

**Mirabela Nickel Limited (Administrator
Appointed)(Receivers and Managers Appointed)**
ACN 108 161 593

**Mirabela Investments Pty Ltd (Administrator
Appointed)(Receivers and Managers Appointed)**
ACN 124 449 716

(the Companies)

Pursuant to Section 439A of the Corporations Act

29 March 2016

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Ferrier
Hodgson

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Statement by Administrators

In reviewing this Report, creditors should note:

- This Report is based upon our preliminary investigations to date. Any additional material issues that are identified subsequent to the issue of this Report may be the subject of a further written report and/or tabled at the Second Meeting.
- 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. We reserve the right to alter any conclusions reached based on any changed or additional information which may be provided to us between the date of this Report and the date of the Second Meeting (except where otherwise stated).
- In considering the options available to creditors and formulating our opinion and recommendation, we have necessarily made forecasts of asset realisations and total creditors' claims based on our best assessment in the circumstances. These forecasts and estimates may change as asset realisations progress and we receive creditor claims and consequently the outcome for creditors might differ from the information provided in this Report.
- Creditors should consider seeking their own independent legal advice as to their rights and the options available to them at the Second Meeting.

Glossary of terms

Abbreviation	Description
ACN	Australian Company Number
Act	Corporations Act 2001
Administrator	Martin Jones
Administrators	Martin Jones & Darren Weaver
APAAP	All present and after-acquired property – no exceptions
ARITA	Australian Restructuring, Insolvency & Turnaround Association
ASIC	Australian Securities & Investments Commission
ASX	Australian Securities Exchange
ATO	Australian Taxation Office
BNYM	Bank of New York Mellon
Code	ARITA Code of Professional Practice
COC	Committee of Creditors
COO	Chief Operating Officer
Company(s) / the Companies	Mirabela Nickel Limited and Mirabela Investments Pty Ltd (Both Administrator Appointed)(Both Receivers and Managers Appointed)
Directors	MBN – Richard Newsted, Mark Milazzo, Maryse Belanger, Alastair McKeever & Ross Griffiths MNI – Mark Milazzo, Maryse Belanger & Ross Griffiths
DIRRI	Declaration of Independence, Relevant Relationships and Indemnities, pursuant to s436DA of the Act and Code.
DOCA	Deed of Company Arrangement
DTC	Depository Trust & Clearing System
ERV	Estimated Realisable Value
FEG	Fair Entitlements Guarantee
First Meetings	First meetings of creditors for MBN and MNI held concurrently on 7 October 2015.
FY	Financial year
The Group	Mirabela Nickel Limited and Mirabela Investments Pty Ltd (Both Administrator Appointed)(Both Receivers and Managers Appointed) and Mirabela Mineração do Brasil Ltda
MBN	Mirabela Nickel Limited (Administrator Appointed)(Receivers and Managers Appointed)
MD	Managing Director

Abbreviation	Description
MMB	Mirabela Mineração do Brasil Ltda
MNI	Mirabela Investments Pty Ltd (Administrator Appointed)(Receivers & Managers Appointed)
PMSI	Purchase Money Security Interest
PPSA	Personal Property Securities Act 2009 (Cth)
PPSR	Personal Property Securities Register
R\$	Brazilian Real Currency
R&M / Receivers	Scott Langdon, Martin Madden and Richard Tucker
RATA	Report as to Affairs
Report	This report, prepared pursuant to Section 439A of the Act
ROT	Retention of Title
Santa Rita	Santa Rita Nickel Project operated by MMB
SCSN	Senior Convertible Secured Notes
Second Meeting	Second meeting held pursuant to Section 439A of the Act, where creditors determine the future of the Company.
Secured creditor	AET Structured Finance Services Pty Ltd
USD	United States dollar(s)

1 Executive summary

1.1 Appointment

Darren Weaver and I were appointed as joint and several Administrators of the Group on 24 September 2015 by the MBN and MNI Directors pursuant to Section 436A of the Act.

Following the appointment of the Administrators, on 28 October 2015 AET Structured Finance Services Pty Ltd appointed Scott Langdon, Martin Madden and Richard Tucker as Receivers and Managers of the Group pursuant to a registered security granted in their favour.

On 9 December 2015, Darren Weaver retired as Administrator following his retirement from the Ferrier Hodgson practice.

1.2 Conduct of administration

On the date of appointment, the Administrators assumed control of the Group's operations and notified employees, creditors and other stakeholders of their appointment. The Administrators then conducted an urgent financial and commercial review of the Group with the assistance of key personnel and communications with key stakeholders including customers and suppliers.

On 28 October 2015, the R&M assumed control of the Group's operations however their primary responsibility falls due to the Secured Creditor. The Administrators responsibility to unsecured creditors and completion of the statutory investigations are not affected by the appointment of the R&M.

1.3 Extension of convening period

A resolution was passed at the first Committee of Creditor meetings held concurrently on 19 October 2015 acknowledging and consenting to the Administrators' proposed applications to the Court for an extension of the convening periods for the second meetings of creditors to 29 December 2015.

The Administrators' applications to the Court were heard on 22 October 2015 and the orders granted were those as sought to extend the convening periods from 23 October 2015 to 29 December 2015.

The reasons for the extension are detailed below:

- The complexities of the administrations given the Companies' interests are in a Brazilian operated Nickel mine.
- Jurisdictional issues to be considered in light of a potential restructuring involving both Australian and Brazilian entities, as well as secured creditors based in the United States.
- To allow sufficient time for the R&M to consider the merits of marketing of the Companies' assets and Administrators to work with funding / restructuring participants.

- To allow for sufficient time to negotiate a sale or formulate a deed of company arrangement (DOCA) proposal.
- To conduct an independent valuation of the Brazilian mining assets.

Since that time, a second application was made to the Court and the orders sought were granted on 22 December 2015 to further extend the convening period from 29 December 2015 to 31 March 2016. This was to allow the R&M sufficient time to secure a buyer for the Santa Rita Nickel Project and for a DOCA to be formulated. Accordingly, the second meetings of creditors of the Companies are required to be held on, or before, 7 April 2016.

1.4 Purpose of report

The purpose of this Report is to table the findings of my preliminary investigations of the Group's business, property, affairs and financial circumstances, as well as my opinion on the three (3) options available to creditors in deciding the future of the Group at the Second Meeting.

1.5 Administrators' recommendation

During the course of the administration, the Administrators understand that the R&M received a number of expressions of interest in relation to either the purchase of the assets of the Company, or the restructuring of the Company by way of a DOCA. However, at this stage, no proposals are sufficiently progressed to a form that may be considered by creditors. The R&M have advised it is their expectation that the finalised asset sale agreement will include a DOCA proposal.

In accordance with the requirement of section 439A of the Act, the Administrators do not recommend an immediate winding up of the Company, the acceptance of the DOCA proposal or that the administration end and control of the Company be returned to the Directors. At the date of this report and for the reasons as set out in the report in section 10, we consider it would be in creditors' best interests to **resolve to adjourn the Second Meeting for a period not exceeding forty-five (45) business days** as it can, amongst other things:

- Allow further time for the R&M to complete the sales programme and for interested parties to formulate and put forward a DOCA proposal to creditors to potentially restructure the Company; and
- Report back to creditors with sufficient information to accurately determine whether entering into a DOCA (if one is proposed) provides a better return to creditors as compared to an immediate winding-up of the Company.

We note that there is no certainty that a DOCA proposal will be received from interested parties. That said, in our opinion, while there are costs associated with adjourning the Second Meeting and the risk that a proposal will not ultimately be received, there is potentially a substantial benefit to creditors from a DOCA proposal that will only be possible if the meeting is adjourned for a period not to exceed 45 business days.

An adjournment at this time would be consistent with the "spirit" and objectives of section 435A of the Act, which provides that the Voluntary Administration facilitates a process whereby a company's affairs be managed in a way that:

- Maximises the chances that the company, or as much as possible of its business continuing in existence; or
- If it is not possible for the company or its business to continue in existence – results in a better return for the company's creditors and members that would result from an immediate winding up of the company.

In the event that creditors adopt that course, the Administrators will continue their interrogation of the Company's records with a view to a restructure of the Company, work together with the interested parties with a view developing a DOCA proposal and compile a supplementary report to creditors.

This would be done so that we may better inform creditors (and provide more certainty as to the assets values and potential recoveries which would lead to quantification as to the likely returns from the alternatives available). **The reconvened second meeting of creditors would then be held on or before 10 May 2016.**

1.6 Group's assets

The Group's main asset is the Santa Rita Nickel Project which is located approximately 140km from Ilheus Port in Bahia State, Brazil. Santa Rita is the largest nickel sulphide discovery in over a decade.

1.7 Second Meeting

Details of the Second Meeting are as follows:

Second Meeting	Details
Date	7 April 2016
Registration	7.45am HKT
Meeting time	8.00am HKT
Location	The Grand Hyatt, 1 Harbour Road, Hong Kong

There will also be a telephone conference link from the primary venue to the offices of Ferrier Hodgson, Level 28, 108 St Georges Terrace, Perth WA at 8.00am (AWST). Please note that there is no current time difference between Perth and Hong Kong.

The Administrator intends to hold concurrent second meetings of creditors of the Group. Creditors who wish to participate in the Second Meeting must complete and submit the following forms to this office by 4:00pm on Wednesday, 6 April 2016.

Form	Comments
Appointment of proxy (form 532)	<p>Corporate creditors must appoint an individual to act on its behalf.</p> <p>Individuals voting in person are not required to complete this form but must complete this form if a representative is appointed to vote on their behalf.</p> <p>Proxy forms submitted for the First Meeting are not valid for the Second Meeting. A new proxy form must be submitted.</p>
Proof of debt (form 535)	<p>Creditors must submit documentation to support the amount they have claimed (i.e. unpaid invoices, payslips).</p> <p>Creditors who have already submitted a proof of debt are not required to resubmit a proof of debt form unless the amount claimed has changed.</p>

1.8 Summary of investigations

The Administrator has concluded that:

- For no material time prior to my appointment was the Group insolvent;
- The Group held sufficient cash reserves to meet their debts;
- The Group obtained legal advice as to its solvency position; and
- The directors had reasonable expectations that funding would be provided.

The investigations undertaken to date in the Administration are detailed at section 9 of this report.

1.9 Return to creditors

As the proposals and negotiations with interested parties are not complete, we are not currently able to provide an estimate of what the likely or potential return to creditors will be.

As mentioned in part 1.5, the proposition to adjourn the meeting 45 business days is anticipated to be beneficial to creditors as it provides a greater opportunity for a DOCA proposal to be received which may result in a better outcome than a liquidation proceeding.

2 Introduction

2.1 Purpose of appointment and this report

The purpose underlying an administrator's appointment is to allow for independent control and investigation of an insolvent company's affairs. During the administration period, creditors' claims are put on hold.

We are required to provide creditors with information and recommendations in relation to the three options available to creditors in deciding upon the Group's future.

The three options available are:

- The company be placed into liquidation; or
- The company execute a DOCA; or
- The Administration to end and control of the company reverts back to its directors.

In the available time, we have undertaken the investigations detailed in section 8 of this report. These investigations have enabled us to form an opinion about the Group's future. Our opinion is set out in section 10 of this report.

2.2 Basis of report

This report has been prepared primarily from information obtained from the Group's books and records. Although the Administrators have conducted certain investigations of the affairs of the Group, there may be matters which we are unaware of as an audit of the Group has not been undertaken.

In order to complete our report, we have utilised information from:

- The ASIC;
- The PPSR;
- The Company's book and records;
- Discussions with the Directors of the Group;
- Discussions with key employees of the Group;
- Discussions with the secured creditors of the Group;
- Discussions with unsecured creditors of the Group; and
- Other public databases.

2.3 Declaration of independence, relevant relationships and indemnities

The Administrators provided a DIRRI to creditors with their first circular to creditors. The DIRRI was also tabled at the First Meeting.

There has been no change in the declaration since that time.

2.4 First Meeting and Committee of Creditors

At the First Meetings, creditors ratified our appointment as Administrators of MBN and MNI.

Creditors elected the following creditors to a COC for each of the Companies:

MBN	
COC member	Representative
Bank of New York Mellon (as Trustee)	Jeremy Hollingsworth
Bank of New York Mellon (in its own capacity)	David Goldman

MNI	
COC member	Representative
Bank of New York Mellon (as Trustee)	Jeremy Hollingsworth
Bank of New York Mellon (in its own capacity)	David Goldman

The COC members represent the major creditors in the Administration, accounting for 99.7% of creditors in value. Each member of the COC has executed an undertaking as to confidentiality and the Committee has been kept apprised and consulted with the Administrators in relation to:

- General updates on the Administration process and appointment of Receivers.
- Approval of the Administrator's remuneration.
- Extensions of the convening periods.

The matters discussed at the COC meetings and the resolutions passed by the COC are summarised in the following table.

Meeting date	Matters discussed	Resolution passed
19 October 2015	<ul style="list-style-type: none"> • Status of the Administration generally; and • Proposed extension to the convening period. 	<p>"That the Committee of Creditors of Mirabela Nickel Limited acknowledge and consent to the Administrators application pursuant to section 439A(6) of the Corporations Act 2001 to the Court to extend the convening period to 29 December 2015 or earlier as approved by the Committee of Creditors or Administrators."</p>

Meeting date	Matters discussed	Resolution passed
16 November 2015	<ul style="list-style-type: none"> • Status of the Administration generally; and • To consider and, if thought fit, approve the Administrators professional fees incurred to 31 October 2015. 	No resolutions passed – voting on the fee resolutions was deferred to the reconvened meeting of the Committees on 1 December 2015.
1 December 2015	<ul style="list-style-type: none"> • Status of the Administration generally; and • To consider and, if thought fit, approve the Administrators professional fees incurred to 31 October 2015. 	<p>"That the remuneration of the Administrators, as set out in the Remuneration Approval Request Report dated 12 November 2015, for the period from 24 September 2015 to 31 October 2015 be fixed in the amount of \$277,857.00 plus GST and may be paid."</p> <p>"That the remuneration of the Administrators, as set out in the Remuneration Approval Request Report dated 12 November 2015, for the period from 24 September 2015 to 31 October 2015 be fixed in the amount of \$4,851.50 plus GST and may be paid."</p>
15 December 2015	<ul style="list-style-type: none"> • Extension of convening period 	<p>"That the Committee of Creditors of Mirabela Nickel Limited acknowledge and consent to the Administrators application pursuant to section 439A(6) of the Corporations Act 2001 to the Court to extend the convening period to 31 March 2016 or earlier as approved by the Committee of Creditors or Administrators."</p> <p>"That the Committee of Creditors of Mirabela Investments Pty Ltd acknowledge and consent to the Administrators application pursuant to section 439A(6) of the Corporations Act 2001 to the Court to extend the convening period to 31 March 2016 or earlier as approved by the Committee of Creditors or Administrators."</p>

2.5 Second Meeting

Based on the statutory timetable of a voluntary administration, the Second Meeting was required to be convened by 23 October 2015.

Subsequent to 23 October 2015, we made an application to the Court for an extension of the convening period pursuant to Section 439A(6) of the Act.

The following reasons were cited by the Administrators in their application for an extension to the convening period. These reasons consisted of the following:

- The complexities of the administrations given the Companies' interests are in a Brazilian operated Nickel mine.
- Jurisdictional issues to be considered in light of a potential restructuring involving both Australian and Brazilian entities, as well as secured creditors based in the United States.
- To allow sufficient time for the Administrators to consider the merits of marketing of the Companies' assets and work with funding / restructuring participants.
- To allow for sufficient time to negotiate a sale or formulate a DOCA proposal.
- To conduct an independent valuation of the Brazilian mining assets.

The Court made orders on 22 October 2015 that the date by which the Administrators were required, under Section 439A of the Act, to convene the meeting of creditors of the Company be extended to no later than 29 December 2015.

Following a request received by the R&M on 8 December 2015, a second application was made to the Court to further extend the convening period from 29 December 2015 to 31 March 2016. This was to align the second meetings of creditors with the completion of the R&M sales program and to allow sufficient time to formulate a DOCA.

The Court made the orders as sought on 22 December 2015 that the date by which the Administrators were required to convene the meetings of creditors be extended to no later than 31 March 2016.

Accordingly, pursuant to section 439A of the Act, the concurrent Second Meetings are convened for Thursday, 7 April 2016 and will be held at The Grand Hyatt, 1 Harbour Road, Hong Kong at 8:00am HKT.

There will also be a telephone conference link from the primary venue to the offices of Ferrier Hodgson, Level 28 / 108 St Georges Terrace, Perth WA at 8.00am (AWST).

At the Second Meeting, creditors will decide the future by voting on one of the following options:

- That each company execute a DOCA; or
- That the administration should end and control of the relevant company revert to its directors; or
- That the company should be wound up.

Creditors also have the opportunity to adjourn the Second Meetings for up to a period of 45 business days to enable additional time for negotiations to be concluded and a proposal be formulated.

2.6 Remuneration

At the Second Meeting, we will be seeking approval for our remuneration for the Companies as follows:

Period	Amount (ex GST)	
	Mirabela Nickel Ltd	Mirabela Investments Pty Ltd
Voluntary Administration		
1 November 2015 to 18 March 2016	183,709.50	872.00
19 March 2016 to 6 April 2016	20,000.00	5,000.00
Total - Voluntary Administration	203,709.50	5,872.00
If company is placed into Liquidation		
7 April 2016 to the conclusion of Liquidation	100,000.00	35,000.00
Total – Liquidation Scenario	100,000.00	35,000.00

Please refer to our Remuneration Approval Request Report at **Annexure D** for details of the key tasks undertaken throughout the course of the administration along with a summary of the receipts and payments to date.

2.7 Non-disclosure of certain information

There are sections of this Report where we have considered it inappropriate to disclose certain information to creditors. Such information includes:

- Valuations of specific assets
- Valuation of the business
- Details of offers received during the sale process
- Commercially sensitive prospective financial information (for example, projections / forecasts)

We recognise the need to provide creditors with complete disclosure of all necessary information relating to the Group. However, we believe this information is commercially sensitive and it is not in creditors' interests for us to disclose the information publicly at this stage.

Where necessary in this Report we provide a combined figure for potential realisations of assets when comparing estimated dividends under the relevant options.

During consultations with the COC, we have disclosed such information to COC members to ensure that they are fully informed and would be able to consider the offers received from interested parties during the sale process.

All information provided to COC members was disclosed under the strict terms of the undertaking as to confidentiality that each member signed prior to receiving such information.

3 Company information

3.1 Statutory information

3.1.1 Incorporation date and registered office

MBN was incorporated on 5 March 2004. MBN's registered office is listed as London House, Level 10, 216 St Georges Terrace PERTH WA and the principal place of business is C/- Verona Capital Pty Ltd, 50 Colin Street, WEST PERTH WA 6005.

MNI was incorporated on 16 March 2007. MNI's registered office and principle place of business are both listed as London House, Level 10, 216 St Georges Terrace PERTH WA.

3.1.2 Company officers

MBN's officers over the past 12 months were:

Name	Office held	Date appointed	Date ceased
Richard Newsted	Director	25/06/2014	30/09/2015
Mark Francis Milazzo	Director	25/06/2014	25/09/2015
Maryse Belanger	Director	27/06/2014	N/A
Alastair Michael McKeever	Director	06/08/2014	25/09/2015
Ross Edward Griffiths	Director	25/06/2014	22/09/2015
Linda Anne Tompkins	Company Secretary	25/06/2014	10/12/2015

MNI's officers over the past 12 months were:

Name	Office held	Date appointed	Date ceased
Mark Francis Milazzo	Director	25/06/2014	N/A
Maryse Belanger	Director	11/07/2014	N/A
Ross Edward Griffiths	Director	25/06/2014	N/A
Linda Anne Tompkins	Company Secretary	25/06/2014	N/A

A search of the National Personal Insolvency Index maintained by the Australian Financial Security Authority shows that the Company's directors are not bankrupt or subject to a Personal Insolvency Agreement under Part X of the Bankruptcy Act 1966.

3.1.3 Shareholders

A CHESS shareholder report was provided with details as at 26 August 2015. The top twenty shareholders of MBN are listed overleaf:

Name	Shares held	Issued Capital (%)
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	330,372,287	35.52
NATIONAL NOMINEES LIMITED	116,334,831	12.51
BANQUE ET CAISSE DEPARGNE DE LETAT	69,290,337	7.45
J P MORGAN NOMINEES AUSTRALIA LIMITED	65,550,826	7.05
NATIONAL NOMINEES LIMITED <DB A/C>	47,439,780	5.10
PIONEER FUNDS GLOBAL HIGH YIELD	39,384,364	4.23
MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	30,115,099	3.24
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <EUROCLEAR BANK SA NV A/C>	19,109,054	2.05
PIONEER GLOBAL HIGH YIELD FUND	17,099,676	1.84
CITICORP NOMINEES PTY LIMITED	8,683,859	0.93
POWHATTAN & CO LLC	6,852,955	0.74
PIONEER FUND - US HIGH YIELD	6,591,297	0.71
ICE 3 GLOBAL CREDIT CLO LTD	6,536,765	0.70
PIONEER HIGH INCOME TRUST	4,776,723	0.51
INGRID MIRIAM SETON	4,329,116	0.47
JP MORGAN CHASE BANK NA	4,264,456	0.46
CENTRAL STATES SOUTHEAST & SOUTHWEST AREAS PENSION PLAN	3,511,198	0.38
MR BILL GEORGAKLIS & MRS GEORGIA GEORGAKLIS	3,000,000	0.32
IVORYROSE HOLDINGS PTY LTD <ASHFORTH SUPER FUND A/C>	2,505,858	0.27
PIONEER FUNDS GLOBAL HIGH YIELD	2,340,134	0.25
Total	788,088,615	84.72

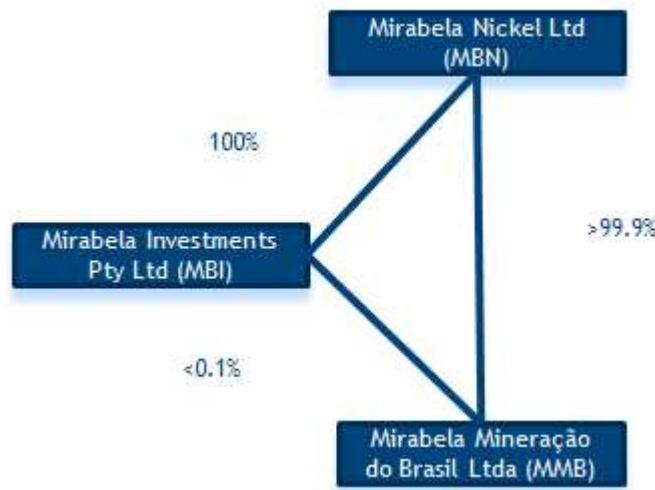
MNI has only two fully paid ordinary shares on issue and are held in the name of MBN. MNI was incorporated to act as a quotaholder (shareholder) for MMB. This is as a result of Brazilian Corporations law which requires a 'Limitada' entity to have a minimum of two quotaholders.

