

## The Insolvency Act 1986

## Administrator's progress report

Name of Company Cornish Minerals Limited	Company number 07022896
In the High Court of Justice (full name of court)	For court use only 1848 of 2014

(a) Insert full name(s) and address(es) of administrators

We, David William Tann, Keith Aleric Stevens and John Arthur Kirkpatrick of Wilkins Kennedy LLP, 92 London Street, Reading, Berkshire, RG1 4SJ

Administrators of the above company attach a progress report for the period

From

To

(b) Insert date

(b) 20 November 2015

(b) 19 May 2016

Signed

  
David William Tann  
Joint Administrator

Dated

13/6/16

## Contact Details

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

Wilkins Kennedy LLP  
92 London Street  
Reading  
Berkshire  
RG1 4SJ

Tel 01189 512 131

I have completed and signed this form please send it to the Registrar of Companies at

es House, Crown Way, Cardiff CF14 3UZ

DX 33050 Cardiff



A18 14/06/2016 #381  
COMPANIES HOUSE

TUESDAY

**Cornish Minerals Limited – In Administration  
("the Company")**

**Progress Report to Creditors  
Pursuant to Rule 2.47 of the Insolvency Rules 1986**

**Issued on: 13 June 2016**

Wilkins Kennedy LLP  
92 London Street  
Reading  
Berkshire  
RG1 4SJ

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## **1 Introduction**

I am writing to provide my progress report to creditors. The report covers the period from 20 November 2015 to 19 May 2016 and should be read in conjunction with previous progress reports.

I explained in my last progress report that the investor funding the administration of Western United Mines Limited ("WUM") had raised funds to take WUM out of administration via a Company Voluntary Arrangement ("CVA"), the strategy for which would include providing sufficient funds to allow the Company to exit Administration. The current investor has decided instead to acquire the assets of the Company, namely the shares in WUM and in Cornish Minerals Limited Bermuda ("Bermuda"). The proposed consideration will be sufficient to settle the costs of the administration and to make a small distribution to the secured creditor. There will be no funds for unsecured creditors and so the Company will be dissolved when the administration is complete.

The sale of the assets is contingent on the approval of the CVA for WUM. The CVA proposals were issued on 23 May 2016 and a meeting of creditors to consider the proposals has been convened for 10 June 2016. Assuming the CVA is approved it is expected the sale of the assets will be completed within 30 days of the approval.

Statutory information concerning the Company is attached at Appendix I.

## **2. Purpose and progress of the administration**

The purpose of an administration is to achieve one of the three objectives set out in the insolvency legislation, which are to -

- (a) rescue the company as a going concern, or
- (b) achieve 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), or
- (c) Realise property in order to make a distribution to one or more secured or preferential creditors

The purpose of my appointment was to control the shares in two subsidiaries, WUM, which is in administration, and Bermuda. It was proposed that the investor would settle the costs of the administration of the Company and the secured creditor would waive its claim which would allow the Company to exit administration under the control of directors to be nominated by the investor. As a result objective (a) would be achieved.

Following further negotiations and due diligence the investor has decided instead to acquire the assets only. The proposed consideration will be sufficient to settle the costs of the administration and to make a small distribution to the secured creditor. The Company will then be dissolved. This means that objective (c) is now being pursued.

My detailed proposals as administrator were submitted to creditors on 28 April 2014 and the proposals were approved without modification.

## **3 Receipts and payments account**

My receipts and payments account for the period from 20 November 2015 to 19 May 2016 is attached at Appendix II. As at 19 May 2016 a total of £48.81 was held in the administration bank account. The account is held at Metro Bank, is interest bearing, and I confirm that it has been reconciled to the bank statements.

There have been other payments to my solicitors Boyes Turner for their work in respect of the application for an extension to the automatic end of the administration and for statutory costs to keep Bermuda in good standing. These have been paid direct from WUM from funds provided by the investor and so are not shown on the receipts and payments account for the Company.

#### **4 Asset realisations**

As previously advised, the only assets are the shareholdings in WUM and Bermuda. There have been no realisations since my last report and no further loans have been made by the secured creditor. The main investor in WUM at the time of my last report was Tin Shield Production Inc ("Tin Shield"). The investment is now being made by, Strongbow Exploration Inc ("Strongbow"), a Canadian registered company.

