



For further information, please  
refer to our guidance at  
[www.gov.uk/companieshouse](http://www.gov.uk/companieshouse)

### 1 Company details

Company number 0 9 5 4 0 9 2 6

Company name in full Nq Minerals Plc

#### → Filling in this form

Please complete in typescript or in  
bold black capitals.

### 2 Administrator's name

Full forename(s) Paul

Surname Cooper

### 3 Administrator's address

Building name/number 29th Floor

Street 40 Bank Street

Post town London

County/Region

Postcode E 1 4 5 N R

Country

### 4 Administrator's name ①

Full forename(s) Paul Robert

Surname Appleton

#### ① Other administrator

Use this section to tell us about  
another administrator.

### 5 Administrator's address ②

Building name/number 29th Floor

Street 40 Bank Street

Post town London

County/Region

Postcode E 1 4 5 N R

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	<sup>d</sup> 0	<sup>d</sup> 9	<sup>m</sup> 0	<sup>m</sup> 8	<sup>y</sup> 2	<sup>y</sup> 0	<sup>y</sup> 2	<sup>y</sup> 1	
To date	<sup>d</sup> 0	<sup>d</sup> 8	<sup>m</sup> 0	<sup>m</sup> 2	<sup>y</sup> 2	<sup>y</sup> 0	<sup>y</sup> 2	<sup>y</sup> 2	

### 7 Progress report

☒ I attach a copy of the progress report

### 8 Sign and date

Administrator's signature	Signature X  X								
Signature date	<sup>d</sup> 0	<sup>d</sup> 8	<sup>m</sup> 0	<sup>m</sup> 3	<sup>y</sup> 2	<sup>y</sup> 0	<sup>y</sup> 2	<sup>y</sup> 2	

**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 **Adam Shama**

Company name **Begbies Traynor (London) LLP**

Address **29th Floor**

**40 Bank Street**

Post town **London**

County/Region

Postcode **E 1 4 5 N R**

Country

DX

Telephone **020 7400 7900**

**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**

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**This form is available in an alternative format. Please visit the forms page on the website at [www.gov.uk/companieshouse](http://www.gov.uk/companieshouse)**

Paul Cooper and Paul Robert Appleton were appointed Joint Administrators on 9 August 2021

The affairs, business and property of the Company are being managed by the Joint Administrators, who act as the Company's agents and without personal liability.

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## Nq Minerals Plc (In Administration)

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### Progress report of the Joint Administrators

Period: 9 August 2021 to 8 February 2022

## Important Notice

This progress report has been produced by the administrators solely to comply with their statutory duty to report to creditors on the progress of the administration. The report is private and confidential and may not be relied upon, referred to, reproduced or quoted from, in whole or in part, by creditors for any purpose other than this report to them, or by any other person for any purpose whatsoever.

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# 1. INTERPRETATION

<u>Expression</u>	<u>Meaning</u>
"the Company" or "NQM"	Nq Minerals Plc (In Administration)
"the Administration"	The appointment of Administrators under Schedule B1 to the Insolvency Act 1986 on 9 August 2021
"the Administrators" "we" "our" and "us"	Paul Cooper of Begbies Traynor (London) LLP, 29th Floor, 40 Bank Street, London, E14 5NR and Paul Robert Appleton of Begbies Traynor (London) LLP, 29th Floor, 40 Bank Street, London, E14 5NR
"the Act"	The Insolvency Act 1986 (as amended)
"the Rules"	The Insolvency (England and Wales) Rules 2016 (as amended)
"Secured Creditor" and "Unsecured Creditor"	Secured creditor, in relation to a company, means a creditor of the company who holds in respect of his debt a security over property of the company, and "unsecured creditor" is to be read accordingly (Section 248(1)(a) of the Act)
"Security"	(i) In relation to England and Wales, any mortgage, charge, lien or other security (Section 248(1)(b)(i) of the Act); and  (ii) In relation to Scotland, any security (whether heritable or moveable), any floating charge and any right of lien or preference and any right of retention (other than a right of compensation or set off) (Section 248(1)(b)(ii) of the Act)
"Preferential Creditor"	Any creditor of the Company whose claim is preferential within Sections 386, 387 and Schedule 6 to the Insolvency Act 1986

# 2. STATUTORY INFORMATION

Name of Company	NQ Minerals Plc
Trading name(s):	N/a
Date of Incorporation:	14 April 2015
Company registered number:	09540926
Company registered office:	29th Floor, 40 Bank Street, London, E14 5NR

### 3. DETAILS OF APPOINTMENT OF ADMINISTRATORS

Names of the Administrators:	Paul Cooper, a Licensed Insolvency Practitioner of Begbies Traynor (London) LLP, 29th Floor, 40 Bank Street, London, E14 5NR and Paul Robert Appleton, a Licensed Insolvency Practitioner of Begbies Traynor (London) LLP, 29th Floor, 40 Bank Street, London, E14 5NR
Date of Administrators' appointment:	9 August 2021
Date of Administrators' resignation:	N/a
Court:	Royal Courts of Justice
Court Case Number:	001434 of 2021
Person(s) making appointment / application:	Directors
Acts of the administrators:	The Administrators act as officers of the court and as agents of the Company without personal liability. Any act required or authorised under any enactment to be done by an Administrator may be done by any one or more persons holding the office of Administrator from time to time.
Type of Proceedings:	The proceedings will be COMI proceedings as defined by the Insolvency (England and Wales) Rules 2016 (as amended)
Extensions of the administration period	There have been no previous extensions to the administration period

### 4. PROGRESS DURING THE PERIOD

#### Receipts and Payments

Attached at Appendix 1 is our abstract of receipts and payments for the period from 9 August 2021 to 8 February 2022. This is split between the period up to 29 September 2021, which was summarised in the Joint Administrators' Proposals and the period from 30 September 2021 to 8 February 2022. Comments below are mainly focussed on the actions and realisations made in the latter period.

#### RECEIPTS

##### Goodwill/Brand & Intellectual Property

Whilst there was no value attributed to the Goodwill in the statutory accounts, it was considered that there could be some value attributable to the Group's operations as a whole, as the "NQ Minerals" brand had been established for some time.

However, given that a sales process is being undertaken in respect of some of the Company's investments and the shares have been delisted from the Aquis stock exchange, it does not appear that the brand will be continued or any value secured in that regard.

## Investments in NQ Minerals Pty Limited and Keen Pacific Limited

A Group structure is included at Appendix 4. At the time of the Proposals, the Joint Administrators were, inter alia, considering a variety of options in order to achieve the requisite objective of the Administration:

- 1) Sale or refinancing of one or more of the immediate subsidiaries, NQ Minerals Pty Limited ("NQMPty") and Keen Pacific Limited ("KPL") subject to the relevant secured consents;
- 2) Sale or refinancing of one or more of the underlying subsidiaries or assets (under the control of the Directors of those entities) to enable funds to flow upwards to the Administration, subject to the relevant secured consents; or
- 3) A formal restructuring at NQM level, such as a cram down of certain levels of debt incorporating a debt for equity swap, with the appropriate consent to allow a potential rescue of the Company as a going concern. This was considered to be a very complicated procedure, which would involve a number of different parties to agree, so would need funding to enable the position to be considered properly.

We had been in detailed discussions and correspondence with numerous stakeholders regarding all of these options since the inception of the Administration.