3.1.4 Group structure

MBN is an ASX listed company which holds ownership of the Brazilian operations, through its own shareholdings both held directly as well as indirectly, through its subsidiary, MNI.

MBN's other wholly owned subsidiary MNI is for the most part a dormant investment vehicle with the Group's core operations, being Santa Rita.

The Group's structure is detailed in the below diagram:



Pursuant to the articles of association of MMB, officers are authorised to enter into, amend or terminate any settlement, agreement or transaction without the consent of the quotaholders (being MBN and MNI) where the amount does not exceed R\$5,000,000. Further, officers are authorised to prepay any suppliers or service providers up to a maximum of R\$500,000 without quotaholder approval. Accordingly, our appointment extended to dealing with transactions over these thresholds prior to the appointment of the R&M.

3.1.5 Santa Rita Nickel Project

The Santa Rita deposit is the largest nickel sulphide discovery in over a decade and based upon the aggressive development schedule, from discovery to first production in five years, is testament to the deposit's location close proximity to essential infrastructure (power, rail, road and port), the simple process flowsheet and the pro-mining environment of Brazil.

The Santa Rita operation is a world class asset, producing a high quality metal concentrate via a state of the art nickel flotation processing plant and supported by an open pit with a current mine life of around 20 years remaining, all underpinned by a strong, globally experienced management team. The stated reserves were 146.5 Mt @ 0.52% nickel and 0.13% copper as at the end of December 2012 and a mine rate of 7.2 Mtpa of ore.

The Group also has a number of near-mine and regional exploration prospects that have the potential to provide additional organic growth.

The mine, process facility and associated services are managed and operated by MMB. The majority of the labour pool is sourced locally from the surrounding communities with the exception of some senior management and technical positions and, as at the date of our appointment, directly employed approximately 600 people with some 600 contractors also on site.

A map of the Santa Rita operations is depicted below:



3.1.6 Registered security interests

Under the new PPSA legislation that took effect on 30 January 2012, security over property (except land and certain other asset categories) must be registered as a security interest on the PPSR.

Briefly, the concept of fixed and floating charges was replaced under the PPSA by “security interests over non-circulating assets” and “security interests over circulating assets” respectively. In the case of inventory, title to any inventory will require registration as a PMSI on the PPSR. A PMSI is similar to a ROT provision in terms of trade.

Unless a supplier (including a ROT supplier) registers a PMSI as a security interest on the PPSR, the goods under the ROT clause may become property of the Company and amount to a windfall to the Company and its creditors.

The PPSR discloses that two parties hold registered security interest on the PPSR in respect of MBN. Details of the security interest holders are set out below:

Security interest holder	Date created	Type of security
AET Structured Finance Services Pty Limited	24 December 2013	ALLPAAP – No Exceptions
Fuji Xerox Finance Limited	14 January 2015	Other Goods

No parties hold a registered security interest on the PPSR in respect of MNI.

The Administrators completed a detailed assessment of the registered security interests above.

All claims have been assessed and duly dealt with in the course of the Administration.

3.1.7 Winding up applications

At the date of our appointment, there was no outstanding winding up application against the Company.

3.2 Company history

MBN is a nickel producer, operating one of the largest open pit nickel sulphide mines, located in Bahia Brazil. Shortly after its date of incorporation, MBN was listed on the ASX on 16 July 2004.

Following this MNI was incorporated on 16 March 2007, its sole purpose being an investment vehicle to own shares in the Group's Brazilian operations as a result of Brazilian legal requirements as discussed earlier in this report.

A comprehensive timeline of events, including the lead up to the appointment of the Administrators is set out below:

Date	Event
5 March 2004	MBN is incorporated as an Australian public, limited liability company.
16 July 2004	MBN is listed on the ASX.
16 March 2007	MNI is incorporated as an Australian proprietary limited company.
14 April 2011	MBN issued unsecured notes with a face value of approximately USD\$395 million paying 8.75% pa, which were guaranteed by MNI and MMB.
January 2012	MMB obtained a USD\$50 million working capital facility from Bradesco. This was secured by receivables from Votorantim.

Date	Event
26 September 2013	Votorantim serves notice to MBN alleging a Force Majeure event at its smelter and notifying MBN that it will no longer take any nickel concentrate. This put MBN into default under the Bradesco Credit Agreement which led to a cross-default under the Bond Indenture, as well as defaults under the Caterpillar and Atlas Copco finance agreements.
24 December 2013	Liquidity constraints led to MBN obtaining an interim funding facility of a group of the unsecured noteholders pursuant to the Syndicated Note Subscription Deed, between certain Ad-hoc Noteholders, MBN and others.
25 February 2014	The board of directors of MBN and MNI resolves to appoint KordaMentha (KM) as voluntary administrators of MBN and MNI.
24 June 2014	In accordance with the KM DOCA, MBN issued USD\$115 million in senior secured convertible notes and the transfer of MBN shares under section 444GA of the Act.
25 June 2014	<p>The following events occurred:</p> <ul style="list-style-type: none"> ▪ The KM DOCA effectuated and terminated. ▪ The KM Deed Administrators retire. ▪ Richard Newsted (Chairman, Non-Executive Director), Ross Griffiths (Non-Executive Director) and Mark Milazzo (Non-Executive Director) appointed as the board of directors of MBN
31 July 2014	<p>Close of the Automated Tender Offer Program (ATOP) and 99.29% of the notes are tendered in exchange for MBN shares held by MNI as bare trustee in accordance with the terms of the KM DOCA.</p> <p>The Quarterly Activity Report for period ended 30 June 2014 discloses a cash position of USD\$62.42 million.</p>
10 September 2014	MBN issued USD\$5m 1% 30 year subordinated notes in accordance with obligations under the restructuring arrangements.
18 September 2014	At a board meeting update, a question was raised as to the effect of the decline in nickel prices on the Group's cash position. It was noted that the reduction in nickel price was partly offset by the BRL/USD exchange rate.
23 October 2014	The Quarterly Activity Report for the period ended 30 September 2014 discloses a cash position of USD 34.14 million.
28 November 2014	MNI in its capacity as bare trustee sold 3,725,932 MBN shares at an average share price of \$0.0306 per share in accordance with cash out instructions received from former holders of the 8.75% senior notes due 2018 in satisfaction and discharge of the any claims of the former noteholders under the KM DOCA.
17 December 2014	MMB receives formal written notice from Norilsk Nickel Harjavalta Oy (Norilsk) dated 16 December 2014, that Norilsk considers that the Santa Rita Project Concentrate Sales Agreement (Sales Agreement) with MMB will end on 31 December 2014.
	At the request of MBN, the ASX places MBN's securities in a trading halt.
19 December 2014	At the request of MBN, the ASX suspends the securities of MBN from official quotation.

Date	Event
	<p>Lifting of ASX voluntary suspension and reinstatement of MBN to official quotation.</p>
16 February 2015	<p>Company provides operational update to the market:</p> <ul style="list-style-type: none"> • presentation of 2015 business plan; • new mine plan; • update on new processing design, tailings dam risk, water management, and cost initiatives & optimization plans; • 2015 guidance issued; • new offtake arrangements advised; and • presentation of revised Santa Rita Ore Reserves and Mineral Resources. <p>The Quarterly Activity Report for the period ended 31 December 2014 discloses a cash position of USD 17.56 million.</p>
24 February 2015	As a result of Norilsk's repeated repudiation of the Sales Agreement, MBN serves written notice to Norilsk formally terminating the Sales Agreement.
27 February 2015	MNI in its capacity as bare trustee sold 108,947 MBN shares at an average share price of \$0.065 per share in accordance with cash out instructions received from former holders of the 8.75% senior notes due 2018 in satisfaction and discharge of the any claims of the former noteholders under the KM DOCA.
30 April 2015	The Quarterly Activity Report for the period ended 31 March 2015 discloses a cash position of USD 25.28 million.
12 May 2015	MBN advises the market that on 8 May 2015 MMB received a stop work order from the Brazil Ministry of Labour in respect of the operation of the plant at the Santa Rita mine and associated Ilheus port operations. Plant and port operations ceased. The market is informed that the 2015 production guidance remains unaffected.
13 May 2015	MBN advises the market that on 12 May 2015 MMB received notice from the Ministry of Labour that the stop work order in respect of the operation of the plant at the Santa Rita Mine was lifted. Plant operations return to normal.
16 June 2015	MBN advises the market that on 15 June 2015 MMB received notice from the Ministry of Labour that the stop work order in respect of the warehousing, transport and shipping of concentrate in bulk at the port of Ilheus, Bahia was lifted. Port operations return to normal.
29 June 2015	MNI in its capacity as bare trustee sold 745,185 MBN shares at an average share price of \$0.125 per share in accordance with the terms under the KM DOCA. This was the final sale date and MNI no longer holds any MBN shares on trust. The proceeds of this sale (less costs, fees and taxes associated with the sale) are held by MNI on trust for the remaining unaccounted noteholders. The proceeds will be held by MNI on trust until 16 June 2020, after which all unclaimed proceeds will be remitted to the Department of Treasury (Western Australia) in accordance with the <i>Unclaimed Money Act 1990 (WA)</i> .

Date	Event
7 July 2015	<p>Issue of 482,263 fully paid ordinary shares in MBN as a result of conversion of 482,263 performance rights in accordance with the MBN performance rights plan approved by shareholders on 13 September 2010. Shares are subject to a 12 month holding lock.</p>
20 July 2015	<p>At a MBN board meeting the CEO and CFO advised:</p> <ul style="list-style-type: none"> • 57% of costs were mine-related and this was an area of focus for cost-cutting measures; • it was possible to shut down mine pit operations for a period of 4 – 6 weeks in order to save USD6.5M. It was not expected that production would be affected during the shutdown; • final invoices for concentrate sales were anticipated to be negative as a result of the falling nickel price; • that advance payment for concentrate sales of R\$30M was negotiated with a sales customer to be paid on 31 July 2015 on the basis of a holding certificate over concentrate stored in warehouse at the Ilheus port; • that discussions were ongoing with the Bahia State Government about deferral of royalty payments; • that discussions were underway with various third parties about possible funding alternatives; and • active discussions were underway with a noteholder to provide an additional line of credit.
28 July 2015	<p>The MBN board of directors requested that the CEO and CFO present a proposal to place the mine on care and maintenance for 4, 8 and 12 week periods by 24 July 2015.</p> <p>At a MBN board meeting the CEO and CFO advised:</p> <ul style="list-style-type: none"> • that the anticipated 30 July advanced payment for stored concentrate at Ilheus would be reduced due to decreasing nickel price and the shipment being smaller as a result of crusher shut down; • discussions ongoing with a sales customer to possibly set up a credit facility using unsecured mine equipment as security; and • possibility of a cash injection from an Ad-hoc group of noteholders and / or Guggenheim. A term sheet would be available within a week. <p>The board considered the Group's solvency and there was a reasonable expectation that the countermeasures proposed to reduce cash outlays and bring in funds would be successful.</p> <p>It was also discussed that the mine had improved materially and, but for the nickel price, the situation would be different. The Guggenheim credit committee had met and discussed the need for capital injection into MBN and a term sheet would be available in a week.</p>
30 July 2015	<p>The Quarterly Activity Report for the period ended 30 June 2015 discloses a cash position of USD 16.24 million. In addition, the Company discloses a cash balance as at 29 July 2015 of approximately USD 10.09 million and highlights that the continuing low nickel price is significantly impacting MBN's cash position. The Company further advises that it is seeking ways to conserve and improve the overall cash position, including attempts to raise additional funding.</p>

Date	Event
3 August 2015	<p>MBN advises the market that as a result of the depressed nickel price, and in order to further reduce operating costs, mine pit operations would cease for 30 days but processing plant and other areas would continue to operate normally. The 2015 production guidance remained unchanged.</p> <p>At an MBN board meeting, the CFO advised that agreements had been entered into with creditors in Brazil on renegotiated payment terms and liquidity in Brazil could be managed through August. A verbal offer of funding was presented by Guggenheim's board representative, which would be followed shortly by an expected term sheet.</p> <p>Based on management's update, Guggenheim's verbal offer and advice from its external lawyers, the MBN board concluded that:</p> <ul style="list-style-type: none"> • MBN met the solvency defences to the cash flow test; • MBN could pay its debts as they fell due; • MBN was solvent; and • there was a reasonable expectation that the Group could manage through the month of August, at which time it was expected there would be greater certainty as to external funding sources.
27 August 2015	<p>At the request of MBN, the ASX suspends the securities of MBN from official quotation, pending the release of an announcement in relation to the outcome of discussions with third party financing parties and the release of its half year financial statements for the period ended 30 June 2015.</p>
16 September 2015	<p>A MBN board meeting discussed the key terms of the latest commitment letter from Guggenheim and the status of other potential funding sources.</p> <p>The board also discussed the deadline for lodging the half year accounts to the market and noteholders and the implications for non-lodgement.</p> <p>The MBN board concluded that based on the information available to date, it could properly form a view that it ought to await the outcome of discussions with Guggenheim in the next few days on possible funding before forming a view on solvency.</p>
22 September 2015	Resignation of Mr Ross Edward Griffiths as MBN director.
23 September 2015	A MBN board meeting discussing appointment of Administrators, MBN's solvency and process of Administration. Further meeting reconvened for 24hours to consider appointment of Administrators.
24 September 2015	The board of directors of MBN and MNI resolve to appoint Martin Bruce Jones and Darren Gordon Weaver of Ferrier Hodgson as joint and several voluntary administrators of MBN and MNI.

3.3 Decision to appoint Administrators

As a result of the recent events above, Company officers sought Ferrier Hodgson's advice as to the Company's financial position on 23 September 2015. This was subsequently relayed to the company directors through a board meeting and the Directors resolved to appoint Administrators effective on 24 September 2015.

4 Historical financial position

Key comments

- Profit in 2015 was significantly impacted by foreign exchange movements on intercompany debt and the SCSNs, along with the revaluation adjustments relating to the convertible note derivative
- In the two (2) years prior to our appointment, MBN reported net asset deficiencies
- During 2015, borrowings increased to meet operational costs in Brazil whilst sale revenues were decreasing from the declining nickel price.

4.1 Books and records

Section 286 of the Act requires a company to keep written financial records that correctly record and explain the company's transactions, financial position and performance and would enable true and fair financial statements to be prepared. The financial records must be retained for a period of seven years after the transactions covered by the records are completed.

The failure to maintain books and records in accordance with Section 286 provides a rebuttable presumption of insolvency which might be relied upon by a liquidator in an application for compensation for insolvent trading.

The Companies auditor as listed in the ASIC company search is KPMG.

Control of the Companies' books and records has passed to the Receivers and Managers following their appointment.

Based on my review of the books and records received, we are of the opinion that the Companies books and records were maintained in accordance with Section 286 of the Act to 23 September 2015.

4.2 Preparation of financial statements

The Company prepared its accounts on a consolidated basis as required by Australian accounting standards. We also requested Company management to provide us with accounts for Mirabela on a standalone basis. We will look at the Company's accounts on a standalone basis in this section but a more in-depth review has been completed of the consolidated accounts as reported in our investigations section 9.

The Company's financial statements were prepared up to 31 March 2015, however, KPMG only audited the financial statements up to the calendar year ended 31 December 2014. The June half year accounts were prepared but were not completed due to going concern issues, and was the reason why the companies went into voluntary suspension around this time.

4.3 Profit and loss statement and preliminary analysis

Set out below is a summary of the Company's profit and loss statements for the past three (3) calendar years and for the period to 24 September 2015 together with our preliminary analysis. We note that the figures from 1 January 2015 to 24 September 2015 are unaudited and are on a standalone basis.

\$000s	FY12	FY13	FY14	YTD FY15
Revenue	-	-	-	-
Other income	-	-	-	-
Expenses				
Indirect costs - Depreciation of PPE	(89)	(260)	(1)	(6)
General & Administrative - Salaries	(6,698)	(5,708)	(6,173)	(1,382)
General & Administrative - Premises	(640)	(753)	(966)	(588)
General & Administrative - Other	(5,095)	(10,228)	(38,421)	(3,694)
FX - Unrealised FX Gain/(Loss)	9,084	(48,327)	(5,413)	(15,400)
FX - Realised FX Gain/(Loss)	(3,236)	3,909	29,215	1,150
FX - Intercompany Unrealised FX Gain/(Loss)	(7,863)	48,446	49,150	92,812
Financing costs - Interest expense	(33,197)	(35,818)	(32,815)	(18,845)
Financing costs - Interest income	1,785	1,784	67	22
Financing costs - Amortisation of borrowing cost	(2,746)	(15,090)	(53)	(283)
Financing costs - Interest income (intercompany)	16,968	13,032	3,266	3,043
Other items - Other income	1	-	466,487	-
Other items – Other revenues	-	-	64,928	-
Other items - Other costs	-	(333)	(500)	(51,910)
Other items - Impairment of assets	(637,065)	(547,466)	(192,026)	-
Income tax expense	-	-	(10,729)	(8,354)
Net profit/(loss) for the period	(668,791)	(596,811)	326,017	(3,435)

In respect of the above, we make the following comments:

- The Company generated substantial losses in the 2012 and 2013 calendar years primarily due to asset impairment charges and interest expense on the US\$395m of 8.75% Senior Unsecured Notes due in 2018. Declining nickel prices resulted in the Company entering into voluntary administration in early 2014. KordaMentha were appointed as Voluntary Administrators on 25 February 2014 and, subsequently, implemented a capital restructure of the Group through a DOCA. The existing unsecured noteholders forgave their existing unsecured debt in return for equity in the Company but also provided interim funding to support working capital requirements of the Group during the external administration process. In return they received Senior Convertible Secured Notes (SCSN) of 9.50% due 2019.
- The profitable result for 2014 was driven by the gain from the unsecured debt forgiveness and the gain from the revaluation of the convertible note derivative, offset in part by an asset impairment charge. As the SCSNs contained an option to convert to equity, the embedded derivative relating to this option was extracted from the par value of the SCSN debt and accounted for separately. This derivative was revalued quarterly, and as a result of changes to the underlying exchange rate, share price, risk free interest rates and company volatility, a net gain of \$64.9m from revaluing the derivative was derived by the end of 2014.

- The 2015 result was mostly impacted by foreign exchange movements on intercompany debt and the SCSNs, along with the revaluation adjustments relating to the convertible note derivative.
- From 2014 to 2015:
 - G&A Salary related costs reduced due to the significant reduction of staff at the MBN office;
 - G&E Premises costs reduced due to a shift in the MBN offices to a less expensive location; and
 - The G&A Other costs reduced due to the legal and advisory fees and other restructure related fees no longer being incurred in 2015.

There was no statutory requirement to lodge a set of financial statements for MBN and MBI under the Corporations Act and were only consolidated as part of the Group's result.

4.4 Balance sheet and preliminary analysis

Set out overleaf is a summary of the Company's balance sheets for the past three (3) calendar years and for the period to 24 September 2015 together with our preliminary analysis. We note that the figures from 1 January 2015 to 24 September 2015 are unaudited and are on a standalone basis.

This section has been left blank intentionally

\$000s	FY12	FY13	FY14	YTD FY15
Current assets				
Cash	62,564	10,081	14,704	8,966
Receivables - Trade & Sundry	301	392	395	157
Prepayments	94	3,546	563	668
Total current assets	62,959	14,019	15,661	9,792
Non-current assets				
Property, plant and equipment	338	-	4	42
Investment in MMB	637,065	694,917	714,769	714,418
Investment in MMB - Provision	(637,065)	(694,917)	(714,769)	(714,418)
Intercompany LT Debt	452,031	489,518	603,489	700,398
Intercompany LT Debt - provision	-	(489,518)	(603,489)	(700,398)
Total Non Current Assets	452,369	-	4	42
TOTAL ASSETS	515,328	14,019	15,665	9,834
Current liabilities				
Creditors - Trade & Other	(282)	(9)	-	-
Accrued Liabilities	(8,753)	(28,150)	(1,105)	(212)
Borrowings	-	(441,873)	-	-
Provisions Employee & Other - Current	(617)	(459)	(247)	(155)
Total current liabilities	(9,652)	(470,491)	(1,352)	(367)
Non-current liabilities				
Borrowings	(365,710)	(333)	(59,583)	(86,563)
Convertible note derivative	-	-	(8,446)	(68,610)
Deferred Tax Liability	-	-	(10,729)	(19,082)
Total non-current liabilities	(365,710)	(333)	(78,757)	(174,255)
TOTAL LIABILITIES	(375,362)	(470,824)	(80,109)	(174,622)
Estimated surplus / (deficiency)	139,966	(456,805)	(64,444)	(164,788)

In respect of the above, we make the following comments:

- The continuing decline in Nickel prices significantly impacted the Group's overall cash position, resulting in the Company seeking alternate forms of funding which, due to various circumstances, did not eventuate. The majority of the available cash funds were transferred to MMB for working capital and capital expenditure purposes.
- Total liabilities increased significantly from the period 2014 to Sept 2015 from \$80.1m to \$174.6m, being a total percentage increase of 217%. This was primarily driven by the following:
 - an increase in the convertible note derivative from \$8.4m to \$68.6m, as a result of ongoing revaluations of the derivative; and
 - an increase in borrowings from \$59.6m to \$86.6m comprised of compounded interest and foreign exchange adjustments;

- The working capital position for 2013 was impacted by the reclassification of the non-current borrowings to current, as a result of the distressed position that the Group was in at that time – pertaining to the declining nickel prices.
- For completeness, we note that any review of the Company's solvency needs to be undertaken in conjunction with a review of the Brazilian subsidiary (MMB). This is because of the following two reasons:
 - MBN presently has on issue US\$115m of Senior Convertible Secured Notes (excluding PIK interest). If there is a default under the Indenture Agreement pertaining to the SCSNs, then the total debt would become immediately due and payable. Under current circumstances, MBN would not be able to repay this debt and would likely be deemed insolvent; and
 - MBN has provided a cross guarantee for the working capital facility of US\$47m currently existing between MMB and Bradesco. If a default occurs under this facility agreement then Bradesco would be entitled to make immediate demand on MBN for payment of the debt.
- We have considered the Group's solvency in section 8.

There was no statutory requirement to lodge a set of financial statements for MBN and MBI under the Corporations Act and were only consolidated as part of the Group's result.

5 Statement by directors

Key comments

- Estimate that there will be a shortfall to unsecured creditors
- There were sufficient circulating assets as at the date of appointment to meet employees' outstanding entitlements
- Have placed no value on the investment in MMB given the significant quantum of creditors accrued in the entity and having regard to the deteriorated nickel market conditions.

Section 438B of the Act requires the Directors to give an administrator a statement about the Companies' business, property, affairs and financial circumstances.