Strongbow is proposing to acquire the assets for £33,000. The acquisition will be made through a new subsidiary called Strongbow Exploration (UK) Limited and a draft sale and purchase agreement has been prepared and the terms agreed with Strongbow. The sale will be contingent upon a CVA being approved for WUM and an agreement between Galena Special Situations Master Fund Limited ("Galena"), the secured creditor in WUM, and Tin Shield Production Inc. The CVA proposal for WUM was issued to creditors on 23 May 2016 and a meeting to consider the proposals has been convened for 10 June 2016.

Assuming the CVA is approved, it is expected that the sale of the assets to Strongbow will be completed not later than 30 days after the CVA approval, although the proposals currently provide for an extension of that time should there be a delay caused by any challenge to the CVA under section 6 of the Insolvency Act 1986, the completion of the Galena/Tin Shield agreement or Strongbow complying with its TSX Exchange approval.

The Company has made significant losses and the draft sale agreement also includes any refunds or repayments of tax and the right to make any such claims. I am not aware of any tax refunds which could be claimed or that Strongbow would be able to use the losses for tax purposes and so I consider that this "asset" has no value.

#### **5. Creditors' claims and dividend prospects**

##### **5.1 Secured creditors**

As advised in my previous reports, the Company gave a fixed and floating charge to Galena on 26 August 2010 which was registered on 3 September 2010. The debt to Galena was shown in the statement of the financial position enclosed with my proposals at £3.16m. Any advances made by Galena to fund this administration will be added to that debt. It is anticipated that the Company's net property available to Galena will be no more than £100.

##### **5.2 Unsecured creditors**

The financial position statement included a nominal provision of £1 for liabilities to HM Revenue & Customs ("HMRC"), plus £4,680 in respect of a possible liability to the Company's accountants. To date, I have received one unsecured creditor claim totalling £312.00.

It is now clear that there will be no funds for distribution to the unsecured creditors.

##### **5.5 Prescribed Part**

My proposals gave details of the prescribed part provisions contained in section 176A of the Insolvency Act 1986. Since the Company's net property is less than £10,000, the insolvency legislation does not require me to distribute the prescribed part of the net property to creditors if I think that the costs of distributing the prescribed part would be disproportionate to the benefits to creditors. I am of the view that the costs of

distribution would be disproportionate in view of the very small balance which will be available and so will not be making a distribution of the prescribed part of the net property to unsecured creditors

## 6. Investigations

I undertook an initial investigation into the Company's affairs to establish whether there were any potential asset recoveries or conduct matters that justified further investigation, taking account of the public interest, potential recoveries, the funds likely to be available to fund an investigation, and the costs involved. I considered in particular transactions which took place at the time of and immediately prior to the Company ceasing to trade.

There were no matters that justified further investigation in the circumstances of this appointment.

Within six months of my appointment, I was required to submit a confidential report to the Secretary of State to include any matters which have come to my attention during the course of my work which may indicate that the conduct of any past or present director would make them unfit to be concerned with the management of the Company. I confirm that my report has been submitted.

## 7. Expenditure

### 7.1 Pre-administration remuneration

On 6 June 2014 the following pre-appointment costs were approved by the secured creditor:

<u>Description</u>	<u>Paid pre-appointment</u> <u>(£)</u>	<u>Total to be paid</u> <u>(£)</u>
Insolvency Practitioners' remuneration	-	745 00
Boyes Turner Solicitors	-	2,251 40

The solicitor's fees have been paid from the funds under my control. My pre-appointment remuneration remains outstanding.

### 7.2 Joint administrators' remuneration

My remuneration was authorised by the secured creditor on 6 June 2014 to be drawn on a time cost basis. My total time costs to 19 May 2016 amount to £17,584 25, which have been charged at an average charge out rate of £179 06. Of this balance £3,303 50 has been charged for the period 20 November 2015 to 19 May 2016 at an average charge out rate of £261 15.

I have not been able to draw any remuneration to date.

A description of the routine work undertaken in the administration is set out at Appendix III. Most of the work in the period of this report has been spent in dealing with the proposed sale of the assets and the draft sale agreement.

A "Creditors Guide to Administrators' Fees" is available at the following internet link [www.r3.org.uk/index.cfm?page=1210](http://www.r3.org.uk/index.cfm?page=1210). A hard copy of this document is available free of charge upon request to my office.

An unsecured creditor may, with the permission of the court or with the concurrence of 5% in value of the unsecured creditors (including the creditor in question), request further details of the joint administrators' remuneration and expenses, within 21 days of receipt of this report. Any secured creditor may request the same details in the same time limit.

