

Supplementary 439A Report to Creditors

WPG Resources Limited

ACN 109 426 502

(Administrators Appointed)

(Receivers and Managers Appointed)

("the Company")

20 June 2019

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	Abbreviations
ARITA	Australian Restructuring Insolvency & Turnaround Association
ASIC	Australian Securities and Investments Commission
BAPL	ByrneCut Australia Pty Ltd
BOPL	ByrneCut Offshore Pty Ltd
Code	The Code of Professional Practice
c.	Circa or approximately
DOCA	Deed of Company Arrangement
DOCA 1	The DOCA proposed by First Guardian Synergy Capital Pty Ltd
DOCA 2	The DOCA proposed by Wilson International Capital Limited
DOCA 3	The DOCA proposed by Prodigy Capital
EY	Ernst & Young
IPR	Insolvency Practice Rules (Corporations) 2016
IPS	Insolvency Practice Schedule (Corporations)
POD	Proof of debt/Particulars of Debt Form
Receivers or Receivers and Managers	Mr Jonathon Colbran, Mr Richard Stone and Mr Greg Dudley of RSM Australia Pty Ltd
Tunkillia	Tunkillia Gold Pty Ltd (Administrators Appointed) (Receivers and Managers Appointed)
The Act	Corporations Act 2001
the Report	The Administrators' second report to creditors dated 26 April 2019 pursuant to Rule 75-225(3) of the Insolvency Practice Rules (Corporations) 2016
The Second Meeting	The second meeting of creditors held on Monday, 6 May 2019
The WPG Group	WPG Resources Ltd (A.C.N. 109 426 502) Challenger Gold Operations Pty Ltd (A.C.N. 000 715 882) Tarcoola Gold Pty Ltd A.C.N. (137 063 140) Southern Coal Holdings Pty Ltd A.C.N. (142 504 827) Tunkillia Gold Pty Ltd A.C.N. (108 925 382) WPG Securities Pty Ltd A.C.N. (149 062 724) WPG Gawler Pty Ltd A.C.N. (130 640 041) (All Administrators Appointed) (All Receivers and Managers Appointed)
WPG Resources	WPG Resources Ltd (Administrators Appointed) (Receivers and Managers Appointed)

Note: Unless otherwise stated, all currency denominations are based in Australian dollars

1. Executive summary

Table 1 Report section	Description
Introduction <i>Refer to Section 2</i>	<ul style="list-style-type: none"> ▶ Adam Nikitins, Brett Lord and Samuel Freeman were appointed as Joint and Several Voluntary Administrators of the Company on 30 July 2018. The appointment was made by resolution of the Directors. ▶ The second meeting of creditors was held on 6 May 2019. ▶ At the second meeting of creditors held on 6 May 2019, Brett Lord, in his capacity as Chairman and Administrator, adjourned the second meeting of creditors for a period of no more than forty-five (45) business days. ▶ The adjourned second meeting of creditors will be held at 1:00PM (ACST), 1:30PM (AEST) on Thursday, 27 June 2019 at the Stamford Plaza, 150 North Terrace, Adelaide, SA, 5000 in accordance with the attached notice of meeting.
Alternatives available to the creditors and the Administrators' recommendation <i>Refer to Section 3</i>	<ul style="list-style-type: none"> ▶ As detailed in previous correspondence and discussed at the meeting on 6 May 2019, the Administrators received a number of DOCA proposals shortly before and after the issue of the Report. The Second Meeting was adjourned to allow sufficient time for these proposals to be analysed and presented to creditors. ▶ Since the adjournment of the second meeting of creditors, the Administrators have issued correspondence to creditors and shareholders regarding the adjournment of the Second Meeting, prepared and lodged minutes of the Second Meeting with ASIC and continued to liaise with DOCA proponents regarding their proposals. ▶ Section 439A(4)(b) of the Act requires the Administrators of a Company to prepare a statement setting out their opinion as to the best outcome of the Administration of the Company. We advise the following: <ul style="list-style-type: none"> ▶ As at the date of this report, three DOCA proposals have been received. ▶ The Company is insolvent and accordingly control should not be handed back to the Directors. ▶ It is our recommendation that creditors resolve that DOCA 2 be accepted. The reasons for this recommendation are detailed in section 3 below.
Remuneration <i>Refer to Section 4</i>	<ul style="list-style-type: none"> ▶ The Administrators' remuneration report is enclosed at Appendix B. ▶ The Administrators will be seeking approval of their remuneration at the upcoming second meeting of creditors.
Meeting of creditors <i>Refer to Section 5</i>	<ul style="list-style-type: none"> ▶ The adjourned second meeting of creditors will be held on 27 June 2019 at the Stamford Plaza, 150 North Terrace, Adelaide, SA, 5000 in accordance with the attached notice of meeting enclosed at Appendix C.

2. Introduction

2.1 Basis of report

We, Adam Nikitins, Brett Lord and Samuel Freeman of Ernst & Young, were appointed Joint and Several Voluntary Administrators (“Administrators”) of the Company on 30 July 2018 pursuant to Section 436A of the *Corporations Act (Cth) 2001* (“the Act”). The appointment of the Administrators was made by the Company’s directors.

At 10:00am on 8 August 2018, Mr Greg Dudley, Mr Richard Stone & Mr Jonathon Colbran of RSM Australia Pty Ltd were appointed as Receivers and Managers of the WPG Group (including the Company) and took control of the business and assets of the WPG Group upon their appointment.

The purpose of the appointment of Administrators is to allow for independent insolvency practitioners to take control and investigate the affairs of an insolvent entity. During this time there is a moratorium on creditors’ claims.

This report is supplementary to our s439A report dated 26 April 2019 and should be read in conjunction with that report. The purpose of this report is to provide creditors with sufficient information to enable them to make an informed decision regarding the future of the Company at the adjourned second meeting of creditors to be held on Thursday, 27 June 2019.

2.2 First meeting of creditors

The first meeting of the creditors of the Company was held on 8 August 2018 pursuant to section 436E of the Act. At this meeting, the appointment of the Administrators was confirmed. Creditors agreed with the Administrators’ opinion that a committee of creditors should be formed for the Company and it was carried unanimously on the voices that one be formed.

2.3 Second meetings of creditors

At the concurrent second meeting of creditors of the WPG Group held on Friday, 6 May 2019, the Chairman adjourned the second meeting of the Company, in order for the Administrators to consider two additional Deed of Company Arrangement (“DOCA”) proposals received after the issue of the Report.

2.4 Adjourned second meetings of creditors

At the adjourned second meeting of creditors to be held on Thursday, 27 June 2019 at the Stamford Plaza, 150 North Terrace, Adelaide, SA, 5000 at 1:00 PM Australian Central Standard Time (1:30 PM Australian Eastern Standard Time) creditors will be asked to decide on the future of the Company by passing a resolution with respect to the options available to them.

2.5 Report to creditors

This report provides creditors with the following:

- ▶ An update as to the progress of the Administration since the Second Meeting of creditors on 6 May 2019;
- ▶ An analysis of the options available to creditors; and
- ▶ The Administrators’ opinion as to which option they consider is in the best interests of creditors.

If any creditor is aware of any information that should be brought to our attention relevant to any matter that may affect our opinion in this report, we request that this be done prior to the adjourned second meeting of creditors to ensure creditors can make an informed decision.

Our report may be relied upon for the purpose of providing information to creditors for the adjourned second meeting of creditors to be held on Thursday, 27 June 2019 pursuant to Section 439A of the Act. We disclaim all responsibility to any other party for any loss or liability that the other party may suffer or incur arising from or relating to or in any way connected with the contents of our report, the provision of our report to the other party or the reliance upon our report by the other party.

3. Alternatives available to creditors and the Administrators' recommendation

As previously advised, the Administrators received additional DOCA proposals following the issue of the 439a report and adjourned the Second Meeting to enable sufficient time to assess the proposals and report to creditors on the options available. Since the Second Meeting, we have liaised with the Receivers and Managers and DOCA proponents in order to finalise our assessment of the options available to creditors.

Section 439A(4)(b) of the Act requires that we, as the Administrators, give our opinion about the following matters:

- ▶ Whether it would be in the creditors' interests for the administration to end;
- ▶ Whether it would be in the creditors' interests for the Company to execute a DOCA; or
- ▶ Whether it would be in the creditors' interests for the Company to be wound up.

Each of these is discussed below.

3.1 That the administration should end

In circumstances where creditors resolve that the Administration should end, the Administrators' appointment would be terminated and control of the Company would revert back to the directors.

The Company is insolvent and as such it is not appropriate to return control to the Directors.

3.2 That the Company be authorised to execute a DOCA

A DOCA is a legislative procedure under the Act allowing a company to make a compromise or arrangement binding all of its creditors. This provides for a modification or adjustment of the rights and obligations owing by the company or group to its creditors. The Act provides the procedures for effecting such modification or adjustment, and enables the arrangement to be made binding on all creditors if agreed to by a majority at a meeting of creditors. Creditors holding security are not necessarily bound by the DOCA.

Following the creditors' meeting wherein creditors resolve to accept the proposed DOCA, the DOCA will commence when both the company/companies and the proposed Administrators of the DOCA have properly executed the DOCA. Creditors should carefully note that pursuant to section 444C of the Act, if a DOCA is resolved to be accepted by creditors, then until the DOCA is executed by the companies and the Deed Administrator(s), creditors are not to act inconsistently with the terms of the DOCA. If a DOCA has been executed the companies continue their legal existence. The companies are described as being "Subject to a Deed of Company Arrangement".

We have received three separate DOCA proposals, details of which are provided in section 3.2.1 - 3.2.3 below. Copies of the DOCA proposals are included at **Appendix G** below.

3.2.1 Overview of the DOCA terms - DOCA 1

1. A DOCA has been proposed in respect of WPG Resources Ltd.
2. The DOCA proponent is First Guardian Synergy Capital Limited ("FG Synergy").
3. The Administrators will be Deed Administrators of the DOCA.
4. The funds available for distribution in the DOCA comprise \$600,000 cash and the issue of shares with a minimum value of \$100,000.