We received MBN Directors' Statements from Mark Milazzo, Richard Newsted & Alastair McKeever on 21, 22 & 27 October 2015. We have not received MBN statements from Maryse Belanger and Ross Griffiths as of the date of this report. The various statements provided by the Directors are consistent, and accordingly are hereafter referred to as one.

In the Statement, the Directors detailed the assets and liabilities at book value and ERV. The following tables summarise the assets and liabilities disclosed in the Directors' Statement for each entity:

Mirabela Nickel Limited

Statement by Directors	Ref	Book Value (\$'000s)	Directors ' ERV (\$'000s)	Administrators ' ERV Low (\$'000s)	Administrator's ERV High (\$'000s)
Circulating assets (net of PMSI claims)					
Cash					
Cash	5.1.1	9,128	9,128	9,148	9,148
Sundry Debtors	5.1.2	-	-	-	-
Inventory	5.1.3	-	-	-	-
GST Receivable	5.1.4	105	105	-	-
Prepayments	5.1.5	518	130	-	130
Total circulating assets (net of PMSI claims)		9,751	9,363	9,148	9,278
Less: Priority creditors (employee entitlements)	5.1.6	(541)	(541)	(541)	(541)
Balance of circulating assets (after priority claims)		9,210	8,822	8,607	8,737
Non-circulating assets (net of PMSI claims)					
Plant & equipment	5.1.7	40	2	Nil	Unascertained
Office equipment		-	-	-	-
Motor vehicles		-	-	-	-
Interest in Land		-	-	-	-
Assets subject to specific security interest	5.1.8				

Statement by Directors	Ref	Book Value (\$'000s)	Directors ' ERV (\$'000s)	Administrators ' ERV Low (\$'000s)	Administrator's ERV High (\$'000s)
Investment in MMB		714,769	-	Nil	Nil
Intercompany receivables		708,342	-	Nil	Nil
Total non-circulating assets (net of PMSI claims)		1,423,15 1	2	Nil	Unascertained
Less: Secured creditors (APAAP security interests)	5.1.9	(181,923)	(181,923)	(184,795)	(184,795)
Net assets available for unsecured creditors		1,250,43 9	(173,099)	8,607	Unascertained
Less: Unsecured creditors	5.1.1 0	(7,170)	(7,170)	(7,170)	(7,170)
Less: Contingent liabilities	5.1.1 1	-	-	-	-
Total creditors		(7,170)	(7,170)	Unascertained	Unascertained
Estimated surplus / deficiency		1,243,26 8	(180,269)	Unascertained	Unascertained

The Administrators have not audited the MBN's records or the book values. The above schedule should not be used to determine the likely return to creditors as a number of realisable values are based on the MBN's records and remain subject to the review of the Administrators and, in particular:

- The Administrators are not in a position to confirm (or otherwise) certain asset values as valuations commissioned by the Receivers and Managers are commercially sensitive and are not disclosed in this report.
- The value of creditor claims remains subject to change as further claims may be received and require adjudication.
- The table above does not provide for possible trading losses or professional costs associated with the administration process.

We comment on the Directors' statement as follows:

5.1.1 Cash

MBN operated two bank accounts, three credit card accounts, two security term deposits and one Money Market Call Account denominated in US dollars. The breakdown of the cash held in those accounts as at the date of our appointment is detailed in the table below:

Bank	Account Type	Balance in AUD (\$)	Balance in USD (\$)
Bankwest	Interest account	100,398	-
Bankwest	Transaction account	506,241	-
Bankwest	Security Term deposit - Credit Cards	33,650	-
Bankwest	Security Term deposit - London House	83,419	-
Bankwest	Credit Cards	33,698	-
Bankwest	Money market call account	-	5,871,765
Total		\$9,148,039	\$5,871,765

Subsequent to our appointment, a portion of the US\$ account was exchanged to A\$ with a view to meeting interim Administration costs. The balance of the account was retained as US\$ to meet any foreign currency expenses.

We received the surplus funds in relation to the credit cards which totalled \$39,698 into the Administrator accounts on 4 November 2015. We expect the associated security term deposit to be released by Bankwest if not already done so by the R&M.

We consider that it is unlikely there will be any value realised from the Security Term Deposit as this securing a bank guarantee lodged for the Perth office. We anticipate there will be a claim by the landlord in due course for the balance of the rental period and any subsequent liquidated damages.

Following notification of the appointment of the R&M, we transferred the residual funds, less future Administrator expenses, to R&M on 4 November 2015.

5.1.2 Debtors

The RATA for MBN did not identify any sundry debtor balances as at the date of appointment. This is consistent with our understanding as trading activities were mainly conducted by the subsidiary MMB and therefore, it is expected that the trade debtor balances would be limited if any.

5.1.3 Inventory

The RATA did not identify any inventory balances at the date of our appointment for MBN. Trading stock was held by the subsidiary MMB.

5.1.4 GST Receivable

The Directors' of MBN have advised that a sum of \$105,265 is recoverable from the ATO in relation to the September 2015 quarter.

MBN management also advised that a further adjustment was made to the estimated GST receivable, being a reduction of \$15,000 and have confirmed that circa \$90k was received from the ATO in November 2015.

5.1.5 Prepayments

The RATAs disclosed that an amount of \$517,935 was prepaid in respect of deposits paid, prepaid insurances and supplier prepayments.

The Directors consider that, of the prepayments, only an estimated \$130k will be recoverable which relates to various deposits and retainers made by MBN. The balance of the prepayments relate to prepaid insurances and supplier prepayments which are not considered recoverable.

5.1.6 Employee claims

A breakdown of outstanding employee entitlements as at 24 September 2015 is detailed below:

Employee Entitlements	Amount outstanding (\$)
Annual leave	102,647
Redundancy / PILN	358,600
Other entitlements	80,000
Total	\$541,247

Employee claims are afforded priority of repayment pursuant to Section 556 of the Act, ahead of any return to unsecured creditors.

The Act provides that excluded employees (including Company directors and their spouses) are each restricted to a total maximum priority claim of \$2,000 for unpaid wages and superannuation entitlements and \$1,500 for leave entitlements. Amounts owed to excluded employees that exceed the statutory limit, and all payments owing in respect of redundancy and payment in lieu of notice will rank as an ordinary unsecured claim.

Should the Company be placed into liquidation at the Second Meeting, employees may be eligible for financial assistance under the Fair Entitlements Guarantee Act 2012. Further information on FEG including eligibility for assistance can be found at www.employment.gov.au/feg.

5.1.7 Plant & equipment

The balance of plant and equipment is relatively low in MBN as the major operational assets are held by MMB overseas. In that regard, the balance noted in the financial statements of both entities and in the Directors' RATAs relate to the non-operational assets including office furnishings and equipment.

An estimate on the realisable value of these assets remains unknown at this stage. We are advised by the Directors that all plant and equipment are subject to a specific security interest in any event.

5.1.8 Assets subject to specific security interests

The Directors' RATAs for MBN reported that the following assets were subject to specific security interests in favour of the SCSN:

- Cash
- GST Receivable
- Prepayments

- Property, plant and equipment
- Investment in MMB
- Intercompany receivables

For the purposes of this report we have separated the assets subject to specific security interests between the circulating and non-circulating assets.

Investment in MMB

We note that the Directors of MBN have not attributed any value in relation to their near 100% investment in MMB.

Intercompany receivables

Similarly to the above, the Directors have not attributed any value in relation to the intercompany receivables and do not expect for any of these loans to be repaid.

5.1.9 Secured creditor

The debt outstanding to the senior convertible secured noteholders is detailed below:

Details	Directors' ERV of Debt		Administrators' ERV of Debt	
	(A\$'000)	(US\$'000)	(A\$'000)	(US\$'000)
Principal	161,951	115,000	164,509	115,000
Interest				
Compounded	15,751	11,184	15,999	11,184
Annual	4,221	2,997	4,287	2,997
Total	\$181,923	\$129,181	184,795	129,181

You will note that our conversion of the secured creditors' debt from US currency into Australian dollars exceeds that of the Directors conversion by circa \$3m.

We have been guided by section 554C subsection (3) of the Corporations Act 2001 in our process of converting the debt into Australian dollars, which applies if the amount of a debt or claim admissible to proof against a company would be an amount in foreign currency. As required by the above mentioned section we have received confirmation from the Commonwealth Bank of Australia that the exchange rate on 24 September 2015 was 0.69905 (AUS/USD) and have applied this exchange to the US denominated debt in order to convert to Australian dollars.

5.1.10 Unsecured creditors

In their statement, the Directors have recorded unsecured creditor claims totalling \$7,170,346. A summary of the unsecured creditor position is below:

Unsecured Creditors	Directors' ERV (\$000's)	Administrators' ERV (\$000's)
Trade creditors	56	56
Statutory creditors (FBT)	-	4
Subordinated Unsecured Noteholders	7,114	7,114
Total	\$7,170	\$7,174

5.1.11 Contingent liabilities

We understand that there are at least three (3) contingent liabilities being:

- Convertible Notes - MBN presently has on issue US\$115m in Convertible Notes. If there is a default under the facility under which the notes issued, MBN will become immediately liable for the whole US\$115 m (plus capitalised interest), which it will obviously not be able to pay.
- Bradesco Facility - MBN has provided a guarantee of the finance facilities in place between MMB and Bradesco (being a US\$47m facility). If there is a default under this facility Bradesco would be entitled to immediately make demand upon MBN to repay the entire debt of US\$47m.
- Lease of Perth MBN offices – If the R&M disclaims the MBN lease at their current premises of Level 10, 216 St Georges Terrace the estimated liability will be in the vicinity of \$.5m to the landlord (Hawaiian Investments Pty Ltd) of which will rank as an unsecured claim.

5.2 Omissions from statements

We have not identified any material omissions from the Directors' statement.

5.3 Explanation for current financial position

The Directors' explanation for the Company's current financial position is as follows:

- Received liquidity stress from the sole revenue earning subsidiary due to a significant decline in the price of Nickel.
- There was a risk that the subsidiary may default on a working capital facility which may have triggered an insolvency event as MNB was a cross-company guarantor.
- Was unable to source additional funding.

5.4 Mirabela Investments RATA

Statement by Directors	Ref	Book Value (\$)	Directors' ERV (\$)	Administrators' ERV Low (\$)	Administrators' ERV High (\$)
Circulating assets (net of PMSI claims)					
Sundry Debtors	5.4.1	2	-	-	-
Total circulating assets (net of PMSI claims)	2		-	-	-
Less: Priority creditors (employee entitlements)		-	-	-	-
Balance of circulating assets (after priority claims)	2		-	-	-
Non-circulating assets (net of PMSI claims)					
Plant & equipment		-	-	-	-
Office equipment		-	-	-	-
Motor vehicles		-	-	-	-
Interest in Land		-	-	-	-
Assets subject to specific security interest	5.4.2	92,943	92,943	92,943	92,943
Total non-circulating assets (net of PMSI claims)		92,943	92,943	92,943	92,943
Less: Secured creditors (APAAP security interests)		(92,943)	(92,943)	(92,943)	(92,943)
Net assets available for unsecured creditors					
Less: Unsecured creditors		-	-	-	-
Less: Contingent liabilities		-	-	-	-
Total creditors					
Estimated surplus / deficiency	2	0	0	0	0

MNI is a non-trading dormant entity with its singular asset being its nominal investment in MMB.

5.4.1 Sundry Debtors

The amount reported by the Directors relates to unpaid share capital.

5.4.2 Assets Subject to Specific Security Interest

MNI, in its capacity as the bare trustee of MBN shares to which the former noteholders were entitled to receive (in connection with the DOCA executed on 13 May 2014), holds the proceeds of these shares. They are held on trust for all remaining noteholders and MNI will hold these proceeds until 16 June 2020, after which time all unclaimed proceeds will be remitted to the Department of Treasury.

6 Trading by Administrators

6.1 Overview

The Administrators assumed control of the Group's businesses upon appointment. Appropriate controls and systems were put in place with respect to cash / banking, purchase orders, stock control and reporting.

We have endeavoured to allow the businesses to trade in the ordinary course of business. In particular, we:

- Opened new accounts with service providers, utilities and other non-stock suppliers;
- Reviewed major contracts and negotiated terms of trade with various suppliers;
- Continued employment of staff;
- Negotiated certain payments of necessity to ensure continued supply of business critical services;
- Conducted meetings with Directors, senior management and staff;
- Preparation of an 'Administration' trading forecast
- Reviewed the procedures for IT services and back up processes for information on site;
- Reviewed the adequacy of the insurances policies held by the Company;
- Engaged a mining expert, who travelled to the Brazilian operations to conduct an immediate assessment. This was conducted with the assistance of a senior MBN employee;
- Engaged with sale advisors in preparation for an international sale program; and
- Engaged and obtained quotes from valuation experts.

As discussed earlier in this report, the appointment of the R&M led to a transition in the responsibility of a sale program from the Administrators. In this regard, the R&M appointed sale advisors and commenced a worldwide sale program immediately following their appointment. The R&M concluded their sale campaign on 28 January 2016 and we refer you to section 7 of this report for a summary of the sale program undertaken.

Given the outcome of the sale program, and as announced to the market on 19 February 2016, the Santa Rita mine was placed into Care and Maintenance ("C&M") effective from 16 February 2016 with operations ceasing and the process of staff redundancies being undertaken.

Subsequent to the C&M being effected, the R&M entered into negotiations with the Brazilian Government to discontinue C&M activities and the mine begin transitioning back to full operations. We understand that the R&M will / have recommenced operations due to:

- The Brazil government considering placement of the mine on C&M would have significant economic and industrial impacts;
- The government was prepared to support the mine through a combination of tax concessions and funding arrangements; and
- The facilitation of several offtake agreements with various third parties.

6.2 Trading issues

On the date of the appointment, the Administrators immediately froze all bank accounts in the name of the Group and all access to the accounts was restricted to the Administrators. The available working capital including AUD and USD operating accounts, the balance of each account and their movements are set out below:

Bank	Account Type	Balance in AUD (\$)	Balance in USD (\$)
Bankwest	Interest account	100,398	-
Bankwest	Transaction account	506,241	-
Bankwest	Security Term deposit - Credit Cards	33,650	-
Bankwest	Security Term deposit - London House	83,419	-
Bankwest	Credit Cards	33,698	-
Bankwest	Money market call account	-	5,871,765
Total		\$9,148,039	\$5,871,765

On the appointment of the R&M, A\$3,746,900 was transferred to their nominated account and the amount held in the pre-appointment account of US\$2,605,065 was retained by the R&M. The residual balance was withheld by the Administrators to provide cover for any trading liabilities incurred, Administrators' costs and disbursements and a general contingency.

6.3 Summary of receipts and payments

A summary of the Administrators' receipts and payments for the period 24 September 2015 to 18 March 2016 is included at part 11 of the Administrator's Remuneration Approval Request Report attached as **Annexure D**.

7 Sale of business / assets

Immediately following the appointment of the R&M on 28 October 2015, they commenced a global sale campaign for the shares that MBN & MNI own in MMB. The R&M placed expression of interest advertisements in the Australian Financial Review and the Wall Street Journal on 5 November 2015 and 25 November 2015, respectively and compiled a list of strategic, private equity, financial and other potential interested parties.

An investment flyer was provided to potential interested parties who sought additional information on MBN. Interested parties willing to progress through the process were provided with, and were required to return, a signed Confidentiality Agreement prior to being granted access to a comprehensive Stage 1 electronic data room. The data room contained internal and key sales documentation along with a selection of corporate, financial and operational information. In addition to providing the Santa Rita short term and long term life of mine models with associated reports prepared by technical experts, a comprehensive information memorandum was prepared by the R&M.

A summary of the historical timetable for the sale process undertaken by the R&M is as follows:

Date	Sale program
3 November 2015	Initial contact with interested parties
20 November 2015 to 17 December 2015	Stage 1 – Indicative Bid Stage: distribution of the Information memorandum, access to the Dataroom and Q & A process.
17 December 2015	Indicative bids due
2 January 2016 to February 2016	Stage 2 – Final Bid Stage: additional confirmatory due diligence materials provided in the Dataroom, Q&A process, site visits, management meetings and access to other appropriate information. Pro-forma draft sale and purchase agreement released.

In late December 2015, management achieved a confidential settlement with a disputed debtor that materially affected the financial position of MMB. The funds were used to repay overdue unsecured creditors of MMB. A secondary campaign was undertaken with the updated financial position with the closing date for indicative offers being 28 January 2016. A number of parties were provided with additional time (to February 2016) to complete due diligence.

We detail below a summary of parties contacted by the R&M during the sale process.

Stage of the process	Number of parties
Initial contact	Outgoing enquiries made to approximately 150 potentially interested parties
Teaser document sent	Requested by approximately 99 potentially interested parties
CA's requested	Requested by approximately 28 potentially interested parties

Stage of the process	Number of parties
Interested parties entered into Dataroom (returned signed CA)	15 interested parties
Indicative bid submitted	One highly conditional bid
Extensive negotiations	Approximately 5

Following completion of the second marketing campaign, one highly conditional bid was submitted to the Receivers. In the Receivers opinion, the conditions on the indicative bid were not capable of acceptance and the party refused to negotiate on these conditions. Notwithstanding, the Receivers attempted to engage further with the party, however the party discontinued negotiations and did not attend a site visit.

Of the fourteen (14) other interested parties who signed a confidentiality agreement, none were prepared to submit an offer, with some of the following reasons cited:

- Concerns over the current price of nickel and its ability to recover in the short / medium term
- A belief that the asset was too challenging from an operational and jurisdictional perspective
- An inability to finance the asset in the short term in order for it to return to profitability

The Receivers consider it highly improbable that any offers by a creditable third party would be made in the current market and in excess of the current debt owed to the SCSN. The Receivers obtained a confidential independent valuation that supported this outcome.

The R&M have advised they are in the process of negotiating with the secured lenders with the potential they will submit an offer which may include a DOCA proposal. The R&M have also advised that they will know whether a DOCA proposal can be presented within 45 business days of this meeting.

8 Statutory investigations

8.1 Nature and scope of review

The Act requires an administrator to carry out preliminary investigations into a company's business, property, affairs and financial circumstances.

Investigations centre on transactions entered into by the Company that a liquidator might seek to void or otherwise challenge where the Company is wound up. Investigations allow an administrator to advise creditors what funds might become available to a liquidator such that creditors can properly assess whether to accept a DOCA proposal or resolve to wind up the Company. We investigated matters to the extent possible in the time available.

A liquidator may recover funds from certain voidable transactions or through other avenues; for example, through action seeking compensation for insolvent trading or breach of director duties. Funds recovered would be available to the general body of unsecured creditors including secured creditors but only to the extent of any shortfall incurred after realising their security.

A deed administrator does not have recourse to voidable transactions. The Administrators' knowledge of the Company's affairs comes principally from the following sources:

- Discussions with the Directors, their advisors and key staff members.
- The Directors' Statement and questionnaire.
- Management accounts, books and records, board reports and financial statements.
- The Company's internal accounting system.
- Correspondence and discussions with the Company's creditors.
- Searches obtained from relevant statutory authorities.
- Records maintained by the ATO.
- Publicly available information.

8.2 The Company's solvency

Key comments

- **MMB held large balance of outstanding creditors.**
- **Inability to lodge half year accounts due to solvency concerns.**
- **Failure to secure additional funding.**

In assessing the solvency of the Companies, we are required to review the financial position of the Group as a whole and not just the Companies on a standalone basis. This is because of the financial interdependency of MMB and the Companies due to the following reasons:

- MBN presently has on issue US\$115m of Senior Convertible Secured Notes (excluding PIK interest). If there is a default under the Indenture Agreement pertaining to the SCSNs, then the total debt would become immediately due and payable. Under current circumstances, MBN would not be able to repay this debt and would likely be deemed insolvent; and

- MBN has provided a cross guarantee for the working capital facility of US\$47m currently existing between MMB and Bradesco. If a default occurs under this facility agreement then Bradesco would be entitled to make immediate demand on MBN for payment of the debt.

Given these cross-guarantees, our review of the Companies' solvency has focused primarily on the ability of the Group as a whole to pay its debt as and when they fall due. Accordingly, within our insolvency analysis we firstly review the Group's solvency in the subsection below and then narrow our solvency analysis to MBN on a standalone basis. Our analysis of MBN is outlined in a separate subsection detailed further below.

Finally, in relation to MNI in the context of our insolvency analysis, we note the only assets are its nominal investment in MMB and the MBN shares they hold in their capacity as the bare trustee to which the former noteholders were entitled to receive in connection with the DOCA executed on 13 May 2014. Accordingly, the solvency of MNI can be determined by reference to the solvency of MBN at any point in time.

The Group's Solvency

8.2.1 Overview of insolvency tests and indicators

In order for a liquidator to recover funds through the voiding of certain transactions or through other legal action, such as seeking compensation from directors for insolvent trading, the Company's insolvency must be established at the relevant time.

There are two primary tests used in determining a company's solvency, at a particular date, namely:

- Balance sheet test; and
- Cash flow or commercial test.

The Courts have widely used the cash flow or commercial test in determining a company's solvency at a particular date along with several other indicators.

We have summarised below the insolvency indicators adopted by the Courts and the ASIC together with our comments in relation to the Group:

Insolvency indicator	Ref	Date relevant to insolvency	Administrators' comments
Working capital deficiency	8.2.2.1.1	N/A	No deficiency identified.
Net asset deficiency	8.2.2.1.2	30 September 2014	Continued deficiency throughout the period under review.
Ageing of creditors	8.2.2.1.3	N/A	Minimal creditor balances.
Inability to extend finance facilities and breaches of covenants	8.2.2.1.4	24 September 2015	Event of default occurred as a result of the appointment of Administrators.

Insolvency indicator	Ref	Date relevant to insolvency	Administrators' comments
Inability to meet other financial commitments / default on finance agreements	8.2.2.1.5	24 September 2015	Event of default occurred as a result of the appointment of Administrators.
Profitability / trading losses	8.2.2.2.1	30 June 2015	The Group sustained gross margin losses from as early as 30 June 2015 and net losses from as early as 31 May 2015.
Cash flow difficulties	8.2.2.2.2	16 July 2015	The Group consistently forecast a cash deficit.
No access to alternative sources of finance (including equity capital)	8.2.2.2.3	24 September 2015	The Group was unable to secure additional funding from the noteholders / third parties.
Inability to dispose non-core assets	8.2.2.2.4	August 2015	The Group had proceeded to sell obsolete equipment and spare parts.
Dishonoured payments	8.2.2.2.5	N/A	No dishonoured payments.
Overdue Commonwealth and State taxes	8.2.2.3	N/A	No outstanding Commonwealth or State taxes.
No forbearance from creditors / legal action threatened or commenced by creditors	8.2.2.4	24 August 2015	The Group commenced negotiations with Banco Bradesco to seek a standstill and interest waiver.

The above indicators are discussed in further detail in section 8.2.2 below.

8.2.2 Preliminary determination

Set out below is a summary of our preliminary investigations and our preliminary determination as to the Group's solvency.

