

AM10

Notice of administrator's progress report



Companies House

For further information, please
refer to our guidance at
www.gov.uk/companieshouse

1	Company details
Company number	0 5 8 7 5 5 2 5
Company name in full	North River Resources Plc

→ **Filling in this form**
Please complete in typescript or in
bold black capitals.

2	Administrator's name
Full forename(s)	Shane
Surname	Crooks

3	Administrator's address
Building name/number	55
Street	Baker Street
	London
Post town	
County/Region	
Postcode	W 1 U 7 E U
Country	

4	Administrator's name ^①
Full forename(s)	Mark
Surname	Shaw

① Other administrator
Use this section to tell us about
another administrator.

5	Administrator's address ^②
Building name/number	55
Street	Baker Street
	London
Post town	
County/Region	
Postcode	W 1 U 7 E U
Country	

② Other administrator
Use this section to tell us about
another administrator.

AM10

Notice of administrator's progress report



6 Period of progress report

From date	^d 1	^d 1	^m 0	^m 6	^y 2	^y 0	^y 2	^y 0	
To date	^d 1	^d 0	^m 1	^m 2	^y 2	^y 0	^y 2	^y 0	

7 Progress report

☒ I attach a copy of the progress report

8 Sign and date

Administrator's signature	Signature 								
Signature date	^d 0	^d 8	^m 0	^m 1	^y 2	^y 0	^y 2	^y 1	

**Presenter information**

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name **Shane Crooks**

Company name **BDO LLP**

Address **5 Temple Square**
Temple Street

Post town **Liverpool**

County/Region

Postcode **L 2 5 R H**

Country

DX

Telephone **01512 374 500**

**Checklist**

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☐ The company name and number match the information held on the public Register.
- ☐ You have attached the required documents.
- ☐ You have signed the form.

**Important information**

All information on this form will appear on the public record.

**Where to send**

You may return this form to any Companies House address, however for expediency we advise you to return it to the address below:

The Registrar of Companies, Companies House,
Crown Way, Cardiff, Wales, CF14 3UZ.
DX 33050 Cardiff.

**Further information**

For further information please see the guidance notes on the website at www.gov.uk/companieshouse or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.gov.uk/companieshouse

North River Resources Plc - In Administration

Summary of Receipts and Payments from 11 June 2020 (date of appointment) to 10 December 2020

	Statement of Affairs Value	Sterling Account 11 June 2020 to 10 December 2020	US Dollar Account 11 June 2020 to 10 December 2020
	(£)	(£)	(\$)
Receipts			
Cash at Bank	143,596	12,685.09	165,718.64
Castlelake Funding		-	1,403,833.00
Interest		2.64	-
VAT Refund	28,201	20,118.61	-
		<u>32,806.34</u>	<u>1,569,551.64</u>
Payments			
Drawdown - Pre-payment Facility	1,614,386	-	1,400,000.00
Consultant's Fees		-	26,833.31
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Legal Disbursements		-	12.72
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Professional Fees		-	2,406.92
Agents' Fees & Disbursements		1,657.50	-
Storage Costs		498.43	-
Input VAT		431.19	776.57
		<u>2,590.12</u>	<u>1,476,230.23</u>
Balance in hand		<u>30,216.22</u>	<u>93,321.41</u>

BDO LLP
55 Baker Street
London
W1U 7EU

Shane Crooks
Joint Administrator
08 January 2021

Note

As set out in the Proposals, since the Joint Administrators' appointment a further \$500k was drawn down under the Senior Secured Facility, with the proceeds being sent directly to NLZM to fund operational expenses in that company. The Senior Secured Facility was repaid on 17 July 2020, by an amount of \$2,604,379 advanced under the Administration Funding Facility. None of these receipts and payments are shown in the summary above, as they were not paid into the Administration estate.

TO ALL KNOWN MEMBERS AND CREDITORS

8 January 2021

Our Ref NRRPLC/SC/DF/C3

Please ask for: David Forster

Phone: 0151 237 4530

Email: BRCMTLondonandSouthEast@bdo.co.uk

Dear Sirs

North River Resources Plc ('the Company') - In Administration

It is now six months since the Joint Administrators' appointment in respect of the Company. In accordance with Rule 18.6 of the Insolvency (England and Wales) Rules 2016 ('the Rules'), we are now reporting on the progress made in implementing the approved proposals and achieving the statutory purpose of the Administration for the period from 11 June 2020 to 10 December 2020 ('the Period').

This report should be read in conjunction with the Joint Administrators' proposals ('the Proposals'), which were uploaded to the creditor portal on 5 August 2020.

1 Statutory information

The Joint Administrators are Shane Crooks (officeholder number: 15110) and Mark Shaw (officeholder number: 8893) both of BDO LLP, 55 Baker Street, London, W1U 7EU. They were appointed in respect of the Company on 11 June 2020.

Under the provisions of paragraph 100(2) of Schedule B1 to the Insolvency Act 1986 ('the Act') the Joint Administrators carry out their functions jointly and severally, meaning any action can be done by one Administrator or by both of them.

The Joint Administrators were appointed by the directors pursuant to Paragraph 22 of Schedule B1 to the Act. The Administration proceedings are dealt with in the High Court of Justice, Business and Property Courts of England and Wales, Insolvency and Companies List (ChD) and the court case number is CR-2020-002723.

The Company's registered office is situated at 55 Baker Street, London, W1U 7EU and the registered number is 05875525.

2 Receipts and payments accounts

Enclosed for your information, is a summary of the receipts and payments for the Period showing a balance in hand of \$93,321 in a US dollar account and £30,216 in a sterling account.

The transactions shown are largely self-explanatory; however, I comment specifically on the following:

Cash at bank

At the date of appointment the Company's existing bank accounts were frozen and balances of \$165,719 and £12,685 were transferred to the Administration bank accounts.

