auctioneers and interested parties ▪ Reviewing asset listings
	Other assets	<ul style="list-style-type: none"> ▪ Tasks associated with realising other assets
	Leasing	<ul style="list-style-type: none"> ▪ Reviewing leasing documents ▪ Liaising with owners/lessors ▪ Tasks associated with disclaiming leases ▪ Return of disclaimed assets
Creditors \$20,000	Creditor Enquiries	<ul style="list-style-type: none"> ▪ Receive and follow up creditor enquiries via telephone and email ▪ Maintaining creditor enquiry register ▪ Review and prepare correspondence to creditors and their representatives via facsimile, email and post
	Secured creditor reporting	<ul style="list-style-type: none"> ▪ Preparing reports to secured creditor ▪ Responding to secured creditor's queries
	Dealing with proofs of debt	<ul style="list-style-type: none"> ▪ Receipting, adjudicating and filing of proofs of debt.
Dividend \$10,000	Distribution of funds	<ul style="list-style-type: none"> ▪ Calculating and distribution of funds ▪ Advertising and preparing notices associated with the distribution
Investigation \$40,000	Conducting investigation	<ul style="list-style-type: none"> ▪ Collection of company books and records ▪ reconstruction of financial statements ▪ Reviewing company's books and records and Report as to Affairs ▪ Review and preparation of company nature and history ▪ Conducting and summarising statutory searches ▪ Preparation of comparative financial statements ▪ Preparation of deficiency statement ▪ Review of specific transactions and liaising with directors regarding certain transactions ▪ Preparation of investigation file ▪ Lodgement of report with the ASIC pursuant to section 533 of the Act ▪ Preparation and lodgement of supplementary report if required ▪ Consider if public examinations require, and prepare for if required
Administration 53 hours \$15,000	Correspondence	<ul style="list-style-type: none"> ▪ General correspondence
	Document maintenance/file review/checklist	<ul style="list-style-type: none"> ▪ Administration reviews ▪ Filing of documents ▪ File reviews ▪ Updating checklists
	Bank account administration	<ul style="list-style-type: none"> ▪ Preparing correspondence opening and closing accounts ▪ Requesting bank statements ▪ Bank account reconciliations
	ASIC Form 524 and other forms	<ul style="list-style-type: none"> ▪ Preparing and lodging ASIC forms including 505, 524 and 5011 ▪ Correspondence with ASIC regarding statutory forms
	Planning / Review	<ul style="list-style-type: none"> ▪ Discussions regarding status/strategy of administration
	Books and records / storage	<ul style="list-style-type: none"> ▪ Review of books and records
	Finalisation	<ul style="list-style-type: none"> ▪ Finalisation procedures

A7 REMUNERATION APPROVED AND DRAWN TO DATE

Below is a schedule of the remuneration approved and paid for the period 18 February 2009 to 11 April 2010:

Appointment Type	Approved	Incurred	Paid
Administrators	290,093.52	300,613.52	290,231.53
Deed Administrators	15,000.00	78,633.67	Nil
Trustees	35,000.00	30,993.00	Nil
Total	\$340,093.52	\$410,240.19	\$290,231.53

A8 RESOLUTIONS TO BE PUT TO THE CREDITORS AT THE MEETING TO BE HELD ON 6 MAY 2010

At the meeting of Creditors, due to be held on 6 May 2010, the creditors will be asked to consider the following resolution in relation to the Deed Administrator's remuneration:

"That the Deed Administrators' remuneration as set out in the Deed Administrators' remuneration report dated 19 April 2010 for the period 31 December 2010 to the 11 April 2010 in the sum of \$63,633.67 exclusive of any GST to be approved."

"That the Deed Administrators' estimated remuneration, as set out in the Deed Administrators' remuneration report dated 19 April 2010 for the period 12 April 2010 to the 6 May 2010 in the sum of \$10,000.00 exclusive of any GST to be approved."

If the creditors resolve to execute DOCA proposal variation:

"The Deed Administrators' remuneration for the period 7 May 2010 to the termination of the DOCA be fixed in accordance with the Ferrier Hodgson hourly rates up to the sum of \$30,000 (exclusive of GST) and that the Deed Administrators be authorised to make periodic payments on account of such accruing remuneration."

"The Trustees' remuneration from the execution of the varied DOCA proposal to the termination of the DOCA be fixed in accordance with the Ferrier Hodgson hourly rates up to the sum of \$30,000 (exclusive of GST) and that the Trustees' be authorised to make periodic payments on account of such accruing remuneration."