8.2.2.1 *Endemic shortage of working capital - balance sheet test*

8.2.2.1.1 Working capital

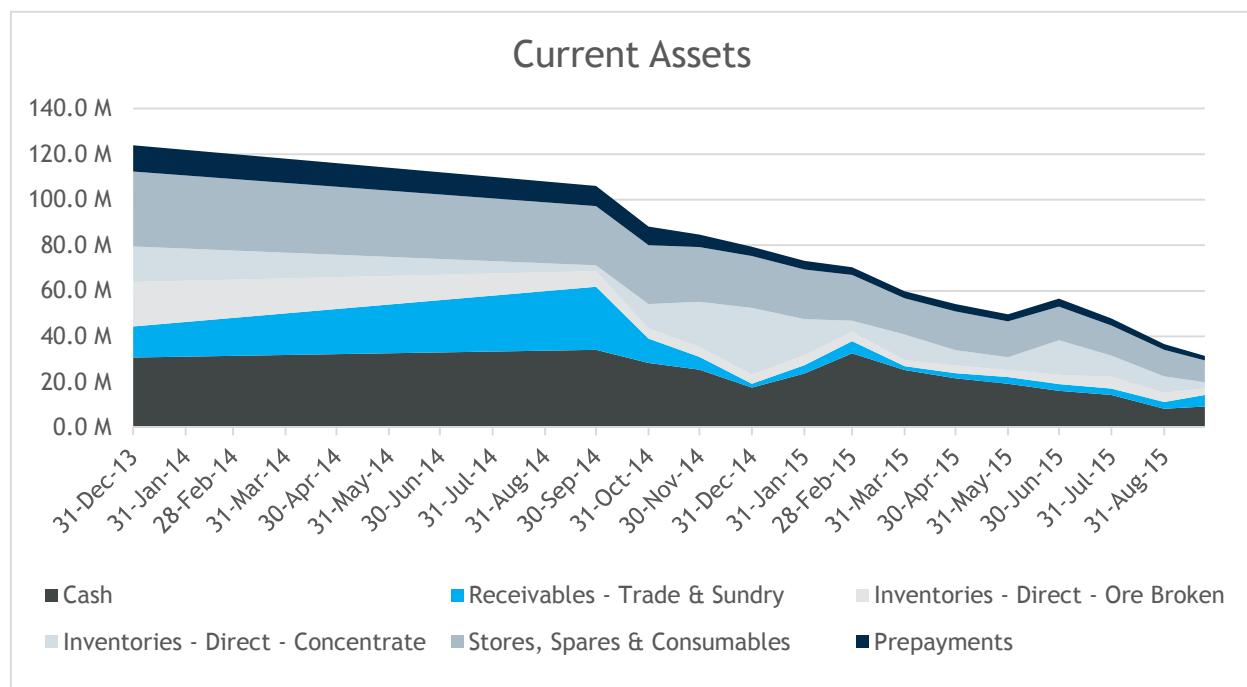
The Group prepared monthly profit and loss statements and balance sheets on an individual and consolidated basis. These were reported in the Group's management accounts. The table below summarises the Group's monthly working capital position for the period 31 December 2013 and 30 September 2014 to 24 September 2015:

Working Capital	31-Dec-13 US000's	30-Sep-14 US000's	31-Oct-14 US000's	30-Nov-14 US000's	31-Dec-14 US000's
Current Assets	123,927	106,097	88,135	84,669	79,318
Current Liabilities	(511,130)	(37,609)	(33,647)	(38,077)	(37,411)
Working Capital	(387,203)	68,489	54,489	46,593	41,907
Working Capital Ratio	0.24	2.82	2.62	2.22	2.12

Working Capital	31-Jan-15 US000's	28-Feb-15 US000's	31-Mar-15 US000's	30-Apr-15 US000's	31-May-15 US000's
Current Assets	73,229	70,348	59,857	54,200	49,775
Current Liabilities	(27,417)	(29,067)	(31,469)	(27,130)	(29,348)
Working Capital	45,813	41,281	28,389	27,070	20,427
Working Capital Ratio	2.67	2.42	1.90	2.00	1.70

Working Capital	30-Jun-15 US000's	31-Jul-15 US000's	31-Aug-15 US000's	24-Sep-15 US000's
Current Assets	56,618	47,886	36,637	31,535
Current Liabilities	(36,501)	(34,629)	(30,837)	(29,722)
Working Capital	20,117	13,257	5,800	1,814
Working Capital Ratio	1.55	1.38	1.19	1.06

The Group continued to maintain a working capital ratio above 1 throughout the period under review. This indicates that the Group held sufficient current assets to meet current liabilities. It should be noted, however, that the working capital ratio from September 2014 to the date of our appointment was declining. This appears to be as a result of declining current assets or, more specifically, reduction of cash on hand and concentrate inventory as illustrated below:



8.2.2.1.2 Net asset position

The table below summarises the Company's net asset position:

Net Assets	31-Dec-13 US000's	30-Sep-14 US000's	31-Oct-14 US000's	30-Nov-14 US000's
Current Assets	123,927	106,097	88,135	84,669
Non-Current Assets	172,902	68,976	73,858	74,066

Net Assets	31-Dec-13 US000's	30-Sep-14 US000's	31-Oct-14 US000's	30-Nov-14 US000's
Total Assets	296,829	175,074	161,993	158,736
Current Liabilities	(511,130)	(37,609)	(33,647)	(38,077)
Non-Current Liabilities	(12,212)	(143,532)	(144,446)	(144,339)
Total Liabilities	(523,343)	(181,141)	(178,093)	(182,416)
Surplus / (deficiency)	(226,513)	(6,067)	(16,100)	(23,680)
Net Assets	31-Dec-14 US000's	31-Jan-15 US000's	28-Feb-15 US000's	31-Mar-15 US000's
Current Assets	79,318	73,229	70,348	59,857
Non-Current Assets	73,866	75,111	70,573	66,453
Total Assets	153,184	148,340	140,921	126,311
Current Liabilities	(37,411)	(27,417)	(29,067)	(31,469)
Non-Current Liabilities	(124,768)	(125,098)	(125,010)	(166,223)
Total Liabilities	(162,179)	(152,514)	(154,076)	(197,691)
Surplus / (deficiency)	(8,994)	(4,174)	(13,155)	(71,380)
Net Assets	30-Apr-15 US000's	31-May-15 US000's	30-Jun-15 US000's	31-Jul-15 US000's
Current Assets	54,200	49,775	56,618	47,886
Non-Current Assets	73,865	73,812	86,310	81,330
Total Assets	128,065	123,587	142,927	129,217
Current Liabilities	(27,130)	(29,348)	(36,501)	(34,629)
Non-Current Liabilities	(168,230)	(168,213)	(187,013)	(185,735)
Total Liabilities	(195,360)	(197,561)	(223,514)	(220,364)
Surplus / (deficiency)	(67,295)	(73,973)	(80,587)	(91,147)
Net Assets		31-Aug-15 US000's		30-Sept-15 US000's
Current Assets		36,637		31,535
Non-Current Assets		77,810		72,252
Total Assets		114,448		103,787
Current Liabilities		(30,837)		(29,722)
Non-Current Liabilities		(185,166)		(165,608)
Total Liabilities		(216,003)		(195,330)
Surplus / (deficiency)		(101,555)		(91,543)

As tabled above, the Group has been net asset deficient since as early as 31 December 2013 where a deficiency of US\$226.5M was reported. It should be noted that the Companies were released from external administration on 25 June 2014 and MBN subsequently returned to the ASX's official list. As at the date of our appointment, the Group reported a deficit of US\$91.5M.

8.2.2.1.3 Aged payables review

The table detailed on the next page summarises the trade suppliers' balance as per the date of our appointment:

Trade Creditors	Terms	Balance outstanding as at 25/9/15	No Creditors Represented	% in value	% in number
UEM	30 id	9,959,546	1	18.59%	0.31%
IBQ - BA	14 id	8,055,456	1	15.03%	0.31%
Sotreq Conta	30 id	2,889,232	1	5.39%	0.31%
Imports (Various)		2,593,622	1	4.84%	0.31%
CPFL	20 id	2,114,472	1	3.95%	0.31%
SEMEP	45 id	1,598,697	1	2.98%	0.31%
ATLAS COPCO2	30 id	1,587,535	1	2.96%	0.31%
MAGOTTEAUX	45 id	1,905,167	1	3.56%	0.31%
Royalties		2,659,847	4	4.96%	1.24%
Goodyear	45 id	1,017,223	1	1.90%	0.31%
Drillco Bras	45 id	1,004,827	1	1.88%	0.31%
Other Trade Creditors 1M > 500k		3,774,497	6	7.04%	1.86%
Other Trade Creditors 500k > 250k		3,719,570	10	6.94%	3.11%
Other Trade Creditors <250k		10,700,867	292	19.97%	90.68%
Total \$R		53,580,558	322	100.00%	100.00%
USD @ R\$3.80		14,100,147			

*Note: the amount outstanding for CPFL was paid subsequent to our appointment.

We have also prepared an aged analysis of the amounts outstanding, some of which includes new debt incurred as a result of continued trading which we have forecasted to be paid in the ordinary course of business:

Aged Payables	<15 days	>15 days - <30 days	>30 days - <60 days	>60 days	Total
R\$	10,556,207	4,396,478	17,765,086	22,615,508	55,333,279
% of Total	19.08%	7.95%	32.11%	40.87%	100.00%
USD	2,777,949	1,156,968	4,675,023	5,951,449	14,561,389

As you will note above, circa 41% of outstanding trade debts were over 60 days and outside most creditors' standard trading terms.

8.2.2.1.4 Review of banking facilities

Following our review of the Indenture Agreement dated 24 June 2014, the Group was not in default of any of the covenants detailed therein throughout the period under review. We are advised that the Group obtained a waiver from initially reporting in September 2014 given the close proximity to the completion of the previous external administration. We understand that as at the date of our appointment, the Group would have been in default of the agreement at 28 September 2015 as a result of non-lodgement of the interim quarterly report.

8.2.2.1.5 Finance commitments review

As at the date of our appointment, there were no amounts outstanding to the noteholders. We note for completeness, however, that the Group had been unable to lodge the half year accounts due to going concern issues. In this regard, auditor KPMG, on 23 September 2015,

notified the ASIC in accordance with section 311 of the Act that the directors had possibly breached sections 312 (officers to assist auditors) and 320 (lodgement of half yearly accounts). As discussed as section 9.2.2.1.4 of this report, we note that failure to provide an interim quarterly report to the noteholders by 28 September 2015 would have constituted an event of default under the facility.

8.2.2.2 Availability of other cash resources – cash flow test

8.2.2.2.1 Profitability

The table below summarises the Group's profitability throughout the period under review:

Profit and Loss	30-Sep-14 US\$000's	31-Oct-14 US\$000's	30-Nov-14 US\$000's	31-Dec-14 US\$000's
Net Mineral Sales	12,928	(1,100)	78	(4,992)
Cost of Goods Sold	(16,908)	(5,527)	(240)	49
Gross Margin	(3,980)	(6,627)	(162)	(4,943)
Total Overheads	27,124	(3,003)	(7,760)	11,812
Net Profit/ (Loss) before Tax & OEI	23,144	(9,629)	(7,922)	6,869
Total Profit/(Loss)	23,144	(9,629)	(7,922)	14,399

Profit and Loss	31-Jan-15 US\$000's	28-Feb-15 US\$000's	31-Mar-15 US\$000's	30-Apr-15 US\$000's
Net Mineral Sales	33,186	22,322	(711)	17,558
Cost of Goods Sold	(24,683)	(20,398)	(3,299)	(15,377)
Gross Margin	8,502	1,924	(4,010)	2,181
Total Overheads	(5,748)	(7,572)	(51,677)	2,918
Net Profit/ (Loss) before Tax & OEI	2,754	(5,648)	(55,687)	5,098
Total Profit/(Loss)	2,754	(5,648)	(55,687)	5,098

Profit and Loss	31-May-15 US\$000's	30-Jun-15 US\$000's	31-Jul-15 US\$000's	31-Aug-15 US\$000's
Net Mineral Sales	11,898	238	12,567	7,415
Cost of Goods Sold	(10,545)	(470)	(13,584)	(9,717)
Gross Margin	1,353	(232)	(1,016)	(2,302)
Total Overheads	(8,946)	592	(12,643)	(10,568)
Net Profit/ (Loss) before Tax & OEI	(7,593)	360	(13,659)	(12,869)
Total Profit/(Loss)	(7,593)	(6,088)	(13,659)	(12,869)

Profit and Loss	24-Sep-15 US\$000's
Net Mineral Sales	10,634
Cost of Goods Sold	(10,991)
Gross Margin	(357)
Total Overheads	10,257
Net Profit/ (Loss) before Tax & OEI	9,900
Total Profit/(Loss)	9,900

From as early as 30 June 2015 to the date of our appointment, the Group generated a negative gross margin due to declining sales. Contributing factors to the declining sales were:

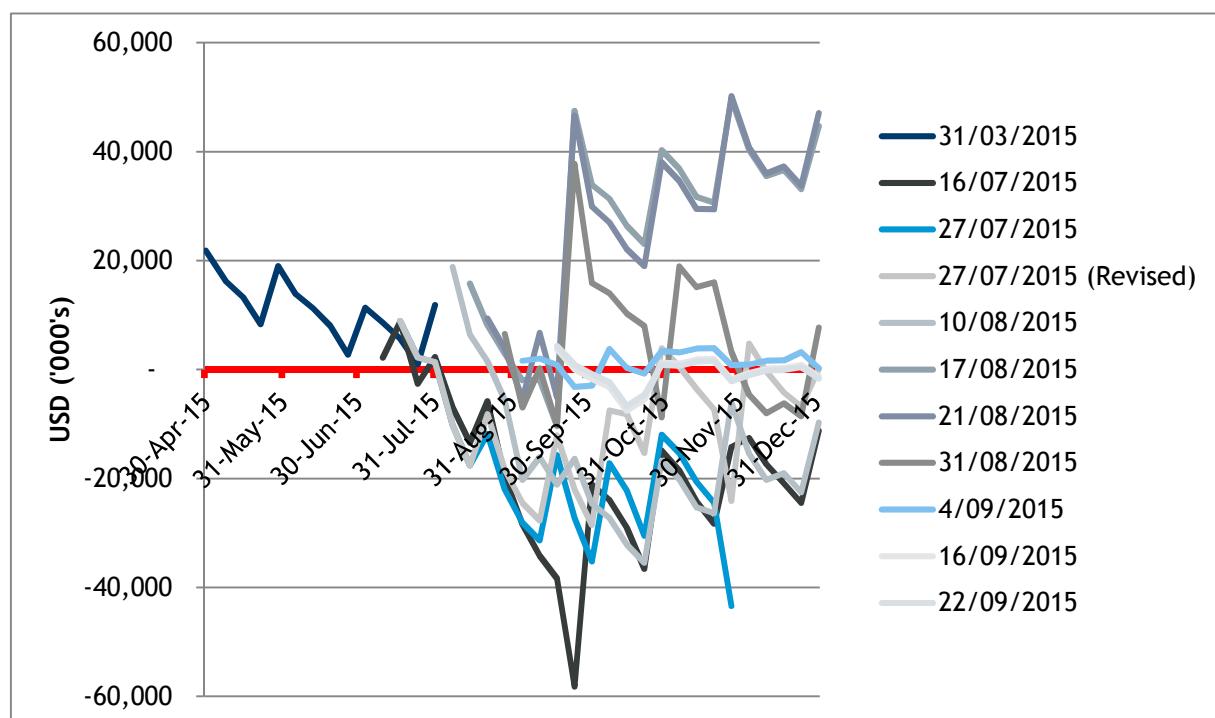
- Loss of the Norilsk contract (discussed further at section 9.2.2.2.2);
- Declining nickel price; and
- Deteriorating foreign currency exchange causing a \$17.5M unrealised and \$1M realised foreign exchange loss in the three (3) months prior to our appointment.

The net profit reported at the date of our appointment is due to a fair value adjustment on the convertible note derivative of circa \$14.9M. If this adjustment were removed, the Group would have generated a net loss of circa \$5M.

For further analysis, please refer to Section 4.3 of this Report.

8.2.2.2.2 Cash flow

As illustrated below, the cash flow forecasts prepared from 30 April 2015 to the date of our appointment for the Group. We note that all forecasts prepared by management were in USD.



As illustrated above, overall the Group had forecast a deficit cash position as early as July 2015. This is consistent with the deteriorating foreign exchange rate, nickel price and loss of the Norilsk contract.

During the three (3) month period leading to our appointment, management were aware that the Group's cash flow position was worsening. Accordingly, a number of well documented initiatives were explored:

- Following identification that 57% of costs were mine related, management determined that operations in Brazil could be suspended for a period of 4 – 6 weeks which would lead to a cost saving of circa USD6.5M. It was considered that any shutdown would not adversely affect production as there was sufficient quantities of stockpiled ore to process during the reduced mining activities.
- Management negotiated an advance payment from Trafigura on the basis of a holding certificate over concentrate stored in a warehouse at Ilheus Port.
- MMB management approached the Bahia State Government to consider the deferral of royalty payments for an interim period.
- Possible financing / sale and lease back arrangements were discussed with Trafigura and Caterpillar (separately).
- A sale process was initiated for obsolete equipment and spare parts.
- Management negotiated deferred payment terms with creditors.
- Commenced negotiations with Banco Bradesco for a formal standstill arrangement and deferral of interest payments whilst the Group attempted to obtain financing.
- The directors approached the Noteholders for an advance and additional line of credit.
- Management considered the sale of some or all of the exploration tenements and ancillary properties held by the Group.

We note that from as early as July 2015, management engaged legal advisors to obtain advice as to the solvency of the Group and whether the directors were acting reasonably under the circumstances. Further, on 27 August 2015, the Company requested the voluntary suspension of their securities on the ASX.

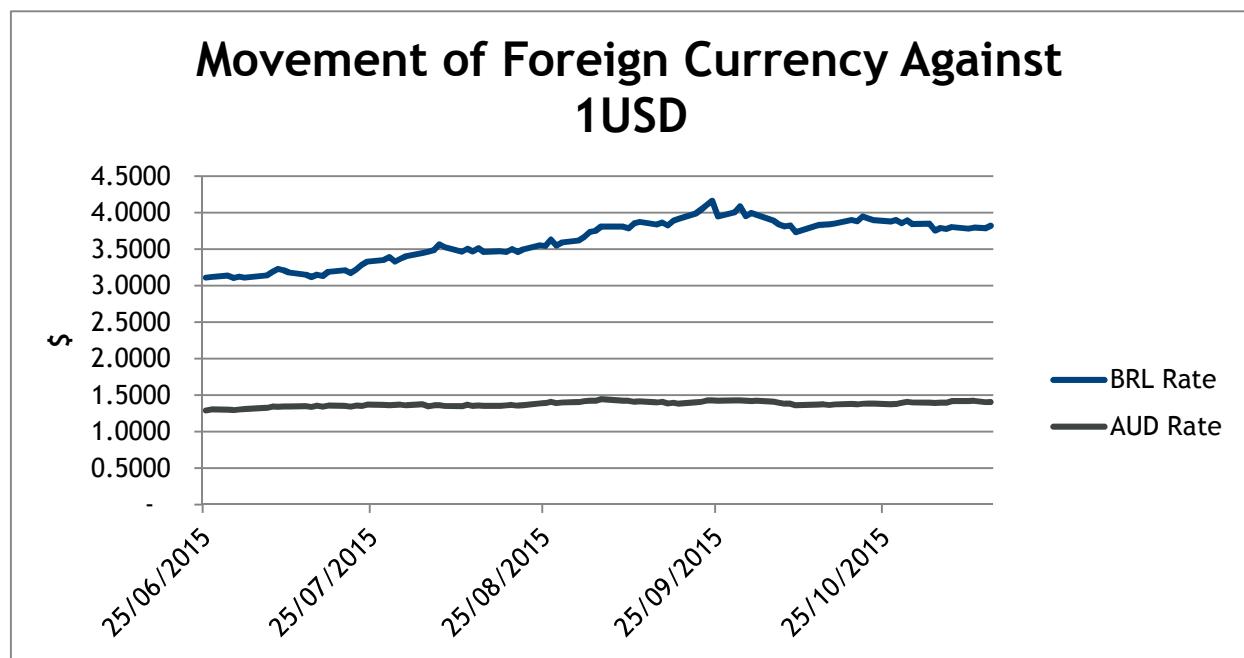
Unfortunately, the Group lacked sufficient unencumbered collateral to secure a financing facility with a third party and was unable to complete negotiations with the noteholders to advance further funds under the existing facilities within a sufficient timeframe. Given the uncertainties surrounding securing financing, the directors ultimately resolved to appoint Administrators.

Nickel Price

As illustrated below, there has been a significant decline in the nickel price (reduction of circa US\$10,000/t) from the date in which the previous DOCA was effectuated on 25 June 2014 to the date of our appointment.



The contracts for the sale of concentrate incorporated the London Metals Exchange price at the relevant date (i.e. at shipment) which would have reduced the sales revenue. Exacerbating the reduction in sales revenue was the depreciation of foreign currency against the USD as illustrated below.



Norilsk Dispute

Prior to our appointment, MMB had initiated informal actions to seek to recover up to US\$45M from Norilsk for the purported early termination of its offtake agreement with MMB. We set out, a brief background to the matter based on our review to date:

- 5 September 2008 Concentrate Sales Agreement between Norilsk Harjavalta (Norilsk) and Mirabela Mineracao do Brasil Ltda (MMB).
- Norilsk stated they believed the contract expired on 31 December 2014 whereas MMB held the view the contract expired upon delivery of Minimum Quantity (66,500t).
- Prior to our appointment, there were preliminary discussions held between MMB and Norilsk to settle the matter.
- Prior to the appointment of the R&M, we had been unable to substantiate any claim value (which included a potential settlement) and had requested shipment records so actual loss for 2015 may be calculated and subsequently extrapolate this to subsequent years.

We understand that the Norilsk dispute has since been settled and the commercial terms of which are confidential.

8.2.2.2.3 Access to alternative sources of finance

As detailed above, the Group entered into negotiations with the noteholders to obtain further funding and / or a line of credit to meet the initial cash deficit from at least July 2015.

8.2.2.2.4 Disposal of non-core assets

The Group commenced the sale of obsolete equipment and spare parts held in an attempt to raise funds to meet the costs of the Brazilian operations. There was also a cash deposit held (circa US\$6M as at the date of our appointment) that would have funded interim operational costs in Brazil if required.

In addition, the Group had also considered the sale of some, or all, of the exploration tenements.

8.2.2.2.5 Dishonoured payments

A review of the Group's banking records reflect no dishonoured payments.

8.2.2.3 *Overdue Commonwealth and State taxes*

As at the date of our appointment, there were no outstanding statutory obligations.