VAT refund

During the Period the Company received £20,119 from HM Revenue and Customs in respect of pre-appointment VAT refunds for the final quarter of 2019 and the first quarter of 2020. Further VAT refunds are anticipated.

Castlelake funding and Prepayment Facility

As set out in the Proposals, prior to our appointment non-binding heads of terms had been agreed with CL Ventures Lux SARL ('Castlelake'), a shareholder and a secured and unsecured creditor of the Company, documenting the terms on which Castlelake would be prepared to provide the Company with a \$2.32m limited recourse Administration Funding Facility ('the Facility'). The purpose of the Facility was to fund the costs of the Administration and allow the Company's trading subsidiary, Namib Lead and Zinc Mining (Pty) Ltd ('NLZM'), to continue to operate whilst the Joint Administrators sought to achieve the statutory purpose of the Administration.

Upon appointment, the Joint Administrators sought potential alternative funders with a view to ensuring that the terms negotiated with Castlelake were the best that could be obtained in the circumstances. In the limited time available, no alternative funders were identified, and the Joint Administrators proceeded to negotiate the Facility with Castlelake.

The Facility and associated documentation were executed on 17 July 2020, with the first drawdown of \$1.4m being requested and received on the same day.

As previously reported, c\$1.27m of the drawdown was utilised to repay the amount outstanding under a 'Prepayment Facility' provided to NLZM by Concord Resources Limited ('Concord'). As a result of the Administration, Concord had issued a notice of default and acceleration of the debt due under the Prepayment Facility, which created a debt immediately due and payable in NLZM. It was therefore necessary to make available to NLZM sufficient funds from the Facility to settle the Prepayment Facility, so as to avoid any enforcement action against NLZM, as it was considered that such action would likely result in a significant deterioration in the value of NLZM.

Further information in relation to the Facility is contained within the Proposals. During the Period, no further drawdowns have been requested.

3 Costs in the Administration

I provide below a summary of the professional fees and other expenses which have been paid in the Period; and which have accrued in the Period but not yet been paid. Where possible, I also provide an estimate of the future costs that are anticipated.

The fees of the Joint Administrators are dealt with separately in section 11 below.

Professional Fees and Expenses - US Dollar	Paid (US\$)	Accrued not paid (US\$)	Anticipated future costs (US\$)
Nellene Financial Investments & Services (Consulting Fees & Disbursements)	26,833.31	-	11,499.99
ENSAfrica (Legal Fees & Disbursements)	5,176.94	15,454.66	-
Ernst & Young Namibia (Accounting fees)	2,406.92	-	-
Total	34,417.17	15,454.66	11,499.99

Nellene Financial Investments & Services has provided administrative and financial management services throughout the Period to the Company and its wider group. In particular, it provides the services of the Chief Financial Officer of NLZM. It was paid \$26,833 during the Period.

ENSAfrica provided Namibian legal advice in relation to the Facility and associated documentation, and the sale of NLZM (see section 5, below). It was paid \$5,177 during the Period, and has also accrued further fees of \$15,454.

Ernst & Young Namibia received \$2,407 during the Period, in relation to advice provided in respect of certain Namibian tax matters.

Professional Fees and Expenses - Sterling	Paid (£)	Accrued not paid (£)	Anticipated (£)
Throgmorton UK Ltd (Agents Fees & Disbursements)	1,657.50	-	-
Fieldfisher LLP (Legal Fees & Disbursements)	-	144,573.00	Uncertain
United Insurance Brokers Ltd	40,837.49	-	-
Total	42,494.99	144,573.00	Uncertain

Throgmorton UK Limited, an administrative outsourcing company engaged by the Company, was paid £1,658 for providing professional services in respect of the Company's outstanding pre-appointment VAT returns.

Fieldfisher LLP has provided English law legal advice to the Company and the Joint Administrators throughout the Period, in particular in relation to the negotiation of the Facility and the associated documents, and the sale of NLZM. No fees were paid in the Period. Fees of £144,573 have been incurred in the Period but not yet paid. Future costs are uncertain and will depend on the nature of any further advice that may be required.

United Insurance Brokers Ltd was paid £40,837 in relation to insurance premiums for the officers of the Company and the wider group. This provides run-off cover for the directors

of the Company, and ongoing cover for the directors of the Company's subsidiaries which are not in any insolvency process.

4 Pre-appointment costs

The Proposals included provision for pre-appointment costs as set out below:

- (i) The fees charged by the Joint Administrators' firm;
- (ii) The expenses incurred by the Joint Administrators' firm;
- (iii) The fees charged (to the Joint Administrators' knowledge) by any other person qualified to act as an insolvency practitioner.

In accordance with Rule 3.35(10) of the Rules, the table below summarises the outstanding costs for which approval was sought and obtained. No payments in respect of these outstanding sums have been made during the Period (albeit these costs will be paid from asset realisations and/or the Facility).

Pre-appointment costs	Accrued £
(i)	31,598.93
(ii)	10,515.00
(iii)	Nil
Total	<u>42,113.93</u>

5 Sale of certain assets of the Company

As detailed in the Proposals, the Company acts as a holding company for a number of subsidiaries, with all but one of these being dormant. The remaining subsidiary, NLZM (a Namibian company), was established to operate a lead and zinc mine in Namibia. The Company holds 90% of the issued share capital of NLZM.

The Company was funded initially via unsecured shareholder loans provided by its two largest shareholders, Castlelake and Greenstone Resources LP ('Greenstone'). This in turn allowed the Company to fund, in particular, the activities of NLZM; up until the summer of 2019, significant investment had been made into NLZM in order to develop the necessary mine infrastructure and ramp-up the mine. The mine commenced production in or around August of 2019.

The investment in NLZM was identified as the only significant asset of the Company. As set out in the Proposals, steps were required to be taken to ensure that NLZM was protected from any enforcement action from its own creditors, so as to ensure that it remained stable and in good standing. Failure to do so would have likely resulted in a significant deterioration in the value of NLZM.