5. The DOCA involves the creation of a Creditors Trust (the Deed Administrators to be the Trustees) which will facilitate payment of the dividend to creditors.
6. Final payment into the Deed Fund will not be made until the Company's shareholders have approved the restructure of the share capital in the Company.
7. The terms of the DOCA are detailed in Appendix G below.
8. Unsecured creditors will receive a cash distribution of 10c in the dollar on their claims. A minimum of \$100,000 worth of shares in WPG Resources Limited will be issued to unsecured creditors in accordance with their claims.
9. BOPL and the SA Government are required to discharge their securities against WPG Resources Limited. BOPL will receive a cash distribution from the DOCA as detailed in the below table.
10. The relevant date for admissibility of claims of creditors under the DOCA will be the date of the Administrators' appointment as administrators of WPG Resources (30 July 2018).
11. All secured creditors will release security interests over WPG Resources Limited's property.
12. BOPL will receive a cash distribution of approximately **\$306,318**
13. Unsecured creditors of WPG Resources Limited will receive approximately **42.52c** in the dollar through a combination of cash (10c in the dollar) and the issue of shares (32.5c in the dollar).

3.2.2 Overview of the DOCA terms - DOCA 2

1. A DOCA has been proposed in respect of WPG Resources Ltd.
2. The DOCA proponent is Wilson International Capital Limited ("Wilson").
3. The Administrators will be Deed Administrators of the DOCA.
4. The funds available for distribution in the DOCA comprise \$850,000 cash.
5. The DOCA involves the creation of a Creditors Trust (the Deed Administrators to be the Trustees) which will facilitate payment of the dividend to creditors.
6. Final payment into the Deed Fund will not be made until the Company's shareholders have approved the restructure of the share capital in the Company.
7. The terms of the DOCA are detailed in Appendix G below.
8. BOPL and the SA Government are required to discharge their securities against WPG Resources Limited. BOPL will receive a cash distribution from the DOCA as detailed in the below table.
9. The relevant date for admissibility of claims of creditors under the DOCA will be the date of the Administrators' appointment as administrators of WPG Resources (30 July 2018).
10. All secured creditors will release security interests over WPG Resources Limited's property.
11. BOPL will receive a cash distribution of approximately **\$527,064**.
12. Unsecured creditors of WPG Resources Limited will receive a cash distribution of **19.51c** in the dollar on their claims.

3.2.3 Overview of the DOCA terms - DOCA 3

1. A DOCA has been proposed in respect of WPG Resources Ltd.
2. The DOCA proponent is Prodigy Global.
3. The Administrators will be Deed Administrators of the DOCA.
4. The funds available for distribution in the DOCA comprise \$830,000 cash.
5. The terms of the DOCA are detailed in Appendix G below.
6. The DOCA involves the creation of a Creditors Trust (the Deed Administrators to be the Trustees) which will facilitate payment of the dividend to creditors.
7. Final payment into the Deed Fund will not be made until the Company's shareholders have approved the restructure of the share capital in the Company.

8. BOPL and the SA Government are required to discharge their securities against WPG Resources Limited. BOPL will receive a cash distribution from the DOCA as detailed in the below table.
9. The relevant date for admissibility of claims of creditors under the DOCA will be the date of the Administrators' appointment as administrators of WPG Resources (30 July 2018).
10. All secured creditors will release security interests over WPG Resources Limited's property.
11. BOPL will receive a cash distribution of approximately **\$507,064**.
12. Unsecured creditors of WPG Resources will receive **19.51c** in the dollar.

The below table provides an estimate of the anticipated recoveries in each proposed DOCA.

Estimated return to creditors - DOCA v Liquidation analysis				
AUD (\$)				
Description	DOCA 1 - FD Synergy	DOCA 2 - Wilson International	DOCA 3 - Prodigy Global	Liquidation
Cash at Bank	4,055	4,055	4,055	4,055
DOCA Contribution	600,000	850,000	830,000	-
Shares	100,000	0	0	-
Voidable transaction recoveries	-	-	-	-
Insolvent trading and other claims	-	-	-	-
Subtotal	704,055.00	854,055.00	834,055.00	4,055.00
Costs				
Administration remuneration (unpaid) to 14 April 2019	115,898	115,898	115,898	115,898
Administration remuneration 15 April 2019 - conclusion of VA	71,092.60	71,092.60	71,092.60	71,092.60
Deed Administrators' remuneration	60,000	60,000	60,000	-
Liquidators' remuneration 6 May 2019 to finalisation of Liquidation	-	-	-	25,000
Disbursements including legal fees	20,000	20,000	20,000	-
Total costs	266,990.60	266,990.60	266,990.60	211,990.60
Surplus cash available for creditors (less shares above)	337,064	587,064	567,064	-
Less: cash distribution to Byrnegut (first secured creditor)	306,317.78	527,064	507,064	-
Cash available for unsecured creditors	30,746.62	60,000	60,000	-
Shares	100,000	0	0	
Total Contribution (cash and shares)	130,746.62	60,000	60,000	-
Unsecured creditor claims	307,466.21	307,466.21	307,466.21	14,544,636.12
Effective return to unsecured creditors (%)	42.52%	19.51%	19.51%	0.00%
Cash return to unsecured creditors (%)	10.00%	19.51%	19.51%	0.00%
Shares return to unsecured creditors (%)	32.52%	0.00%	0.00%	0.00%

It is the Administrators' opinion that it is in the best interests of creditors to accept DOCA 2.

The basis for the Administrators' recommendation is that DOCA 2 provides the greatest cash return to unsecured (19.51% in the \$), provides the greatest anticipated return to the secured creditor (\$527,064), provides the most certainty and effectively has less conditions. Furthermore, the secured creditor has indicated that it is supportive of DOCA 2.

Whilst DOCA 1 does provide a greater return to unsecured creditors, there are several reasons why we do not recommend this DOCA:

1. The inherent uncertainty around the ultimate value of the shares that will be issued to the creditors trust and when they can be realised;
2. DOCA 1 provides an inferior return to the secured creditor who has indicated that they are not supportive of DOCA 1;
3. On the basis the secured creditor is not supportive of DOCA 1, it is incapable of being effected and will not result in a return to unsecured creditors.

3.3 That the Company be placed into Liquidation

Creditors may resolve that the Company be placed into Liquidation. It would then be the Liquidator's role to continue with the realisation of the assets, if any, of the Company and to distribute those funds in accordance with the provisions of the Act.

A Liquidator may pursue voidable transactions, insolvent trading actions and undertake investigations into the affairs of the Company and submit the findings to the Australian Securities and Investments Commission.

As detailed in the 439a report, the Administrators have not identified any claims that could be pursued in a Liquidation scenario. In addition, as DOCA 2 provides a greater return to creditors than a Liquidation, we do not recommend creditors resolve that the Company be wound up.

3.4 Administrators' Recommendation

As above, it is our recommendation that the creditors vote in favour of DOCA 2 at the adjourned second meeting.

4. Remuneration

It is our intention at the reconvened second meeting of creditors on 27 June 2019, to propose multiple resolutions in relation to our remuneration.

4.1 Remuneration for the Voluntary Administration

The Committee of Inspection of the Company previously approved the Administrators' remuneration for the period 30 July 2018 to 30 September 2018 in the amount of \$110,588.50 (excl GST). Of this amount, \$79,022.50 (excl GST) was drawn, leaving an approved and undrawn balance of \$31,566 (excl GST).

The first resolution will be in relation to our retrospective remuneration as Administrators for the period 1 October 2018 to 14 April 2019 and is as follows:

Table 1: Retrospective remuneration for the Voluntary Administration

Resolution 1: 1 October 2018 to 14 April 2019

"That the remuneration of the Joint and Several Administrators of WPG Resources Ltd (Administrators Appointed) (Receivers and Managers Appointed), their partners and staff, for the period commencing 1 October 2018 to 14 April 2019 amounting to \$84,429.50 (plus GST), plus out of pocket expenses (plus GST), calculated on a time basis at the hourly rates charged by the Joint and Several Administrators and their staff as disclosed in the Circular to Creditors dated 31 July 2018, be approved and that the Joint and Several Administrators be authorised to draw these funds from the Administration account."

The second resolution will be in relation to future fees for the period from 15 April 2019 to the conclusion of the Administration. If the level of approved fees is not incurred during that period, then the Administrators are only authorised to draw the amount that has been incurred.

Table 2: Prospective remuneration for the Voluntary Administration

Resolution 2: 15 April 2019 to conclusion of the Voluntary Administration

"That the future remuneration of the Joint and Several Administrators of WPG Resources Ltd (Administrators Appointed) (Receivers and Managers Appointed), their partners and staff, for the period commencing 15 April 2019 to conclusion of the Voluntary Administration be approved in the amount of \$71,092.60 (plus GST), plus out of pocket expenses (plus GST), calculated on a time basis at the hourly rates charged by the Joint and Several Administrators and their staff as disclosed in the Circular to Creditors dated 31 July 2018, and that the Joint and Several Administrators be authorised to draw these funds from the Administration account."

4.2 Remuneration for the Deed Administrators (if applicable)

Should creditors vote to accept a DOCA at the second meeting of creditors on 27 June 2019, we will propose the following resolution for our future fees in our role as Deed Administrators. If the level of approved fees is not incurred during that period, then the Deed Administrators are only authorised to draw the lower amount. Should further remuneration be incurred the Deed Administrators are required to seek further approval from creditors prior to drawing that remuneration.

Table 3: Prospective remuneration for the DOCA

Resolution 3: Date of execution of the DOCA to finalisation of the DOCA

"That the remuneration of the Deed Administrators from date of the execution of the DOCA to the effectuation of the DOCA be determined at a sum equal to the cost of time spent by the Deed Administrators, their partners and staff, calculated at the hourly rates as detailed in the Initial Remuneration Notice dated 31 July 2018, is approved up to a capped amount of \$60,000 (excl. GST), and that the Deed Administrators can draw the remuneration on a monthly basis or as required."

Full analysis of the calculation of the remuneration claims and other relevant supporting information is provided at **Appendix B**.

4.3 Remuneration for the Liquidators (if applicable)

Should creditors vote that the Company be wound up at the second meeting of creditors on 27 June 2019, we will propose the following resolution for our future fees in the Liquidation. If the level of approved fees is not incurred during that period, then the Liquidators are only authorised to draw the lower amount. Should further remuneration be incurred the Liquidators are required to seek further approval from creditors prior to drawing that remuneration.