These discussions continued post-dispatch of the Proposals and a very significant number of counterparties had expressed an interest in purchasing some or all of the assets of the Company. All counter-parties were logged on our systems as interested parties in one or all of the Company's assets. The complexity in this case was the corporate structure, as well as gaining a full understanding of the security position that exists on a corporate, as well as specific asset level. The Administrators did receive a detailed analysis of the security with a view to determining their strategy with regard to achieving a purpose of the Administration.

Having taken specialist valuation and marketing advice, it was considered that option 3 was not feasible in the circumstances given the costs that would likely accrue and the uncertainties of the complicated and multi-layered approval process.

Having considered the position further, it was decided that the Joint Administrators would look to market and sell KPL initially as it had the most marketable assets and would offer the most streamlined and achievable sales process. Hilco Streambank ("Hilco") were instructed to undertake a marketing campaign on behalf of the Joint Administrators. Simultaneously, Valuation Consulting, an entity specialising in valuations of businesses, was instructed to undertake a valuation of KPL. Hilco are a leading provider of asset valuations and disposals across asset classes in the UK. Hilco Valuation Services Europe and Hilco Streambank are part of Northbrook, Illinois-based Hilco Global, a worldwide financial services company and leader in helping companies maximise the value of their assets. Prior to finalising this, a significant amount of work was undertaken in formalising a virtual data room with the assistance of the management of the underlying entities.

### KPL – sales process

The sales process was conducted in an environment where the Company's underlying assets are subject to multiple secured creditors. The terms surrounding this debt are complex with a number of inter creditor deeds in operation. Extracting value for creditors in a timely manner and avoiding the necessity to seek court approval, which would have resulted in significant further costs were over arching factors in the conduct of the sale process.

A sales and marketing teaser was launched on 16 November 2021 to acquire KPL detailing the assets and the opportunity. The marketing teaser was distributed to circa 300 parties including Direct Competitors, Private Equity Funds & Strategic Financial Investors, Private Equity Funds with a Distressed Specialism, Global Investors, Sovereign Wealth Funds, Hilco Streambank's own contacts and those provided by the Administrators.

In addition, Hilco listed the opportunity on its website and broadcasted the opportunity across their social media platforms. Parties who expressed further interest in the sale were subsequently provided with access to the virtual



data room under a Non-Disclosure Agreement ("NDA") containing further due diligence documents on KPL. Access to the management was also provided where appropriate and best endeavours were made to answer due diligence questions put forward by interested parties as part of their review.

A deadline for offers of 7 December 2021 at 4:00pm GMT was initially communicated and then extended to 17 December 2021 at 4:00pm GMT to allow for further due diligence. Deadline reminders were sent to parties in the build up to that time. In total, 30 parties directly engaged with Hilco as part of the sales exercise, from which they received offers from five parties.

I am not in a position to provide a breakdown of the five offers received due to confidentiality. However, some of them were very complex in nature and conditional on a number of factors and needed detailed consideration in conjunction with Hilco and my Solicitors, Stephenson Harwood ("SH"). The relevant secured consents at subsidiary level also needed to be considered as part of the process.

Consideration of deliverability and ultimate return to creditors were factors so as to minimise risk in completing a transaction and maximise upfront cash returns, rather than offers that were contingent on certain matters and dependent on third party approval that might not be secured.

In that regard, an offer from the incumbent management of Keen Pacific Limited, Ivy Resources Pty Limited and Hellyer Gold Mines Limited provided the highest upfront cash consideration of £2,650,000. The asset would be purchased through a newly incorporated vehicle and the purchase is unconditional on any third party consents such that its completion is not contingent on complex pre-completion restructuring requirements with multiple third parties. Other benefits of the offer included an agreement to negotiate the restructuring of creditors of NQM in future. Those creditors and underlying investors would be provided with further details by the purchaser once the sale had been completed. The Joint Administrators are under no obligation to these terms.

The Joint Administrators are proceeding with the successful bidding counterparty and an initial non-refundable deposit in the sum of £150,000 was lodged with the Administration Estate shortly prior to Christmas. SH from a UK perspective and Walkers from a BVI perspective were instructed to formulate a sale contract and liaise with the Purchaser's Solicitors with a view to completion. The sale is expected to complete in due course once all legal matters have been dealt with and the Joint Administrators are monitoring progress at the Buyer's side carefully. Funds from the sale, after costs, will be remitted to the Administration Estate.

#### Beaconsfield – sales process

It should be noted that one of the operating subsidiaries of NQM and KPL, Pieman Resources Pty Limited ("Pieman"), had been looking for loan finance since the start of the process in order to support ongoing operations of the underlying Beaconsfield mine and Hellyer Underground Mount Block. This process was being run by the management of Pieman. A funder was sourced and during November 2021, Solicitors were instructed to deal with the relevant agreements. The terms of the facility were not agreed in a timely enough fashion to be put in place and given certain time-critical payments to suppliers and lack of cash, Pieman was obliged to consider alternative options.

In that regard, it was considered that an accelerated sale of the Beaconsfield mine would be the most appropriate course of action to undertake. This process was commenced on 1 December 2021 with offers to be received by 5pm on 6 December 2021. This process was run by management of Pieman but with some oversight from the Joint Administrators. All bidders for KPL were informed that a sale of one of the underlying assets was being undertaken separately.

After considering the offers received, in conjunction with myself as Joint Administrators, the Directors of Pieman agreed to accept an offer from Aquila Gold Mines Pty Ltd in the sum of AUS\$6m and a formal agreement was signed on 6 January 2022. The initial deposit was AUS\$500,000, which has been received, with the remaining balance to be paid on deferred terms. It should be noted that formal completion is dependent on certain conditions being fulfilled within 90 days of the agreement. It is anticipated that these will be met by the desired date in April 2022.

### NQM Minerals Pty Ltd

The Joint Administrators still need to consider any potential realisations that could be secured from NQM Minerals Pty Ltd and its subsidiary assets.

### **Convertible Loan Notes – Tasmania Energy Metals Pty Ltd (“TEM”)**

The Company holds loan notes totalling £617,000 disclosed as an asset on its Balance Sheet, which is in respect of an option the Company has on one of its projects, namely TEM, which is a prospect Nickel Cobalt project, whereby it has the right to convert the loan notes to shares in that entity.

The Joint Administrators were recently informed by the Directors that NQM was not free to commit its gold and silver values in the manner that was indicated to TEM. In that regard, we are currently in correspondence with the Director of TEM with a view to obtaining a broad release to close the relationship for an appropriate consideration.

### **Related Party Loans**

The Company advanced funds over the past few years to a former Director, together with entities understood to be connected to this Director and registered in Australia. It was understood that the sum of £1.2 million was outstanding in this regard as at 31 December 2020 from a number of entities and one individual.

The Joint Administrators instructed the Company’s former accountants, PKF, to undertake a reconciliation of the position and update the figures to the date of Administration. The position as at the date of Administration was determined to be as follows:

	£
Former Director	783,675
Kaeva Pty Ltd	31,707
Energy Storage Pty Ltd	14,740

Accordingly, on 1 October 2021, we wrote to all three parties demanding repayment of these sums to the Administration Estate. Responses were received from a Firm of Solicitors acting on behalf of all three parties, requesting a full breakdown of how the balances were calculated. This was provided to the Lawyers in short order. We have since been in extensive correspondence with the Lawyers as they have raised a number of queries, which are being dealt with. In the meantime, we have instructed the Begbies Traynor Contentious Insolvency Division to undertake a forensic analysis of certain documentation and contact third parties with a view to ascertaining whether the balances due from the related parties are, in fact, higher than determined by PKF. This process remains ongoing.