As previously reported, the Joint Administrators took steps to realise value from an orderly sale of the Company's interest in NLZM. The Joint Administrators' team, together with BDO's specialist mining team based in Perth and the management team of NLZM, prepared a financial model for the business and appropriate marketing materials.

In total, 97 potential buyers were identified and approached with a teaser document. Any parties interested in the opportunity were invited to sign a non-disclosure agreement ('NDA'), following which they were given access to an online data room and the detailed financial model.

Of the interested parties, 14 parties signed an NDA and 4 parties made indicative offers by an extended deadline of 3 September 2020. Upon receipt of the indicative offers, we evaluated each offer and made further enquiries of the parties where necessary. Best and final offers were then requested, with one party pulling out of the process and the remaining three parties maintaining their indicative offers.

Following a review of the offers received, the Joint Administrators ultimately accepted an offer from Castl lake for the Company's interest in NLZM (this being the shareholding and intra-group loans). Castl lake's offer was formed of a 'credit bid' of 100% of its secured debt, and a cash element of £671k to meet the costs of the Administration. The Castl lake offer was the highest offer in terms of value, and considered the most deliverable offer in the circumstances.

During the Period, the Joint Administrators have therefore undertaken the sales process, negotiated, and documented the sale of the Company's interest in NLZM. The transaction documents were executed on 21 December 2020, but the transaction will not complete until certain conditions precedent in relation to regulatory approvals required in Namibia are met. Based upon the advice received from local advisors, the Joint Administrators currently expect that the transaction will complete on or before the end of March 2021.

6 Achieving the purpose of the Administration

As set out in the Proposals, the statutory purpose of an administration consists of three objectives, which must be considered by the Joint Administrators in the cascading order set out below. We address the progress that has been made to date in respect of each objective:

a) The first objective is rescuing the Company as a going concern (i.e. restructuring the Company's business; resulting in the survival of the Company as a corporate entity). As previously noted, the Company is a non-trading entity which holds shares in a number of subsidiaries, most of which are dormant. It also has substantial liabilities due in respect of the Facility and unsecured shareholder loans. Given the extent of these liabilities, it was considered unlikely that the first objective would be achieved; however, during the Period the Joint Administrators consulted with the Company's two key stakeholders, Castl lake and Greenstone, to establish whether a restructuring of the Company would be feasible. The Joint Administrators formed the view that a restructuring would not be a realistic option in the circumstances, and they therefore determined that the first objective was unachievable.

b) The second objective is achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in administration). As detailed in the Proposals, the Administration proceedings have allowed the Joint Administrators to secure funding to allow the Company's subsidiary, NLZM, to continue to operate in care and maintenance mode whilst an orderly sale process was undertaken. This process was viewed as the optimal way to enable realisations from the Company's interest in NLZM to be maximised (as permitted by the circumstances). As detailed above in section 5, following a full sales process the best offer eventually received was from

Castlelake, and involved a 'credit bid' of its secured debt plus an element of cash consideration to meet the costs of the Administration. As a result, the value that will be realised upon completion does not ultimately allow for a distribution to be paid to unsecured creditors of the Company; it has not therefore been possible to achieve the second objective (although it is noted that the settlement of the Concord Prepayment Facility has had the effect of eliminating the claim of a contingent creditor, on the basis that the Company provided a guarantee of NLZM's obligations in respect of the Prepayment Facility).

c) The third and final objective is realising property in order to make a distribution to one or more secured or preferential creditors. There is one secured creditor in the Administration (Castlelake); as the Company had no employees, we are not aware of any preferential creditors. On the basis that the sale of the Company's assets to Castlelake completes, the Joint Administrators will have achieved the third objective of the Administration.

7 Future of the Administration

The Joint Administrators are continuing to manage the business, affairs and property of the Company in accordance with the approved proposals, with the purpose of achieving the third statutory objective of an administration.

On completion of the sale of the assets, the Joint Administrators will take steps to close the Administration and for the Company to be dissolved.

8 Extension of Administration

The Administration will automatically end on 10 June 2021, unless an extension is approved by the Company's creditors or by the court.

At this stage it is not envisaged that an extension will be required; however, the Joint Administrators are aware that the timing on the completion of the sale of the assets is out of their control, and they will therefore need to reassess the position closer to the time to determine if an extension of the Administration will be required.

9 Investigations

The Joint Administrators have a duty to investigate the affairs of the Company to establish if there are any actions that can be pursued for the benefit of creditors and members as a whole, including investigations into the conduct of the Company's officers (including de facto and shadow officers).

In this latter respect, the Joint Administrators must submit a confidential report to the Secretary of State of the UK Government's Department for Business, Energy & Industrial Strategy regarding the conduct of all directors and shadow directors during three years preceding the Administration appointment; this report has been submitted.

If any creditor or member has any information that they wish to bring to our attention, which may assist us in the Administration or which they believe merits further information, they should contact the Joint Administrators c/o BDO LLP, 5 Temple Square, Temple Street, Liverpool, L2 5RH.

10 Prospects for creditors

Secured creditor

As at the date of the Joint Administrators' appointment, the Company had one secured creditor, Castlake, arising from a Senior Secured Facility ('the Secured Facility') which was in place at the time of the Administration appointment. The debt was secured by various charges over the shares in the Company's subsidiaries and various intra-group loans due to the Company.

The Secured Facility was repaid in the sum of \$2.604m on 17 July 2020, by an amount advanced under the Facility. As noted above, a further \$1.4m of 'new money' has been drawn under the Facility during the Period; in total, the secured debt currently stands at c\$4m prior to interest and charges on the new money.