Table 4: Prospective remuneration for the Liquidation

Resolution 4: 27 June 2019 to finalisation of the liquidation

"That the future remuneration of the Joint and Several Liquidators of WPG Resources Ltd (In Liquidation), their partners and staff, for the period 27 June 2019 to the completion of the winding up be approved to the amount of \$25,000.00 (plus GST), plus out of pocket expenses (plus GST), calculated on a time basis at the hourly rates charged by the Joint and Several Liquidators and their staff as disclosed in the Circular to Creditors dated 31 July 2018, and that the Joint and Several Liquidators be authorised to draw the funds from the Liquidation account."

Full analysis of the calculation of the remuneration claims and other relevant supporting information is provided at **Appendix B**.

5. Reconvened Meeting

The second meeting of creditors of the Company is to be held on Thursday, 27 June 2019 the Stamford Plaza, 150 North Terrace, Adelaide, SA, 5000, at 1:00 PM Australian Central Standard Time (1:30 PM Australian Eastern Standard Time), pursuant to section 439A(2) of the Act. Please note that registration for the meeting will be open from 12:40 PM.

At this meeting, creditors will be asked to vote in order to decide on the future of the Company. A formal notice of meeting is attached at **Appendix C**.

5.1 Particulars of debt or claim

Creditors who wish to vote at the meeting need to complete a particulars of debt or claim form and provide it to the Administrators prior to the meeting. A blank particulars of debt or claim form is attached at Appendix D. Creditors who have already lodged a particulars of debt or claim form for the purposes of the first meeting of creditors do not need to complete a new form.

5.2 Proxy

You do not have to attend the creditors' meeting in person. You can nominate someone else or the chairman of the meeting to attend and vote on your behalf. For this purpose, a form 532 Appointment of Proxy is attached at **Appendix E**. Please note that you will need to complete a new proxy form for this meeting.

Proxy forms completed for the first meeting of creditors (held on 8 August 2018) will not be valid.

As the meeting to be held on 27 June 2019 is an adjournment of the initial second meeting of creditors held on 6 May 2019, proxy forms completed for the second meeting remain valid however, as the resolutions have been updated since this meeting, we recommend completing the updated proxy form attached to this report as Appendix E.

Creditors who have provided a general proxy in favour of the Chairman of the meeting do not need to provide an updated proxy form unless they wish to change how they wish to vote.

The chairperson or a proxy holder can vote either generally, or specifically in accordance with your proxy directions. To avoid any uncertainty, it is recommended that any proxy in favour of the chairperson should provide specific directions on how to vote. The chairperson will not use any general proxies to vote in favour of any matter in which our firm is or may be financially interested.

Please note that creditors who are companies must submit a proxy if they intend to vote at the meeting. A corporate creditor must execute the proxy form in accordance with its articles of association.

5.3 Lodgment of proxies and particulars of debt or claim

If you intend to complete a proxy form (Appendix E), Statement by Creditor of Details for Teleconference Facilities form (Appendix F), and/or particulars of debt or claim form (Appendix D), please do so and return it/them to **Nicole Creighton-Jones by 3:00 PM (AEST) on 26 June 2019 at nicole.creighton-jones@au.ey.com**.

Should you have any queries in your capacity as a creditor of the Company please phone Nicole Creighton-Jones on (02) 9248 4235 or email nicole.creighton-jones@au.ey.com.

Dated: 20 June 2019

A handwritten signature in grey ink, appearing to be 'Brett Lord', with a stylized 'B' and a trailing flourish.

Brett Lord
Joint and Several Voluntary Administrator
WPG Resources Limited
(Administrators Appointed)
(Receivers and Managers Appointed)
Enc.

Appendix A - Receipts and Payments

A summary of the receipts and payments from 30 July 2018 to 20 June 2019 is provided in table seven below.

Table 7: Administrators' statement of receipts and payments	
Description	Total (\$)
Receipts	
Cash at bank	6,039,531
GST Control: GST Received	16,959
Interest Income	263
Loan Account - Challenger Gold Operations Pty Ltd	807,521
Loan Account - Tarcoola Gold Pty Ltd	98,000
Pre Appointment - Cash at Bank	16,327
Subtotal	6,978,602
Payments	
Legal Fees	800.85
Administration	-132
ASIC Fee	-10,461.00
Bank Charges	-330
Charter Flights	-14,850.00
Insurance	-11,924.02
Legal Cost	-4,405.08
Legal Fees	-87,445.38
Sundry Expense (trading)	-1,318.06
Appointment Disbursements	-7,348.52
Fees: Appointee's Remuneration	-86,924.75
Loan Account - Challenger Gold Operations Pty Ltd	-807,521.44
Loan Account - Tarcoola Gold Pty Ltd	-98000
Sundry Expense (non-trading)	-565.00
Transfer to Receivers and Managers	-5,844,122.96
Subtotal	-6,974,547
Cash at bank	4,055

Appendix B – Remuneration Approval Report

**WPG Resources Ltd (A.C.N. 109 426 502)
(Administrators Appointed)
(Receivers and Managers Appointed)
("the Company")**

Insolvency Practice Rules (Corporations) 2016 - 70-45

We refer to our Initial Remuneration Notice issued on 31 July 2018 setting out the method in which our remuneration has been calculated in the external administration of the Company.

Pursuant to section 60-10 of the *Insolvency Practice Schedule (Corporations) 2016* ("IPS"), a determination specifying remuneration that external administrators are entitled to receive for necessary work properly performed by the external administrators may be made by a resolution of creditors, the committee of inspection or by the Court.

The purpose of this Remuneration Approval Report ("RAR") is to provide sufficient information to enable creditors to make an informed decision regarding the approval of our remuneration and internal disbursements for undertaking the external administration of the Company.

As set out in the Notice of Meeting attached at **Appendix C** of this circular, a second meeting of creditors has been convened to be held on 27 June 2019 at which we intend to ask creditors to consider and if seen fit pass the resolutions set out in this RAR in relation to our current and future remuneration for acting as Administrators of the Company.

For the sake of convenience, this RAR is set out under the following headings.

1. Declaration.
2. Executive summary.
3. Details of remuneration.
4. Total remuneration reconciliation.
5. Likely impact of remuneration on dividends to creditors.
6. Remuneration recoverable from external sources.
7. Disbursements.
8. Report on the progress of the external administration.
9. Summary of receipts and payments.
10. General queries.

Part 1: Declaration

We, Brett Lord, Adam Nikitins and Samuel Freeman of Ernst and Young, have undertaken a proper assessment of this remuneration claim for our appointment as external administrators of the Company in accordance with the law and applicable professional standards. We are satisfied that the remuneration and disbursements claimed is in respect of necessary work, properly performed, or to be properly performed, in the conduct of the external administration of the Company.

Part 2: Executive Summary

In our Initial Remuneration Notice issued on 31 July 2018, we estimated that the Voluntary Administration of the Company (including the other companies within the WPG Group) would cost approximately \$400,000 to \$500,000 (excl. GST). At the time of this report, the total estimated remuneration we have incurred and expect to incur has increased due predominantly to the two extensions of the convening period, resulting in an Administration period that was approximately eight months longer than first anticipated.

The Committee of Inspection of the Company previously approved the Administrators' remuneration for the period 30 July 2018 to 30 September 2018 in the amount of \$110,588.50 (excl GST). Of this amount, \$79,022.50 (excl GST) was drawn, leaving an approved and undrawn balance of \$31,566 (excl GST).

The remuneration currently being claimed is summarised for review in the below table.

Table 1: Executive Summary - Remuneration		
WPG Resources Ltd remuneration approval sought	Report reference	Amount (\$ ex GST)
1. Voluntary Administration: 1 October 2018 to 14 April 2019	Schedule 1	84,429.50
2. Voluntary Administration: 15 April 2019 to end of Voluntary Administration	Schedule 2	71,092.60
Total for Voluntary Administration		155,522.10
3. Deed of Company Arrangement: Date of execution of the Deed of Company Arrangement to effectuation of the Deed of Company Arrangement (if applicable)*	Schedule 3	60,000.00
Total for Deed of Company Arrangement		60,000.00
4. Liquidation: 27 June 2019 to completion of the liquidation (if applicable)*	Schedule 4	25,000.00
Total for Liquidation		25,000.00
* 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.		

We are not seeking creditor approval of disbursements incurred at this point in time. All disbursements incurred have been charged at cost.

Please refer to report section references detailed in the above table for full details of the calculation and composition of the remuneration approval and internal disbursement approval being sought from creditors.

Part 3: Details of Remuneration

3.1 Remuneration claim resolutions

The first resolution will be in relation to our retrospective remuneration as Administrators for the period 1 October 2018 to 14 April 2019 for the Company and are as follows:

Table 2: Retrospective remuneration for the Voluntary Administration	
Entity	Resolution 1: 1 October 2018 to 14 April 2019
WPG Resources Ltd	"That the remuneration of the Administrators for the period 1 October 2018 to 14 April 2019 be determined at a sum equal to the cost of time spent by the Administrators, the Ernst and Young partners and staff, calculated at the hourly rates as detailed in the Initial Remuneration Notice dated 31 July 2018, is approved for payment in the sum of \$84,429.50 (excl. GST), and that the Administrators can draw the remuneration immediately or as required."

The second resolution will be in relation to our prospective remuneration as Administrators for the period 15 April 2019 to the end of Voluntary Administration and are as follows:

Table 3: Prospective remuneration from 15 April 2019 to the end of Voluntary Administration	
Entity	Resolution 2: 15 April 2019 to the end of Voluntary Administration
WPG Resources Ltd	"That the future remuneration of the Administrators for the period 15 April 2019 to the end of Voluntary Administration be determined at a sum equal to the cost of time spent by the Administrators, the Ernst and Young partners and staff, calculated at the hourly rates as detailed in the Initial Remuneration Notice dated 31 July 2018, is approved up to a capped amount of \$71,092.60 (excl. GST), and that the Administrators can draw the remuneration on a monthly basis or as required."

Should creditors resolve that a DOCA be accepted at the second meeting of creditors on 27 June 2019, we will propose the following resolution in relation to the future remuneration of the Deed Administrators for the period from the date of the execution of the DOCA to the date of effectuation of the DOCA.