### **Inter-Company Debtors**

The financial statements indicated that the Company was owed circa £3.5 million in respect of intercompany borrowings due from the entities detailed in the table below.

	£
NQ Minerals Pty Ltd	2,870,000
Pieman Resources Pty Ltd	538,000
Circle Resources Pty Ltd	112,000

The Joint Administrators instructed the Company’s former accountants, PKF, to undertake a reconciliation of the position and update the figures to the date of Administration. The position as at the date of Administration was determined to be as follows:

£

NQ Minerals Pty Ltd	2,737,382
Pieman Resources Pty Ltd	665,034
Circle Resources Pty Ltd	111,771

The recovery of sums due from Pieman and NQM Pty are intrinsically linked to the Beaconsfield and KPL sales processes. In that regard, it is anticipated that funds will flow up from both entities in part or full payment of these debts in due course. It should be noted that NQM Pty is owed funds by Pieman.

Any recovery from Circle Resources Pty Ltd will be dependent on that entity's financial position.

#### Cash at Bank

An additional sum of £255 was recovered in respect of funds held to the credit of an account with Alpha Forex.

#### Sundry Refund

Shortly following appointment, we were informed by DMS Corporate Services Pte Ltd (a corporate secretarial service) that NQ Minerals Pte Limited, a subsidiary based in Singapore, which was dormant and due to be struck off the register in that jurisdiction. However, they were holding the sum of S\$1,884 in their client account. In that regard, we requested that all administrative matters be concluded, any costs deducted and the surplus funds be remitted to the Administration Estate as the sole shareholder.

Once the Company was struck off the register, funds totalling £877 were remitted to the Administration Estate.

#### Bank Interest

The funds in hand are held in an interest-bearing account with a High Street Bank in our names as Office Holder of the Company.

Bank interest of £4 was received during the period.

#### PAYMENTS

##### Professional Fees

The sum of £21,903 plus VAT was paid to Begbies Traynor in respect of the balance of the pre-appointment fees for assisting in placing the Company into Administration. These fees were approved following dispatch of the Proposals and are explained in further detail later in the report.

The sum of £1,547 was paid to SLC Registrars ("SLC") relating to maintenance and transaction fees for the share register in order to comply with Aquis stock exchange rules. Failure to maintain these payments would have led to disabling the ISIN and CREST services. SLC had been maintaining these services pre-Administration, hence they were retained to continue with this provision post-appointment.

The sum of £5,400 (AUS\$10,000) was paid to PKF (Gold Coast) Pty Ltd ("PKF") for bringing up to date the Company's accounting information. This was the balance of the fees, which were mentioned in the Proposals.

The sum of £1,480 plus VAT was paid to BKL for specialist tax advice relating to the proposed sale of KPL and write-off of the HGM debt. BKL were selected on the basis of their experience and expertise in dealing with tax matters in insolvency situations, taking into account the locality and size of the Company.

##### Bank Charges

The sum of £105 was incurred in international bank transfer charges.

## Legal Fees & Disbursements

Stephenson Harwood ("SH") has a specialist Insolvency department and they were chosen on that basis after taking into account the size and complexity of the legal issues. SH charge their fees on a time costs basis. The work that they have been required to undertake has included, inter alia, the following:

- Advising on the appointment and dealing with the relevant paperwork in order to file for Administration.
- Advice in relation to funding the Administration and finalising an agreement.
- Undertaking a complicated security review across the Group in conjunction with Australian Solicitors (detailed below). This was needed to understand consent to potential sale and restructuring options at subsidiary level.
- Advice in relation to potential restructuring options and exit strategies within the Administration.
- Advice on the sales processes of KPL and the Beaconsfield mine, including reviews of documentation and offer comparisons.
- Formulation of the sale agreement for KPL and liaising with Solicitors for the purchaser together with specialist Solicitors in the BVI regarding the relevant offshore aspects to the sale.

SH have provided me with a full analysis of their time, which totals £134,561 plus VAT (including £18,729 plus VAT pre-appointment) as at 10 February 2022.

SH have been paid the sum of £68,451 on account of the post-appointment time and £18,729 in payment in full of the pre-appointment time. The pre-appointment fees were approved following dispatch of the Proposals and are explained in further detail later in the report. The sum of £50 plus VAT has also been paid in respect of legal disbursements. Accordingly, the sum of £47,381 remains outstanding to SH as at 10 February 2022.

McCulloch Robertson ("MR"), Australian Solicitors have worked in tandem with SH regarding a review of the very complicated security structures across the Group. This was due to the fact that the majority of the underlying subsidiaries were Australian entities or assets. MR were chosen on that basis after taking into account the size and complexity of the legal issues. MR charge on the basis of time spent but the estimate was in the region of AUS\$6,000 to AUS\$8,000. The sum of £4,317 (AUS\$7,948) has been paid and it is understood that there is the sum of AUS\$511 outstanding.

## Agents' Fees

Valuation Consulting were chosen to value the Company's subsidiary in KPL based on their experience in dealing with valuations of businesses. It was agreed that a fixed fee of £15,000 plus VAT would be paid for this service. These fees have been paid and there is nothing left outstanding.

## IT Costs

The sum of £2,442 has been paid to date to Fradley Media ("Fradley") for managing the server, email accounts, website, social media and OTC listings. Fradley was chosen on this basis as this entity had been managing these services prior to Administration and it was considered prudent to continue in this regard.

The sum of £4,779 (US\$6,500) was paid to Finsight Group for storing 2gb worth of storage in the virtual data room for a period of 6 months. The data room had been in existence pre-Administration so it was considered prudent to continue and review/amend the contents for the purposes of the sales process.

The sum of £243 was paid to Suave Software for service in converting the Company's bank statements to a readable format for further analysis as part of our investigations.

## **Joint Administrators' Remuneration**

The sum of £65,000 plus VAT has been paid on account of the Joint Administrators' remuneration in the period covered by this Report. This is explained in further detail later in the Report.

### **ACCRUED PAYMENTS (not yet drawn)**

#### **Specific Bond**

The Specific Bond is the cost of the insurance, based on the level of realisations by us as required by the Insolvency Practitioners Regulations 2005. The sum of £210 has been incurred in this respect to date, albeit the bond may need to be increased in due course depending on the further realisations that are expected to be made.

#### **Professional Fees**

Rodgers Reidy ("RR"), Insolvency Specialists in Australia were instructed to advise on the financial positions of some of the underlying subsidiaries.

RR are part of the BTG Global Advisory network and were chosen in that capacity taking into account the size and complexity of the issues at hand. It is likely that the costs associated in this regard will fall on the relevant subsidiaries. However, an element of the cost could be payable at parent level.

There may be further fees payable to SLC regarding maintenance of the share register up to de-listing in January 2022. However, the quantum is yet to be determined.

PKF were instructed to provide a quote in respect of preparing the finalising the statutory accounts to December 2020 and advising on certain tax matters. This fee quote has yet to be provided.

Grayone Limited, a Company owned by Adrian Moroz, assisted in managing the affairs of Company for one month from the date of Administration. A fixed fee was paid in that regard. Any further payments to Grayone were subject to the agreement of the Joint Administrators. No further fees have yet been agreed.

## **Agents' Fees**

Hilco were instructed on the basis of their experience in dealing with high-profile marketing campaigns, and of their far reaching and international network of potential interested parties.

The work that they have been required to undertake has included, inter alia, the following:

- Building and maintaining a data room and coordinating the process of marketing the business, and dealing with the potential purchasers, including coordinating the numerous requests for further due diligence questions and information requests, in conjunction with the Joint Administrators and management; and
- Advising the Joint Administrators on the offers received.