If creditors resolve to wind up the Company:

"That if the Company is placed into liquidation that the liquidators' remuneration be fixed in accordance with the hourly rates of Ferrier Hodgson in the amount of \$100,000 (plus GST) and that the liquidators be authorised to make periodic payments on account of such accruing remuneration."

PART B

B1 DEED ADMINISTRATORS' DISBURSEMENTS

Disbursements are divided into three types **D1**, **D2** and **D3**.

- D1 Disbursements are all externally provided professional services and are recovered at cost. An example of a D1 disbursement is legal fees.
- D2 Disbursements are externally provided non professional costs such as travel, accommodation and search fees. D2 disbursements are recovered at cost.
- D3 Disbursements are internally provided non professional costs such as photocopying and document storage. D3 disbursements are charged at cost except for photocopying, printing and telephone calls which are charged at a rate which is intended to recoup both variable and fixed costs. The relevant rates are set out below.

Disbursements	Charges (Excluding GST)
Postage	At cost
Telephone	At cost
Photocopying & Document Production	35 cents per copy
Facsimile	\$1.00 per page
File Set Up	At cost
Advertising	At cost
Storage – Per Box	At cost
Storage – Per File	At cost
Couriers	At cost

Disbursements incurred by the Administrators, Deed Administrators and Trustees' for the period up to 11 April 2010 in the amount of \$5,455.03 excluding GST are set out in the below schedule.

Disbursements	Total \$
Advertising	632.40
Courier	40.92
Document Production	1,853.60
Facsimile	7.00
Photocopying	2,306.85
Postage	164.40
Storage	26.77
Taxis & Parking	268.50
Telephone	154.59
Subtotal	\$5,455.03
Add GST (10%)	545.50
Total including GST	\$6,000.53

Creditor approval for the payment of disbursements is not required, however the Administrators, Deed Administrators and Trustees must account to creditors. Creditors have the right to question the incurring of disbursements and can challenge disbursements in Court.

B2 Summary of Receipts and Payments for the Period 26 November 2009 to 11 April 2010

Detailed below is a summary of the receipts and payments for the administration account:

	Total \$
Opening Balance	2,622,157.37
Receipts	214,729.93
Payments	(2,568,708.33)
Closing Balance	\$268,178.97

The receipts from the administration account for the period 26 November 2009 to 11 April 2010 are tabled below:

Receipts	Total \$
Bank Interest	15,334.10
Management Recharge	199,371.35
Plant and Equipment	24.48
Total Receipts	\$214,729.93

The payments from the administration account for the period 26 November 2009 to 11 April 2010 are tabled below:

Payments	Total \$
Administrators' Disbursements	1,551.73
Administrators' Remuneration	62,339.20
ASIC Fees	330.00
Bank Charges	234.60
Cleaning Services	5,341.39
Computer Software Maintenance	2,262.94
Cost of Administration - Redundancy	21,754.73
GST Liability remitted to ATO	127,828.00
Insurance	3,063.82
Legal Fees	3,067.10
Monitoring Costs	579.76
Motor Vehicle Expenses	1,354.47
Office Expenses	2,681.06
PAYG Liability to ATO	26,072.00
Dividend to Secured Lenders	1,743,145.83
Postage	604.60
Printing	2,144.11
Rent & Rates	44,908.87
Share Register Expenses	3,419.62
Superannuation Paid	2,925.00
Telephone, Fax & Internet	40,346.02
Transfer to Creditors' Trust	450,000.00
Wages & Salaries	22,753.48
Total Payments	\$2,568,708.33

B3 Other creditor information on remuneration

The partners of Ferrier Hodgson Western Australia are members of the Insolvency Practitioners Association of Australia and follow the IPA Code of Professional Practice. A copy of the Code of Professional Practice may be found on the IPA website at www.ipaa.com.au

An information sheet concerning approval of remuneration in external administrations can also be obtained from the IPA website.

Queries regarding remuneration should be directed to Lauren McCann or Kaila George of this office.

Dated this 27th day of April 2010.

A handwritten signature in black ink, appearing to read 'D Weaver', written in a cursive style.

DARREN WEAVER
Joint and Several Deed Administrator of
Windimurra Vanadium Limited

Annexure 3

Guide to DOCAs Involving Creditors' Trusts

The ASIC has issued a guide for Registered Liquidators recommending the provision of certain information to creditors when they are considering approving a DOCA which includes a Creditors' Trust also being implemented.