An unsecured creditor may, with permission of the court or with the concurrence of 10% in value of the creditors (including the creditor in question), apply to court to challenge the amount and/or basis of the joint administrators' fees and the amount of any proposed expenses or expenses already incurred, within eight weeks of receipt of this report. Any secured creditor may make a similar application to court within the same time limit.

### 7.3 Joint administrators' expenses

My expenses to 19 May 2016 amount to £5,668.68 and are detailed below.

I have not been able to draw any expenses.

<u>Particulars of expense</u>	<u>Type of expense (category 1 or 2)</u>	<u>Amount incurred in period (£)</u>	<u>Amount incurred/accrued to date (£)</u>	<u>Amount outstanding (£)</u>
Postage	1	9.13	83.24	83.24
Stationery	2	1.35	39.80	39.80
Companies House fees	1	-	1.00	1.00
Courier	1	-	190.00	190.00
Specific Bond	1	-	20.00	20.00
Statutory Advertising	1	-	211.00	211.00
IT Administration Fee	1	-	110.00	110.00
Third Party Postage	1	-	13.82	13.82
		<b>10.48</b>	<b>668.68</b>	<b>668.68</b>

The following agents and professional advisors have been used in the liquidation:

<u>Agent / professional advisor</u>	<u>Nature of work</u>	<u>Fee arrangement</u>
Boyes Turner Solicitors	Assistance in negotiating and drafting of the sale agreement	Time costs capped at £5,000 plus VAT

The choice of professionals was based on my perception of their experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of my fee arrangement with them. The fees charged have been reviewed and I am satisfied that they are reasonable in the circumstances of this case.

### 8 Conclusion of the administration

The administration will remain open until the affairs in WUM have been finalised. I anticipate that both matters will be completed before the expiry of the extension of the administration on 26 September 2016.

Should you require any further information relating to the administration of the Company please do not hesitate to contact Sean Cox on the telephone number shown in the covering letter to this report.

  
David William Tann  
Joint Administrator

**Company Information**

Company name Cornish Minerals Limited

Previous name -

Trading style Holding company

Company registration number 07022896

Date of incorporation 17 September 2009

Current registered office Gladstone House  
77 - 79 High Street  
Egham  
Surrey  
TW20 9HY

Former registered office and trading address One America Square  
Crosswall  
London  
EC3N 2SG

Principal trading activity Holding company

**Appointment details**

Date of appointment 14 March 2014

Appointment made by Company director

Court name and reference High Court of Justice No 1848 of 2014

Administrators' appointed David William Tann, Keith Aleric Stevens and John Arthur Kirkpatrick

I P numbers 008101, 008065 and 002230

**Officers of the company**

Directors (in the previous three years)		<u>Appointed</u>	<u>Resigned</u>
	Mr Alan Shoesmith	24 September 2013	-
	Mr Norman Brewster	24 November 2011	25 June 2012
	Mr Duncan Hay	24 November 2011	21 January 2014
	Mr Gerard Lynch	17 September 2009	18 May 2011
	Mr David McQuaig	25 June 2012	28 May 2013
	Mr Geoffrey Smith	25 June 2012	24 September 2013
Company Secretary	SGH Company Secretaries Limited		
Shareholding	The Company's authorised share capital is 18,978,105 ordinary shares of £0.10 each 18,978,105 shares have been issued and are held as follows		
	Baseresult Holdings Limited	5,689,863	
	Cassiterite Limited	8,310,137	
	Cornwall Metals Cooperatief U A	4,978,105	

**Charges**

<u>Name of chargeholder</u>	<u>Type of charge</u>	<u>Date created</u>	<u>Date registered</u>
Galena Special Situations Master Fund Limited	Fixed and floating	26 August 2010	3 September 2010



**Cornish Minerals Limited - In Administration**  
**Joint Administrators' Abstract of Receipts & Payments**

**From 20 November 2015 To 19 May 2016**

S of A £		From 20/11/15	From 14/03/14
		To 19/05/16	To 19/05/16
<b>ASSET REALISATIONS</b>			
NIL	Investments - Western United Mines	NIL	NIL
	Bank Interest Gross	0 06	0 21
NIL	Shareholdings - Western United Mines Limited	NIL	NIL
NIL	Shareholdings - Cornish Minerals Limited	NIL	NIL
NIL	Loan from Secured Creditor	NIL	2,300 00
		0 06	2,300 21
<b>COST OF REALISATIONS</b>			
	Legal Fees	NIL	(1,882 00)
		NIL	(1,882 00)
<b>UNSECURED CREDITORS</b>			
(4,681 00)	Trade & Expense Creditor	NIL	NIL
		NIL	NIL
		0 06	418 21