Table 4: Prospective remuneration from the Date of effectuation of the DOCA to the execution of the DOCA	
Entity	Resolution 3 (if applicable): Date of effectuation of the DOCA to the execution of the DOCA
WPG Resources Ltd	"That the future remuneration of the Administrators for the period from the date of effectuation of the Deed of Company Arrangement to the date of the execution of the Deed of Company Arrangement be determined at a sum equal to the cost of time spent by the Administrators, the Ernst and Young partners and staff, calculated at the hourly rates as detailed in the Initial Remuneration Notice dated 31 July 2018, is approved up to a capped amount of \$60,000.00 (excl. GST), and that the Administrators can draw the remuneration on a monthly basis or as required."

Should creditors resolve that the Company be wound up at the second meeting of creditors on 27 June 2019, we will propose the resolution for our prospective remuneration in the liquidation.

Table 5: Prospective remuneration for Liquidation

Entity	Resolution 4 (if applicable): 27 June 2019 to completion of the liquidation
WPG Resources Ltd	"That the future remuneration of the Liquidators for the period 27 June 2019 to completion of the liquidation be determined at a sum equal to the cost of time spent by the Liquidators, the Ernst and Young partners and staff, calculated at the hourly rates as detailed in the Initial Remuneration Notice dated 31 July 2018, is approved up to a capped amount of \$25,000 (excl. GST), and that the Liquidators can draw the remuneration on a monthly basis or as required."

3.2 Calculation of remuneration

The tasks which are undertaken can be broadly divided into seven (7) categories. These are:

- ▶ Assets;
- ▶ Creditors;
- ▶ Employees;
- ▶ Trade On;
- ▶ Dividend;
- ▶ Investigation; and
- ▶ Administration.

The calculations of our remuneration claims in section 3.1 above are set out in the below tables.

Resolution 1 - Calculation of remuneration for the period 1 October 2018 to 14 April 2019

The below table sets out time charged to each major task area by the Administrators, the Ernst and Young partners and staff members working on the Administration for the above periods.

WPG Resources Ltd - 1 October 2018 to 14 April 2019

Employee	Position	\$/hour (ex GST)	Total		Administration		Assets - Fixed		Creditors		Dividend		Employees		Investigation		Trade On	
			Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$
Lord,Brett Stephen	Partner	\$650	310	20,150.00	11.0	7,215.00	1.70	1,105.00	18.00	11,700.00	0.00	0.00	0.00	0.00	0.00	0.00	0.20	130.00
Nikitins,Adam Pauls	Partner	\$650	0.3	195.00	0.30	195.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Hilario Ana Catarina	Senior Manager 1	\$550	0.7	385.00	0.50	275.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.20	110.00
Lawless,Michael Allan	Senior Manager 1	\$550	512	28,160.00	9.70	5,335.00	0.00	0.00	27.80	15,290.00	0.00	0.00	0.00	0.00	13.50	7,425.00	0.20	110.00
Lawless,Michael Allan	Manager 1	\$485	12	582.00	0.00	0.00	0.00	0.00	120	582.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Swan,Greshan	Manager 1	\$485	15	727.50	100	485.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.50	242.50	0.00	0.00
Donner,Harrison	Senior Consultant	\$395	0.4	158.00	0.00	0.00	0.00	0.00	0.40	158.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Lee,Kathy	Senior Consultant	\$395	0.6	237.00	0.60	237.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
M agoffin,Richard James	Senior Consultant	\$395	28.0	11,060.00	3.10	1,224.50	0.30	118.50	11.00	4,345.00	0.00	0.00	0.00	0.00	13.60	5,372.00	0.00	0.00
Thomas,Jared	Senior Consultant	\$395	35.4	13,983.00	20.90	8,255.50	0.00	0.00	3.50	1,382.50	0.00	0.00	0.00	0.00	2.00	790.00	9.00	3,555.00
Devine,Russell	Senior Consultant	\$395	19	7,507.50	190	7,507.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
M utreja,Sameer	Senior Consultant	\$395	0.3	118.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.30	118.50
Donner,Harrison	Consultant 3	\$285	0.6	171.00	0.60	171.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Farrell,Samuel	Consultant 3	\$285	5.1	1,453.50	0.80	228.00	0.00	0.00	0.80	228.00	0.00	0.00	0.00	0.00	3.50	997.50	0.00	0.00
Ma,Emily	Consultant 3	\$285	6.3	1,795.50	2.90	826.50	0.00	0.00	3.40	969.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Van Der Laan,Angela	Consultant 3	\$285	15	4,275.00	0.70	199.50	0.00	0.00	0.50	142.50	0.30	85.50	0.00	0.00	0.00	0.00	0.00	0.00
Mittal,Prachi	Consultant 2	\$285	8.1	2,308.50	8.10	2,308.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Saxena,Rupal	Consultant 2	\$285	0.5	142.50	0.50	142.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Gupta,Shivam	Consultant 1	\$285	14	3,990.00	0.60	171.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.80	228.00	0.00	0.00	0.00
Verma,Apita	Consultant 1	\$285	0.2	57.00	0.20	57.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Verma,Geeetika	Consultant 1	\$285	1.1	313.50	1.10	313.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Riddell,Matthew	Consultant 1	\$285	0.2	57.00	0.10	28.50	0.00	0.00	0.10	28.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Creighton-Jones,Nicole	Intern 2	\$285	14	3,990.00	0.20	57.00	0.00	0.00	120	342.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Wong,Janette	Intern 1	\$285	14	3,990.00	1.40	399.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total			180.3	84,429.50	66.30	28,874.50	2.00	1,223.50	67.90	35,167.50	0.30	85.50	0.80	228.00	33.10	14,827.00	9.90	4,023.50
GST				8,442.95														
Total (Incl. GST)				92,872.45														

Resolution 2 – Calculation of remuneration for the period 15 April 2019 to the end of Voluntary Administration

The below table sets out the estimated time to be charged to each major task area by the Administrators, the Ernst and Young partners and staff members working on the administration for the period 15 April 2019 to the end of Voluntary Administration which is the basis of the Resolution 2 claim.

WPG Resources Ltd 15 April 2019 to end of Voluntary Administration

Employee	Position	\$ / hour (ex GST)	Total Actual Hours	Total (\$)	Administration		Assets - Fixed		Creditors		Investigation	
					hrs	\$	hrs	\$	hrs	\$	hrs	\$
					Lord, Brett Stephen	Appointee / Partner	\$ 650.00	33.4	\$ 21,710.00	0.9	\$ 585.00	7.5
Lawless, Michael Allan	Associate Director	\$ 550.00	34.1	\$ 18,755.00	0.1	\$ 55.00	0.0	\$ -	34.0	\$ 18,700.00	0.0	\$ -
Magoffin, Richard James	Senior Consultant	\$ 395.00	11.5	\$ 4,542.50	1.4	\$ 553.00	2.1	\$ 829.50	8.0	\$ 3,160.00	0.0	\$ -
Thomas, Jared	Senior Consultant	\$ 395.00	7.8	\$ 3,081.00	1.8	\$ 711.00	0.0	\$ -	6.0	\$ 2,370.00	0.0	\$ -
Tuck, Madeleine	Senior Consultant	\$ 395.00	1.6	\$ 632.00	1.6	\$ 632.00	0.0	\$ -	0.0	\$ -	0.0	\$ -
Farrell, Samuel	Consultant	\$ 285.00	24.8	\$ 7,075.10	1.1	\$ 313.50	0.0	\$ -	23.6	\$ 6,733.10	0.1	\$ 28.50
Ma, Emily	Consultant	\$ 285.00	25.9	\$ 7,381.50	0.9	\$ 256.50	0.0	\$ -	25.0	\$ 7,125.00	0.0	\$ -
Creighton-Jones, Nicole	Consultant	\$ 285.00	25.0	\$ 7,125.00	0.0	\$ -	0.0	\$ -	25.0	\$ 7,125.00	0.0	\$ -
Administration / Bookkeeping Staff		\$ 155.00	5.1	\$ 790.50	5.1	\$ 790.50	0.0	\$ -	0.0	\$ -	0.0	\$ -
			169.2	\$ 71,092.60	12.9	\$ 3,896.50	9.6	\$ 5,704.50	146.6	\$ 61,463.10	0.1	\$ 28.50
GST					\$ 7,109.26							
TOTAL (including GST)					\$ 78,201.86							

Resolution 3 (if applicable) – Calculation of remuneration from the date of the execution of the Deed of Company Arrangement to the effectuation of the Deed of Company Arrangement.

The below table sets out the estimated time charged to each major task area by us as Deed Administrators, the Ernst and Young partners and staff members working on the deed administration from the date of the execution of the Deed of Company Arrangement to the effectuation of the Deed of Company Arrangement which is the basis of the Resolution 3 claim.

We note that, irrespective of whether creditors approve DOCA 1, DOCA 2 or DOCA 3 at the upcoming meeting, we will seek approval of the amount listed in the table below for the Company.

The Company's remuneration from date of the execution of DOCA to the effectuation of DOCA

Employee	Position	\$ / hour (ex GST)	Total actual hours	Total (\$)	Administration		Assets		Creditors		Dividend	
					hrs	\$	hrs	\$	hrs	\$	hrs	\$
Lord, Brett Stephen	Partner	\$650.00	8.3	\$5,395.00	4.0	\$2,600.00	-	\$0.00	0.5	\$325.00	3.8	\$2,470.00
Nikitins, Adam Pauls	Partner	\$650.00	2.1	\$1,365.00	2.0	\$1,300.00	-	\$0.00	-	\$0.00	0.1	\$65.00
Lawless, Michael Allan	Associate Director	\$550.00	33.0	\$18,150.00	15.0	\$8,250.00	5.0	\$2,750.00	6.0	\$3,300.00	7.0	\$3,850.00
Magoffin, Rick	Senior Consultant	\$395.00	31.0	\$12,245.00	15.0	\$5,925.00	3.0	\$1,185.00	6.0	\$2,370.00	7.0	\$2,765.00
Farrell, Samuel	Consultant	\$285.00	27.0	\$7,695.00	12.0	\$3,420.00	-	\$0.00	7.0	\$1,995.00	8.0	\$2,280.00
Creighton-Jones, Nicole	Consultant	\$285.00	25.0	\$7,125.00	8.0	\$2,280.00	2.0	\$570.00	7.0	\$1,995.00	8.0	\$2,280.00
Ma, Emily	Consultant	\$285.00	28.2	\$8,025.00	7.0	\$1,995.00	2.0	\$570.00	11.0	\$3,135.00	8.2	\$2,325.00
Administration Staff		\$155.00	-	\$0.00	-	\$0.00	-	\$0.00	-	\$0.00	-	\$0.00
			154.6	\$60,000.00	63.0	\$25,770.00	12.0	\$5,075.00	37.5	\$13,120.00	42.1	\$16,035.00
GST					\$6,000.00							
TOTAL (including GST)					\$66,000.00							

Resolution 4 (if applicable) – Calculation of remuneration for the period 27 June 2019 to the completion of the liquidation.