As set out in the Proposals, the terms of the Facility provide that, in certain circumstances, up to \$2.32m of Castlake's unsecured shareholder loan could be rolled-up into secured debt, under a 'Roll-Up Feature' by which for each \$1 of new money advanced under the Facility, Castlake could convert \$1.275 of existing unsecured debt to secured debt. The potential Rolled-Up debt does not form part of Castlake's credit bid (i.e. the credit bid is for c\$4m plus the interest and charges accruing on the new money element; as previously noted, the bid at this level delivered the highest offer in terms of value).

Preferential creditors

The Company had no employees and therefore no claims from preferential creditors are anticipated.

Unsecured creditors

The statement of affairs sets out unsecured creditors' claims of £17,174,991. The creditors' claims notified to date total £11,766,317. The Joint Administrators have not adjudicated upon the creditor claims received.

Of the claims received, £11,745,921 is a claim from Castlake in respect of its shareholder loan (this claim includes debt that could have otherwise been Rolled-Up into secured debt under the Roll-Up Feature). The Joint Administrators anticipate that a further claim could be made in the Administration by Greenstone in respect of its shareholder loan of £6,965,764 (according to the Company's books and records and the Statement of Affairs).

As detailed above, the value that will be realised on completion of the sale of the assets does not allow for a distribution to the unsecured creditors. There are no other known assets which will provide a return to any classes of creditor.

Prescribed part

Under the provisions of Section 176A of the Act, the Joint Administrators must state the amount of funds available to unsecured creditors in respect of the prescribed part. This provision only applies where a company has granted a floating charge to a creditor after 15 September 2003.

The Company did grant a floating charge after 15 September 2003, and therefore the prescribed part will apply in this Administration. Given the anticipated realisations from the floating charge assets (limited to cash and the VAT refund) and the level of costs in the Administration, however, the Joint Administrators estimate that the Company's net property will be zero, and therefore there will be no funds available to pay a prescribed part distribution to the unsecured creditors in this Administration.

11 Joint Administrators' Remuneration

The Joint Administrators were obliged to fix their remuneration in accordance with Rule 18.16 of the Rules. This permits remuneration to be fixed either:

- (1) As a percentage of the assets realised and distributed; and/or
- (2) By reference to the time the Joint Administrators and the staff have spent attending to matters in the Administration; and/or
- (3) As a set amount; and/or
- (4) As a combination of the above.

At the outset of the Administration, the outcome of the Administration was uncertain, and the Joint Administrators did not know whether there would be funds available to allow any distribution to the Company's unsecured creditors. Consequently, the Joint Administrators sought approval of their remuneration on a time cost basis in line with their Fees Estimate, from the Company's general body of creditors. This was obtained following the issue of the Proposals.

I attach a schedule detailing the time costs incurred to date. The schedule covers the Period and records time costs of £399,636, which represents 824 hours spent dealing with the Administration, at an average charge-out rate of £485 per hour.

I also attach the Fees Estimate, annotated to show the time costs accrued in respect of each activity with a narrative explanation in respect of any overruns. You will note that the costs incurred to the end of the Period exceed the Fees Estimate by £48,782. In accordance with Rule 18.30(2)(b) of the Rules, a decision that the Joint Administrators' remuneration be approved on a time cost basis in accordance with the Revised Fee Estimate must be sought from creditors who fixed the original basis of remuneration. I have therefore enclosed a Revised Fee Estimate for the consideration and approval of both the general body of creditors and the secured creditor.

For guidance, we enclose a document that outlines the policy of BDO LLP in respect of our fees and disbursements.

12 Joint Administrators' disbursements

12.1 Category 1 disbursements

Where disbursements are recovered in respect of precise sums expended to third parties there is no necessity for these costs to be authorised. These are known as category 1 disbursements. Category 1 disbursements totalling £188 have accrued in the Period in

relation to statutory bonding and statutory advertising costs, as detailed in the table below:

	Cat. 1 (£)	Total (£)
Statutory Advertising	88.00	88.00
Bonding	100.00	100.00
Total	188.00	188.00

No disbursements have been drawn during the Period.

12.2 Category 2 disbursements

As set out in the Proposals, BDO's mining team in Perth has assisted the Joint Administrators' specialist M&A colleagues in running the sales process, given its significant sector knowledge and experience. BDO Perth's costs are treated as a category 2 disbursement as it is a separate legal entity under separate ownership from BDO LLP in the UK.

Category 2 disbursements of AU\$296,640 have accrued during the Period, but have not been paid from the Administration estate (albeit these costs will be paid from asset realisations and/or the Facility). These expenses relate entirely to the work undertaken by BDO Perth in relation to the sale of the Company's interest in NLZM. These Category 2 disbursements were approved following the issue of the Proposals.

Aside from BDO Perth's costs, no additional category 2 disbursements are expected to be drawn in this Administration.

13 Notice of decision procedure

A notice arranging a Decision Procedure, together with a voting form, is attached to this report. The resolutions will be dealt with using the 'Qualifying Decisions Procedure' as set out in the Rules. This will involve a resolution procedure. Creditors are requested to use the attached Voting Form to vote on these resolutions and to send the completed form to BRCMTLondonandSouthEast@bdo.co.uk.

The Decision Date for resolutions is 26 January 2021. You should return the resolution form to the Joint Administrators by 4pm on the business day before this date. If you have not already done so, you will need to send us a proof of debt for your resolutions to be included in the Decision. Creditors with a 'small debt' of £1,000 or less must send a proof of debt for their resolution to count, even though they may receive dividends without sending a proof of debt.

Additional information regarding the resolution procedure is set out below under Notice of Arranging a Decision Procedure for Creditors.

Please note that it is not compulsory for creditors to participate in the decision procedures; this will not in any way affect your rights to recover any sums owing as an unsecured claim against the Company.

14 Creditor rights and enquiries

Creditors with the concurrence of at least 5% in value of the unsecured creditors may within 21 days of this report request in writing further information regarding the remuneration and expenses set out in this report.