Hilco's fee structure is as follows:

- A fixed fee of £125,000 plus VAT.
- A contingent fee of 10% of the aggregate gross proceeds received from any sale in excess of £1m/
- Total fees to be capped at £225,000 plus VAT.
- Disbursements.

Given the quantum of the expected sale proceeds, it is anticipated that the sum of £225,000 will be paid to Hilco in due course, once the sale is completed.

## Legal Fees

As stated above, the sum of £47,381 plus VAT is outstanding in respect of fees due to SH. Further costs will be accrued with SH regarding the ongoing sales process and any future legal matters, which require representation.

Walkers Solicitors were instructed to assist SH and the Joint Administrators with the KPL sales process from a BVI perspective. Walkers have a specialist corporate department and they were chosen on that basis after taking into account the size and complexity of the legal issues. Walkers charge their fees on a time costs basis

Walkers have provided me with a full analysis of their time as at 22 February 2022, which totals £5,680 plus £203 in disbursements. These costs are outstanding.

## IT Costs

There may be ongoing maintenance costs due to Fradley and Finsight for website hosting and data room maintenance respectively.

## Postage Costs

The sum of £722 has been incurred in postage. This is due to the number of creditors and shareholders to which circulars were sent at the start of the process and at the time of the Proposals.

## Land Registry

The sum of £31 has been incurred in respect of Land Registry fees.

## Other staff costs

The sum of £226 has been incurred in respect of staff travel and other sundry costs.

## Funding - HGM

The sum of £142,430 provided by HGM at the start of the process will need to be repaid once the Company in Administration is in sufficient funds.

What work has been done in the period of this report, why was that work necessary and what has been the financial benefit (if any) to creditors?

Details of the types of work that generally fall into the headings mentioned below are available on our firm's website - <http://www.begbies-traynorgroup.com/work-details>. Under the following headings we have explained the specific work that has been undertaken on this case. Not every piece of work has been described, but we have sought to give a proportionate overview which provides sufficient detail to allow creditors to understand what has been done, why it was necessary and what financial benefit (if any) the work has provided to creditors.

The costs incurred in relation to each heading are set out in the Time Costs Analysis which is attached at Appendices 2b and 2c. There is an analysis for the period of the report and also an analysis of time spent on the case since the date of our appointment.

The details below relate to the work undertaken in the period of the report only. Our previous report contains details of the work undertaken since our appointment.

## General case administration and planning

- Undertaking internal case reviews.
- Producing receipts and payments accounts and estimated outcome statements in order to monitor the progression of the case and potential outcome for creditors.
- Banking, making payments, and general cashiering duties.

- Dealing with the Aquis stock exchange, announcements to the registry and all related compliance matters.
- Liaising with SLC regarding maintenance of the register.
- Maintaining record of invoices paid and outstanding.
- Monitoring time spent on case to date.
- Reviewing IPS set up/ file note re KYC docs / making amendments to review.
- Reviewing documents pertaining to the subsidiary Companies and strategy for dealing with them.
- Producing billing documents.
- Dealing with the funding arrangements for the Administration.
- Reviewing the complicated security arrangements in the underlying Group structure.

#### Compliance with the Insolvency Act, Rules and best practice

- Correspondence with the Registrar of Companies in order to confirm receipt and submission of form AD01 in order to change the Company's registered office.
- Monitoring and maintaining an adequate statutory bond.
- Circulating the Joint Administrators' Proposals.
- Convening decision procedure to approve Proposals and agree basis of remuneration.
- Producing this 6 monthly progress report to creditors.
- Dealing with statutory filings.

#### Investigations

- Correspondence with the Company's IT providers with regard to accessing data.
- Analysing the Company's financial records and bank statements in order to establish the reasons for the Company's financial position.
- Dealing with creditor concerns regarding the following:
  - the level of accumulated debt set against the levels of investment;
  - Performance of the underlying subsidiaries;
  - The fact that investment was being secured as late as early 2021;
  - The manner in which investment was secured either by loan notes, equity or underlying bonds;
  - Alleged mis selling of convertible loan notes under the guise of secured bonds;
  - Alleged voting issues at Audley Funding plc level;
  - The levels of related party loans; and
  - A review of alleged accounting issues. In particular, the classification of commissions as administration expenses.
- Securing and analysing Company data including email accounts.
- Reporting to the Insolvency Service on the Directors' conduct and subsequent correspondence regarding the same.
- Liaising with the FCA regarding ongoing investigations.

#### Realisation of assets

- Dealing with the Company's assets as outlined at the start of Section 4.

#### Dealing with all creditors' claims (including employees), correspondence and distributions

- Setting up and administering a specific email account ([NQmineral@btguk.com](mailto:NQmineral@btguk.com)) to deal with enquiries from stakeholders.
- Dealing with extensive daily enquiries by telephone and email from creditors, shareholders and underlying investors through an Audley Funding plc structure.
- Processing creditor claims and maintaining an accurate and up to date creditor record.

Other matters which includes seeking decisions of creditors via deemed consent procedure and/or decision procedures, tax, litigation, pensions and travel

- Liaising with PKF regarding the updating the Company's management accounts to the date of Administration and the statutory financial accounts to 31 December 2020;
- Considering the Company's tax position up to the date of Administration including the following:
  - Section 957 withholding tax assessment from 2017;
  - underdeclared VAT from 2018/2019;
  - outstanding pre-appointment corporation tax returns;
  - outstanding pre-appointment VAT returns.
- Considering the tax implications on the sale of any assets.
- Dealing with ongoing press enquiries.

## 5. ESTIMATED OUTCOME FOR CREDITORS

Details of the sums owed to each class of the Company's creditors were provided in our statement of proposals and was also included in the Directors' Statement of Affairs.

### Secured Creditors

There are no secured creditors registered at Companies House. However, documentation provided by certain convertible loan note holders has indicated that they believed they were being sold notes which were secured against the assets of the Company and ranked ahead of all shares in the Company. Whilst the notes do rank ahead of shareholders, we have seen no evidence to suggest that there is valid security in place, as there is no security lodged at Companies House.

### Preferential creditors

Given that there are no employees, there are no preferential creditors.

### Secondary preferential creditors

Further to the changes to the Finance Act 2020, HM Revenue & Customs are now able to claim secondary preferential status for certain liabilities. Taxes owed by the business to HMRC comprising of VAT, PAYE Income Tax, Employee National Insurance Contributions, Student loan deductions and Construction Industry Scheme deductions fall under the secondary preferential status.

Based on information at the time of the Proposals, it was considered unlikely that there would be a secondary preferential claim issued by HMRC as none of the above taxes were outstanding. However, I was notified by HMRC in October 2021 that it held a secondary preferential claim in the sum of £261,868.50 comprised of the following:

- underdeclared VAT from 2018/2019 in the sum of £261,594;
- assessed VAT in the sum of £213.70 for the period from 1 April 2021 to 8 August 2021; and
- RTI/PAYE in the sum of £60.80 for the period from 6 April 2021 to 5 September 2021.

I am currently in the process of liaising with PKF regarding the veracity of these claims.