The below tables set out the estimated time charged to each major task area by us as Liquidators, the Ernst and Young partners and staff members working on the liquidation for the period 27 June 2019 to the completion of the liquidations which are the basis of the Resolution Series 4 claims.

WPG Resources Ltd 27 June 2019 to completion of Liquidation

Employee	Position	\$ / hour (ex GST)	Total actual hours	Total (\$)	Administration		Creditors		Investigations	
					hrs	\$	hrs	\$	hrs	\$
Lord, Brett Stephen	Partner	\$650.00	5.0	\$3,250.00	4.0	\$2,600.00	0.5	\$325.00	0.5	\$325.00
Nikitins, Adam Pauls	Partner	\$650.00	2.0	\$1,300.00	2.0	\$1,300.00	-	\$0.00	-	\$0.00
Lawless, Michael Allan	Associate Director	\$550.00	15.0	\$8,250.00	6.0	\$3,300.00	5.0	\$2,750.00	4.0	\$2,200.00
Magoffin, Rick	Senior Consultant	\$395.00	10.0	\$3,950.00	6.0	\$2,370.00	2.0	\$790.00	2.0	\$790.00
Farrell, Samuel	Consultant	\$285.00	6.0	\$1,710.00	4.0	\$1,140.00	1.0	\$285.00	1.0	\$285.00
Creighton-Jones, Nicole	Consultant	\$285.00	12.0	\$3,405.75	7.0	\$1,995.00	4.0	\$1,125.75	1.0	\$285.00
Ma, Emily	Consultant	\$285.00	11.0	\$3,134.25	3.0	\$855.00	4.0	\$1,140.00	4.0	\$1,139.25
Administration Staff	Administration / Bookkeeping Staff	\$155.00	-	\$0.00		\$0.00	-	\$0.00	-	\$0.00
			60.9	\$25,000.00	32.0	\$13,560.00	16.5	\$6,415.75	12.5	\$5,024.25
GST				\$2,500.00						
TOTAL (including GST)				\$27,500.00						

Part 4: Total remuneration reconciliation

The purpose of this section is to provide creditors with a reconciliation of the total amount of remuneration approved or estimated to be incurred in this matter, and to provide disclosure to creditors about how the current remuneration being sought for approval fits with our previous remuneration estimates and approvals.

At this point in time we estimate that the total remuneration for the Voluntary Administration of WPG Resources Limited will be approximately \$266,013.10.

Part 5: Likely impact of remuneration on dividends to creditors

The remuneration approval being sought from creditors will have an impact on any dividend to creditors which may be paid in this external Administration. The remuneration of the Administrators, Deed Administrators and Liquidators are paid in priority to ordinary unsecured creditor claims pursuant to section 556 of the Act.

Any dividend will be impacted by the realisations achieved, which at this stage are uncertain. A portion of the external Administration fees incurred to date and to be incurred relate to the investigation and pursuit of claims that may result in further funds becoming available to creditors in a liquidation scenario. Notwithstanding the outcome of the second meeting of creditors, any amounts realised from this course of action will increase the dividend to creditors. In addition, the actual value of creditors' claims will have an impact on the actual dividend to creditors.

Part 6: Remuneration recoverable from external sources

We have not been indemnified in this matter, nor are there any other remuneration that is recoverable from external sources.

Part 7: Disbursements

Disbursements are divided into three types:

- ▶ **Externally provided professional services** - these are recovered at cost. An example of an externally provided professional service disbursement is legal fees.
- ▶ **Externally provided non-professional costs** such as travel, accommodation and search fees - these are recovered at cost.
- ▶ **Internal disbursements such as photocopying, printing and postage.** These disbursements, if charged to the external 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 recovery of these costs must be on a reasonable commercial basis.

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.

We have incurred the following disbursements in this matter (which have been charged at cost):

Disbursement type	Rate (excl. GST where applicable)
Externally provided professional services	
Creditors Meeting Room Hire	c. \$6,000
Insurance Costs (estimate)	c. \$2,440
Valuation Costs	N/A
Legal fees (estimate)	c. \$150,000
Total	c. \$158,440
Externally provided non-professional services	
Internal disbursements:	
Travel (other than motor vehicle)	At cost
Accommodation	At cost
Postage	At cost
Binding	\$0.03 per bind
Photocopying	\$0.06 per page
Courier	At cost
Staff per diem travel allowance	Up to \$84.50 per day
Travel (other than motor vehicle)	At cost
Total	N/A

Future disbursements provided by our firm will be charged to the administration on the following basis:

Disbursement type	Rate (excl. GST where applicable)
Externally provided professional services	At cost
Externally provided non-professional services	At cost
Internal disbursements:	
Travel (other than motor vehicle)	At cost
Accommodation	At cost
Postage	At cost
Binding	\$0.03 per bind
Photocopying	\$0.06 per page
Courier	At cost
Staff per diem travel allowance	\$84.50 per day
Staff motor vehicle use	\$0.63 per km

Rates applicable for financial year ending 2019

We are not seeking creditor approval of disbursements incurred or to be incurred as we derive no benefit from these disbursements. All disbursements are charged at cost.

Part 8: Report on Progress of the External Administration

Creditors are referred to the main body of our attached report for details concerning the conduct of the external administration to date. Creditors with any specific queries in relation to the administration are invited to contact our office at their convenience to discuss those queries.

Part 9: Summary of Receipts and Payments

A complete summary of the receipts and payments to date is included at **Appendix A** of this report.

Part 10: General Queries

Creditors have a right to obtain further information in relation to the conduct of the Administration to date and the remuneration and disbursements set out in this RAR.

Initially, requests for further information should be directed to Nicole Creighton-Jones of this office on (02) 9248 4235 or via email at nicole.creighton-jones@au.ey.com.

Should you remain unsatisfied, you may direct your queries or concerns to ASIC via the following contacts:

- ▶ Post: ASIC Complaints
Australian Securities and Investments Commission
GPO Box 9827
Canberra ACT 2601
- ▶ Web: <http://www.asic.gov.au>
- ▶ Phone: 1300 300 630

Further information and assistance may also be available from the Australian Restructuring Insolvency & Turnaround Association at <http://www.arita.com.au>.

Before considering the approval of our remuneration in this matter, creditors should familiarise themselves with the manner in which my remuneration and costs are incurred, and what rights creditors possess when considering the approval of remuneration for an insolvency practitioner.

Dated this 20th day of June 2019

A handwritten signature in grey ink, appearing to be 'Brett Lord', written in a cursive style.

Brett Lord
Joint and Several Administrator
WPG Resources Limited
(Administrators Appointed)
(Receivers and Managers Appointed)

Appendix C - Notice of Meeting

Corporations Act 2001

Section 439A(3)(a)
Regulation 5.6.12(2)

NOTICE OF SECOND MEETING OF CREDITORS OF COMPANY UNDER ADMINISTRATION

WPG Resources Limited
(Administrators Appointed)
(Receivers and Managers Appointed)
(ACN 109 426 502)
("the Company")

Pursuant to section 439A (2) of the *Corporations Act 2001* ("the Act"), notice is given that a second meeting of the creditors of the Company will be held in accordance with the following:

Location: Stamford Plaza, 150 North Terrace, Adelaide, SA, 5000
Date: 27 June 2019
Time: 1:00 PM ACST (1:30 PM AEST)
Registration opens: 12:40 PM ACST

Agenda

1. To consider the Administrators' report pursuant to Section 439A (4) of the Act in relation to the Company's business, property, affairs and financial circumstances;
2. To consider and if thought fit approve the Administrators' remuneration for the period 1 October 2018 to 14 April 2019;
3. To consider and if thought fit approve the Administrators' prospective remuneration for the period 15 April 2019 to conclusion of the Voluntary Administration to date of meeting;
4. To resolve pursuant to Section 439C:
 - a. Whether the Company execute a Deed of Company Arrangement ("DOCA"); or
 - b. whether it would be in the creditors' interest for the Company to be wound up; or
 - c. whether it would be in the creditors' interest for the Administration to end.
5. If the Company is to be wound up, to consider and if thought fit approve the prospective Liquidators' remuneration for the period 27 June 2019 to finalisation of the Liquidation.
6. If the Company is wound up, to consider and if thought fit appoint a Committee of Inspection;
7. If the Company is wound up, to consider and if thought fit approve the destruction of the Company's books and records;
8. To consider any other business properly brought before the meeting.

Dated: 20 June 2019



Brett Lord
Joint and Several Administrator
WPG Resources Limited
(Administrators Appointed)
(Receivers and Managers Appointed)

Appendix D - Particulars of Debt or Claim Form

Corporations Act 2001

PARTICULARS OF DEBT OR CLAIM FOR PURPOSE OF VOTING AT MEETING OF CREDITORS OF

**WPG Resources Limited (Administrators Appointed)
(Receivers and Managers Appointed) ACN 109 426 502
("the Company")**

Name of creditor _____

Address of creditor _____

Email _____

Telephone _____

Amount of debt claimed (See Note 1) _____

Reason for debt _____

Whether debt secured or unsecured _____

If secured, give details of security including dates, etc. _____

SIGNATURE

Notes:

1. A creditor may not vote on any unliquidated or contingent debt or a debt the value of which is not ascertained.
2. A secured creditor shall be entitled to vote in respect of meetings held during the administration (regulation 5.6.24(4)). However should a secured creditor vote in favour of a Deed of Company Arrangement, the secured creditor will be bound by such agreement (section 444D(2)).
3. The Chairman of the meeting may admit or reject a claim for the purpose of voting at the meeting.
4. Should the Company enter into a Deed of Company Arrangement or Liquidation, the Administrators or Liquidators, as applicable, will call for formal proofs of debt on Form 535 as prescribed if a distribution to creditors is possible. Please note that the above is for voting purposes only and will not entitle the creditor to rank for a dividend.
5. This particulars of debt or claim form is for voting purposes only and does not entitle the creditor to a dividend.