In accordance with Rule 18.9(3) of the Rules within 14 days of such a request we will provide further information or explain why further information is not being provided. Creditors may access information setting out creditors' rights in respect of the approval of the Joint Administrators' remuneration at: <https://www.bdo.co.uk/en-gb/insights/advisory/business-restructuring/creditors-guides>.

Creditors with the concurrence of at least 10% of the creditors may apply to the court if they consider that the remuneration of the Joint Administrators, or the basis fixed for their remuneration or the expenses charged by the Joint Administrator are excessive (Rule 18.34 of the Rules). Such an application must be made within 8 weeks of receiving this report. The text of Rules 18.9 and 18.34 are set out at the end of this report.

The Joint Administrators are bound by the Insolvency Code of Ethics when carrying out all professional work relating to this appointment. A copy of the code can be found at <https://www.icaew.com/technical/ethics/icaew-code-of-ethics/icaew-code-of-ethics>.

The Insolvency Service has established a central gateway for considering complaints in respect of Insolvency practitioners. In the event that you make a complaint to me but are not satisfied with my response, you should visit <https://www.gov.uk/complain-about-insolvency-practitioner> where you will find further information on how you may pursue the complaint.

If you require any further information please contact me or my colleague David Forster at BRCTLondonandSouthEast@bdo.co.uk.

Yours faithfully
For and on behalf of
North River Resources Plc



Shane Crooks
Joint Administrator
Authorised by the Institute of Chartered Accountants in England & Wales in the UK

Enclosures
Receipts and Payments Accounts
SIP 9 Time Cost Report for the Period
Fees Estimate to Accrued Time Comparison
BDO LLP Policy in Respect of Fees and Disbursements
Statement of Creditors' Rights in respect of Fees and Disbursements

North River Resources Plc - In Administration

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BDO LLP
55 Baker Street
London
W1U 7EU

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North River Resources Plc - In Administration

Detailed Time Charged and Rates Applicable for the Period From 11 June 2020 to 10 December 2020

Description	PARTNER		MANAGER		ASSISTANT MANAGER		SENIOR EXECUTIVE		EXECUTIVE		GRAND TOTAL	
	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £
03. Asset Tracing			2.15	1,079.30							2.15	1,079.30
04. Agent Instruction/Liaising			2.25	1,129.50							2.25	1,129.50
05. Sales Info. Preparation			5.70	2,901.40							5.70	2,901.40
06. Property Related Matters			0.95	476.90							0.95	476.90
14. Sale of Business/Assets	83.25	65,247.25	81.85	34,779.65	86.50	26,890.25	0.75	218.25	13.00	2,769.00	265.35	129,904.40
99. Other Matters	2.50	1,957.50	9.50	4,800.85							12.00	6,758.35
E. Sub Total	85.75	67,204.75	102.70	45,318.20	86.50	26,890.25	0.75	218.25	13.00	2,769.00	288.70	142,400.45
G. Employee Matters												
02. Dealing with Employees			3.30	1,656.60							3.30	1,656.60
99. Other Matters			2.70	1,355.40							2.70	1,355.40
G. Sub Total			6.00	3,012.00							6.00	3,012.00
H. Creditor Claims												
02. Secured Creditors			1.70	853.40							1.70	853.40
04. Non-Preferential Creditors	3.00	2,349.00	1.70	794.15			2.25	654.75			6.95	3,797.90
06. Other Creditors			3.35	1,681.70							3.35	1,681.70
99. Other Matters	0.50	391.50	0.50	251.00							1.00	642.50
H. Sub Total	3.50	2,740.50	7.25	3,580.25			2.25	654.75			13.00	6,975.50
I. Reporting												
01. Statutory Reporting	7.50	5,872.50	4.60	1,850.20					7.05	853.05	19.15	8,575.75
02. Reporting to Appointor	0.50	391.50									0.50	391.50
04. Reporting to Creditors			0.45	225.90			1.30	378.30			1.75	604.20
99. Other Matters			9.20	4,618.40							9.20	4,618.40
I. Sub Total	8.00	6,264.00	14.25	6,694.50			1.30	378.30	7.05	853.05	30.60	14,189.85
	229.95	188,952.20	300.95	142,033.85	96.45	28,193.70	102.85	29,141.80	91.70	11,103.45		

Net Total:	824.30	399,636.20
Other Disbursements:		188.00
Grand Total:		399,824.20

North River Resources Plc - In Administration

Fees Estimate to Accrued Time Comparison

Below is the original Fees Estimate annotated with a column showing the time costs accrued during the Period in respect of each activity. The last column shows the Revised Fees Estimate as at 10 December 2020.

Fees Estimate as at 5 August 2020 compared to accrued time as at 10 December 2020

Joint Administrators' Fees	Total hours	Blended rate £	Original Fees Estimate £	Accrued fees as at 10 December 2020 £	Revised Fees Estimate as at 10 December 2020 £
Summary Activity					
A. Pre Appointment Matters	46.55	678.82	31,598.93	31,598.93	31,598.93
Total			31,598.93	31,598.93	31,598.93
B. Steps on Appointment	96.75	337.42	32,645.15	33,854.95	33,854.95
C. Planning and Strategy	138.7	555.45	77,041.30	77,478.15	77,478.15
D. General Administration	164.25	537.38	88,265.35	121,725.30	126,725.30
E. Assets Realisation/Dealing	250.30	440.28	110,202.85	142,400.45	147,400.45
F. Trading Related Matters	-	-	-	-	-
G. Employee Matters	6.00	502.00	3,012.00	3,012.00	3,012.00
H. Creditor Claims	17.35	510.66	8,859.95	6,975.50	6,975.50
I. Reporting	40.15	414.38	16,637.30	14,189.85	21,689.85
J. Distribution and Closure	29.25	485.14	14,190.25	-	7,500.00
TOTAL	492.45		350,854.15	399,636.20	424,636.20

Expenses Estimate

Officeholder CAT 1 Disbursements	500.00	188.00	500.00
Officeholder CAT 2 Disbursements	160,000.00	165,000.00	165,000.00
Other Expenses			
Agents Costs	Uncertain	1,657.50	Uncertain
Solicitors costs	230,000.00	159,945.55	159,945.55

As set out in this report, the Joint Administrators' original Fees Estimate was approved on a time cost basis at the quantum set out above. In accordance with Rule 18.30(2)(b) of the Rules, a decision that the Joint Administrators' remuneration be approved on a time cost basis in accordance with the Revised Fees Estimate must be sought from creditors who fixed the original basis of remuneration.