### Unsecured creditors

Claims of unsecured creditors were estimated at £102,885,404. We have been receiving claims from creditors on an ongoing basis, particularly the loan note holders, which have been logged on our systems as and when received. Some further comments are below:



- We have received some claims from underlying investors through an Audley Funding plc structure. These individuals are not creditors of the Company as Audley has submitted a claim in the proceedings for the total sum of c. £75m due to it.
- Eldorado Mining Ltd has submitted a claim in the sum of c. £7.6m for royalties set against the sum of c. £3.1m on the SOA. This has not yet been reviewed for its veracity.
- HMRC has submitted an unsecured claim in the sum of £180,034 relating mainly to a Section 957 withholding tax assessment from 2017, plus interest. I am currently in the process of liaising with PKF regarding the veracity of these claims. It should be noted that this is less than the amount stated as due to HMRC on the SOA totalling £1.485m.
- The SOA detailed a sum of £15.54m due to HGM. Following the review by PKF, it was determined that this sum was actually £12.3m as at the date of Administration.

On the basis of realisations to date, and estimated future realisations, we estimate an outcome for each class of the Company's creditor as follows:

#### Secured creditor

As detailed above, prima facie, there are no secured creditors of this Company.

#### Preferential creditors

There are no preferential creditors.

#### Secondary preferential creditors

Based on the anticipated levels of realisations, we consider that there are likely to be sufficient funds for a dividend to be paid to HM Revenue & Customs as a secondary preferential creditor, albeit the claim is subject to further review.

#### Prescribed Part for unsecured creditors pursuant to Section 176A of the Act

Section 176A of the Act provides that, where the company has created a floating charge on or after 15 September 2003, the administrator must make a prescribed part of the Company's net property available for the unsecured creditors and not distribute it to the floating charge holder except in so far as it exceeds the amount required for the satisfaction of unsecured debts. Net property means the amount which would, were it not for this provision, be available to floating charge holders out of floating charge assets (i.e. after accounting for preferential debts and the costs of realising the floating charge assets). The prescribed part of the Company's net property is calculated by reference to a sliding scale as follows:

- ☐ 50% of the first £10,000 of net property;
- ☐ 20% of net property thereafter;
- ☐ Up to a maximum amount to be made available of £600,000

An administrator will not be required to set aside the prescribed part of net property if:

- ☐ the net property is less than £10,000 and the administrator thinks that the cost of distributing the prescribed part would be disproportionate to the benefit; (Section 176A(3)) or
- ☐ the administrator applies to the court for an order on the grounds that the cost of distributing the prescribed part would be disproportionate to the benefit and the court orders that the provision shall not apply (Section 176A(5)).

To the best of our knowledge and belief, there are no unsatisfied floating charges created or registered on or after 15 September 2003 and, consequently, there is no net property as defined in Section 176A(6) of the Act and, therefore, no prescribed part of net property is available for distribution to the unsecured creditors.

## Unsecured creditors

Based upon realisations to date and estimated future realisations from the proposed sale of KPL and inter-company loan repayments, it is anticipated that there will be sufficient funds to enable a dividend to be distributed to the unsecured creditors. However, the quantum and timing of such dividends is uncertain at the current time.

It should be noted that an Administrator is unable to make a dividend payment to the unsecured creditors without the approval of the Court. In that regard, it is likely that the case will be converted to a Creditors' Voluntary Liquidation in order to do so in due course.

It should also be noted that this makes no reference to any potential agreement from the current prospective purchaser of KPL to make certain payments to creditors of NQM and underlying investors pursuant to restructuring terms to be agreed. We understand that those creditors and underlying investors will be provided with further details by the current prospective purchaser if and when the sale is completed. The Joint Administrators are under no obligation to these terms.

## Shareholders

Shareholders rank below the unsecured creditors. Given the level of accumulated unsecured debt, it is unlikely that there will be sufficient realisations made to enable a return to the shareholders.

It may be the case that the purchaser of KPL will look to offer shares in the newly incorporated entity to current shareholders of NQM. However, the Joint Administrators are under no obligation to these terms.

## Effect of administration on limitation periods under the Limitation Act 1980

As we have previously confirmed, the Limitation Act 1980 continues to apply to all debts due from the Company. Case law indicates that where a company is in administration, time does not stop running for limitation purposes pursuant to the Limitation Act 1980. If you have any concerns in relation to your claim against the Company becoming time-barred during the course of the administration, we strongly recommend that you seek independent legal advice on the options available to you to prevent this.

# 6. PRE-ADMINISTRATION COSTS

On 18 October 2021, the following amounts in respect of unpaid pre-administration costs were approved by decision of creditors sought via a Decision Procedure:

Details of recipient	Description of services provided	Amount
Begbies Traynor	assessing the financial position of the Company and advising the Board on the best course of action with regard to the Administration and the appointment formalities.	£21,903 plus VAT
Legal costs Stephenson Harwood	Formulation and completion of paperwork in relation to the ultimate Directors appointment and advice on the funding agreement with HGM	£18,729 plus VAT

As detailed earlier in the report, the full sum has been drawn in respect of the Begbies and SH costs.

# 7. REMUNERATION & EXPENSES

Our remuneration has been fixed by reference to the time properly given by us and the various grades of our staff calculated at the prevailing hourly charge out rates of Begbies Traynor (London) LLP in attending to matters as set out in the fees estimate. Our approved fee estimate, including the level of time incurred to the date of the Proposals, was £645,057.

We are also authorised to draw expenses, including expenses for services provided by our firm (defined as category 2 expenses in Statement of Insolvency Practice 9), in accordance with our firm's policy, details of which accompanied the Statement of proposals for achieving the purpose of administration and which are attached at Appendix 2a and 3 of this report.

Our time costs for the period from 9 August 2021 to 8 February 2022 amount to £531,216.50 which represents 1,131.3 hours at an average rate of £470 per hour.

It should be noted that the time spent since the date of the Proposals, i.e. from 30 September 2021 to 8 February 2022, is £340,914.50 for 709.8 hours at an average rate of £480 per hour.

The following further information in relation to our time costs and expenses is set out at Appendices 2a, 2b and 2c:

- Time Costs Analysis for the period 9 August 2021 to 8 February 2022
- Time Costs Analysis for the period from 30 September 2021 to 8 February 2022
- Begbies Traynor (London) LLP's charging policy

To 8 February 2022, we have drawn the total sum of £65,000 plus VAT on account of our remuneration, against total time costs of £531,216.50 incurred since the date of our appointment.

#### Time Costs Analysis

The Time Costs Analysis for the period of this report attached at Appendices 2b and 2c show the time spent by each grade of staff on the different types of work involved in the case, and gives the total costs and average hourly rate charged for each work type. An additional analysis is also attached which details the time costs for the entire period for which we have administered the administration.

Please note that the analysis provides details of the work undertaken by us and our staff following our appointment only.

As this is our first progress report since the basis of our remuneration was fixed, we are obliged by the Rules to provide creditors with details of the costs incurred in the period since appointment and a description of the work undertaken for the period since our appointment.

The information provided in Section 4 above relates to the work undertaken during the period of this report. In terms of the work undertaken in the period prior to then, i.e. from 9 August 2021 to the time of the Proposals, this was highlighted in detail as part of the Joint Administrators' Proposals provided to creditors previously and which can be reviewed in the creditors' portal.

As can be seen from the information above, we are fairly close to the limit of our approved remuneration. For the avoidance of any doubt, we have not drawn any remuneration in excess of the level approved. The reasons why the approved level of remuneration is likely to be exceeded are as follows:

- The level of correspondence and telephone contact with shareholders, creditors and underlying investors through an Audley structure has been significant. We have received daily enquiries since the start of the case. Whilst we have sought to homogenise certain responses to similar enquiries in order to keep costs down, certain individuals have required a higher level of comfort and clarity. In particular, the nature of creditor enquiries regarding how the Company's affairs have been managed prior to appointment have required more input.
- The level of contact with underlying investors through an Audley structure has been more detailed and time consuming as the individuals had not been receiving adequate responses from Audley or the Trustees direct. This is not something that was anticipated at the outset of the Administration. This has since been rectified as a detailed announcement has recently been made to all noteholders.