8.2.2.4 *Creditor forbearances / indulgences*

There were no winding up orders placed against the Group nor negotiations with creditors in respect of outstanding amounts. We note that MBN had been contacted by a creditor for an outstanding account of circa \$12k which was subsequently paid and no further action taken.

For completeness we note that from 24 August 2015, the Group entered into negotiations with Banco Bradesco to secure a waiver for the next interest payment due and for a forbearance

period to allow sufficient time to close out a financing arrangement. The negotiations had not concluded as at the date of our appointment.

8.2.3 Preliminary conclusion as to solvency

Having regard to the above analysis, it is my preliminary view that the Group was not insolvent for any material time prior to our appointment on 24 September 2015 due to the following:

- There was a reasonable expectation that the noteholders would provide funding;
- Creditor balances could be managed in the interim whilst the negotiations were being conducted;
- MBN held sufficient cash resources to meet all its debts; and
- There was a reasonable expectation that Banco Bradesco would agree to the standstill arrangement and waive the interest payment.

A liquidator, if appointed, would need to conduct further investigations, and possibly conduct a public examination of relevant parties, to ultimately determine whether or not the Company became insolvent at that time or earlier.

8.2.4 MBN's Solvency

8.2.4.1 *Intercompany Loan Analysis*

MBN, effectively, was a funding mechanism for MMB's operations with circa \$65m (net) transferred across within the 2015 calendar year. The table below details the intercompany loan balance between MBN and MMB:

Intercompany MMB Debt	31-Jan-15 AUD 000's	28-Feb-15 AUD 000's	31-Mar-15 AUD 000's	30-Apr-15 AUD 000's	31-May-15 AUD 000's
Monthly change in MMB debt	32,004	-3,427	18,104	-19,557	17,626
Intercompany ledger balance	635,493	632,066	650,170	630,613	648,239

Intercompany MMB Debt	30-Jun-15 AUD 000's	31-Jul-15 AUD 000's	31-Aug-15 AUD 000's	24-Sep-15 AUD 000's
Monthly change in MMB debt	-2,951	32,423	22,480	208
Intercompany ledger balance	645,288	677,710	700,191	700,398

For completeness, we note that we do not anticipate this amount will be collectable given the difficulties experienced by the R&M in securing a purchaser for MMB.

8.2.4.2 Working Capital

The table below details MBN's monthly working capital position for the months from 1 January 2015 to 24 September 2015:

Working Capital	31-Jan-15 AUD 000's	28-Feb-15 AUD 000's	31-Mar-15 AUD 000's	30-Apr-15 AUD 000's	31-May-15 AUD 000's
Total Current Assets	15,540	14,518	13,950	12,944	12,467
Total Current Liabilities	(2,321)	(3,271)	(4,508)	(5,603)	(6,808)
Working Capital	13,220	11,247	9,442	7,341	5,659
Working Capital Ratio	6.70	4.44	3.09	2.31	1.83

Working Capital	30-Jun-15	31-Jul-15	31-Aug-15	24-Sep-15
Total Current Assets	11,554	11,534	10,764	9,792
Total Current Liabilities	(712)	(2,027)	(3,416)	(367)
Working Capital	10,842	9,507	7,347	9,425
Working Capital Ratio	16.22	5.69	3.15	26.69

As detailed above, MBN's working capital ratio remained strong throughout 2015 and clearly demonstrates that they held sufficient current assets to meet current liabilities. Although the current assets, in particular the cash held, declined during this period, current liabilities concurrently were reduced.

8.2.4.3 Net Capital Position

The table below summarises MBN's net asset position:

Net Assets	January 2015 AUD 000's	February 2015 AUD 000's	March 2015 AUD 000's	April 2015 AUD 000's	May 2015 AUD 000's
Current Assets	15,540	14,518	13,950	12,944	12,467
Non Current Assets	3	3	3	3	3
Total Assets	15,544	14,522	13,953	12,947	12,469
Current Liabilities	(2,321)	(3,271)	(4,508)	(5,603)	(6,808)
Non Current Liabilities	(83,674)	(83,939)	(141,773)	(138,680)	(143,443)
Total Liabilities	(85,994)	(87,210)	(146,281)	(144,283)	(150,251)
Surplus / (deficiency)	(70,451)	(72,689)	(132,328)	(131,335)	(137,781)

Net Assets	June 2015 AUD 000's	July 2015 AUD 000's	August 2015 AUD 000's	September 2015 AUD 000's
Current Assets	10,709	11,008	10,193	9,792
Non Current Assets	38	40	39	42
Total Assets	10,747	11,048	10,232	9,834
Current Liabilities	(712)	(2,027)	(3,416)	(367)
Non Current Liabilities	(156,694)	(164,976)	(171,236)	(174,255)
Total Liabilities	(157,407)	(167,003)	(174,652)	(174,622)
Surplus / (deficiency)	(146,660)	(155,955)	(164,420)	(164,789)

As tabled above, MBN has been net asset deficient throughout 2015 with MBN reporting a net deficit of \$165m as of the date of our appointment. We note for the purposes of the above

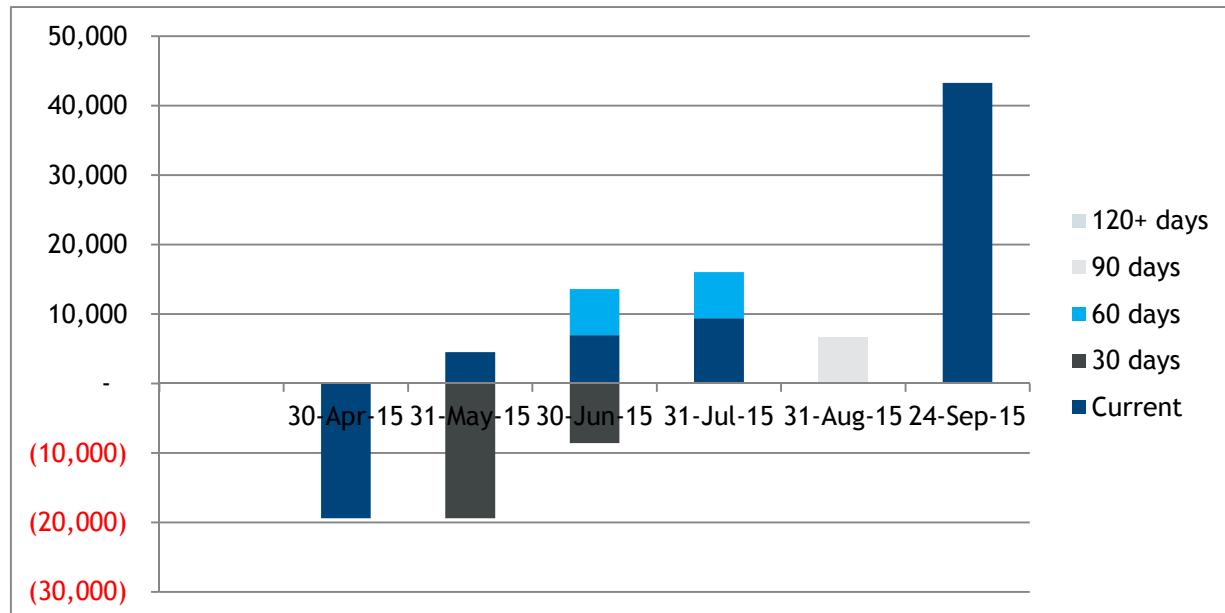
analysis we have excluded the balance of intercompany loans owing by MMB to MBN. The closing balance of the funds owing at 24 September 2015 was circa \$700m.

8.2.4.4 Aged Payables

The table below sets out an analysis of the aged payables for the 6 month period leading up to the date of administration:

Aged payables	Current	30 days	60 days	90 days	120+ days	Total
30 April 2015	(19,401)	-	-	-	(6)	(19,407)
Percentage of total %	99.97%	0.00%	0.00%	0.00%	0.03%	100.00%
31 May 2015	4,535	(19,401)	-	-	(6)	(14,872)
Percentage of total %	(30.49%)	130.45%	0.00%	0.00%	0.04%	100.00%
30 June 2015	6,985	(8,572)	6,635	-	(6)	5,041
Percentage of total %	138.55%	(170.04%)	131.61%	0.00%	(0.12%)	100.00%
31 July 2015	9,409	-	6,635	-	(6)	16,037
Percentage of total %	58.67%	0.00%	41.37%	0.00%	(0.04%)	100.00%
31 August 2015	-	-	-	6,635	(6)	6,629
Percentage of total %	0.00%	0.00%	0.00%	100.09%	(0.09%)	100.00%
24 September 2015	43,280	-	-	-	(6)	43,274
Percentage of total %	100.01%	0.00%	0.00%	0.00%	(0.01%)	100.00%

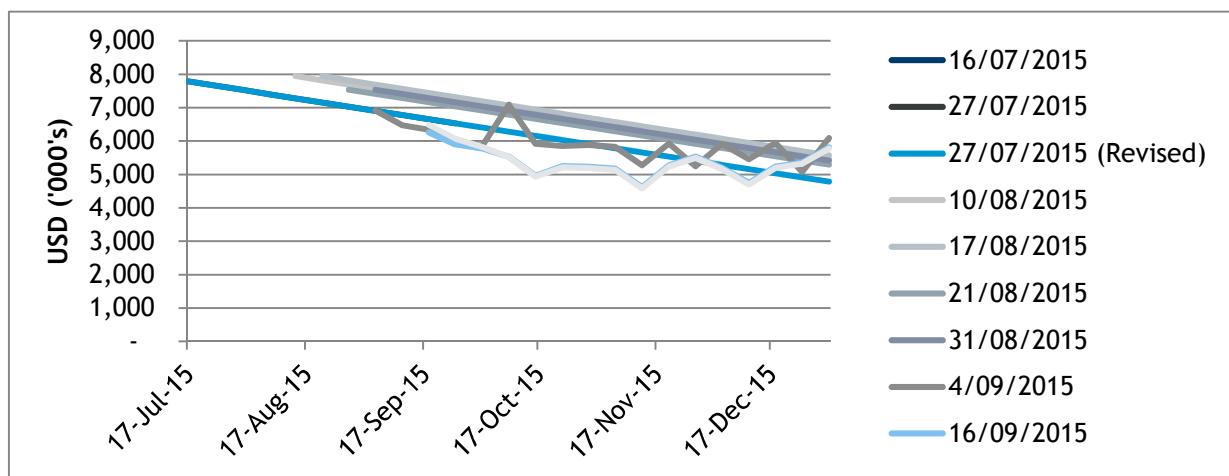
As noted in the table above, creditors were paid within their normal trading terms (other than disputed accounts) as illustrated below. As at the date of our appointment, there was an increase in the current amounts outstanding which relate to the receipt of invoices after our appointment.



8.2.4.5 Cash Flow

The Company prepared weekly cash flow forecasts for both MBN and MMB individually and as a consolidated position. Given the limited operations conducted under MNI and, absent any assets, cash flow forecasts were not prepared for this entity.

Illustrated below are the rolling cash flow forecasts prepared from 30 April 2015 to the date of our appointment for MBN. We note that all forecasts prepared by management were in USD.



8.2.4.6 Preliminary conclusion as to solvency

Having regard to the above analysis, it is my preliminary view that MBN was not insolvent for any material time prior to our appointment on 24 September 2015 due to the following:

- There was a reasonable expectation that the noteholders would provide funding to meet MMB liabilities;
- Creditor balances were minimal and paid within trading terms;
- MBN held sufficient cash resources to meet all its debts; and
- There was a reasonable expectation that Banco Bradesco would agree to the standstill arrangement and waive the interest payment for MMB.

A liquidator, if appointed, would need to conduct further investigations, and possibly conduct a public examination of relevant parties, to ultimately determine whether or not the Company became insolvent at that time or earlier.

In respect of MNI we also conclude that the company was not insolvent for any material time prior to our appointment.

8.3 Potential liquidator recoveries – insolvent trading

We do not believe that there is a claim against the Directors for insolvent trading.

8.3.1 Directors' liability

Section 588G of the Act imposes a positive duty upon company directors to prevent insolvent trading. If a director is found guilty of an offence in contravening Section 588G, the Court may order him or her to pay compensation to the company equal to the amount of loss or damage suffered by its creditors.

The Court may also impose upon the directors one of two types of civil penalty orders, the first can include a fine or an order prohibiting the directors from participating in the management of a company. The second, where there is criminal intent and conviction, a director could also be imposed for up to five years.

This action is not a right that is available to an administrator or a deed administrator. Applications for compensation payable to the company are usually made by a liquidator, or in specified circumstances, a creditor.

The substantive elements of Section 588G are:

- A person must be a director of a company at a time when the company incurs a debt;
- The company must be insolvent at the time or becomes insolvent by incurring the debt; and
- The director must have reasonable grounds for suspecting that the company is insolvent or would become insolvent.

The defences available to directors contained in Section 588H are:

- The directors had reasonable grounds at the time the debt was incurred to expect the company to be solvent and would remain solvent even after the debt was incurred;
- The directors relied on another competent and reliable person to provide information about whether or not the company was insolvent;
- The directors were ill or for some other good reason did not take part in the management of the company; and
- The directors took reasonable steps to prevent the incurring of debt.

A liquidator must form an opinion as to the date of insolvency and determine the debts incurred from that date; thereby quantifying the loss to the company.

The costs of proceeding with an insolvent trading action must be considered.

Whilst the Group was under sustained cash flow pressure, the directors had a reasonable expectation that they would receive funding from the noteholders and could manage the cash outflows throughout the intervening period.

In the event that the Companies are placed into liquidation, further investigation would be required.

8.4 Potential liquidator recoveries – voidable transactions

We have not identified any payments that appear to be of a preferential nature.

A liquidator has the power to void certain transactions which are either not beneficial to, or detrimental to a company. An administrator must identify any transactions that appear to be voidable by a liquidator.

Enclosed at **Annexure E** is a creditor information sheet published by ARITA. This information sheet details the types of transactions which a liquidator can seek to void.

We have not identified any voidable transactions at this stage.

8.4.1 Unfair preferences

Based upon our preliminary investigations, we have not identified any payments that might be considered as an unfair preference.

8.4.2 Uncommercial transactions

A liquidator must investigate transactions deemed to be uncommercial, having regard to the detriment to the company suffered as a consequence of the transaction in the period two years prior to the date of administration.

Based on the books and records in my possession I have not identified any transactions which would constitute uncommercial transactions.

In addition, Section 588FDA of the Act refers to “unreasonable director-related transactions” and requires the liquidator to investigate such transactions, having regard to the detriment to the Company (if any) suffered as a consequence of the transaction.

Based on the books and records in our possession, we have not identified any transactions which would constitute unreasonable director-related transactions.

8.4.3 Unfair loans

A liquidator must investigate loans to the company which may be considered unfair due to extortionate interest rates or charges.

Based upon our preliminary investigations, we have not identified any payments that might be considered as an unfair loan.

8.4.4 Voidable transactions - related parties

A liquidator must investigate related party transactions within four years of the date of administration and determine whether any transactions occurred when the company was insolvent or was likely to become insolvent as a result of the transaction.

Based upon our preliminary investigations, we have not identified any transactions that might constitute a voidable related party transaction.

8.5 Other potential liquidator recoveries

8.5.1 Compensation for breach of directors duties

Based on our investigations to date, we have not identified any offences the directors may have committed under the provisions of the Act.

For completeness however, we do note that the directors were reported to the ASIC for suspected breaches of sections 312 and 320 of the Act. We have not undertaken any further investigation into the conduct of the directors and have not been approached by the ASIC to do same.

8.5.2 Arrangements to avoid employee entitlements

Part 5.8A of the Act aims to protect the entitlements of a company's employees from agreements that deliberately defeat the recovery of those entitlements upon insolvency.

Under Section 596AB(1) of the Act, it is an offence for a person to enter into a transaction or relevant agreement with the intention of, or with intentions that include:

- Preventing recovery of employee entitlements; or
- Significantly reducing the amount of employee entitlements recoverable.

Based on our investigations to date, we have not identified any transactions that would suggest the avoidance of employee entitlements.

8.6 Other matters arising from investigations

8.6.1 Falsification of books

Pursuant to Section 1307 of the Act, it is an offence for a person to engage in conduct that results in the concealment, destruction, mutilation or falsification of any securities of or belonging to the company or any books affecting or relating to affairs of the company.

If a breach is proven, Part 9.4 of the Act provides for criminal penalties only. Therefore, any breaches of Section 1307 will not result in recovery of funds by a liquidator.

The Administrators' preliminary investigations do not reveal any evidence of falsification of books.

8.6.2 False or misleading statements

Pursuant to Section 1308 of the Act, a company must not advertise or publish a misleading statement regarding the amount of its capital. It is an offence for a person to make or authorise a statement that, to the person's knowledge is false or misleading in a material particular.

The Administrators' preliminary investigations do not reveal any evidence of any false or misleading statements.

8.6.3 False information

Pursuant to Section 1309 of the Act, it is an offence for an officer or employee to make available or give information to a director, auditor, member, debenture holder, or trustee for debenture holders of the company that is to the knowledge of the officer or employee:

- False or misleading in a particular matter; or
- Has omitted from it a matter the omission of which renders the information misleading in a material respect.

The Administrators' preliminary investigations do not reveal any evidence of any false information.

8.7 Summary of potential liquidator recoveries

At this stage, the Administrators do not consider that there will be any potential recoveries by a liquidator in the event that the Group is wound up.

8.8 Directors' ability to pay a liquidator's claims

Given the Administrators do not consider there will be any potential recoveries from the Directors by a liquidator, they have not made any assessment as to the financial capacity of the Directors to meet any potential liquidator action.

8.9 Reports to the ASIC

We have not identified any offences that require reporting to the ASIC pursuant to Section 438D of the Act.

We do note however we have received a number of concerns raised by shareholders regarding disclosure of MMB's operation and financial information released to the market and our investigation into these matters is continuing. If we consider any breaches have been made appropriate reporting to ASIC will be undertaken. A Liquidator would need to undertake further investigations.

8.10 Purported claims by certain Shareholders

We advise that we have received a number of purported claims against the directors (including previous directors) and certain officers of the Company in relation to information provided to the market.

The basis for the alleged claims are:

- Breach of duties in accordance with ASX Listing Rules and the Act including continuous disclosure obligations, material non-disclosure to the general public;
- Breach of duty of care including not to cause economic loss to shareholders and to disclose material information affecting the trading of the securities on the ASX; and
- Misleading and deceptive conduct contrary to the Trade Practices Act and Fair Trading Act.

We have conducted preliminary investigations into the alleged claims and have been unable to substantiate the claims made to date. Notwithstanding that no legal formal action has been commenced, I advise that we notified the board of directors of the purported claim.

The success of any proposed action will be completely reliant upon the arguments presented to the Court plus the information they can produce in support of those claims. A Liquidator would need to conduct further detailed investigations in relation to same.

We have not received any further correspondence in relation to the purported claims since 8 October 2015.

9 **Return to creditors**

9.1 **Liquidation**

The funds received from the sale of the Company's assets will be applied to the secured debt due to the noteholders. It appears likely that any proceeds realised will be insufficient to discharge the secured debt due to BNYM and thus, there will be no funds available to unsecured creditors.

As noted above, based upon our preliminary investigations to date we have not identified any material claims that we consider would be recoverable by a Liquidator, however a Liquidator would need to conduct further detailed investigations.

If the Company is placed into liquidation, employees may be eligible for payment of their outstanding employee entitlements (excluding unpaid superannuation) under FEG, a scheme operated by the Department of Employment.

Employees can obtain further information on the eligibility requirements of FEG at [www.employment.gov.au /fair-entitlements-guarantee-feg](http://www.employment.gov.au/fair-entitlements-guarantee-feg).

9.2 **Proposed DOCA**

We have been advised by the R&M that it is likely that a return under the DOCA to be proposed would be better than a liquidation scenario.

We are unable however to provide further details of the likely of a dividend until such time that a DOCA proposal is received.

10 Administrators' opinion

We recommend that it would be in the creditors' best interests to resolve to adjourn the Second Meeting for a period not exceeding forty-five (45) business days.

Pursuant to Section 439A(4)(b) of the Act, we are required to provide creditors with a statement setting out our opinion on whether it is in creditors' interests for the:

- Administration to end; or
- Company to be wound up; or
- Company to execute a DOCA; or
- Second Meeting to be adjourned for a period not exceeding forty-five (45) business days.

In forming our opinion, it is necessary to consider an estimate of the dividend creditors might expect and the likely costs under each option however in the current circumstances such estimates are not available or may be difficult to predict with accuracy.

We provide our comments on each alternative below:

10.1 Administration to end

Creditors may resolve that the administration should end if it appears the Company is solvent or, for some other reason, control of the Company should revert to its directors.

Based on our preliminary investigations and analysis of the Company's financial information, the Company is insolvent. There appears to be no valid commercial reason why control of the Company should revert to its directors.

If the administration were to end, there is no mechanism controlling an orderly realisation of assets and distribution to creditors. In those circumstances, we are unable to say what the Company may ultimately pay creditors or what costs it might incur.

Therefore, our opinion is that it is not in the creditors' interest for the administration to end.

10.2 DOCA

We have been advised by the R&M that they are currently liaising with the Secured Creditor who have expressed an interest in proposing a DOCA, but required further time to put forward a more formal (and detailed) proposal.

As the Administrators have not received a DOCA proposal which is capable of creditor acceptance at this point of time, this option is not available to creditors.

10.3 Winding up of the Company

Based on the information in the Report, detailed particularly in section 5 of this Report, where the Company is wound up, *prima facie* any dividends to unsecured creditors is contingent upon the net proceeds from the realisation of the Group's mining assets over and above that of the secured debt owed to the noteholders.

The R&M are finalising their sales program for Santa Rita however, given the current market conditions (i.e. declining / depressed nickel price), it appears unlikely that there will be a return to unsecured creditors if the Companies are wound up.

If the Companies are placed into liquidation, employees (other than excluded employees, i.e. directors) may be eligible for payment of their outstanding employee entitlements (excluding unpaid superannuation) under FEG, a scheme operated by the Department of Employment.

Employees can obtain further information on the eligibility requirements of FEG at www.employment.gov.au/fair-entitlements-guarantee-feg.

The costs of winding up MBN's and MNI's affairs are estimated at \$100k and \$35k (plus GST) respectively. It is unclear as to whether there will be any assets available to meet these costs or to enable a return/dividend to creditors.

10.4 Adjournment of Second Meeting

In view of our comments in section 10.1, 10.2 and 10.3 above, **we consider it would be in creditors' best interests to resolve to adjourn the Second Meeting for a period not exceeding forty-five (45) business days** as it would enable the Administrators to:

- Allow interested parties additional time to conduct their due diligence with an intention to put forward a DOCA proposal for creditors' consideration.
- Report back to creditors with sufficient information to accurately determine whether entering into a DOCA provides a better return to creditors as compared to an immediate winding-up of the Company.