Detail of Work Undertaken

Where possible, work is delegated by the Joint Administrators to their staff and the work is conducted by suitably qualified and experienced members of staff at different hourly costs. Additional time costs were incurred in some areas which were not anticipated at the time of the original Fees Estimate, including additional time spent dealing with asset realisations, various unexpected legal matters and an extended sales process.

The original Fees Estimate was prepared on the basis that the sale would complete, and the Administration be closed, by 31 December 2020. The sale process was extended to allow as many parties as possible to participate in the circumstances, and to allow the Joint Administrators to achieve the maximum value for the Company's interest in NLZM. In addition to this, the documentation of the sale was delayed due to a number of unexpected legal issues and regulatory matters in Namibia.

As set out in the table above, there are two areas where the fees have significantly exceeded the original Fees Estimate and therefore our Revised Fees Estimate has been increased in respect of the following:

- **General Administration:** this heading includes time spent liaising with legal and other professional advisors. The Joint Administrators and their team spent a significant amount of unforeseen time ensuring that the proposed sale transaction was appropriately structured and dealt with all local Namibian law issues. As such our Revised Fees Estimate has been increased to include this additional time of 73 hours at an average charge-out rate of £527.
- **Asset Realisation/Dealing:** the additional time spent in this category is predominantly a result of the extended timeline of the sales process, protracted dealings with certain interested parties, and additional complications in documenting the sale and ancillary documents relating to regulatory matters in Namibia. We anticipate some further costs will be incurred in relation to finalising these sales documents and therefore we have increased our Revised Fees Estimate to reflect this. The additional time of 75 hours is at an average charge-out rate of £493.

Further to the above, there are areas under our original Fees Estimate where we now anticipate costs will be lower and have adjusted our Revised Fees Estimate accordingly.

- **Distribution and Closure** - we have decreased the anticipated time spent in our Revised Fees Estimate, in relation to distributing funds in the Administration. The original Fees Estimate provided for time spent carrying out a prescribed part dividend. Following the conclusion of the sales process, the anticipated asset realisations and the costs of the Administration will result in the Company's net property being zero, and therefore there will be no funds available to pay a prescribed part or unsecured distribution to the unsecured creditors in this Administration. As such, we have lowered our Revised Fees Estimate for this element of activity.
- **Creditor Claims** - as detailed above, a prescribed part dividend is no longer anticipated. Therefore, we do not expect as high a quantity of correspondence with creditors and, as such, we have reduced our Revised Fees Estimate for this element of activity.



North River Resources Plc - In Administration

In accordance with best practice I provide below details of policies of BDO LLP in respect of fees and expenses for work in relation to the above assignment.

The current charge out rates per hour of staff within my firm who may be involved in working on the assignment follows:

GRADE	£
Partner	788-873
Manager	201-788
Assistant Manager	151-302
Senior Administrator	140-302
Administrator	74-281
Other Staff	74-147

This in no way implies that staff at all such grades will work on the case. The rates charged by BDO LLP are reviewed on a regular basis and are adjusted to take account of inflation and the firm's overheads.

Time spent on casework is recorded directly to the relevant case using a computerised time recording system and the nature of the work undertaken is recorded at that time. Units of time can be as small as 3 minutes. BDO LLP records work in respect of insolvency work under the following categories:

Pre Appointment
Steps upon Appointment
Planning and Strategy
General Administration
Asset Realisation/Management
Trading Related Matters
Employee Matters
Creditor Claims
Reporting
Distribution and Closure
Other Issues.

Under each of the above categories the work is recorded in greater detail in sub categories. Please note that the 11 categories provide greater detail than the six categories recommended by the Recognised Professional Bodies who are responsible for licensing and monitoring insolvency practitioners.

Where an officeholder's remuneration is approved on a time cost basis the time invoiced to the case will be subject to VAT at the prevailing rate.

Where remuneration has been approved on a time costs basis a periodic report will be provided to any committee appointed by the creditors or in the absence of a committee to the creditors. The report will provide a breakdown of the remuneration drawn and will enable the recipients to see the average rates of such costs.

Other Costs

Where expenses are incurred in respect of the insolvent estate they will be recharged. Such expenses can be divided into two categories:



Category 1 disbursements

This heading covers expenses where BDO LLP has met a specific cost in respect of the insolvent estate where payment has been made to a third party. Such expenses may include items such as advertising, couriers, travel (by public transport), land registry searches, fees in respect of swearing legal documents etc. In each case the recharge will be reimbursement of a specific expense incurred.

Category 2 disbursements ^[1]

We propose to recover from the estate the time costs of BDO Perth in relation to its work on the sales process for NLZM.

Where applicable, all disbursements will be subject to VAT at the prevailing rate.

BDO LLP
8 January 2021

¹ Note 1 - In this case BDO LLP has chosen not to charge for the cost of travel where staff use either their own vehicles or company cars in travelling connected with the insolvency.