- ❑ The level of complexity regarding the Company's operations, security structures and multijurisdictional nature, has required a high level of input at Partner and Director level, in conjunction with specialist Solicitors and management of Ing and Audley. This included looking at potential options to cram down certain levels of debt incorporating a debt for equity swap, with the appropriate consent to allow a potential rescue of the Company as a going concern.
- ❑ The KPL sales process in particular has been quite extensive and needed detailed input at Partner and Director level in order to review and accept the best offer.
- ❑ The investigatory aspect of the case, particularly from matters raised by certain creditors, has needed in depth thought.
- ❑ The recovery of the related party loans has required in depth meeting with the Contentious Insolvency Department in order to work out the optimal strategy.

In light of the above, we are obliged to provide creditors with details of the additional work that we propose to undertake along with details of the cost of that additional work. This information appears later in the Report at Section 9 and at Appendix 2d but the rationale is below:

- There are still assets to be realised.
- There are still investigations to undertake.
- Claims will need to be adjudicated with a view to paying dividends to the secondary preferential creditors and unsecured creditors (during a Liquidation).
- A final report of the Administration will need to be completed.

We do not anticipate that we will need to seek further approval following the proposed further increase to our remuneration. However, this remains an option.

#### Category 1 Expenses

To 8 February 2022, we have also drawn expenses in the sum of £234,996.

Why have subcontractors been used?

No subcontractors have been used to date.

#### Category 2 Expenses

We have not drawn any Category 2 expenses to date.

Other amounts paid or payable to the office holder's firm	
Type and purpose	Amount £
Begbies Traynor Contentious Insolvency Division, which is a member of the Begbies Traynor group, has provided services regarding the potential recovery of the related party loans. The purpose of obtaining such services was to interrogate the Company's data, obtain further detailed information from third parties and potential issue claims against the related parties with a view to making recoveries.	Time costs of £18,857.50 to date

A copy of 'A Creditors Guide to Administrators' Fees (E&W) 2021' which provides guidance on creditors' rights on how to approve and monitor an Administrator's remuneration and on how the remuneration is set can be

obtained online at [www.begbies-traynor.com/creditorsguides](http://www.begbies-traynor.com/creditorsguides) Alternatively, if you require a hard copy of the Guide, please contact our office and we will arrange to send you a copy.

## 8. JOINT ADMINISTRATORS' EXPENSES

A statement of the expenses incurred during the period of this progress report is attached at Appendix 3. A cumulative statement of expenses also appears at Appendix 3, which details the expenses incurred since the date of our appointment together with a table of future expenses to be incurred.

Creditors will recall that the estimated level of expenses was mostly uncertain at the time of the Proposals. The expenses that we have incurred so far have become more tangible given the matters we have undertaken and there will be further expenses to pay before the case concludes. The reasons why the estimate has been exceeded are, inter alia, as follows:

- ☐ The complex nature of the Company's multijurisdictional operations, security structure, together with the potential debt for equity swap and sales processes, have required a significant level of advice from Solicitors.
- ☐ In order to properly market KPL, it was considered prudent to use the services of Hilco, which had a global reach. Hilco charges in line with market levels for this kind of work.
- ☐ Specialist accounting and tax advice was needed for certain aspects of the case.
- ☐ The IT costs incurred were necessary in order to maintain the Company's email accounts, website and data room.

## 9. ASSETS THAT REMAIN TO BE REALISED AND WORK THAT REMAINS TO BE DONE

Details of the assets that remain to be realised are given above in Section 4. In summary, these are:

- ☐ The Company's subsidiaries in KPL and NQM Minerals Pty Ltd;
- ☐ The inter-company loans;
- ☐ The related party loans;
- ☐ The convertible loan note; and
- ☐ Any recoveries from investigatory work.

What work remains to be done, why is this necessary and what financial benefit (if any) will it provide to creditors?

### General case administration and planning

- Completion of case checklists.
- Preparation of internal case reviews and file notes.
- Submitting Corporation Tax Returns and computations if appropriate.
- Maintenance of case on the Administrators' computer systems and undertaking electronic filing of documents.
- General administrative tasks.
- Progress meetings with Joint Administrators.
- Costs and expenses management and review.

#### Compliance with the Insolvency Act, Rules and best practice

- Producing progress reports.
- Producing a final report.
- Filing information with the Registrar of Companies.
- Ensuring that the case is adequately bonded.
- Reviewing the level of the Joint Administrators' bond.

#### Investigations

- There are ongoing investigations and proceedings with regard to the conduct of certain parties.
- Liaising with the contentious insolvency division, the FCA and the Insolvency Service regarding ongoing investigations.

#### Realisation of assets

- As detailed above and in Section 4.

#### Dealing with all creditors' claims (including employees), correspondence and distributions

- Dealing with enquiries and fielding questions from creditors.
- Processing proof of debt forms.
- In the event that there are sufficient funds to enable a distribution to be paid to the secondary preferential creditors then the claims of HMRC will need to be adjudicated upon.
- Dealing with the adjudication of unsecured claims for the ultimate payment of any dividend during a Liquidation process.

#### Other matters which includes seeking decisions of creditors via the deemed consent procedure and/or decision procedures, tax, litigation, pensions and travel

- Seeking a potential decision from the creditors for an increase in the approved level of the Joint Administrators' fee, due, inter alia, to the unexpected increase in work that has needed to be done, as explained above.
- Dealing with ongoing press enquiries.
- Liaising with the Company's accountants regarding the completion of accounts.

How much will this further work cost?

There are elements of work which still need to be dealt with in order to complete my duties. The cost of the work is estimated to be in the region of £329,315 in addition to the original remuneration approval we have received. As previously advised, we are seeking creditor approval for the fair and reasonable increase in our remuneration. We do not anticipate that we will need to approach creditors for a further increase following this request, unless circumstances greatly change again.

#### Expenses

Details of the expenses that we expect to incur in connection with the work that remains to be done referred to above are as set out in the revised estimate of anticipated expenses attached at Appendix 3.

What is the anticipated payment for administering the case in full?

We estimated that the cost of administering the case would be in the region of £645,057, and subsequently you have provided approval for us to draw our remuneration up to that level. However, we are requesting that creditors approve an increase in the level of our fees to £974,372 plus VAT. In the event that this is approved, and depending on the future realisations, it is anticipated that there will be sufficient realisations after costs to enable this amount to be drawn.

At this stage, prior to the approval of any increase to the level of fees (and depending on realisations), I can estimate that the total remuneration drawn will be in the region of £645,067 plus VAT.

## 10. OTHER RELEVANT INFORMATION

### Connected party transactions

No sale has yet been secured. However, as the prospective purchaser of KPL is a connected party by way of common directorships with NQM, details will be reported in accordance with Statement of Insolvency Practice 13, at the next relevant juncture, including their participation in the full sales process administered by Hilco with competing third party interest.

### Extension of administration

The Administration has not been extended as yet.

### Proposed exit route from administration

In the Proposals, we did indicate that if it transpired that the Company could be rescued as a going concern, we proposed that it would enter into a Company Voluntary Arrangement ("CVA") or undertake a formal scheme of arrangement or restructuring plan to enable the Company to be handed back to the Directors. This has not turned out to be the case.