We note that there is no certainty that a DOCA proposal will be received from interested parties. That said, in our opinion, while there are costs associated with adjourning the Second Meeting and the risk that a proposal will not ultimately be received, there is potentially a substantial benefit to creditors from a DOCA proposal that will only be possible if the meeting is adjourned for a period not to exceed 45 business days.

An adjournment at this time would be consistent with the "spirit" and objectives of the section 435A of the Act, which provides that the Voluntary Administration facilitates a process whereby a company's affairs be managed in a way that:

- Maximises the chances that the Company, or as much as possible of its business continuing in existence; or
- If it is not possible for the company or its business to continue in existence – results in a better return for the Company's creditors and members that would result from an immediate winding up of the Company.

In the event that creditors adopt that course, the Administrators will continue their interrogation of the Company's records with a view to a restructure of the Company, work together with the interested parties and the Directors with a view developing a DOCA proposal and compile a supplementary report to creditors.

This would be done so that we at we may better inform creditors (and provide more certainty as to the assets values and potential recoveries which would lead to quantification as to the likely returns from the alternatives available). **The reconvened second meeting of creditors would then be held on or before 10 May 2016.**

It is difficult to estimate the cost of adjourning the meeting of creditors. During the period of the adjournment, some costs will be incurred in continuing investigations that would otherwise be undertaken in a liquidation, while other costs will relate more specifically reporting to creditors on the outcome of the investigation and to re-convening the second meeting of creditors (in the event that creditors resolve to adjourn the forthcoming meeting).

Our estimate of the marginal costs is \$25,000 (plus GST), upon which we would report to creditors in a supplementary report pursuant to section 439A of the Act in order that approval of such costs may then be considered by creditors.

11 Further information and enquiries

The ASIC has released several insolvency information sheets to assist creditors, employees and shareholders with their understanding of the insolvency process. You can access the relevant ASIC information sheets at www.asic.gov.au

We will advise creditors in writing of any additional matter that comes to our attention after the release of this report, which in our view is material to creditors' consideration.

In the meantime, should creditors have any enquiries, please contact Lauren McCann or Robert Krachler of this office on (08) 9214 1444.

Dated this 29th day of March 2015.



Martin Jones
Joint and Several Administrator

A Notice of meeting

Form 529
Notice of Meeting of Creditors

Corporations Act 2001
Subregulation 5.6.12(2)

Mirabela Nickel Limited (Administrator Appointed) (Receivers and Managers Appointed)
ACN 108 161 593
Mirabela Investments Pty Ltd (Administrator Appointed) (Receivers and Managers
Appointed) ACN 124 449 716
(Collectively referred to as "the Companies")

NOTICE is given that concurrent meetings of creditors of the Companies will be held at the **The Grand Hyatt, 1 Harbour Road, Hong Kong on Thursday, 7 April at 8.00am (HKT)**.

There will also be an audio conference link from the primary venue to the Offices of Ferrier Hodgson, Level 28, 108 St Georges Terrace, Perth WA at 8.00am (AWST).

Agenda

1. To consider a statement by the Directors about the Company's business, property, affairs and financial circumstances.
2. To consider the circumstances leading to the appointment of the Administrator to the Company, details of the proposed Deed of Company Arrangement and the various options available to creditors.
3. To consider the report of the Administrator dated 29 March 2016.
4. To consider adjourning the meeting of creditors for a period not exceeding forty-five (45) business days in order to allow more time.
5. If it is not resolved to adjourn the meeting, to resolve that:
 - The Company execute a Deed of Company Arrangement; or
 - The Administration should end; or
 - The Company be wound up.
6. To fix the remuneration of the Administrator.
7. If it is resolved that the Company be wound up, consider whether a Committee of Inspection is to be appointed, and if so, the members of that Committee.
8. If it is resolved that the Company execute a Deed of Company Arrangement, to fix the remuneration of the Deed Administrator.
9. If it is resolved that the Company be wound up, to fix the remuneration of the Liquidator
10. If it is resolved that the Company be wound up, consider whether, subject to obtaining the approval of the Australian Securities & Investments Commission (**ASIC**) pursuant to Section 542(4) of the Act, the books and records of the Company and of the Liquidators may be disposed of by the Liquidator 12 months after the dissolution of the Company or earlier at the discretion of ASIC.

11. Any other business that may be lawfully brought forward.

For a person to be eligible to attend and vote at the meeting on your behalf, a Form 532, Appointment of Proxy, is to be completed and submitted by no later than 4:00pm on Wednesday, 6 April 2016 to:

Mirabela Nickel Limited (Administrator Appointed)(Receivers and Managers Appointed) and / or
Mirabela Investments Pty Ltd (Administrator Appointed)(Receivers and Managers Appointed)
c/- Ferrier Hodgson
GPO Box 2537
Perth WA 6001
Tel: (08) 9214 1444
Fax: (08) 9214 1400
Email: robert.krachler@fh.com.au

Note: In accordance with Regulation 5.6.36A of the Corporations Regulations 2001, if a proxy is submitted by facsimile, the original document must be lodged within 72 hours after lodging the faxed copy.

A company may only be represented by proxy or by an attorney appointed pursuant to Corporations Regulations 5.6.28 and 5.6.31 respectively or, by a representative appointed under Section 250D of the Act.

In accordance with Subregulation 5.6.23(1) of the Corporations Regulations, creditors will not be entitled to vote at the meeting unless they have previously lodged particulars of their claim against the company in accordance with the Corporations Regulations and that claim has been admitted, for voting purposes, wholly or in part.

Pursuant to Corporations Regulations 5.6.13A, creditors attending the meeting telephonically are required to provide a written statement to the Administrator setting out the appointed proxy, the address and facsimile to which notices are to be sent, a telephone number at which the proxy may be contacted on and submit a proxy form with the Administrator by 4.00pm on the day prior to the meeting. Parties attending by telephone do so at their own cost and are not entitled to be reimbursed for any costs in attending.

Telephone No.	Passcode
1800 672 949	7532 8933 5685

Should there be any creditors calling from an international destination, please contact this office to obtain the appropriate dial in number.

Dated this 29th day of March 2016



Martin Jones
Administrator

B Appointment of proxy form

Form 532 Appointment of Proxy

Corporations Act 2001
Regulation 5.6.29

**Mirabela Nickel Limited (Administrator Appointed) (Receivers and Managers Appointed)
ACN 108 161 593**
**Mirabela Investments Pty Ltd (Administrator Appointed) (Receivers and Managers
Appointed) ACN 124 449 716**
(Collectively referred to as "the Companies")

Instructions:

Please complete Sections A, B, C and D and submit in accordance with the Section E.

* Strike out if inapplicable.

A. Name and Contact Details of Person or Entity Entitled to Attend Meeting

(if entitled in a personal capacity, given name and surname; if a corporate entity, full name of company, etc)

of

(address)

Tel:

Fax:

B. Appointment of Person to Act as Proxy

Note: You may nominate "the Chairperson of the meeting" as your proxy (or your alternate proxy in the event that the first-named proxy is not in attendance).

*I / *We, as named in Section A above, a *creditor / *eligible employee creditor / *contributory / *debenture holder / *member of the Company, appoint

(name of person appointed as proxy)

or in his / her absence

(address of person appointed as proxy)

(name of person appointed as alternate proxy)

as *my / *our proxy

(address of person appointed as alternate proxy)

to vote at the concurrent meeting of creditors to be held on **Thursday, 7 April at 8.00am HKT** at **The Grand Hyatt, 1 Harbour Road, Hong Kong** or at any adjournment of that meeting in accordance with the instructions in Section C below.

C. Voting Instructions

Note: A **general proxy** is entitled to vote on any resolution, subject to Regulation 5.6.33 of the Corporations Regulations 2001, as they see fit at the meeting – tick the “**general proxy**” box.

A **special proxy** is entitled to vote **only** in accordance with your specific instructions – tick the “**special proxy**” box and indicate your specific voting instructions by ticking **one option only** for each resolution for which you wish to give such instructions.

Your proxy may act as both a **special proxy**, in accordance with your instructions in relation to specific resolutions, and as a **general proxy**, in relation to resolutions where you have not issued specific instructions – tick **both** the “**general proxy**” and “**special proxy**” boxes. Your proxy will then be authorised to vote specifically in accordance with your instructions in relation to those resolutions where specific instructions have been given, and generally in relation to resolutions where no specific instructions have been given, and other business of the meeting.

*My / *Our proxy, as named in Section B above, is entitled to act as *my / *our:

general proxy, to vote on *my / *our behalf generally, as *he / *she determines, subject to any specific instructions below, if applicable.

and / or

special proxy, to vote on *my / *our behalf specifically, in accordance with the following special instructions: (for each resolution for which you wish to give specific voting instructions, please tick one option only)

Resolution	For	Against	Abstain
1. Adjourn Second Meeting for a period not exceeding forty-five (45) business days as it can, amongst other things allow further time for interested parties to formulate and put forward a DOCA proposal.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. That the Administration should end.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. That the Company be wound up.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Mirabela Nickel Limited <i>"That the remuneration of the Administrators, as set out in the Remuneration Approval Request Report dated 29 March 2016, for the period from 1 November 2015 to 18 March 2016 be fixed in the amount of \$183,709 plus GST and may be paid."</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Mirabela Investments Pty Limited <i>"That the remuneration of the Administrators, as set out in the Remuneration Approval Request Report dated 29 March 2016, for the period from 1 November 2015 to 18 March 2016 be fixed in the amount of \$872 plus GST and may be paid."</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Resolution	For	Against	Abstain
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6. Mirabela Nickel Limited

"That the further remuneration of the Administrators, as set out in the Remuneration Approval Request Report dated 29 March 2016, for the period from 19 March 2016 to 7 April 2016 be fixed at the remuneration rates set out in the Remuneration Request Approval Report up to a maximum amount of \$20,000 (plus GST) but subject to upward revision by resolution of creditors, or the Committee of Creditors and that the Administrators be authorised to make periodic payments on account of such accruing remuneration as incurred."

7. Mirabela Investments Pty Limited

"That the further remuneration of the Administrators, as set out in the Remuneration Approval Request Report dated 29 March 2016, for the period from 19 March 2016 to 7 April 2016 be fixed at the remuneration rates set out in the Remuneration Request Approval Report up to a maximum amount of \$5,000 (plus GST) but subject to upward revision by resolution of creditors, or the Committee of Creditors and that the Administrators be authorised to make periodic payments on account of such accruing remuneration as incurred."

Where the Companies enters Liquidation

8. That, subject to obtaining the approval of the Australian Securities & Investments Commission (ASIC) pursuant to Section 542(4), the books and records of the Company and of the Liquidators be disposed of by the Liquidators 12 months after the dissolution of the Company or earlier at the discretion of ASIC.

9. Mirabela Nickel Limited

"That the remuneration of the Liquidators, as set out in the Remuneration Approval Request Report dated 29 March 2016 for the period from 7 April 2016 to the end of Liquidation be fixed up to a maximum amount of \$100,000 plus any applicable GST, but subject to upward revision by resolution of creditors, or the Committee of Inspection should one be appointed, and that the Liquidators be authorised to make periodic payments on account of such accruing remuneration as incurred."

Resolution	For	Against	Abstain
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10. Mirabela Investments Pty Limited

"That the remuneration of the Liquidators, as set out in the Remuneration Approval Request Report dated 29 March 2016 for the period from 7 April 2016 to the end of Liquidation be fixed up to a maximum amount of \$35,000 plus any applicable GST, but subject to upward revision by resolution of creditors, or the Committee of Inspection should one be appointed, and that the Liquidators be authorised to make periodic payments on account of such accruing remuneration as incurred."

D. Signature

Dated:

Signature:

Name / Capacity #:

If an individual, insert full name
 If a sole trader, insert in accordance with the following example: "full name, proprietor"
 If a partnership, insert in accordance with the following example: "full name, partner of the firm named in Section A above"
 If a company, pursuant to Regulations 5.6.28 and 5.6.31 of the Corporations Regulations 2001, it may only be represented by proxy or attorney respectively, or by a representative appointed under Section 250D of the Corporations Act 2001. The document appointing the proxy, attorney or representative must be in executed in accordance with Section 127 of the Corporations Act 2001, in which instance, insert in accordance with the following example: "full name, director / secretary / director/secretary of the company named in Section A above" or under the hand of some officer duly authorised in that capacity, and the fact that the officer is so authorised must be stated in accordance with the following example: "full name, for the company named in Section A above (duly authorised under the seal of the company)" – a copy of authority / power of attorney is to be annexed.

E. Submitting the Proxy

For a person to be eligible to attend and vote at the meeting on your behalf, this form is to be completed and submitted by no later than 4:00pm on Wednesday, 6 April 2016 to:

Mirabela Nickel Limited (Administrator Appointed)(Receivers and Managers Appointed) and / or
 Mirabela Investments Pty Ltd (Administrator Appointed)(Receivers and Managers Appointed)
 c/- Ferrier Hodgson, GPO Box 2537, Perth WA 6001

Tel: (08) 9214 1444

Fax: (08) 9214 1400

Email: robert.krachler@fh.com.au

Note: In accordance with Regulation 5.6.36A of the Corporations Regulations 2001, if a proxy is submitted by facsimile, the original document must be lodged within 72 hours after lodging the faxed copy.

Certificate of Witness (to be completed only in special circumstances – see below)

This certificate is only to be completed only if the person giving the proxy is blind or incapable of writing. The certificate of the creditor, contributory, debenture holder or member must not be witnessed by the person nominated as proxy.

I

(name of witness)

of

(address of witness)

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/her before he/she signed or marked the instrument.

Dated:

Signature:

C Proof of debt form

Form 535

Formal Proof of Debt or Claim (General Form)

Corporations Act 2001

Regulation 5.6.49(2)

**Mirabela Nickel Limited
(Administrator Appointed) (Receivers and Managers Appointed) (MBN)
ACN 108 161 593**

**Mirabela Investments Pty Ltd
(Administrator Appointed) (Receivers and Managers Appointed) (MNI)
ACN 124 449 716**

(Collectively referred to as “the Companies”)

Instructions:

Please complete Sections A, B and C and submit to:

Mirabela Nickel Limited (Administrator Appointed)(Receivers and Managers Appointed) and / or
Mirabela Investments Pty Ltd (Administrator Appointed)(Receivers and Managers Appointed)
c/- Ferrier Hodgson
GPO Box 2537, Perth WA 6001

Tel: 08) 9214 1444 Fax: robert.krachler@fh.com.au
Email: (08) 9214 1400
* Strike out if inapplicable.

A. Name and Contact Details of Creditor

(“the Creditor”)

(if in a personal capacity, given name and surname; if a corporate entity, full name of company, etc)
of
(address)

Tel: _____ Fax: _____
Email: _____

B. Details of Debt or Claim

To the Administrator of the Company

1. This is to state that the Company was, on 24 September 2015 and still is justly and truly indebted to the Creditor for

(amount in words) and cents (inclusive of GST, if applicable). dollars

Particulars of the debt are:

Date	Consideration ¹	Net \$	GST \$	Total \$	Remarks ²
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1. Under "Consideration" state how the debt arose, for example "goods sold and delivered to the company between the dates of", "moneys advanced in respect of the Bill of Exchange".

2. Under "Remarks" include details of vouchers substantiating payment.

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

(insert particulars of all securities held. If the securities are on the property of the company, assess the value of those securities. If any bills or other negotiable securities are held, indicate "refer attached" above and show them in a schedule in the following form:)

Date	Drawer	Acceptor	Amount \$	Due Date
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3. *I am employed by the Creditor / *I am the Creditor's agent
*and authorised in writing by the Creditor to make this statement.
I know that the debt was incurred for the consideration stated and that the debt, to the best of my knowledge and belief, remains unpaid and unsatisfied.

C. Signature

Dated:

Signature:

Name / Capacity #:

If the Creditor is an individual, insert full name
 If the Creditor is a sole trader, insert in accordance with the following example: "full name, proprietor"
 If the Creditor is a partnership, insert in accordance with the following example: "full name, partner of the firm named in Section A above"
 If the Creditor is a company, insert in accordance with the following example: "full name, director / secretary / director/secretary of the company named in Section A above" or under the hand of some officer duly authorised in that capacity, and the fact that the officer is so authorised must be stated in accordance with the following example: "full name, for the company named in Section A above (duly authorised under the seal of the company)".
 Where this form is completed by, for example, a solicitor or accountant of the Creditor, sign this form as the Creditor's authorised agent; where this form is completed by an authorised employee of the Creditor, indicate occupation (eg: credit manager, etc.

Annexure

D Remuneration approval request report

Corporations Act 2001

Section 449E

Mirabela Nickel Limited

(Administrator Appointed) (Receivers and Managers Appointed) (MBN)

ACN 108 161 593

Mirabela Investments Pty Limited

(Administrator Appointed) (Receivers and Managers Appointed) (MNI)

ACN 124 449 716

(Collectively referred to as “the Companies”)

Remuneration Approval Request Report

1 Declaration

I, Martin Jones of Ferrier Hodgson, have undertaken a proper assessment of this remuneration claim for my appointment as Administrator of the Companies in accordance with the Corporations Act 2001 (Cth) (**the Act**), the Australian Restructuring Insolvency & Turnaround Association (**ARITA**) Code of Professional Practice (**the Code**) and applicable professional standards.

I am satisfied that the remuneration claimed is in respect of necessary work, properly performed, or to be properly performed, in the conduct of the administration.

2 Executive summary

To date, the following remuneration has been approved in the administration of the Companies.

Period	Amount (ex GST)	
	Mirabela Nickel Ltd	Mirabela Investments Pty Ltd
Previous remuneration approved:		
24 September 2015 to 31 October 2015	277,857	4,851
Total previous remuneration approved	277,857	4,851

This remuneration report details approval sought for the following fees:

Period	Report Reference	Amount (ex GST)		
		Mirabela Nickel Ltd	Mirabela Investments Pty Ltd	
Current remuneration approval sought:				
Voluntary Administration				
<i>Resolution 1:</i> 1 November 2015 to 18 March 2016	6.1	183,709		
<i>Resolution 2:</i> 1 November 2015 to 18 March 2016	6.2		872	
<i>Resolution 3:</i> 19 March 2016 to 6 April 2016	6.3	20,000		
<i>Resolution 4:</i> 19 March 2016 to 6 April 2016	6.4		5,000	
Total - Voluntary Administration		200,074	5,722	
Liquidation (if applicable)				
<i>Resolution 5:</i> 8 April 2016 to the conclusion of the liquidation	6.5	100,000		
<i>Resolution 6:</i> 8 April 2016 to the conclusion of the liquidation	6.6		35,000	
Total - Liquidation		100,000	35,000	

*approval for the future remuneration sought is based on an estimate of the work necessary to the completion of the administration. Should additional work be necessary beyond what is contemplated, further approval may be sought from creditors.

3 Comparison to estimate of costs provided in Initial Advice to Creditors

The remuneration approval slightly exceeds the estimate of costs provided in the initial advice to creditors on remuneration included in my letter dated 25 September 2015, which estimated a cost of the administration of the following (excluding GST):

Entity	Estimate (\$)
Mirabela Nickel Limited	\$150,000 - \$200,000
Mirabela Investments Pty Limited	\$150,000 - \$200,000
Totals	\$300,000 - \$400,000

The marginal excess of costs is due to the two unanticipated extensions to the convening period and the associated work thereof.

Notwithstanding the exceedance of the time incurred under MBN compared with our initial estimate, our report dated 25 September 2015 considered a split of time between the two companies. However, we note that the majority of the work conducted was in respect of MBN, due to the following:

- MBN was the trading entity and therefore the focus of the administration.
- MNI is a dormant subsidiary of MBN and only holds a nominal shareholding in the Group's Brazilian subsidiary.
- In addition the secured debt facility which extends over the Group, MNI only had one unsecured creditor as at the date of our appointment and therefore the majority of reporting, statutory investigations and other tasks relates to MBN.

4 Statement on remuneration

4.1 Remuneration methods

As outlined in our first circular to creditors dated 25 September 2015 we confirmed our fees would be calculated using the time based method.

4.2 Explanation of hourly rates

The hourly rates for our remuneration calculation are set out in the following table together with a general guide showing the qualifications and experience of staff engaged in the administration and the role they take. The hourly rates encompass the total cost of providing professional services and should not be compared to an hourly wage.

Title	Rate \$/hour	Experience
Partner / Appointee	\$595	The Partner / Appointee is a registered liquidator and member of the ICAA and, generally, ARITA, 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 .
Executive Director	\$525	The Executive Director is a registered liquidator and member of the ICAA and, generally, ARITA, bringing specialist skills to the administration or insolvency task.
Director	\$510	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, generally, ARITA, with deep knowledge and lengthy experience in relevant insolvency legislation and issues.
Senior Manager	\$465	Generally, more than 7 years' experience with at least 2 years as a Manager. University degree; member of the ICAA and, generally, ARITA; very strong knowledge of relevant insolvency legislation and issues.
Manager	\$400	Generally, 5 to 7 years' chartered accounting or insolvency management experience. University degree; member of the ICAA and, generally, ARITA; sound knowledge of relevant insolvency legislation and issues.
Assistant Manager	\$360	Generally, 4 to 6 years' chartered accounting or insolvency management experience. University degree; member of the ICAA; completing ARITA Insolvency Education Program. Good knowledge of relevant insolvency legislation and issues.

Title	Rate \$/hour	Experience
Senior Analyst	\$305	Generally, 2 to 4 years' chartered accounting or insolvency management experience. University degree; completing the ICAA's CA program. Good knowledge of basic insolvency legislation and issues.
Analyst	\$270	Generally, 2 to 3 years' chartered accounting or insolvency management experience. University degree, ICAA's CA program commenced.
Accountant	\$230	0 to 2 years' experience. Has completed or substantially completed, on a part-time basis, a degree in finance/accounting. Under supervision, takes direction from senior staff in completing administrative tasks.
Junior Accountant	\$170	0 to 1 years' experience. Undertaking a degree part-time in finance/accounting. Under supervision, takes directions from senior staff in completing administrative tasks.
Personal / Team Assistant	\$110	Appropriate skills including machine usage.
Accounts Supervisor / Assistant	\$145	Generally non-qualified administrative assistant. Classification depends on experience, salary and complexity of work to be completed.
Administration Supervisor / Assistant	\$110	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:

- *The hourly rates are exclusive of GST.*
- *The guide to staff experience is intended only as a general guide to the qualifications and experience of staff engaged in the administration. Staff may be engaged under a classification considered appropriate for their experience.*
- *Time is recorded and charged in six-minute increments.*
- *Creditor approval will be sought prior to the application of any new rates to this administration.*

5 Previous Remuneration Approved

5.1 Mirabela Nickel Limited

At a meeting of the Committee of Creditors convened on 1 December 2015, the following remuneration was approved for Mirabela Nickel Limited.