The DOCA variation proposal will require that the Company enter into a Creditors' Trust. In this regard, we outline for creditors some important information to consider when considering whether to approve a Creditors' Trust:

What is a Creditors' Trust?

A Creditors' Trust in a DOCA is a mechanism used to accelerate a company's exit from external administration. Typically under the terms of the DOCA and one or more interconnected deeds, a trust entity is created and the company's obligations to some or all of its creditors bound by the DOCA are compromised and transferred to the trust. Those creditors become beneficiaries of the trust.

In this case, a third party has made a promise to make one or more payments (and/or transfer of other property) to the Trustee in satisfaction of the creditors' claims against the Company. In return, the creditors' rights against the Company will be extinguished or assigned.

Usually, the DOCA is 'effectuated' (and terminates) after the creditors' claims against the company have been removed in this way. In most cases, the DOCA terminates immediately upon creation of the trust, which usually occurs when or shortly after the DOCA is executed, but in WVL's case, it will not occur until the necessary conditions set out in Annexure 1 are satisfied.

When the DOCA terminates, the Company ceases to be externally administered, the directors regain full control of the Company and the Company is no longer required to use the notification 'subject to deed of company arrangement' on its public documents as otherwise would be required by s450E(2) of the Act. As all directors have resigned from the Company, new directors would need to be appointed.

Reasons for a Creditors' Trust

One key reason for the inclusion of a Creditors' Trust with DOCA proposals is to allow an ASX listed company to recommence trading on the ASX. A company cannot requote on the ASX if it is subject to a DOCA. In this case, we expect the Company relisting on the ASX is a condition precedent of the DOCA variation proposal.

The Creditors' Trust provides a structure whereby creditors' claims can be dealt with by the Trustee of the Creditors' Trust and the DOCA can end sooner.

The DOCA Proponent has advised that without the DOCA proposal incorporating a Creditors' Trust, its current DOCA proposal would not be forthcoming, which would mean that the Company would be liquidated, which (as set out above) will likely result in a significantly lower return to creditors.

Key Events

If the DOCA variation proposal is approved by creditors, a number of key events will occur, including the following:

- (a) Execution of a DOCA Variation Deed will occur as soon as is practicable after the end of the meeting;

- (b) Financial close will occur on or before 30 June 2010 whereupon the Receivers and Managers will have satisfied the Secured Lenders obligations and retire;
- (c) The Company applies to the ASX for its securities to be relisted;
- (d) The ASX confirms to the Company and the DOCA proponent that nothing will prevent the Company from retaining its ASX listing;
- (e) All shareholder and creditor approvals are met to implement the proposal; and
- (f) Successful completion and full subscription of the capital raising by Trident.

Creditors should note that funds currently anticipated under the varied DOCA proposal will not be available to creditors if either:

- Creditors do not approve the proposed restructure, in which case liquidation of the Company is one likely course.
- Creditors approve the proposed restructure but the DOCA Proponent is unable to clear the conditions precedent outlined in its proposal. In such circumstances, an alternate purchaser/investor would need to be sought. It is difficult for us to predict and comment upon what the likely return to unsecured creditors would be in such circumstances, but for the purposes of this report, we have estimated it would be nil.

Anticipated Return

As stated above, we estimate the anticipated return to creditors at 0.21 to 0.26 cents in the dollar. At this time, any dividend distribution date is unknown, due to the conditions precedent.

If the DOCA proposal did not involve a Creditors' Trust, then the proposal would not have been forthcoming to creditors.

Trustee Particulars

It is proposed that the current Deed Administrators, being Martin Jones, Andrew Saker and I, will assume the role of Trustees of the Creditors' Trust should it be approved. By appointing the current Deed Administrators as Trustees of the Trust, there is a cost saving compared with appointing a different Trustee. The Deed Administrators have detailed knowledge of the background to the restructure which a different trustee would have to acquire at a substantial cost to the Trust.

Under a DOCA, creditors may apply to the Court for orders in relation to the Deed Administrators' performance of its duties under the Act. A beneficiary under a Creditors' Trust could also apply to the Court under the *Trustees Act 1962* (WA) in relation to the Trustees' performance of their duties.