**REPRESENTED BY**

Vat Receivable	369 40
Current Account	48 81
	<u>418.21</u>

  
**David William Tann**  
**Joint Administrator**

# WILKINS KENNEDY LLP

## Schedule of administrators' remuneration and disbursements

For

Cornish Minerals Limited

for the period to 20 November 2015 to 19 May 2016

### ADMINISTRATORS' FEES

Classification Of work function	HOURS					Time Cost £	Average hourly rate £
	Partner	Manager	Other senior Professionals	Assistants & support staff	Total Hours		
Administration & planning	1 80	0 40	1 25	1 20	4 65	1,050 50	225 91
Cashiering	0 10	0 00	0 00	1 20	1 30	153 00	117 69
Realisation of assets	5 90	0 00	0 00	0 00	5 90	1,840 00	311 86
Creditors	0 00	0 20	0 00	0 00	0 20	50 00	250 00
Statutory Matters	0 30	0 30	0 00	0 00	0 60	210 00	350 00
Total hours	8 10	0 90	1 25	2 40	12 65	3,303 50	261 15
Total fees claimed (£)						NIL	

### Wilkins Kennedy LLP Charge-Out Rates

28 April 2014 to 28 February 2015

£

1 March 2015 to date

£

Partners/Directors 400 00 - 450 00  
 Senior Managers/Managers 270 00 - 300 00  
 Supervisors 205 00  
 Case Managers/Senior Administrators 145 00 - 195 00  
 Administrators/Investigators 100 00 - 160 00  
 Junior/Trainee Administrators 25 00 - 100 00  
 Cashiers/Secretaries 75 00 - 90 00

Partners 400 00 - 450 00  
 Directors/Managers 250 00 - 350 00  
 Senior Administrators 145 00 - 195 00  
 Administrators 100 00 - 160 00  
 Junior/Trainee Administrators 50 00 - 110 00  
 Cashiers/Secretaries 75 00 - 90 00

# WILKINS KENNEDY LLP

## Schedule of administrators' remuneration and disbursements

For

Cornish Minerals Limited

As at 19 May 2016

### ADMINISTRATORS' FEES

HOURS						Time Cost £	Average hourly rate £
Classification Of work function	Partner	Manager	Other senior Professionals	Assistants & support staff	Total Hours		
Administration & planning	3 10	1 15	8 25	22 80	35 30	4,651 75	131 77
Investigations	0 50	-	2 50	-	3 00	512 50	170 83
Realisation of assets	9 80	-	0 50	-	10 30	3,155 00	306 31
Creditors	0 20	0 20	-	3 20	3 60	242 50	67 36
Statutory Matters	8 90	0 30	35 10	0 40	44 70	8,869 50	198 42
Total hours	22 60	1 65	46 35	27 60	98 20	17,584 25	179 06
Total fees claimed (£)						NIL	

### Wilkins Kennedy LLP Charge-Out Rates

#### 28 April 2014 to 28 February 2015

£

Partners/Directors	400 00 - 450 00
Senior Managers/Managers	270 00 - 300 00
Supervisors	205 00
Case Managers/Senior Administrators	145 00 - 195 00
Administrators/Investigators	100 00 - 160 00
Junior/Trainee Administrators	25 00 - 100 00
Cashiers/Secretaries	75 00 - 90 00

Cashiers/Secretaries 75 00 - 90 00

#### 1 March 2015 to date

£

Partners	400 00 - 450 00
Directors/Managers	250 00 - 350 00
Senior Administrators	145 00 - 195 00
Administrators	100 00 - 160 00
Junior/Trainee Administrators	50 00 - 110 00
Cashiers/Secretaries	75 00 - 90 00

### **Explanation of office-holders time charging policy**

In accordance with the provisions of Statement of Insolvency Practice 9 ("SIP9"), the chargeout rates detailed on the previous page are applicable to this appointment exclusive of VAT. Rates are normally reviewed on an annual basis and adjustments made accordingly where deemed appropriate.