In that regard, we also explained that, prima facie, there were no secured creditors in this matter and that a distribution would likely be made to the unsecured creditors of the Company which is not a distribution of the prescribed part.

We have the power to make a distribution of the prescribed part to unsecured creditors in the administration. As noted above, in the absence of there being assets in the company that are subject to a floating charge, there will be no need to provide for a prescribed part. Any other distribution to unsecured creditors requires the permission of court. It is considered that the court will only grant such permission in exceptional circumstances where the normal course for making distributions to unsecured creditors in a voluntary liquidation is inappropriate. Additionally, there may be matters for enquiry concerning a company's affairs which are not within the scope of an administrator's powers and which can only be properly dealt with by a liquidator.

Consequently, as soon as we were satisfied that we had fully discharged our duties as administrators and that the purpose of the Administration had been fully achieved, we proposed to deliver a notice of moving from Administration to Creditors' Voluntary Liquidation ("CVL") to the Registrar of Companies. Upon the registration of such notice our appointment as Administrators shall cease to have effect and the Company will automatically be placed into Liquidation.

I would confirm that this remains the anticipated course of action and that it is still intended that the Company moves to CVL in due course, albeit it may be the case that the Administration needs to be extended in the first instance depending on what happens during the next 4-5 months. In that regard, our term of office may be extended either by Court Order for a specified period, or by consent of the creditors for a specified period not exceeding twelve months.

### Aquis shares

The Aquis Stock Exchange was formally notified of the insolvency proceedings at the start of the process and we have been in regular contact with them. It was noted that trading in the shares of the Company on the Exchange would continue to be suspended until further notice. Following discussions between Aquis, the Joint Administrators and the Company's registered agent, given that the Company could no longer be rescued as a going concern, it was decided that the Company's shares be withdrawn from trading with effect from 19 January 2022. A formal announcement was made at the time and notification placed on the Company's website.

## Investigations

We have a statutory duty to investigate the conduct of the Directors and any person we consider to be or have been a shadow or de facto director during the period of three years before the date of our appointment, in relation to their management of the affairs of the Company and the causes of its failure. We are obliged to submit confidential reports to the Department for Business, Energy and Industrial Strategy. I can confirm that this report has been submitted but is confidential.

As Administrators of the Company we are required by best practice guidance to make enquiries of creditors as to whether they wish to raise any concerns regarding the way in which the Company's business was conducted prior to the commencement of the Administration, or wish to bring to our attention any potential recoveries for the estate. Creditors have provided us with information since the start of the case and concerns have been raised regarding the following, inter alia:

- the level of accumulated debt set against the levels of investment;
- Performance of the underlying subsidiaries;
- The fact that investment was being secured as late as early 2021;
- The manner in which investment was secured either by loan notes, equity or underlying bonds;
- Alleged voting issues at Audley Funding plc level;
- Alleged mis selling of convertible loan notes under the guise of secured bonds;
- The levels of related party loans; and
- A review of alleged accounting issues. In particular, the classification of commissions as administration expenses.

Matters have been reported to the Insolvency Service as appropriate and we have been in contact with the FCA regarding certain investigations they have been undertaking.

## Audley Funding plc

As detailed earlier in the report, we have been continuously contacted by individuals who have invested through an Audley Funding plc structure. We have advised them that they are not direct creditors of the Company in Administration, so we are not in a position to correspond with them. Audley Funding plc has submitted a claim in the proceedings in respect of the total funds owed to it and we have directed them to the relevant places for further information.

It is understood that a notice has recently been issued to noteholders for a meeting on 18 March 2022 by the issuer. We provided some information from the Administration Estate perspective to be included in this notice but were not involved in issuing the notice or involved in the voting/notice process.

## Use of personal information

Please note that in the course of discharging our statutory duties as Joint Administrators, we may need to access and use personal data, being information from which a living person can be identified. Where this is necessary, we are required to comply with data protection legislation. If you are an individual and you would like further information about your rights in relation to our use of your personal data, you can access the same at <https://www.begbies-traynorgroup.com/privacy-notice>. If you require a hard copy of the information, please do not hesitate to contact us.



## 11. CREDITORS' RIGHTS

### Right to request further information

Pursuant to Rule 18.9 of the Rules, within 21 days of the receipt of this report a secured creditor, or an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors, including that creditor (or an unsecured creditor with less than 5% in value of the unsecured creditors, but with the permission of the court) may request in writing that we provide further information about our remuneration or expenses (other than pre-administration costs) which have been incurred during the period of this progress report.

### Right to make an application to court

Pursuant to Rule 18.34 of the Rules, any secured creditor or an unsecured creditor with the concurrence of at least 10% in value of the unsecured creditors including that creditor (or any unsecured creditors with less than 10% in value of the unsecured creditors, but with the permission of the court) may, within 8 weeks of receipt of this progress report, make an application to court on the grounds that the remuneration charged or the expenses incurred during the period of this progress report are excessive or, the basis fixed for our remuneration is inappropriate.

## 12. CONCLUSION

We will report again in approximately six months time or at the conclusion of the Administration, whichever is the sooner.

A handwritten signature in black ink, appearing to read 'Paul', followed by a long, sweeping horizontal stroke that ends in a small hook.

Paul Cooper  
Joint Administrator

Dated: 8 March 2022

NQ MINERALS PLC  
IN ADMINISTRATION  
RECEIPTS & PAYMENTS ACCOUNT  
FOR THE PERIOD FROM 9 AUGUST 2021 TO 8 FEBRUARY 2022

	Book Values per	Directors'	Realisations &	Realisations &	Realisations &
		Estimated to realise	Payments	Payments 30 Sep	Payments 9 Aug
	ESOA	values at 9 Aug 21	Cumulative	21 to 8 Feb 22	to 29 Sep 21
		£	£	£	£
<u>Assets (not-specifically pledged)</u>					
Realisations					
Goodwill/Brand & IP	Nil	Nil	Nil		Nil
Investments	28,089,000.00	Uncertain	150,000.00	150,000.00	Nil
Convertible Loan Notes	617,000.00	Uncertain	Nil		Nil
Related Party Loans	1,292,129.00	Uncertain	Nil		Nil
Inter-Company Debtors	3,430,000.00	Uncertain	Nil		Nil
Cash at Bank	<u>9,261.00</u>	<u>9,261.00</u>	6,164.48	254.74	5,909.74
Funding from Hellyer Gold Mines Pty Ltd			142,429.85		142,429.85
Sundry Refund			876.96	876.96	Nil
Bank Interest			<u>4.31</u>	<u>4.31</u>	<u>Nil</u>
			299,475.60	151,136.01	148,339.59
Payments					
Professional Fees - Begbies Traynor			21,903.48	21,903.48	
Professional Fees - Other			33,863.93	8,427.37	25,436.56
Bank Charges			120.00	105.00	15.00
Statutory Advertising			99.45		99.45
Legal Fees			91,496.98	91,496.98	
Legal Disbursements			50.00	50.00	
Agents' Fees			15,000.00	15,000.00	
IT costs			7,219.48	7,219.48	
Bank Statement Reader Costs			243.00	243.00	
Joint Administrators' Remuneration			<u>65,000.00</u>	<u>65,000.00</u>	
			234,996.32	209,445.31	25,551.01
Realisations less Payments			<u>64,479.28</u>		
Represented by					
Current Account			21,369.27		
VAT Receivable			<u>43,110.01</u>		
			<u>64,479.28</u>		

## BEGBIES TRAYNOR CHARGING POLICY

### INTRODUCTION

This policy applies where a licensed insolvency practitioner in the firm is acting as an office holder of an insolvent estate and seeks creditor approval to draw remuneration on the basis of the time properly spent in dealing with the case. It also applies where further information is to be provided to creditors regarding the office holder's fees following the creditors' decision being made for the office holder to be remunerated on a time cost basis. Best practice guidance\* requires that such information should be disclosed to those who are responsible for approving the basis of an office holder's remuneration. Within our fees estimate creditors can see how we propose to be remunerated.