Remuneration and Indemnities

It is proposed that the Trustees would be remunerated on a time incurred basis calculated at rates set down by Ferrier Hodgson from time to time. The current rates as at 1 July 2009 are set out in the Remuneration Report enclosed as Annexure 2 to this Report.

Annexure 2 also sets out details of the estimated fees likely to be incurred under a Creditors' Trust. It should be noted that these amounts are estimates only and should the actual costs be lower, then this will result in more funds being made available for distribution to the general body of unsecured creditors / beneficiaries of the Company / Creditors' Trust.

As part of the proposed DOCA Variation and Creditors' Trust, the Deed Administrators and Trustees would have an indemnity or lien over the assets of the trust fund. Furthermore, we note that the DOCA proponent has agreed to indemnify the Deed Administrators for up to \$30,000 in remuneration and costs in the event that the conditions precedent are not satisfied.

Powers

The Trustee of the new trust becomes solely responsible to the former creditors (now beneficiaries) for:

- (a) Ensuring that the company and/or other third parties perform their payment and other obligations to the Trustee;
- (b) Determining how much each of the former creditors is entitled to receive from the trust; and
- (c) In due course, making any distribution to those former creditors.

In addition to the above, the Trustees are likely to have the following powers:

- (a) To administer the Trust Fund;
- (b) To ensure that the Company fulfils its obligations under the DOCA and to take such legal proceedings or other steps as the Trustees think fit to enforce those obligations;
- (c) To fulfil the Trustees' obligations in terms of the DOCA;
- (d) To admit claims to proof in accordance with the provisions of the DOCA and the Trust Deed;
- (e) To make interim or other dividends to creditors or distributions of the Trust Fund;
- (f) To appoint agents to do any business or attend to any matter or affairs of the Trust that the Trustee is unable to do or that it is unreasonable to expect the Trustee to do in person;
- (g) To appoint a solicitor, accountant or other professionally qualified person to assist the Trustees;
- (h) To compromise any claim on such terms as the Trustees consider fit; and
- (i) To do anything else that is necessary or convenient for administering the Trust.

These powers are provided for the benefit of creditors in determining whether to accept the proposed DOCA Variation. However, these powers may be varied prior to finalisation of the Trust Deed.

Claims

For the purpose of determining the admissibility and ranking of creditors' claims in the Trust, regulations 5.6.39 to 5.6.72 and Sub-divisions A to E of Division 6 of Part 5.6 of the Act and Regulations shall apply to the Trust and the Trustees as if the references to a Liquidator were references to the Trustees, references to winding up were references to the Trust and with such other modifications as are necessary to give effect to the Trust.

Creditors will not be permitted to take recovery action against the Company for pre-administration debts during the period of the DOCA.

Compliance Opinion

In our opinion, based upon our discussions with the DOCA Proponent (being Trident), we believe they are capable of complying with their respective obligations under the DOCA Variation proposal provided the conditions of the proposal are satisfied.

Solvency Statement

At the time the varied DOCA will be wholly effectuated, we expect that the Company will be solvent because a successful capital raising will have been completed to the value of \$2.5m which will largely be in the possession of the Company and all debts of the Company will have been transferred to the Creditors' Trust or extinguished.

Tax (company/trust)

Creditors should note that there may be income tax and stamp duty implications for the Company and the Trust associated with the abovementioned proposals.

The Trust may be required to register for GST purposes and apply for a new Tax File Number. In addition, the Trustees may also be responsible for lodging income tax returns for the Trust with the ATO.

It should be noted that any carry forward income or capital losses in the Company will not be available for offset against any assessable income made by the Trust.

Tax (creditor/beneficiary)

Our preliminary view is that by assigning creditors' claims to the Trust any dividend paid to creditors would be treated the same as if creditors had received the dividend from the company under Administration. That is, we do not foresee any tax disadvantages to creditors with the proposed DOCA variation and Creditors' Trust.

The proposed DOCA variation and Creditors' Trust also enables (if considered necessary) the Trustee to make distributions to the beneficiaries of the Trust (as opposed to the repayment of creditors claims outlined above). Under this scenario however, the Trustee may be required to withhold tax from distributions to non-resident beneficiaries at the applicable tax rates.

Creditors are encouraged to seek their own independent legal advice in relation to the possible taxation consequences of receiving a distribution from the proposed Creditors' Trust.

Other

If the varied DOCA is approved by creditors, a copy will be lodged with ASIC in due course and will be available for inspection upon request.