Statement from the Insolvency (England and Wales) Rules 2016 regarding the rights of creditors in respect of the Joint Administrators' fees and expenses:

Creditors' and members' requests for further information in administration, winding up and bankruptcy

18.9.—(1) The following may make a written request to the office-holder for further information about remuneration or expenses (other than pre-administration costs in an administration) set out in a progress report under rule 18.4(1)(b), (c) or (d) or a final report under rule 18.14—

- (a) a secured creditor;
 - (b) an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors (including the creditor in question);
 - (c) members of the company in a members' voluntary winding up with at least 5% of the total voting rights of all the members having the right to vote at general meetings of the company;
 - (d) any unsecured creditor with the permission of the court; or
 - (e) any member of the company in a members' voluntary winding up with the permission of the court.
- (2) A request, or an application to the court for permission, by such a person or persons must be made or filed with the court (as applicable) within 21 days of receipt of the report by the person, or by the last of them in the case of an application by more than one member or creditor.
- (3) The office-holder must, within 14 days of receipt of such a request respond to the person or persons who requested the information by—
- (a) providing all of the information requested;
 - (b) providing some of the information requested; or
 - (c) declining to provide the information requested.
- (4) The office-holder may respond by providing only some of the information requested or decline to provide the information if—
- (a) the time or cost of preparation of the information would be excessive; or
 - (b) disclosure of the information would be prejudicial to the conduct of the proceedings;
 - (c) disclosure of the information might reasonably be expected to lead to violence against any person; or
 - (d) the office-holder is subject to an obligation of confidentiality in relation to the information.
- (5) An office-holder who does not provide all the information or declines to provide the information must inform the person or persons who requested the information of the reasons for so doing.
- (6) A creditor, and a member of the company in a members' voluntary winding up, who need not be the same as the creditor or members who requested the information, may apply to the court within 21 days of—
- (a) the office-holder giving reasons for not providing all of the information requested; or
 - (b) the expiry of the 14 days within which an office-holder must respond to a request.
- (7) The court may make such order as it thinks just on an application under paragraph (6).

Remuneration and expenses: application to court by a creditor or member on grounds that remuneration or expenses are excessive

18.34.—(1) This rule applies to an application in an administration, a winding-up or a bankruptcy made by a person mentioned in paragraph (2) on the grounds that—

- (a) the remuneration charged by the office-holder is in all the circumstances excessive;
- (b) the basis fixed for the office-holder's remuneration under rules 18.16, 18.18, 18.19, 18.20 and 18.21 (as applicable) is inappropriate; or
- (c) the expenses incurred by the office-holder are in all the circumstances excessive.

(2) The following may make such an application for one or more of the orders set out in rule 18.36 or 18.37 as applicable—

- (a) a secured creditor,
- (b) an unsecured creditor with either—
 - (i) the concurrence of at least 10% in value of the unsecured creditors (including that creditor), or
 - (ii) the permission of the court, or
- (c) in a members' voluntary winding up—
 - (i) members of the company with at least 10% of the total voting rights of all the members having the right to vote at general meetings of the company, or
 - (ii) a member of the company with the permission of the court.

(3) The application by a creditor or member must be made no later than eight weeks after receipt by the applicant of the progress report under rule 18.3, or final report or account under rule 18.14 which first reports the charging of the remuneration or the incurring of the expenses in question ("the relevant report").

Applications under rules 18.34 and 18.35 where the court has given permission for the application

18.36.—(1) This rule applies to applications made with permission under rules 18.34 and 18.35.

(2) Where the court has given permission, it must fix a venue for the application to be heard.

(3) The applicant must, at least 14 days before the hearing, deliver to the office-holder a notice stating the venue and accompanied by a copy of the application and of any evidence on which the applicant intends to rely.

(4) If the court considers the application to be well-founded, it must make one or more of the following orders—

- (a) an order reducing the amount of remuneration which the office-holder is entitled to charge;
- (b) an order reducing any fixed rate or amount;
- (c) an order changing the basis of remuneration;
- (d) an order that some or all of the remuneration or expenses in question is not to be treated as expenses of the administration, winding up or bankruptcy;
- (e) an order for the payment of the amount of the excess of remuneration or expenses or such part of the excess as the court may specify by —
 - (i) the administrator or liquidator or the administrator's or liquidator's personal representative to the company, or
 - (ii) the trustee or the trustee's personal representative to such person as the court may specify as property comprised in the bankrupt's estate;
- (f) any other order that it thinks just.

(5) An order under paragraph (4)(b) or (c) may only be made in respect of periods after the period covered by the relevant report.

(6) Unless the court orders otherwise the costs of the application must be paid by the applicant, and are not payable as an expense of the administration, winding up or bankruptcy.

Applications under rule 18.34 where the court's permission is not required for the application

18.37.—(1) On receipt of an application under rule 18.34 for which the court's permission is not required, the court may, if it is satisfied that no sufficient cause is shown for the application, dismiss it without giving notice to any party other than the applicant.

(2) Unless the application is dismissed, the court must fix a venue for it to be heard.

(3) The applicant must, at least 14 days before any hearing, deliver to the office-holder a notice stating the venue with a copy of the application and of any evidence on which the applicant intends to rely.

(4) If the court considers the application to be well-founded, it must make one or more of the following orders—

- (a) an order reducing the amount of remuneration which the office-holder is entitled to charge;
- (b) an order reducing any fixed rate or amount;
- (c) an order changing the basis of remuneration;
- (d) an order that some or all of the remuneration or expenses in question be treated as not being expenses of the administration or winding up or bankruptcy;
- (e) an order for the payment of the amount of the excess of remuneration or expenses or such part of the excess as the court may specify by —
 - (i) the administrator or liquidator or the administrator's or liquidator's personal representative to the company, or
 - (ii) the trustee or the trustee's personal representative to such person as the court may specify as property comprised in the bankrupt's estate;
- (f) any other order that it thinks just.

(5) An order under paragraph (4)(b) or (c) may only be made in respect of periods after the period covered by the relevant report.

(6) Unless the court orders otherwise the costs of the application must be paid by the applicant, and are not payable as an expense of the administration or as winding up or bankruptcy.