Time is recorded in 6 minute units by each staff member working on the case. A description of the routine work undertaken which time will be recorded for is detailed as follows:

#### **1 Administration and planning**

- Preparing documentation and dealing with the formalities of appointment
- Statutory notifications and advertising
- Dealing with all routine correspondence
- Maintaining physical case files and electronic case details
- Reviewing the ongoing progression of case files
- Arranging the collection and storage of company records
- Ensuring an appropriate case bordereau is in place
- Case planning and administration
- Preparing reports to members and creditors
- Convening and holding meetings of members and creditors where appropriate

#### **2 Investigations**

- Review and storage of the company's books and records
- Preparation of returns / reports pursuant to the Company's Directors Disqualification Act 1986
- Conduct investigations into any suspicious transactions
- Reviewing the books and records to identify any transactions or actions that the officeholder may take in order to recover funds for the benefit of creditors

#### **3 Realisation of assets**

- Identifying, securing and obtaining sufficient insurance in respect of company assets
- Dealing with any retention of title or other third party claims
- Debt collection functions
- Negotiating and completing property, business and asset sales

#### **4 Trading**

- Management of trading operations
- Maintaining and preparing accounting records for the period of trade
- Dealing with ongoing employee issues

#### **5 Creditors**

- Dealing with creditor correspondence and telephone conversations
- Maintaining creditor information and claims (including those submitted by secured creditors, employees and other preferential creditors)

### **Explanation of office-holders disbursement recovery policy**

SIP9 also requires that the office holder provide a statement of the office-holder's policy in relation to the recharging of disbursements. SIP 9 defines disbursements as either **Category 1** or **Category 2** disbursements, further details of which are below.

**Category 1** disbursements will generally comprise external supplies of incidental services specifically identifiable to the case, typically for items such as identifiable telephone calls, postage, case advertising, invoiced travel and properly reimbursed expenses incurred by personnel in connection with the case. Also included will be services specific to the case where these cannot practically be provided internally such as printing, room hire and document storage.

**Category 2** disbursements will generally comprise costs which, whilst being in the nature of expenses or disbursements, include elements of shared or allocated costs.

#### **Charging and disbursement recovery policy**

**Category 1** disbursements are recoverable without approval, and will be recovered by the office holder as they are incurred.

**Category 2** disbursements do require approval, and should be identified and subject to approval by those responsible for approving remuneration. SIP 9 provides that, the office holder may make a separate charge for expenses in this category, provided that -

- such expenses are of an incidental nature and are directly incurred on the case, and there is a reasonable method of calculation and allocation, it will be persuasive evidence of reasonableness, if the resultant charge to creditors is in line with the cost of external provision, and
- the basis of the proposed charge is disclosed and is authorised by those responsible for approving his remuneration.

Payments to outside parties in which the office holder or his firm or any associate (as defined by section 435 of the Insolvency Act 1986) has an interest should be treated as category 2 disbursements.

The following items of expenditure are recharged on this basis and are believed to be in line with the cost of external provision:

Photocopying	5p per sheet
Mileage	45p per mile (40p per mile prior to 6 April 2011)
Meeting Room	£50

#### **Complaints procedure**

Details of our complaints procedure are available on our website using the following link:  
<http://www.wilkinskennedy.com/services/wk-restructuring-recovery/insolvency/complaints-procedure>

## Proof of Debt – General Form

### CORNISH MINERALS LIMITED - IN ADMINISTRATION

Date of administration 14 March 2014

1	Name of creditor (If a company please also give company registration number)	
2	Address of creditor for correspondence	
3	Total amount of claim, including any Value Added Tax and outstanding uncapitalised interest as at the date the company went into administration	
4	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 his discretion as may the chairman or convenor of any meeting)	
5	If amount in 3 above includes outstanding uncapitalised interest please state amount	£
6	Particulars of how and when debt incurred (If you need more space append a continuation sheet to this form)	
7	Particulars of any security held, the value of the security, and the date it was given	
8	Particulars of any reservation of title claimed in respect of goods supplied to which the claim relates	
9	Signature of creditor or person authorised to act on his behalf _____	
	Name in BLOCK LETTERS _____	
	Position with or in relation to creditor _____	
	Address of person signing (if different from 2 above) _____	

#### For Administrators' Use only

Admitted to vote for	Admitted for dividend for
£	£
Date	Date
Administrator	Administrator