When completed please return to:

Email: nicole.creighton-jones@au.ey.com

Facsimile: (02) 9248 4235

Address: EY Centre, 200 George Street, Sydney NSW 2000

Appendix E - Proxy Form

Regulation 5.6.29

FORM 532
Corporations Act 2001
APPOINTMENT OF PROXY

WPG Resources Limited (Administrators Appointed)
(Receivers and Managers Appointed) ACN 109 426 502

*I/*We (1).....
of
a *creditor/*contributory/*debenture holder /*member of **WPG Resources Limited (Administrators Appointed)**
(Receivers and Managers Appointed) appoint (2)
or in his or her absenceas *my/*our *general/*special
proxy to vote at the meeting of creditors to be held on Thursday, 27 June 2019 at the Stamford Plaza, 150 North
Terrace, Adelaide, SA, 5000 at 1:00 PM ACST or at any adjournment of that meeting, to vote:

*generally as he/she determines on *my/*our behalf
OR

*specifically in accordance with the following special instructions (insert special instructions):(3)

Resolution	For	Against	Abstain
"That the remuneration of the Joint and Several Administrators of WPG Resources Ltd (Administrators Appointed) (Receivers and Managers Appointed), their partners and staff, for the period commencing 1 October 2018 to 14 April 2019 amounting to \$84,429.50 (plus GST), plus out of pocket expenses (plus GST), calculated on a time basis at the hourly rates charged by the Joint and Several Administrators and their staff as disclosed in the Circular to Creditors dated 31 July 2018, be approved and that the Joint and Several Administrators be authorised to draw these funds from the Administration account."			
"That the future remuneration of the Joint and Several Administrators of WPG Resources Ltd (Administrators Appointed) (Receivers and Managers Appointed), their partners and staff, for the period commencing 15 April 2019 to conclusion of the Voluntary Administration be approved in the amount of \$71,092.60 (plus GST), plus out of pocket expenses (plus GST), calculated on a time basis at the hourly rates charged by the Joint and Several Administrators and their staff as disclosed in the Circular to Creditors dated 31 July 2018, and that the Joint and Several Administrators be authorised to draw these funds from the Administration account."			
That the Company execute a Deed of Company Arrangement in similar terms to those outlined and referred to in the Administrators' report as "DOCA 1"			
That the Company execute a Deed of Company Arrangement in similar terms to those outlined and referred to in the Administrators' report as "DOCA 2"			
That the Company execute a Deed of Company Arrangement in similar terms to those outlined and referred to in the Administrators' report as "DOCA 3"			
That the Company be wound up			
1a. If the Company is wound up, that a Committee of Inspection be formed			
1b. If the Company is wound up, that the Liquidators be authorised to destroy the Company's records pursuant to section 542 of the Corporations Act 2001			
That the Administration should end			
"That the remuneration of the Deed Administrators from date of the execution of the DOCA to the effectuation of the DOCA be determined at a sum equal to the cost of time spent by the Deed Administrators, their partners and staff, calculated at the hourly rates as detailed in the Initial Remuneration Notice dated 31 July 2018, is approved up to a capped amount of \$60,000 (excl. GST), and that the Deed Administrators can draw the remuneration on a monthly basis or as required."			
"That the future remuneration of the Joint and Several Liquidators of WPG Resources Ltd (In Liquidation), their partners and staff, for the period 27 June 2019 to the completion of the winding up be approved to the amount of \$25,000.00 (plus GST), plus out of pocket expenses (plus GST), calculated on a time basis at the hourly rates charged by the Joint and Several Liquidators and their staff as disclosed in the Circular to Creditors dated 31 July 2018, and that the Joint and Several Liquidators be authorised to draw the funds from the Liquidation account."			

DATED

.....
Signature

Notes:

- (1) If a firm, strike out "I" and set out the full name of the firm.
 - (2) Insert the name, address and description of the person appointed.
 - (3) If a special proxy add the words "to vote for" or the words "to vote against" and specify the particular resolution.
 - (4) The signature of the creditor, contributory, debenture holder or member is not to be witnessed by the person nominated as proxy.
- *strike out if inapplicable

CERTIFICATE OF WITNESS

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

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

DATE

Signature

Appendix F - Statement of Teleconference

**WPG Resources Limited
(Administrators Appointed)
(Receivers and Managers Appointed)
ACN 109 426 502
("the Company")**

Teleconference facilities are available for creditors who are unable to attend the second meeting of creditors in person. The teleconference details are provided below

Telephone numbers	Australian Capital Territory	+61 (0) 2 6109 0500
	New South Wales	+61 (0) 2 8017 5702
	Queensland	+61 (0) 7 3015 0562
	South Australia	+61 (0) 8 8127 9736
	Victoria	+61 (0) 3 8687 0546
	Western Australia	+61 (0) 8 6331 0000
	Toll Free (Australia wide)	1800 012 332

PIN No.: Please contact Nicole Creighton-Jones via email as below to obtain a PIN number for teleconference details.

If you wish to attend the meeting by telephone, you must complete the statement below and return it to my office with the Particulars of Debt Form and Appointment of Proxy form (if applicable) no later than **3.00 PM AEST on Tuesday, 25 June 2019**.

Name of creditor:

Name of proxy or attorney (if applicable):

Address for notices:

Telephone number:

Email address (for last minute connection details):.....

DATED

Signature.....

When completed please return to:

Attention: Nicole Creighton-Jones
Email: nicole.creighton-jones@au.ey.com

All originals **must** be forwarded by post to confirm validity.

Appendix G - DOCA Proposals



First Guardian Synergy Capital Pty Ltd
Suite 401, 88 Mountain St, Ultimo NSW 2007 Australia
Email: enquiry@synergyibank.com

17 April 2019

Private & Confidential

Attn: Mr Gregory Dudley, Mr Jonathan Colbran and Mr Richard Stone
RSM Australia Partners
Joint and Several Receivers and Managers

By Email

Dear John,

WPG Resources Ltd (Receivers and Administrators Appointed) (Administrators Appointed) ACN 121 831 472 ("The Company")
– **Binding Proposal for Recapitalisation**

We refer to the appointment of RSM Australia Partners in its capacity as Joint and Several Receivers and Managers ("**Receivers**") and the appointment of Ernst & Young in its capacity as Joint and Several Administrators ("**Administrators**") to the Company and each of its subsidiaries.

This letter sets out the key terms of a binding proposal upon which First Guardian Synergy Capital Limited (ACN 619 169 667) ("**FG Synergy**") submits an offer to you for FG Synergy or its nominee(s) to act as proponent in relation to the recapitalisation of the Company by way of a Deed of Company Arrangement ("**DOCA**") under Part 5.3A of the Corporation Act or otherwise.

1. Offer and Material Terms

1.1 Subject to the conditions set out in this letter, FG Synergy offers to act as a proponent to manage and assist with the recapitalisation process for the Company as set out below ("**Proposal**").

1.2 The material terms of the Proposal are as follows:

- (a) FG Synergy or nominees of FG Synergy will provide \$600,000 cash ("**Creditor Payment**") and new shares with a minimum value of \$100,000 comprising 10,000,000 shares at \$0.01 per share ("**Creditor Issue**") towards the creditors of the Company, by way of payment into a Creditors' Trust. The Creditor Payment is to be paid as follows:
 - (i) \$25,000 deposit payable within seven business days of FG Synergy formally nominated as the preferred bidder ("**Deposit**"). The Deposit will be non-refundable after Creditor approval of DOCA with respect to the Proposal. The Deposit will be refundable within seven days should Creditor approval not be received in full.
 - (ii) \$575,000 payable within seven business days of shareholder approval of the DOCA. A Proof of Funds of at least \$575,000 from FG Synergy's Related Bodies Corporate or Associated Entity under Section Part 1.2 Division 6 of the Corporation Act will be delivered to Administrator within 7 business days of FG Synergy formally nominated as the preferred bidder.

- (b) The Creditors Trust will comprise:
- (i) Creditor Payment including deposit from the Proponent;
 - (ii) Issue of new shares with a minimum value of \$100,000 comprising 10,000,000 shares at \$0.01 per share;
 - (iii) Any residual asset and shareholding in subsidiaries of the Company, including any proceeds from the assets sale (net of realisation costs).
 - (iv) Cash held by Administrators to the Company and each of its subsidiaries (incl any future GST refunds, etc);
- (c) The Company will consolidate its existing securities on a one (1) for two hundred (200) basis. For the avoidance of doubt, the Company will have 4,536,451 fully paid ordinary shares ("Shares") and no other material securities on issue post consolidation.
- (d) The Company will undertake the following capital raisings the through the issue of securities (on a post consolidation basis) ("**Capital Raisings**"):
- (i) an issue of up to 80,000,000 Shares at an issue price of \$0.01 each to FG Synergy and/or its nominees, via a Proponent Raising, together with 5 free attaching options for each share issued exercisable at \$0.01 on or before the date which is 4 years post their issue ("**Proponent Raising**");
- (e) The Capital Raisings are to be conducted in or about four months or such other date as mutually agreed between FG Synergy and the Administrator acting reasonably.
- 1.3 FG Synergy may vary the proposed capital structure and the structure of the Capital Raisings (including the Share consolidation and the terms of the Capital Raisings) at the discretion of FG Synergy or its nominees, subject to necessary regulatory and/or the Company shareholder approvals first being obtained (if required).

1.4 Proposed Capital Structure

	No. of Shares
Existing Shareholders (after consolidation)	4,536,451
Creditor Issue	10,000,000
Proponent Raising (maximum)	80,000,000
Total Shares	94,536,451

- 1.5 Priority claims will be dealt in according to relative sections of the Corporations Act.
- 1.6 The Administrator are to become the Deed Administrators of DOCA upon execution.