Employee	Position	Rate (ex GST) \$/Hr	Total		Task area												
			Hrs	\$	Assets		Creditors		Employees		Trade on		Investigation		Administration		
Martin Jones	Partner	595	135.50	80,622.50	12.7	7,556.50	65.6	39,032.00	-	-	45.7	27,191.50	-	-	11.5	6,842.50	
Darren Weaver	Partner	595	6.30	3,748.50	-	-	0.9	535.50	-	-	0.1	59.50	0.2	119.00	5.1	3,034.50	
Andrew Smith	Director	510	185.50	94,605.00	15.5	7,905.00	55.5	28,305.00	-	-	107.8	54,978.00	-	-	6.7	3,417.00	
Lauren McCann	Manager	400	123.70	49,480.00	1.8	720.00	44.0	17,600.00	1.1	440.00	14.7	5,880.00	16.1	6,440.00	46.0	18,400.00	
Kieran Chu	Manager	400	0.40	160.00	-	-	-	-	-	-	-	-	-	-	0.4	160.00	
Melanie Khoo	Assistant Manager	360	0.60	216.00	-	-	0.1	36.00	-	-	-	-	-	-	0.5	180.00	
Miranda Stephens	Practice Manager	360	0.10	36.00	-	-	-	-	-	-	-	-	-	-	0.1	36.00	
Bob Bickford	Assistant Manager	360	14.90	5,364.00	-	-	8.0	2,880.00	-	-	-	-	5.6	2,016.00	1.3	468.00	
William Humes	Senior Analyst	305	13.20	4,026.00	3.7	1,128.50	4.2	1,281.00	5.3	1,616.50	-	-	-	-	-	-	
Robert Krachler	Senior Analyst	305	88.40	26,962.00	1.2	366.00	34.2	10,431.00	7.8	2,379.00	12.3	3,751.50	1.2	366.00	31.7	9,668.50	
Bradley Levit	Analyst	270	13.60	3,672.00	0.3	81.00	1.8	486.00	0.1	27.00	4.6	1,242.00	6.1	1,647.00	0.7	189.00	
Marie Morris	Analyst	270	28.70	7,749.00	-	-	12.0	3,240.00	0.5	135.00	2.5	675.00	-	-	13.7	3,699.00	
Jacqui Titlestad	Personal Assistant	180	4.20	756.00	-	-	-	-	-	-	-	-	-	-	4.2	756.00	
Genevieve Caldera	Personal Assistant	180	0.30	54.00	-	-	-	-	-	-	-	-	-	-	0.3	54.00	
Samuel Herriman	Filing Clerk	140	2.00	280.00	-	-	-	-	-	-	-	-	-	-	2.0	280.00	
Jacob Newland	Filing Clerk	140	0.50	70.00	-	-	-	-	-	-	-	-	-	-	0.5	70.00	
Sarah Smith	Personal Assistant	140	0.40	56.00	-	-	-	-	-	-	-	-	-	-	0.4	56.00	
Total (excluding GST)		618.30	277,857.00	35.2	17,757.00	226.3	103,826.50	14.8	4,597.50	187.7	93,777.50	29.2	10,588.00	125.1	47,310.50		
GST			27,785.70														
Total (including GST)			305,642.70														
Average Hourly Rate			449.39		504.46		458.80		310.64		499.61		362.60		378.18		

5.2 Mirabela Investments Pty Ltd

At a meeting of the Committee of Creditors convened on 1 December 2015, the following remuneration was approved for Mirabela Investments Pty Ltd.

Employee	Position	Rate (ex GST) \$/Hr	Total		Creditors		Administration	
			Hrs	\$	Hrs	\$	Hrs	\$
Darren Weaver	Partner / Appointee	595	0.40	238.00	0.1	59.50	0.3	178.50
Andrew Smith	Director	510	1.60	816.00	1.6	816.00	-	-
Robert Krachler	Senior Analyst	305	10.50	3,202.50	5.6	1,708.00	4.9	1,494.50
Bradley Levit	Analyst	270	0.70	189.00	0.7	189.00	-	-
Jacqui Titlestad	Personal / Team Assistant	180	1.40	252.00	-	-	1.4	252.00
Samuel Herriman	Filing Clerk	140	0.70	98.00	-	-	0.7	98.00
Jacob Newland	Filing Clerk	140	0.40	56.00	-	-	0.4	56.00
Total (excluding GST)			15.70	4,851.50	8.0	2,772.50	7.7	2,079.00
GST				485.15				
Total (including GST)				5,336.65				
Average Hourly Rate				309.01		346.60		270.0

6 Description of work completed

6.1 Resolution 1

Company: Mirabela Nickel Limited
 (Administrators Appointed) (Receivers and Managers Appointed)

Administration Type: Voluntary Administration

Practitioner: Martin Bruce Jones of Ferrier Hodgson

Period: 1 November 2015 to 18 March 2016

Task area	General description	Includes
Assets		
9.0 hours \$3,258.00 (excl GST)	Sale of business as a going concern	<ul style="list-style-type: none"> Liaising with Receivers and Managers as to sales process and development of restructuring proposal.
Creditors		
116.80 hours \$38,522.00 (excl GST)	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.
	Secured creditor reporting	<ul style="list-style-type: none"> Preparing reports to secured creditors. Responding to secured creditors' queries. Liaising with noteholders' legal representatives.
	Creditor reports	<ul style="list-style-type: none"> Preparing section 439A report, investigation, meeting and general reports to creditors.
	Committee of creditors	<ul style="list-style-type: none"> Preparing initial report to Committee. Convening meetings of the Committee. Preparing and lodging minutes of meetings.
	Dealing with proofs of debt	<ul style="list-style-type: none"> Receipting and filing proofs of debt when not related to a dividend. Corresponding with OSR and ATO regarding proofs of debt when not related to a dividend.
	Shareholder enquires	<ul style="list-style-type: none"> Review ASX announcements. Receive and follow up shareholder enquiries via telephone. Responding to any shareholder legal action

Task area	General description	Includes
Employees		
6.6 hours \$2,287.00 (excl GST)	Employee enquiries	<ul style="list-style-type: none"> • Receive and follow up employee enquiries via telephone. • Maintain employee enquiry register. • Review and prepare correspondence to employees and their representatives via facsimile, email and post. • Reconciling Superannuation accounts
Trade on		
15 hours \$4,747.00 (excl GST)	Trade-on management	<ul style="list-style-type: none"> • Liaising with suppliers, liaising with management and staff. • Attendance on site. • Review of cash flow forecasts, management assumptions and budgets. • Authorising purchase orders. • Maintaining purchase order registry. • Preparing and authorising receipt vouchers. • Preparing and authorising payment vouchers. • Liaising with superannuation funds regarding contributions • Termination of employees' employment. • Liaising with OSR regarding payroll tax issues. • Preparing handover memorandum to Receivers and Managers. • Meetings and correspondence with Receivers and Managers.
	Processing receipts and payments	<ul style="list-style-type: none"> • Entering receipts and payments into accounting system
	Correspondence	<ul style="list-style-type: none"> • General correspondence
	Budgeting and Financial Reporting	<ul style="list-style-type: none"> • Preparing budgets and reconciliations of actuals to forecasts.
Investigation		
53 hours \$20,502.00 (excl GST)	Conducting Investigation	<ul style="list-style-type: none"> • Collection of Company books and records • Reviewing Company's books and records • Review and preparation of company nature and history • Conducting and summarising statutory searches • Preparation of deficiency statement • Review of specific transactions and liaising with directors / employees regarding certain transactions • Analysis of MBN insolvency • Preparation of investigation file.

Task area	General description	Includes
Administration		
220.30 hours \$114,391.00 (excl GST)	Document maintenance / file review / checklist	<ul style="list-style-type: none"> • First month file review • Filing of documents • Updating checklists
	Correspondence	<ul style="list-style-type: none"> • General Correspondence
	Insurance	<ul style="list-style-type: none"> • Identification of potential issues requiring attention of insurance specialists • Correspondence with insurer regarding initial and ongoing insurance requirements • Reviewing insurance policies • Correspondence with previous brokers
	Bank account administration	<ul style="list-style-type: none"> • Preparing correspondence opening and closing accounts • Requesting bank statements • Bank account reconciliations • Correspondence with bank regarding specific transfers
	ASIC Form 524 and other forms	<ul style="list-style-type: none"> • Correspondence with ASIC regarding statutory forms
	ATO and other statutory reporting	<ul style="list-style-type: none"> • Preparing Business Activity Statement.
	Planning / review	<ul style="list-style-type: none"> • Discussions regarding status / strategy of administration.

Calculation of remuneration

6.1.1: Resolution 1

Employee	Position	Rate (\$ Per Hour)	Total		Assets		Creditors		Employees		Trade On		Investigation		Administration	
			(Hrs)	(\$)	(Hrs)	(\$)	(Hrs)	(\$)	(Hrs)	(\$)	(Hrs)	(\$)	(Hrs)	(\$)	(Hrs)	(\$)
Martin Jones	Partner / Appointee	595.00	12.20	7,259.00	-	-	4.00	2,380.00	-	-	-	-	2.00	1,190.00	6.20	3,689.00
Andrew Smith	Partner / Appointee	595.00	16.70	9,936.00	-	-	6.00	3,570.00	-	-	-	-	2.00	1,190.00	8.70	5,176.50
Stewart Howe	Partner / Appointee	595.00	116.00	69,020.00	29.00	17,255.00	10.00	5,950.00	-	-	48.00	28,560.00	-	-	29.00	17,255.00
Andrew Smith	Director / Specialist	510.00	21.50	10,965.00	-	-	0.70	357.00	-	-	-	-	-	-	20.80	10,608.00
Lauren McCann	Manager	400.00	111.70	44,680.00	5.40	2,160.00	33.30	13,320.00	3.00	1,200.00	5.40	2,160.00	46.20	18,480.00	18.40	7,360.00
Bob Bickford	Assistant Manager	360.00	5.80	2,088.00	-	-	1.00	360.00	-	-	-	-	-	-	4.80	1,728.00
Melanie Khoo	Assistant Manager	360.00	0.50	180.00	-	-	0.50	180.00	-	-	-	-	-	-	-	-
Miranda Stephens	Practice Manager	360.00	0.50	180.00	-	-	-	-	-	-	-	-	-	-	0.50	180.00
Jack Smith	Senior Analyst	305.00	0.60	183.00	-	-	0.60	183.00	-	-	-	-	-	-	-	-
Jason Soo	Senior Analyst	305.00	0.70	214.00	-	-	-	-	-	-	0.10	30.00	-	-	0.60	183.00
Victoria Willie	Senior Analyst	305.00	6.80	2,074.00	-	-	-	-	-	-	-	-	5.10	1,556.00	1.70	518.00
Robert Krachler	Senior Analyst	305.00	92.40	28,182.00	3.60	1,098.00	67.70	20,648.00	3.40	1,037.00	2.50	762.00	0.20	61.00	15.00	4,575.00
Deepa Sivarajasingam	Senior Analyst	305.00	0.50	152.00	-	-	-	-	-	-	0.50	152.00	-	-	-	-
Nirav Shah	Analyst	270.00	1.50	405.00	-	-	-	-	-	-	-	-	1.50	405.00	-	-
Bradley Levit	Analyst	270.00	24.30	6,561.00	-	-	12.10	3,267.00	0.10	27.00	3.70	999.00	-	-	8.40	2,268.00
Bradley Collins	Accountant	230.00	1.00	230.00	-	-	0.90	207.00	0.10	23.00	-	-	-	-	-	-
Timothy Rose	Accountant	230.00	2.80	644.00	-	-	-	-	-	-	2.80	644.00	-	-	-	-
Jacqui Titlestad	Personal / Team Assistant	180.00	0.70	126.00	-	-	-	-	-	-	-	-	-	-	0.70	126.00
Talia Newland	Admin Supervisor / Assistant	140.00	0.70	98.00	-	-	-	-	-	-	-	-	-	-	0.70	98.00
Sarah Smith	Admin Supervisor / Assistant	140.00	0.50	70.00	-	-	-	-	-	-	-	-	-	-	0.50	70.00
Jacob Newland	Admin Supervisor / Assistant	140.00	1.40	196.00	-	-	-	-	-	-	-	-	-	-	1.40	196.00

Employee	Position	Rate (\$ Per Hour)	Total		Assets		Creditors		Employees		Trade On		Investigation		Administration	
			(Hrs)	(\$)	(Hrs)	(\$)	(Hrs)	(\$)	(Hrs)	(\$)	(Hrs)	(\$)	(Hrs)	(\$)	(Hrs)	(\$)
Samuel Herriman	Admin Supervisor / Assistant	140.00	1.90	266.00	-	-	-	-	-	-	-	-	-	-	1.90	266.00
Total (excluding GST)		420.70	183,709.00	38.00	20,513.00	136.80	50,422.00	6.60	2,287.00	63.00	33,307.00	57.00	22,882.00	119.30	54,296.50	
GST			18,370.90	3.80	2,051.30	13.68	5,042.20	0.66	228.70	6.30	3,330.70	5.70	2,288.20	11.93	5,429.65	
Total (including GST)			202,079.90	41.80	22,564.30	150.48	55,464.20	7.26	2,515.70	69.30	36,637.70	62.70	25,170.20	131.23	59,726.15	
Average Hourly Rate			436.67		539.82		368.58		346.52		528.68		401.44		455.13	

6.2 Resolution 2

Company: Mirabela Investments Pty Ltd
(Administrators Appointed) (Receivers and Managers Appointed)
Administration Type: Voluntary Administration
Practitioner: Martin Bruce Jones of Ferrier Hodgson
Period: 1 November 2015 to 18 March 2016

Task area	General description	Includes
Administration 3.7 hours \$872.00 (excl GST)	Correspondence	<ul style="list-style-type: none">General correspondence
	Document maintenance / file review / checklist	<ul style="list-style-type: none">First month administration reviewFiling of documentsFile reviewsUpdating checklists
	ASIC Form 524 and other forms	<ul style="list-style-type: none">Correspondence with ASIC regarding statutory forms
	ATO and other statutory reporting	<ul style="list-style-type: none">Preparing Business Activity Statement

Calculation of remuneration

4.2.1: Resolution 2

6.3 Resolution 3

Company: Mirabela Nickel Limited
 (Administrators Appointed) (Receivers and Managers Appointed)

Administration Type: Voluntary Administration

Practitioner: Martin Bruce Jones of Ferrier Hodgson

Period: 19 March 2016 to 7 April 2016

Task area	General description	Includes
Assets		
3 hours \$1,205.00 (excl GST)	Sale of business as a going concern	<ul style="list-style-type: none"> Liaising with Receivers and Managers as to sales process and development of restructuring proposal.
Creditors		
11 hours \$4,505.00 (excl GST)	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.
	Secured creditor reporting	<ul style="list-style-type: none"> Preparing reports to Receivers and Managers on behalf of secured creditors. Responding to secured creditors' queries. Liaising with noteholders' legal representatives.
	Creditor reports	<ul style="list-style-type: none"> Preparing section 439A report, investigation, meeting and general reports to creditors.
	Committee of creditors	<ul style="list-style-type: none"> Communications with the committee.
	Dealing with proofs of debt	<ul style="list-style-type: none"> Receipting and filing proofs of debt when not related to a dividend. Corresponding with OSR and ATO regarding proofs of debt when not related to a dividend.
	Meeting of creditors	<ul style="list-style-type: none"> Preparation of meeting notices, proxies and advertisements. Forward notice of meeting to all known creditors. Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting. Respond to stakeholder queries and questions immediately following meeting.
	Shareholder enquires	<ul style="list-style-type: none"> Review and lodgement of ASX announcements.

Task area	General description	Includes
Employees 2 hours \$800.00 (excl GST)	Employee enquiries	<ul style="list-style-type: none"> • Receive and follow up shareholder enquiries via telephone. • Responding to any shareholder legal action • Receive and follow up employee enquiries via telephone. • Maintain employee enquiry register. • Review and prepare correspondence to employees and their representatives via facsimile, email and post.
Investigation 15 hours \$5,185.00 (excl GST)	Conducting investigation	<ul style="list-style-type: none"> • Collection of Company books and records • Reviewing Company's books and records • 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 / employees regarding certain transactions • Finalise analysis of MBN insolvency • Preparation of investigation file
Administration 22.39 hours \$8,305.00 (excl GST)	Correspondence Document maintenance / file review / checklist Insurance Bank account administration ASIC Form 524 and other forms Planning / review	<ul style="list-style-type: none"> • General correspondence • Filing of documents • Updating checklists • Identification of potential issues requiring attention of insurance specialists • Correspondence with insurer regarding initial and ongoing insurance requirements • Reviewing insurance policies • Correspondence with previous brokers • Preparing correspondence opening and closing accounts • Requesting bank statements • Bank account reconciliations • Correspondence with ASIC regarding statutory forms • Discussions regarding status / strategy of administration.

Calculation of remuneration

6.3.1: Resolution 3

Employee	Position	Rate (\$ Per Hour)	Total		Assets		Creditors		Employees		Investigation		Administration	
			(Hrs)	(\$)	(Hrs)	(\$)	(Hrs)	(\$)	(Hrs)	(\$)	(Hrs)	(\$)	(Hrs)	(\$)
Martin Jones	Partner / Appointee	595.00	8.00	4,760.00	1.00	595.00	3.00	1,785.00	-	-	-	-	4.00	2,380.00
Andrew Smith	Partner / Appointee	595.00	4.00	2,380.00	-	-	2.00	1,190.00	-	-	-	-	2.00	1,190.00
Lauren McCann	Manager	400.00	3.00	1,200.00	-	-	-	-	2.00	800.00	8.00	3,200.00	3.00	1,200.00
Robert Krachler	Senior Analyst	305.00	11.00	3,355.00	2.00	610.00	2.00	610.00	-	-	5.00	1,525.00	7.00	2,135.00
Will George	Accountant	230.00	9.00	2,070.00	-	-	4.00	920.00	-	-	2.00	460.00	5.00	1,150.00
Jacqui Titlestad	Personal / Team Assistant	180.00	1.39	250.02	-	-	-	-	-	-	-	-	1.39	250.00
Total (excluding GST)		36.39	20,000.00	3.00	1,205.00	11.00	4,505.00	2.00	800.00	15.00	5,185.00	22.39	8,305.00	
GST			2,000.00		120.50		450.50		80.00		518.50		830.50	
Total (including GST)			22,000.00	3.00	1,325.50	11.00	4,955.50	2.00	880.00	15.00	5,703.50	22.39	9,135.52	
Average Hourly Rate			549.62	0.00	401.67	-	409.55	0.00	400.00	-	345.67	-	370.94	

6.4 Resolution 4

Company: Mirabela Investments Pty Limited
 (Administrator Appointed) (Receivers and Managers Appointed)

Administration Type: Voluntary Administration

Practitioner: Martin Bruce Jones of Ferrier Hodgson

Period: 19 March 2016 to 7 April 2016

Task area	General description	Includes
Creditors		
7.56 hours \$3,999 (excl GST)	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	<ul style="list-style-type: none"> • Preparing section 439A report, investigation, meeting and general reports to creditors.
	Dealing with proofs of debt	<ul style="list-style-type: none"> • Receipting and filing proofs of debt when not related to a dividend.
	Meeting of creditors	<ul style="list-style-type: none"> • Preparation of meeting notices, proxies and advertisements. • Forward notice of meeting to all known creditors. • Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting. • Preparation and lodgement minutes of meetings with ASIC. • Respond to stakeholder queries and questions immediately following meeting.
	Shareholder enquires	<ul style="list-style-type: none"> • Review and lodgement of ASX announcements. • Receive and follow up shareholder enquiries via telephone. • Responding to any shareholder legal action
Administration		
3.72 hours \$1,001 (excl GST)	Correspondence	<ul style="list-style-type: none"> • General correspondence
	Document maintenance / file review / checklist	<ul style="list-style-type: none"> • Filing of documents • First Month File Review • Updating checklists
	Insurance	<ul style="list-style-type: none"> • Identification of potential issues requiring attention of insurance specialists

Task area	General description	Includes
		<ul style="list-style-type: none"> • Correspondence with insurer regarding initial and ongoing insurance requirements • Reviewing insurance policies • Correspondence with previous brokers • Preparing correspondence opening and closing accounts • Requesting bank statements • Bank account reconciliations • Correspondence with bank regarding specific transfers
	Bank account administration	
	ASIC Form 524 and other forms	<ul style="list-style-type: none"> • Preparing and lodging ASIC forms including 505, 524, 911, etc • Correspondence with ASIC regarding statutory forms
	ATO and other statutory reporting	<ul style="list-style-type: none"> • Notification of appointment. • Preparing Business Activity Statement.
	Planning / review	<ul style="list-style-type: none"> • Discussions regarding status / strategy of administration.

Calculation of remuneration

6.4.1: Resolution 4

Employee	Position	Rate (\$ Per Hour)	Total (Hrs)	Total (\$)	Creditors (Hrs)	Creditors (\$)	Administration (Hrs)	Administration (\$)
Martin Jones	Partner / Appointee	595.00	3.00	1,785.00	3.00	1,785.00	-	-
Andrew Smith	Partner / Appointee	595.00	2.00	1,190.00	2.00	1,190.00	-	-
Lauren McCann	Manager	400.00	3.28	1,310.00	2.56	1,024.00	0.72	286.00
Robert Krachler	Senior Analyst	305.00	1.00	305.00	-	-	1.00	305.00
Will George	Accountant	230.00	1.00	230.00	-	-	1.00	230.00
Jacqui Titlestad	Personal / Team Assistant	180.00	1.00	180.00	-	-	1.00	180.00
Total (excluding GST)		11.28		5,000.00	7.56	3,999.00	3.72	1,001.00
GST				500.00		399.90		100.10
Total (including GST)				5,500.00	7.56	4,398.90	3.72	1,101.10
Average Hourly Rate				443.46	-	528.97	-	269.45

6.5 Resolution 5

Company: Mirabela Nickel Pty Ltd
 (Administrator Appointed) (Receivers and Managers Appointed)

Administration Type: Creditors Voluntary Liquidation

Practitioner: Martin Bruce Jones of Ferrier Hodgson

Period: Commencement of Liquidation to Conclusion of Liquidation

Task area	General description	Includes
Assets		
6.25 hours \$2,333.75 (excl GST)	Debtors	<ul style="list-style-type: none"> • Collection of sundry debtors. • Liaising with the Receivers and Managers in relation to the collection of intercompany loans.
	Sale of Listed Shell	<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.
Creditors		
46.5 hours \$19,172.50 (excl GST)	Creditor enquiries	<ul style="list-style-type: none"> • Preparing reports and correspondence to Receivers and Managers • Preparing section 439A report, investigation, meeting and general reports to creditors.
	Secured creditor reporting	<ul style="list-style-type: none"> • Receipting and filing proofs of debt when not related to a dividend. • Corresponding with OSR and ATO regarding proofs of debt when not related to a dividend.
	Creditor reports	<ul style="list-style-type: none"> • Preparation of meeting notices, proxies and advertisements. • Forward notice of meeting to all known creditors. • Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting.
	Dealing with proofs of debt	
	Meeting of creditors	

Task area	General description	Includes
Investigation		
33 hours \$12,215.00 (excl GST)	Conducting investigation	<ul style="list-style-type: none"> • Collection of Company books and records • Reviewing Company's books and records • 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 / employees regarding certain transactions • Preparation of investigation file
	Examinations (if applicable)	<ul style="list-style-type: none"> • Preparing brief to solicitor • Liaising with solicitor(s) regarding examinations. • Attendance at examination. • Reviewing examination transcripts • Liaising with solicitor(s) regarding outcome of examinations and further actions available.
	Litigation / Recoveries	<ul style="list-style-type: none"> • Internal meetings to discuss status of litigation • Preparing brief to solicitor(s). • Liaising with solicitor(s) regarding recovery actions • Attending negotiations • Attending settlement manners.
	ASIC Reporting	<ul style="list-style-type: none"> • Preparing statutory investigation reports. • Liaising with the ASIC
	Correspondence	<ul style="list-style-type: none"> • General correspondence
	Document maintenance / file review / checklist	<ul style="list-style-type: none"> • First month file review • Filing of documents • Updating checklists
Dividend (If Applicable)		
27 hours \$10,915.00 (excl GST)	Processing Proof of Debts	<ul style="list-style-type: none"> • Preparation of correspondence to potential creditors inviting lodgement of PODs. • Receipt and adjudication of PODS. • Maintenance of POD register. • 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. • Obtain clearance from ATO to allow distribution of Company's assets. • Preparation of dividend calculation.