North River Resources Plc ('the Company') - In Administration
In the High Court of Justice, Business and Property Courts of England and Wales, Insolvency and Companies List (ChD) - 002723 of 2020
Registered number: 05875525

NOTICE OF ARRANGING A DECISION PROCEDURE FOR CREDITORS
SECTION 246ZE OF THE INSOLVENCY ACT 1986
Approval of Joint Administrators' Remuneration

NOTICE that the creditors of the Company are invited to make decisions as to whether to approve or reject the decisions below.

Decision Procedure: The creditors are invited to indicate by correspondence whether they approve or reject the decisions. A voting form is attached for recording your vote. The completed form, together with details of your claim if not already provided, must be sent to the Joint Administrators, whose details are below and on the attached form.

Decision date: 26 January 2021

Any nominations for membership of the committee must be received by the Convener, together with a proof of debt form on or before the Decision Date and will only be accepted if the Convener is satisfied as to the nominee's eligibility to be a member of such committee under Rule 17.4 of the Rules.

Creditors may within five business days of this notice require a physical meeting be held to consider the matter. This is explained in more detail overleaf.

To be valid, your response must be received by the Joint Administrators by no later than the Decision Date otherwise it will not be counted.

DECISIONS

That:

1. A creditors' committee be established if sufficient creditors are willing to be members.
2. The Joint Administrators' remuneration be approved on a time cost basis in line with the Revised Fees Estimate dated 8 January 2021.

Any creditor, including creditors whose debt is treated as a small debt (less than £1,000) or who has opted out of receiving notices, must deliver a completed proof of debt form, as detailed above, if they wish to vote, nominate a member for the creditors' committee or request a physical meeting.

Date: 8 January 2021

Shane Crooks
Joint Administrator

The Joint Administrators are Shane Crooks (officeholder No: 15110) and Mark Shaw (officeholder No: 8893) both of BDO LLP, 55 Baker Street, London, W1U 7EU. The Joint Administrators may also be contacted via David Forster at BRCMTLondonandSouthEast@bdo.co.uk.



Certain Rules apply to decision procedures. The full text of the Rules is attached but the effect of those Rules is summarised here:

Creditor Voting rights (R.15.28): Every creditor who has this notice is entitled to vote in respect of the debt due to the creditor. Where there is a physical meeting the creditor must submit a proxy form (not relevant at this stage). Creditors, including creditors whose debt is treated as a 'small debt' (£1,000 or less) must still deliver a proof for voting purposes, if they have not already done so.

Calculation of creditors voting rights (R.15.31): In respect of this Administration creditors' claims will be calculated as at the date the Company entered Administration being 22 March 2019. Claims that have an uncertain value will be valued at £1, or a higher value if the chair allows.

Requisite majority of creditors for making a decision (15.34): A decision is approved if a majority of creditors, by value vote, in favour by the Decision date.

Appeals against decisions (R.15.35): Decisions of the Joint Administrator in convening the Decision Procedure and dealing with voting is subject to appeal to the court by a creditor. Any appeal must be made within 21 days of the Decision date.

Physical Meeting: If creditors want to consider the resolutions at a physical meeting they must notify in writing the Joint Administrator, whose details are above, within five business days of delivery of this notice. A meeting will be convened if sufficient creditors notify the Joint Administrator within the timeframe. Section 246ZE of the Insolvency Act sets the 'minimum number' of creditors for requisitioning a meeting at any of the following:—

- (a) 10% in value of the creditors or contributories;
- (b) 10% in number of the creditors or contributories;
- (c) 10 creditors or contributories.

VOTING FORM

North River Resources Plc - In Administration
Registered number: 05875525

RESOLUTION

(* Please indicate voting preference)

That:

- 1) A creditors' committee be established if sufficient creditors are willing to be members.

***Approved/Rejected**

Do you consent to be a member of the creditors' committee?

***Yes/No**

- 2) The Joint Administrators' remuneration be approved on a time cost basis in line with the Revised Fees Estimate dated 8 January 2021.

***Approved/Rejected**

TO BE COMPLETED BY THE CREDITOR WHEN RETURNING FORM

Name of Creditor

Signature of Creditor

(If signing on behalf of creditor, state capacity e.g. director/solicitor etc)

NOTE: This form must be accompanied by a proof of the amount due to the creditor unless a proof of debt/claim form has already been delivered. Creditors whose debt is treated as a small debt (£1,000 or less) or who have opted out of receiving notices must still deliver a proof for voting purposes otherwise their vote will be disregarded.

This form must be returned to Shane Crooks (officeholder No: 15110) of BDO LLP, 5 Temple Square, Temple Street, Liverpool, L2 5RH, by no later than the Decision date 26 January 2021.

The Joint Administrators may also be contacted via David Forster at
BRCMTLondonandSouthEast@bdo.co.uk



Shane Crooks
Joint Administrator
8 January 2021

Proof of Debt/Claim Form
North River Resources Plc - In Administration
Registered number: 05875525

Debt as at the date of the appointment of Administrators: 11 June 2020

1	Name of creditor (If a company please also give company registration number and where registered).	
2	Address of creditor including email address for correspondence.	
3	Total amount of claim, including any Value Added Tax at the above date.	
4	If amount in 3 above includes outstanding un-capitalised interest please state amount.	£
5	Particulars of how and when debt incurred. (If you need more space append a continuation sheet to this form).	
6	Particulars of any security held, the value of the security, and the date it was given.	
7	Particulars of any reservation of title claimed in respect of goods supplied to which the claim relates.	
8	Provide details of any documents by reference to which the debt can be substantiated. (Note: There is no need to attach them now but the Administrator may call for any document or evidence to substantiate the claim at their discretion as may the chairman or convener of any meeting).	
9	Signature of creditor or person authorised to act on his behalf _____	Dated _____
Name in BLOCK LETTERS _____		
Position with or in relation to creditor _____		
Address of person signing (if different from 2 above) _____		

Deliver to the Joint Administrator, Shane Crooks, Business Restructuring, BDO LLP, 5 Temple Square, Temple Street, Liverpool, L2 5RH