2. Conditions of Proposal

- 2.1 The above offer under the Proposal is subject to and conditional upon the following:
- (a) The Company to excise all subsidiaries;
 - (b) Approval by the Company's creditors at the creditors' meeting;
 - (c) The Secured Creditor agreeing to be bound by the Proposal;

- (d) All security interests over the property of the Company to be released;
- (e) All liabilities (including tax liabilities) of the Company as at settlement of the Proposal to be mutually released and compromised as between those parties under the DOCA;
- (f) The receipt of shareholder approval on all resolutions with respect to the Proposal;
- (g) Termination of the employment of all employees of the Company, if any, at no cost to the Company post the DOCA's;
- (h) All share options, if any, being cancelled;
- (i) All employee options and rights, if any, being cancelled;
- (j) All regulatory approvals and consents in relation to any aspect of the Proposal as may be required by its constitution, the Corporation Act, the ASIC, the ASX or the ASX Listing Rules.

3. Costs

3.1 FG Synergy will:

- (a) prepare the required general meeting materials and, as necessary, will submit these materials to ASX, the Australian Securities & Investments Commission and the Administrators for approval prior to despatch to the shareholders of the Company.
- (b) bear its own cost in relation to the preparation of the above documents which sums shall be reimbursed by the Company of the Creditor Payment and all such costs in the event that the Proposal is approved.

3.2 Administrators/Deed Administrators will bear its own cost in:

- (a) reviewing the above meeting materials.
- (b) preparing the first drafts of the DOCA(s) and Creditors' Trust Deeds.
- (c) appointing an independent expert if ASIC determines that an Independent Expert's Report is required to be included with the Notice of Meeting.

4. About FG Synergy

- 4.1 FG Synergy is an Australian subsidiary of Synergy Solution Management Group Limited ("the Group"). The Group, founded in 2005, is experienced in a broad range of corporate transactions including IPO, reverse takeover, recapitalisation and scheme of arrangements, DOCA, distressed advisory of listed companies in Australia, Hong Kong and the United States.
- 4.2 Over the past decades, the Group's senior management has advised the sophisticated cross-board recapitalisation and restructuring of companies on NASDAQ and Hong Kong Stock Exchange with total transaction value over US\$10 billion (Please refer to Appendix A for detail transaction record).
- 4.3 The Group has an extensive relationship with institutional investors, brokers and high net worth individuals in Australia, United States, Hong Kong, Singapore and China.

5. Binding offer and acceptance

- 5.1 This letter constitutes a binding offer by FG Synergy to the Administrator and the Company to undertake the recapitalisation of the Company on the terms and conditions of the Proposal set out above. It will be used with a view to preparing a term sheet to outline in greater detail how the Proposal is to be undertaken ("**Term Sheet**"). For the avoidance of doubt, other than paragraph 4.2, the offer in this letter is conditional upon the parties agreeing and signing the Term Sheet.
- 5.2 Notwithstanding paragraph 4.1, this letter, and all information, documents or discussions between the parties in relation to it, are confidential and must not be disclosed by FG Synergy, the Company, the Administrators (or any of their respective officers, employees, agents or contractors) to another person, except:
- (a) with the written consent of the other parties;
 - (b) to the extent required by law or court order;
 - (c) to the extent required by ASX Listing Rules; or
 - (d) on a confidential basis to a party's legal, accounting, financial, insurance and other professional advisors who require the information for the purposes of considering or giving effect to a transaction under this letter.
- 5.3 The offer in this letter remains open and capable of acceptance until 5:00 pm (Sydney time) on 31 May 2019 following which it will lapse without further notice.

Please contact Jerry Li on +852 56110467 or +61 2 8006 0183 to discuss any aspect of this proposal. We look forward to working with the Administrator to progress to the next stage of executing a binding Term Sheet.

Yours sincerely,

FIRST GUARDIAN SYNERGY CAPITAL PTY LTD



Ms Li Wei
Director

APPENDIX A. Selected Track Records of Senior Management

Recent ASX Related Transactions:

- IPO Lead Manager for Star Combo Pharma Limited (S66.AX)
- IPO Lead Manager for 5G Networks Limited (5GN.AX)
- Buy-side M&A Advisory for Yancoal Australia Ltd (YAL.AX) with transaction value over US\$400 million
- Faster Enterprice Limited (FE8, AX), Reverse Takeover (In progress)
- Wolf Mineral Limited (WLF, AX), Deed of Company Arrangement

Transaction outside of Australia

International Scheme of Arrangement of Listed Companies:

- Wuzhou International Holdings Limited (1369.HK), transaction value over US\$3.1 Billion (In progress)
- China Forestry Holdings Limited (930.HK), transaction value over US\$1.15 billion
- Siu-Fung Ceramics Holdings Limited (544.HK), transaction value over US\$440 million
- First Mobile Group Holding Limited (865.HK), transaction value over US\$128 million
- Sound International Limited (967.HK), transaction value over US\$120 million
- Peregrine Investments Holdings Limited, transaction value over US\$1 billion

Reverse Takeover of Listed Companies:

- Delta Technology Holdings Ltd (DELT.NQ), transaction value over US\$50 million
[2014 Cross Border M&A Deal of the Year (\$50mm – \$100mm group) named by The M&A Advisor]
- Guangdong Investment Limited (270.HK), transaction value over US\$2.2 billion
- Brightoil Petroleum (Holdings) Limited (933.HK), transaction value over US\$1.75 billion
- AAG Energy Holdings Ltd (2686.HK), transaction value over US\$370 million
- China Precious Metal Resources Holdings Co Ltd (1194.HK), transaction value over US\$300 million

Sponsor or Lead Manager for more than 20 IPOs on Hong Kong Stock Exchange

Private & Confidential

Our ref: WRD:JGA:1162030
 Contact: William Davies
 Direct Line: (08) 9288 6622
 Email: william.davies@lavan.com.au
 Partner: Joseph Abberton
 Direct Line: (08) 9288 6765
 Email: joseph.abberton@lavan.com.au

120

Representing
 Western Australians
 for 120 years

20 June 2019

Mr Brett Lord and Mr Sam Freeman
 EY

By Email: brett.lord@au.ey.com

By Email: sam.freeman@au.ey.com

Dear Brett and Sam

WPG Resources Limited (Administrators Appointed) (Receivers and Managers Appointed) (the Company) – Proposal for Recapitalisation and Restructure

1 This letter sets out the key terms of a non-binding proposal upon which our client, Wilson International Capital Limited (**Wilson**), submits an offer to you in your capacity as voluntary administrators of the Company (**Receivers**) for Wilson or its nominee(s) to act as proponent in relation to the recapitalisation and restructure of the Company by way of a Deed of Company Arrangement (**DOCA**) under Part 5.3A of the Corporation Act or otherwise.

2 Offer and Material Terms

2.1 Subject to the conditions set out in this letter, Wilson offers to act as proponent to manage and assist with the recapitalisation and reconstruction process for the Company as set out below (**Proposal**).

2.2 The material terms of the Proposal are as follows:

2.2.1 The Company will consolidate its existing securities such that the Company will have 12,540,000 fully paid ordinary shares (**Shares**) and no other material securities on issue post consolidation.

A full service Western Australian firm:

Asian Investment

Banking & Finance

Construction & Infrastructure

Corporate, Commercial & Tax

Employment & Safety

Family Law

Insolvency & Reconstruction

Intellectual Property

Liquor Licensing

Litigation & Dispute Resolution

Media & Defamation

Planning & Environment

Private Wealth

Property & Leasing

Wills & Estates

Our values:

Commitment

Integrity

- 2.2.2 The Company will undertake the following capital raisings and/or asset injection through the issue of securities (on a post consolidation basis) (Capital Raisings):
- (a) an issue of approximately 200,000,000 Shares at an issue price of \$0.02 each to sophisticated and professional investor clients of Wilson and/or its nominees, via a private placement (**Private Placement**);
 - (b) an issue of approximately 40,000,000 Shares at an issue price of \$0.02 each to Wilson and/or its nominees via a public prospectus (**Public Placement**); and
 - (c) an issue of up to 26,400,000 Shares at a deemed issued price of \$0.02 each to Wilson or nominees of Wilson as payment for corporate advisory services provided.
- 2.2.3 The Private Placement shall be undertaken as soon as practicable after Approval (as defined in paragraph 2.2.5(b) below) and the Public Placement is expected to be conducted within four months of Approval or such other date as mutually agreed between Wilson and the Administrators of the Company (**Administrators**).
- 2.2.4 Wilson or nominees of Wilson will provide \$850,000 in cash towards the creditors of the Company and funding the costs of the Administrators, by way of and payment into a Creditors' Trust (**Creditor Payment**) of which the Administrators will be the trustee.
- 2.2.5 The Creditor Payment is to be paid as follows:
- (a) \$20,000 within 5 business days of Wilson and the Receivers executing a binding Terms Sheet (as defined in paragraph 5.1); and
 - (b) \$830,000 within 5 business days of the creditors and shareholders of the Company approving and agreeing to support the Proposal at the second creditors' meeting and a meeting of shareholders (**Approval**).
- 2.2.6 The Creditor Payment is to be distributed to creditors as follows:
- (a) Firstly, in respect of the administrators' and deed administrators' fees and costs in the maximum amount of \$265,000; next

- (b) Next to the secured creditor (BOPL) an amount of \$525,000; next
 - (c) Last, the balance to unsecured creditors which will be a minimum of \$60,000.
- 2.2.7 The Creditors' Trust (which will be subject to BOPL's security interest) will comprise:
 - (a) The Creditor Payment.
 - (b) Any and all assets of the Company.
 - (c) Any cash held by the administrators of the Company.
- 2.3 Wilson may vary the proposed capital structure and the structure of the Capital Raisings (including the Share consolidation and the terms of the Capital Raisings) at the discretion of Wilson or its nominees, subject to necessary regulatory and/or the Company shareholder approvals first being obtained (if required).