Task area	General description	Includes
Administration		<ul style="list-style-type: none"> Preparation of correspondence to announcing declaration of dividend. Advertise announcement. Preparation of distribution and dividend file. Preparation of payment vouchers to pay dividend. Preparation of correspondence to creditors enclosing payment of dividend.
149.40 hours \$55,363.91 (excl GST)	Insurance	<ul style="list-style-type: none"> Identification of potential issues requiring attention of insurance specialists Correspondence with insurer regarding initial and ongoing insurance requirements Reviewing insurance policies Correspondence with previous brokers
	Correspondence	<ul style="list-style-type: none"> General Correspondence Preparing correspondence opening and closing accounts Requesting bank statements Bank account reconciliations Correspondence with bank regarding specific transfers
	Bank account administration	
	ASIC Form 524 and other forms	<ul style="list-style-type: none"> Preparing and lodging ASIC forms including 505, 524, 911, etc Correspondence with ASIC regarding statutory forms
	ATO and other statutory reporting	<ul style="list-style-type: none"> Notification of appointment. Preparing Business Activity Statement.

Calculation of remuneration

4.5.1: Resolution 5

Employee	Position	Rate (\$ Per Hour)	Total (Hrs)	Total (\$)	Assets (Hrs)	Assets (\$)	Creditors (Hrs)	Creditors (\$)	Dividend (Hrs)	Dividend (\$)	Investigation (Hrs)	Investigation (\$)	Administration (Hrs)	Administration (\$)
Martin Jones	Partner / Appointee	595.00	24.25	14,428.59	3.25	1,933.75	7.00	4,165.00	3.00	1,785.00	1.00	595.00	10.00	5,950.00
Andrew Smith	Partner / Appointee	595.00	27.42	15,124.31	2.00	-	9.00	5,355.00	4.00	2,380.00	2.00	1,190.00	10.42	6,199.31
Lauren McCann	Manager	400.00	102.00	40,800.00	1.00	400.00	10.00	4,000.00	10.00	4,000.00	19.00	7,600.00	62.00	24,800.00
Robert Krachler	Senior Analyst	305.00	62.50	19,062.50	-	-	12.50	3,812.50	6.00	1,830.00	4.00	1,220.00	40.00	12,200.00
Will George	Accountant	230.00	46.02	10,584.60	-	-	8.00	1,840.00	4.00	920.00	7.00	1,610.00	27.02	6,214.60
Total (excluding GST)		262.19		100,000.00	6.25	2,333.75	46.50	19,172.50	27.00	10,915.00	33.00	12,215.00	149.44	55,363.91
GST				10,000.00	-	233.38	-	1,917.25	-	1,091.50	-	1,221.50	-	5,536.39
Total (including GST)				110,000.00	6.25	2,567.13	46.50	21,089.75	27.00	12,006.50	33.00	13,436.50	149.44	60,900.30
Average Hourly Rate				381.40		373.40		412.31		404.26		370.15		370.48

6.6 Resolution 6

Company: Mirabela Investments Pty Ltd
 (Administrators Appointed) (Receivers and Managers Appointed)

Administration Type: Creditors Voluntary Liquidation

Practitioner: Martin Bruce Jones of Ferrier Hodgson

Period: Commencement of Liquidation to Conclusion of Liquidation

Task area	General description	Includes
Assets		
5 hours \$2,025.00 (excl GST)	Debtors	<ul style="list-style-type: none"> Collection of sundry debtors. Liaising with the Receivers and Managers in relation to the collection of intercompany loans.
	Other Assets	<ul style="list-style-type: none"> Consideration of other shares in MNB 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.
Creditors		
27 hours \$10,190.00 (excl GST)	Creditor enquiries	<ul style="list-style-type: none"> Preparing reports and correspondence to Receivers and Managers Preparing section 439A report, investigation, meeting and general reports to creditors.
	Secured creditor reporting	<ul style="list-style-type: none"> Receiving and filing proofs of debt when not related to a dividend. Corresponding with OSR and ATO regarding proofs of debt when not related to a dividend.
	Creditor reports	<ul style="list-style-type: none"> Preparation of meeting notices, proxies and advertisements. Forward notice of meeting to all known creditors. Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting.
	Dealing with proofs of debt	
	Meeting of creditors	

Task area	General description	Includes
Investigation		
11 hours \$4,430.00 (excl GST)	Conducting investigation	<ul style="list-style-type: none"> • Collection of Company books and records • Reviewing Company's books and records • 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 / employees regarding certain transactions • Preparation of investigation file
	Examinations (if applicable)	<ul style="list-style-type: none"> • Preparing brief to solicitor • Liaising with solicitor(s) regarding examinations. • Attendance at examination. • Reviewing examination transcripts • Liaising with solicitor(s) regarding outcome of examinations and further actions available.
	Litigation / Recoveries	<ul style="list-style-type: none"> • Internal meetings to discuss status of litigation • Preparing brief to solicitor(s). • Liaising with solicitor(s) regarding recovery actions • Attending negotiations • Attending settlement manners.
	ASIC Reporting	<ul style="list-style-type: none"> • Preparing statutory investigation reports. • Liaising with the ASIC
	Correspondence	<ul style="list-style-type: none"> • General correspondence
	Document maintenance / file review / checklist	<ul style="list-style-type: none"> • First month file review • Filing of documents • Updating checklists
Dividend (If Applicable)		
10 hours \$3,885.00 (excl GST)	Processing Proof of Debts	<ul style="list-style-type: none"> • Preparation of correspondence to potential creditors inviting lodgement of PODs. • Receipt and adjudication of PODS. • Maintenance of POD register. • 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. • Obtain clearance from ATO to allow distribution of Company's assets. • Preparation of dividend calculation.

Task area	General description	Includes
Administration		<ul style="list-style-type: none"> Preparation of correspondence to announcing declaration of dividend. Advertise announcement. Preparation of distribution and dividend file. Preparation of payment vouchers to pay dividend. Preparation of correspondence to creditors enclosing payment of dividend.
41.04 hours \$14,470.00 (excl GST)	Insurance	<ul style="list-style-type: none"> Identification of potential issues requiring attention of insurance specialists Correspondence with insurer regarding initial and ongoing insurance requirements Reviewing insurance policies Correspondence with previous brokers
	Correspondence	<ul style="list-style-type: none"> General Correspondence Preparing correspondence opening and closing accounts Requesting bank statements Bank account reconciliations Correspondence with bank regarding specific transfers
	Bank account administration	
	ASIC Form 524 and other forms	<ul style="list-style-type: none"> Preparing and lodging ASIC forms including 505, 524, 911, etc Correspondence with ASIC regarding statutory forms
	ATO and other statutory reporting	<ul style="list-style-type: none"> Notification of appointment. Preparing Business Activity Statement.

Calculation of remuneration

6.6.1: Resolution 6

Employee	Position	Rate (\$ Per Hour)	Total (Hrs)	Total (\$)	Assets (Hrs)	(\$)	Creditors (Hrs)	(\$)	Investigation (Hrs)	(\$)	Dividend (Hrs)	(\$)	Administration (Hrs)	(\$)
Martin Jones	Partner / Appointee	595.00	10.00	5,950.00	1.00	595.00	3.00	1,785.00	1.00	595.00	1.00	595.00	4.00	2,380.00
Andrew Smith	Partner / Appointee	595.00	10.00	5,950.00	-	-	3.00	1,785.00	1.00	595.00	2.00	1,190.00	4.00	2,380.00
Lauren McCann	Manager	400.00	26.00	10,400.00	3.00	1,200.00	7.00	2,800.00	6.00	2,400.00	2.00	800.00	8.00	3,200.00
Robert Krachler	Senior Analyst	305.00	24.00	7,320.00	-	-	8.00	2,440.00	2.00	610.00	2.00	610.00	12.00	3,660.00
Will George	Accountant	230.00	21.04	4,840.00	1.00	230.00	6.00	1,380.00	1.00	230.00	3.00	690.00	10.04	2,310.00
Jacqui Titlestad	Personal / Team Assistant	180.00	3.00	540.00	-	-	-	-	-	-	-	-	3.00	540.00
Total (excluding GST)		94.04		35,000.00	5.00	2,025.00	27.00	10,190.00	11.00	4,430.00	10.00	3,885.00	41.04	14,470.00
GST				3,500.00		202.50		1,019.00		443.00		388.50		1,447.00
Total (including GST)				38,500.00	5.00	2,227.50	27.00	11,209.00	11.00	4,873.00	10.00	4,273.50	41.04	15,917.01
Average Hourly Rate				372.17	0.00	-	-	377.41	-	402.73	-	388.50	-	352.55

7 Statement of remuneration claim

7.1 Resolution to be put to the Creditors at the meetings convened for Thursday, 7 April at 8am.

At the Second Meeting of Creditors convened for Thursday, 7 April 2016, creditors will be asked to consider the following resolution:

7.1.1 Voluntary administration period

Resolution 1: Mirabela Nickel Limited – 1 November 2015 to 18 March 2016

"That the remuneration of the Administrators, as set out in the Remuneration Approval Request Report dated 29 March 2016, for the period from 1 November 2015 to 18 March 2016 be fixed in the amount of \$183,709 plus GST and may be paid."

Resolution 2: Mirabela Investments Pty Ltd – 1 November 2015 to 18 March 2016

"That the remuneration of the Administrators, as set out in the Remuneration Approval Request Report dated 29 March 2016, for the period from 1 November 2015 to 18 March 2016 be fixed in the amount of \$872 plus GST and may be paid."

Resolution 3: Mirabela Nickel Limited – 19 March 2016 to 6 April 2016

"That the further remuneration of the Administrators, as set out in the Remuneration Approval Request Report dated 29 March 2016, for the period from 19 March 2016 to 7 April 2016 be fixed at the remuneration rates set out in the Remuneration Request Approval Report up to a maximum amount of \$20,000 (plus GST) but subject to upward revision by resolution of creditors, or the Committee of Creditors and that the Administrators be authorised to make periodic payments on account of such accruing remuneration as incurred."

Please note that the above is an estimate only. If costs exceed the estimate, creditors will be advised accordingly and further approval of the Administrators remuneration will be sought in the future.

Resolution 4: Mirabela Investments Pty Ltd – 19 March to 6 April

"That the further remuneration of the Administrators, as set out in the Remuneration Approval Request Report dated 29 March 2016, for the period from 19 March 2016 to 7 April 2016 be fixed at the remuneration rates set out in the Remuneration Request Approval Report up to a maximum amount of \$5,000 (plus GST) but subject to upward revision by resolution of creditors, or the Committee of Creditors and that the Administrators be authorised to make periodic payments on account of such accruing remuneration as incurred."

Please note that the above is an estimate only. If costs exceed the estimate, creditors will be advised accordingly and further approval of the Administrators remuneration will be sought in the future.

7.1.2 Liquidation Period (if applicable)

Resolution 5: Mirabela Nickel Limited – 8 April 2016 to end of Liquidation

“That the remuneration of the Liquidators, as set out in the Remuneration Approval Request Report dated 29 March 2016 for the period from 7 April 2016 to the end of Liquidation be fixed up to a maximum amount of \$100,000 plus any applicable GST, but subject to upward revision by resolution of creditors, or the Committee of Inspection should one be appointed, and that the Liquidators be authorised to make periodic payments on account of such accruing remuneration as incurred.”

Please note that the above is an estimate only. If costs exceed the estimate, creditors will be advised accordingly and further approval of the Liquidators remuneration will be sought in the future.

Resolution 6: Mirabela Investments Pty Ltd – 8 April 2016 to end of Liquidation

“That the remuneration of the Liquidators, as set out in the Remuneration Approval Request Report dated 29 March 2016 for the period from 7 April 2016 to the end of Liquidation be fixed up to a maximum amount of \$35,000 plus any applicable GST, but subject to upward revision by resolution of creditors, or the Committee of Inspection should one be appointed, and that the Liquidators be authorised to make periodic payments on account of such accruing remuneration as incurred.”

Please note that the above is an estimate only. If costs exceed the estimate, creditors will be advised accordingly and further approval of the Liquidators remuneration will be sought in the future.

7.2 Remuneration approved and drawn to date

The Committee of Creditors have previously approved the following remuneration of the Administrators.

Period	Amount (ex GST) \$
Previous remuneration approved:	
Mirabela Nickel Limited: 24 September 2015 to 31 October 2015	277,857.00
Mirabela Investments Pty Limited: 24 September 2015 to 31 October 2015	4,851.50
Total previous remuneration approved	\$282,708.50

8 Remuneration recoverable from external sources

The Administrators have not received, are not entitled to receive, any funding from external sources in respect of remuneration.

9 Disbursements

9.1 Types of disbursements

Disbursements are divided into three types:

- Externally provided professional services. These are recovered at cost. An example is legal fees.
- Externally provided non-professional costs such as travel, accommodation and search fees. These disbursements are recovered at cost.
- Internal disbursements such as photocopying, printing and postage. These disbursements, if charged to the administration, would generally be charged at cost; though some expenses such as telephone calls, photocopying and printing may be charged at a rate which recoups both variable and fixed costs. The relevant rates are set out below:

Disbursement type	Charges (ex GST)
Advertising	At cost
Couriers	At cost
Mileage reimbursement	\$0.76 per kilometre
Photocopying (colour)	\$0.50 per page
Photocopying (mono)	\$0.20 per page
Photocopying (outsourced)	At cost
Printing (colour)	\$0.50 per page
Printing (mono)	\$0.20 per page
Printing (outsourced)	At cost
Postage	At cost
Searches	At cost
Storage and storage transit	At cost
Telephone calls	At cost

Note: Above rates are applicable for the financial year ending 30 June 2016

9.2 Disbursements paid from the liquidation to Ferrier Hodgson

In relation to disbursements incurred (not paid) from the administration to Ferrier Hodgson for the period from 24 September 2015 to 18 March 2016, we advise the following:

Disbursements Incurred	Total (excl GST) (\$)
Accommodation	895.82
Advertising	151.00
Miscellaneous Travel Costs	3,360.20
Taxi Fares	210.62
Photocopy Charges	42.40
Postage Charges	116.96
Printing	156.40
Search Fees	184.30
Stationery	21.12
Storage and Storage Transit	13.86
Telephone Calls	2,765.98
Total	7,918.66

- We have undertaken a proper assessment of disbursements claimed for the Company, in accordance with the law and applicable professional standards. We are satisfied that the disbursements claimed are necessary and proper.
- Where amounts have been paid to Ferrier Hodgson for externally provided services and costs, those payments are in reimbursement of costs previously paid by Ferrier Hodgson, either due to a lack of funds in the administration at the time the payment was due, or the direct invoicing of Ferrier Hodgson by the supplier.
- Where payments to third parties are paid directly from the administration bank account, they are included in the summary of receipts and payments at Part 9.

10 Report on progress of the Administration

The Remuneration Approval Request Report must be read in conjunction with the report to creditors dated 29 March 2016 which outlines the progress of the administration.

11 Summary of receipts and payments

A summary of AUD receipts and payments for the period 24 September 2015 to 18 March 2016 is set out in the below table.

Receipts and payments	Total	
	\$ AUD Account	\$ USD Account
Receipts		
Pre-appointment Funds	646,337	5,871,765
Transfer from USD Administrator account	4,281,064	
Super	9,147	
Total receipts	4,936,547	5,871,765
Payments		
Transfer to Administrator		(3,000,000)
Salaries & Wages	(55,607)	
Transfer to R&M	(3,746,900)	(2,604,651)
Staff Travel Costs	(22,798)	
Rent and Rates	(16,953)	
Share Registry Fees	(1,362)	
Incorrect allocation of Super (paid to Receiver)	(9,361)	
Employee Super	(7,065)	
Telephone & Fax Expenses	(616)	
Printing and Stationery	(144)	
Legal Fees	(140,724)	(116,595)
Legal Retainer		(150,000)
Insurance	(10,766)	
Employee Reimbursements	(1,167)	
IT Services	(9,494)	
Translating Services	(24,750)	
Medical Costs	(281)	
Media Expenses		(363)
Bank charges		(156)
Administrators' Fees & Disbursements	(306,887)	
Employee Terminations	(3,738)	
Total payments	(4,358,614)	(5,871,765)
Closing cash at bank	577,933	-

12 Queries

If you require further information in respect of the above, or have other questions, please contact Lauren McCann of this office on (08) 9214 1444.

13 Information available

The partners of Ferrier Hodgson are members of ARITA. Ferrier Hodgson follows the Code. A copy of the Code may be found on the ARITA website at www.arita.com.au.

An information sheet concerning approval of remuneration in external administrations can also be obtained from the Australian Securities & Investments Commission website at www.asic.gov.au.

DATED this 29th Day of March



Martin Jones
Administrator

Annexure

E ARITA creditor information sheet

Creditor Information Sheet

Offences, Recoverable transactions and Insolvent Trading



Offences

A summary of offences that may be identified by the administrator:

Section	Offence
180	Failure by officer to exercise a reasonable degree of care and diligence in the exercise of his powers and the discharge of his duties.
181	Failure to act in good faith.
182	Making improper use of position as an officer or employee, to gain, directly or indirectly, an advantage.
183	Making improper use of information acquired by virtue of his position.
184	Reckless or intentional dishonesty in failing to exercise duties in good faith for proper purpose. Use of position or information dishonestly to gain advantage or cause detriment.
206A	Contravening an order against taking part in management of a corporation.
206A, B	Taking part in management of corporation while being an insolvent under an administration.
206A, B	Acting as a director or promoter or taking part in the management of a company within five years after conviction or imprisonment for various offences.
209(3)	Dishonest failure to observe requirements on making loans to directors or related companies.
254T	Paying dividends except out of profits.
286	Failure to keep proper accounting records.
312	Obstruction of auditor.
314-7	Failure to comply with requirements for financial statement preparation.
437C	Performing or exercising a function or power as officer while a company is under administration.
437D(5)	Unauthorised dealing with company's property during administration.
438B(4)	Failure by directors to assist administrator, deliver records and provide information.
438C(5)	Failure to deliver up books and records to administrator.
590	Failure to disclose property, concealed or removed property, concealed a debt due to the company, altered books of the company, fraudulently obtained credit on behalf of the company, material omission from Report as to Affairs or false representation to creditors.

Voidable Transactions

Preferences

A preference is a transaction such as a payment between the company and one or more of its creditors, in which the creditor receiving the payment is preferred over the general body of creditors. The relevant time period is six months before the commencement of the liquidation. The company must have been insolvent at the time of the transaction, or become insolvent as a result of the transaction.

Where a creditor receives a preferred payment, the payment is voidable as against a liquidator and is liable to be paid back to the liquidator subject to the creditor being able to successfully maintain any of the defences available to the creditor under either the Corporations Act.

Uncommercial Transaction

An uncommercial transaction is one that it may be expected that a reasonable person in the company's circumstances would not have entered into having regard to:

- the benefit or detriment to the company;
- the respective benefits to other parties; and
- any other relevant matter.

To be voidable, an uncommercial transaction must have occurred during the two years before the liquidation.

However, if a related entity is a party to the transaction, the time period is four years and if the intention of the transaction is to defeat creditors, the time period is ten years.



The company must have been insolvent at the time of the transaction, or become insolvent as a result of the transaction.

Unfair Loan

A loan is unfair if and only if the interest was extortionate when the loan was made or has since become extortionate. There is no time limit on unfair loans – they only have to have been entered into any time on or before the day when the winding up began.

Arrangements to avoid employee entitlements

If an employee suffers loss because a person (including a director) enters into an arrangement or transaction to avoid the payment of employee entitlements, the liquidator or the employee may seek to recover compensation from that person. It will only be necessary to satisfy the court that there was a breach on the balance of probabilities. There is no time limit on when the transaction occurred.

Unreasonable payments to directors

Liquidators have the power to reclaim "unreasonable payments" made to directors by companies prior to liquidation. The provision relates to transactions made to, on behalf of, or for the benefit of, a director or close associate of a director. To fall within the scope of the section, the transaction must have been unreasonable, and have been entered into during the 4 years leading up to a company's liquidation, regardless of its solvency at the time the transaction occurred.

Voidable charges

Certain charges are voidable by a liquidator:

- Circulating security interest created with six months of the liquidation unless it secures a subsequent advance;
- Unregistered charges; and
- Charges in favour of related parties who attempt to enforce the charge within 6 months of its creation.

Insolvent Trading

In the following circumstances, directors may be personally liable for insolvent trading by the company:

- a person is a director at the time a company incurs a debt;
- the company is insolvent at the time of incurring the debt or becomes insolvent because of incurring the debt;
- at the time the debt was incurred, there were reasonable grounds to suspect that the company was insolvent;
- the director was aware such grounds for suspicion existed; and
- a reasonable person in a like position would have been so aware.

The law provides that the liquidator, and in certain circumstances the creditor who suffered the loss, may recover from the director, an amount equal to the loss or damage suffered. Similar provisions exist to pursue holding companies for debts incurred by their subsidiaries.

A defence is available under the law where the director can establish:

- there were reasonable grounds to expect that the company was solvent and they actually did so expect;
- they did not take part in management for illness or some other good reason; or,
- they took all reasonable steps to prevent the company incurring the debt.

The proceeds of any recovery for insolvent trading by a liquidator are available for distribution to the unsecured creditors before the secured creditors.

Important note: This information sheet contains 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. This document may not contain all of the information about the law or the exceptions and qualifications that are relevant to your circumstances.