3 Conditions of Proposal

- 3.1 The above offer under the Proposal is subject to and conditional upon the following:
 - 3.1.1 The Company to excise all subsidiaries.
 - 3.1.2 The Receivers/Administrators shall procure any such changes or appointments to the Company's board of directors as Wilson requests from time to time.
 - 3.1.3 The Proposal must be approved by the Company's creditors at the second creditors' meeting.
 - 3.1.4 The Proposal must be approved by the Company's shareholders at a meeting of the Company's shareholders.
 - 3.1.5 The Proposal must be formalised by way of the following documents (**Transaction Documents**) in a form that is satisfactory to Wilson (in its absolute discretion):
 - (a) a DOCA approved by the Company's creditors that reflects the terms of the Proposal (including the document in paragraph 3.1.5(b) below), and on terms that are consistent with sections 444DA and 556 of the Corporations Act; and
 - (b) a Creditors' Trust Deed to establish the Creditors' Trust referred to above under which the Administrators (as Trustee) will administer claims and distribute the

trust fund to the creditors of the Company in a manner consistent with section 556 of the Corporations Act.

- 3.1.6 All liabilities between the Company and each of its creditors (including any secured creditors) as at settlement of the Proposal must be mutually released and compromised as between those parties under the DOCA.
- 3.1.7 The DOCA must be wholly effectuated and the appointment of the Administrators (as Administrators of the DOCA) must terminate contemporaneously.
- 3.1.8 All creditors will be required to prove their debts against the trustees of the Creditors' Trust as if the trustees were the Company, and payments to creditors must be made in accordance with the DOCA and the Creditors' Trust Deed.
- 3.1.9 Confirmation must be obtained from the Australian Securities Exchange (**ASX**) that it will lift the suspension on the trading of the Company's securities immediately following completion of the Proposal. Such confirmation must be obtained before executing the Terms Sheet or such later date agreed between Wilson, the Receivers and the Administrators.

4 Costs

- 4.1 Wilson will:
 - 4.1.1 prepare the initial drafts of the Transaction Documents;
 - 4.1.2 in consultation with the Receivers/Administrators, take all reasonable steps to:
 - (a) assist the Company in satisfying the ASX reinstatement condition and shareholder consent condition
 - (b) procure that the Company prepares and lodges all mandatory financial reports in relation to the Company as and when required by law, including those required under the ASX Listing Rules; and
 - 4.1.3 prepare the required general meeting materials and, as necessary, will submit these materials to ASX, the Australian Securities & Investments Commission, the Receivers and the Administrators for approval prior to despatch to the shareholders of the Company.
- 4.2 The cost of preparing the above documents, obtaining the relevant approvals and despatching the general meeting materials will be borne by Wilson. However, Wilson will be entitled to claim reimbursement by the



Company of all such costs in the event that the Proposal is approved and the Company's securities are reinstated to trading on ASX.

- 4.3 Wilson's legal advisers are Lavan (The Quadrant, 1 William St, Perth WA 6000) and can be contacted on 08 9288 6765 (Joseph Abberton).

5 Binding offer and acceptance

- 5.1 This letter constitutes a non-binding offer by Wilson to the Receivers and the Company to undertake the recapitalisation and reconstruction of the Company on the terms and conditions of the Proposal set out above. It will be used with a view to preparing a binding terms sheet to outline in greater detail the key terms and conditions for the Proposal (**Terms Sheet**). For the avoidance of doubt, other than paragraph 5.2, the offer in this letter is conditional upon the parties agreeing and signing the Terms Sheet.
- 5.2 Notwithstanding paragraph 5.1, this letter, and all information, documents or discussions between the parties in relation to it, are confidential and must not be disclosed by Wilson, the Company, the Receivers or the Administrators (or any of their respective officers, employees, agents or contractors) to another person, except:
- 5.2.1 with the written consent of the other parties;
 - 5.2.2 to the extent required by law or court order;
 - 5.2.3 to the extent required by ASX Listing Rules; or
 - 5.2.4 on a confidential basis to a party's legal, accounting, financial, insurance and other professional advisors who require the information for the purposes of considering or giving effect to a transaction under this letter.
- 5.3 The offer in this letter remains open and capable of acceptance until 5:00pm (Perth time) on 28 June 2019 following which it will lapse without further notice.

We look forward to working with you to progress to the next stage.

Yours sincerely

A handwritten signature in black ink, appearing to read "Joseph Abberton".

Joseph Abberton
Partner

Please notify us if this communication has been sent to you by mistake. If it has been, any privilege between solicitor and client is not waived or lost and you are not entitled to use it in any way.

17 June, 2019

Mr Brett Lord
Ernst & Young
200 George St
SYDNEY NSW 2000

Mr Adam Cormack
RSM
70 Kent St
DEAKIN ACT 2600

Dear Sirs,

WPG Resources Ltd ("The Company") - Proposal for Recapitalisation

This letter sets out the revised key terms of a proposal in which Prodigy Global submits an offer to you to act as a proponent in relation to the recapitalisation of the Company by way of a Deed of Company Arrangement ("DOCA") under Part 5.3A of the Corporation Act. Prodigy Global will act on behalf of Mr Jose Gonzales Garcia (MR JGG) and its nominees, whom are the ultimate beneficiary of the transaction.

1. Offer and material terms

1.1 The material terms are set out as follows:

1.1.1 MR JGG or its nominees will provide \$1,000,000 cash ("Creditor Payment") towards the creditor of the Company.

1.1.1.1 20% of the cash (being \$200,000) will be deposit payable within ten business days recommending MR JGG's proposal, a brief legal due diligence will be required to make sure the company is clean and has no further liabilities (including but not limited to environmental/contamination issues). The deposit will be paid after the legal due diligence is completed at MR JGG's discretion. The due diligence is expected to be completed within 10 working days.

1.1.1.2 The remaining balance, 80% of the cash (being \$800,000), will be payable within ten business days of shareholder approval of the DOCA. A proof of fund will be provided to Administrator within 7 days.

1.1.2 The Creditors Trust will comprise:

1.1.2.1 Creditor Payment including deposit from Proponent;

1.1.2.2 Residual assets including proceeds from the assets sale

1.1.2.3 Cash held by Administrators

1.1.3 The Company will consolidate its existing securities on a one (1) for three hundred (300) basis or until MR JGG's obtains minimum of 90% of the shareholding upon the Creditor Payment.

Jose Gonzales Garcia
2019/06/17

1.1.4 The Company will undertake a capital raising (post consolidation basis), of an issue up to 60,000,000 shares at an issue price of \$0.01, together with 5 free attaching options for each share issued (exercisable at \$0.01 for a period of 5 years post issue). The Company will also issue new shares with a value of \$20,000 of 2,000,000 shares at \$0.01 per share to Prodigy Global or its nominee at no extra cost;

1.1.5 The capital raising will be conducted within 6-12 months of DOCA approved, depending on market conditions. The structure of capital raising may vary at the discretion of the Proponent or its nominees, subject to regulatory/shareholder approvals (if required).

2 Condition of the proposal

2.1 The offer is subject to the following conditions:

2.1.1 Approval by The Company's creditors at the second creditors meeting

2.1.2 All liabilities (including tax liabilities and environmental liabilities) of the Company to be mutually released and compromised between parties under the DOCA. This includes liabilities of its subsidiaries also.

2.1.3 Shareholder approval of the clauses 1.1.3 and 1.1.4 stated in this DOCA.

2.1.4 Termination of all employees of the Company at no cost post DOCA and all employees benefits and redundancies are paid in full.

2.1.5 All existing share options and employee options be cancelled

2.1.6 All regulatory approvals as required by Constitution, the Corporation Act, ASIC, ASX and any other required approvals.

2.1.7 Securities are released by creditors.

2.1.8 Deed Administrators to remove current directors and appoint three directors that are nominated by MR JGG.

3 Costs and expenses

3.1 MR JGG will bear its own cost for preparation of required general meetings to ASX, ASIC and the approval of shareholders.

3.2 MR JGG will pay Prodigy Global for the work undertaken for a total sum of \$170,000 from the Creditor Payment before all other payments. To leave no doubts, this would result a remaining balance of \$830,000 for the actual Creditor Payment.

3.3 Administrator/Deed Administrators will bear its own costs in reviewing the proposal and any other work deemed necessary.

4 About MR JGG and its nominees

4.1 MR JGG and its nominees is a consortium that has worked on a numerous investments, recapitalisation/restructure of HK listed companies and a number of IPOs on major exchanges around the world, including NASDAQ, HK main board and Chinese main board. They have also

Jose Gonzalez Garcia
2019/06/12

1.1.4 The Company will undertake a capital raising (post consolidation basis), of an issue up to 60,000,000 shares at an issue price of \$0.01, together with 5 free attaching options for each share issued (exercisable at \$0.01 for a period of 5 years post issue). The Company will also issue new shares with a value of \$20,000 of 2,000,000 shares at \$0.01 per share to Prodigy Global or its nominee at no extra cost;

1.1.5 The capital raising will be conducted within 6-12 months of DOCA approved, depending on market conditions. The structure of capital raising may vary at the discretion of the Proponent or its nominees, subject to regulatory/shareholder approvals (if required).

2 Condition of the proposal

2.1 The offer is subject to the following conditions:

2.1.1 Approval by The Company's creditors at the second creditors meeting

2.1.2 All liabilities (including tax liabilities and environmental liabilities) of the Company to be mutually released and compromised between parties under the DOCA. This includes liabilities of its subsidiaries also.

2.1.3 Shareholder approval of the clauses 1.1.3 and 1.1.4 stated in this DOCA.

2.1.4 Termination of all employees of the Company at no cost post DOCA and all employees benefits and redundancies are paid in full.

2.1.5 All existing share options and employee options be cancelled

2.1.6 All regulatory approvals as required by Constitution, the Corporation Act, ASIC, ASX and any other required approvals.

2.1.7 Securities are released by creditors.

2.1.8 Deed Administrators to remove current directors and appoint three directors that are nominated by MR JGG.

3 Costs and expenses

3.1 MR JGG will bear its own cost for preparation of required general meetings to ASX, ASIC and the approval of shareholders.

3.2 MR JGG will pay Prodigy Global for the work undertaken for a total sum of \$170,000 from the Creditor Payment before all other payments. To leave no doubts, this would result a remaining balance of \$830,000 for the actual Creditor Payment.

3.3 Administrator/Deed Administrators will bear its own costs in reviewing the proposal and any other work deemed necessary.

4 About MR JGG and its nominees

4.1 MR JGG and its nominees is a consortium that has worked on a numerous investments, recapitalisation/restructure of HK listed companies and a number of IPOs on major exchanges around the world, including NASDAQ, HK main board and Chinese main board. They have also

Jose, Gonzalez Gapeira.

2019/06/12

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