This policy applies where creditor approval is sought to make a separate charge by way of expenses or disbursements to recover the cost of facilities provided by the firm. It also applies where payments are to be made to parties other than the firm, but in relation to which the office holder, the firm or any associate has an interest.

Best practice guidance indicates that such charges should be disclosed to those who are responsible for approving the basis of the office holder's remuneration, together with an explanation of how those charges are calculated.

### OFFICE HOLDER'S FEES IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES

The office holder has overall responsibility for the administration of the estate. He/she will delegate tasks to members of their staff. Such delegation assists the office holder as it allows him/her to deal with the more complex aspects of the case and ensures that work is being carried out at the appropriate level. There are various levels of staff that are employed by the office holder and these appear below.

The firm operates a time recording system which allows staff working on the case along with the office holder to allocate their time to the case. The time is recorded in 6 minute units at the individual's hourly rate in force at that time which is detailed below.

### EXPENSES INCURRED BY OFFICE HOLDERS IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES

Expenses are payments from the estate which are neither an office holder's remuneration nor a distribution to a creditor or a member. Expenses also include disbursements, which are expenses that are initially paid by the office holder's own firm, but which are subsequently reimbursed from the estate when funds are available.

Best practice guidance classifies expenses into two broad categories:

- ❑ Category 1 expenses (approval not required) - Specific expenditure that is directly related to the case and referable to an independent external supplier's invoice. All such items are charged to the case as they are incurred.
- ❑ Category 2 expenses (approval required) - Items of expenditure that are directly related to the case and either:
  - (i) include an element of shared or allocated cost and are based on a reasonable method of calculation, but which are not payable to an independent third party; or
  - (ii) are items of expenditure which are payable to an associate of the office holder and/or their firm.

\* Statement of Insolvency Practice 9, (SIP9) – Payments to Insolvency office holders and their associates from an estate

Shared or allocated costs (pursuant to (i) above)

The following expenses include an element of shared or allocated cost and are charged to the case (subject to approval).

- ☐ Internal meeting room usage for the purpose of physical meetings of creditors is charged at the rate £150 per meeting;
- ☐ Car mileage which is charged at the rate of 45 pence per mile.

Payments anticipated to be made to associates (pursuant to (ii) above)

Services provided by other entities within the Begbies Traynor group

The following expenses which relate to services provided by an entity within the Begbies Traynor group, of which the office holder's firm is a member, are also to be charged to the case (subject to approval):

Instruction of Begbies Traynor Contentious Insolvency Division to provide assistance in making recoveries in relation to the related party loans. Their charges will be calculated on a time costs basis at the prevailing hourly rates for their various grades of staff which are currently as follows:

Grade of staff	Charge-out rate (£ per hour)
----------------	------------------------------

Senior Investigator	475
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Begbies Traynor Contentious Insolvency Division estimate that their charges for providing the services will be between £20,000 to £40,000, albeit this is entirely dependent on recoveries.

General Office Overheads

The following items of expenditure will normally be treated as general office overheads and will not be charged to the case although a charge may be made where the precise cost to the case can be determined because the item satisfies the test of a Category 1 expense:

- ☐ Telephone and facsimile
- ☐ Printing and photocopying
- ☐ Stationery

\* Statement of Insolvency Practice 9, (SIP9) – Payments to Insolvency office holders and their associates from an estate

## BEGBIES TRAYNOR CHARGE-OUT RATES

Begbies Traynor is a national firm. The rates charged by the various grades of staff that may work on a case are set nationally but vary to suit local market conditions. The rates applying to the London office as at the date of this report are as follows:

Grade of staff	Charge-out rate (£ per hour) 1 January 2022 – until further notice
Consultant/Partner	690
Director	580
Senior Manager	500
Manager	475
Assistant Manager	385
Senior Administrator	340
Administrator	260
Trainee Administrator	190
Support	175

Prior to 31 December 2021, the following rates applied:

Grade of staff	Charge-out rate (£ per hour) 1 March 2019 – Until 31 December 2021
Consultant/Partner	645
Director	515
Senior Manager	440
Manager	410
Assistant Manager	315
Senior Administrator	290
Administrator	220
Trainee Administrator	160
Support	160

Time spent by support staff such as secretarial, administrative and cashiering staff is charged directly to cases. It is not carried as an overhead.

As detailed above, time is recorded in 6 minute units.

\* Statement of Insolvency Practice 9, (SIP9) – Payments to Insolvency office holders and their associates from an estate

Staff Grade		Consultant/Partner	Director	Snr Mngr	Mngr	Asst Mngr	Snr Admin	Admin	Jnr Admin	Support	Total Hours	Time Cost £	Average hourly rate £
General Case Administration and Planning	Case planning	5.8	0.7	4.8	5.5		6.5	9.6			32.9	12,455.50	379.89
	Administration				1.5			1.0			2.5	835.00	334.00
	<b>Total for General Case Administration and Planning:</b>	<b>5.8</b>	<b>0.7</b>	<b>4.8</b>	<b>7.0</b>		<b>6.5</b>	<b>10.6</b>			<b>35.4</b>	<b>13,300.50</b>	<b>375.72</b>
Compliance with the Insolvency Act, Rules and best practice	Appointment												0.00
	Banking and Bonding									4.1	4.1	656.00	160.00
	Case Closure												0.00
	Statutory reporting and statement of affairs	2.5	2.0	1.0			3.2	2.9			11.6	4,648.50	400.73
	<b>Total for Compliance with the Insolvency Act, Rules and best practice:</b>	<b>2.5</b>	<b>2.0</b>	<b>1.0</b>			<b>3.2</b>	<b>2.9</b>		<b>4.1</b>	<b>15.7</b>	<b>5,304.50</b>	<b>337.87</b>
Investigations	CDDA and investigations	35.5	10.6	3.9	4.4		63.0	2.3			119.7	50,652.50	423.16
	<b>Total for Investigations:</b>	<b>35.5</b>	<b>10.6</b>	<b>3.9</b>	<b>4.4</b>		<b>63.0</b>	<b>2.3</b>			<b>119.7</b>	<b>50,652.50</b>	<b>423.16</b>
Realisation of assets	Debt collection		4.1	7.9	0.4		2.3				14.7	6,418.50	436.63
	Property, business and asset sales	175.0	59.0	3.0	32.3		29.0	19.3			310.6	166,874.00	537.26
	Retention of Title/Third party assets												0.00
	<b>Total for Realisation of assets:</b>	<b>175.0</b>	<b>56.1</b>	<b>10.9</b>	<b>32.7</b>		<b>31.3</b>	<b>19.3</b>			<b>325.3</b>	<b>173,292.50</b>	<b>532.72</b>
Trading	Trading												0.00
	<b>Total for Trading:</b>												<b>0.00</b>
Dealing with all creditors claims (including employees), correspondence and distributions	Secured	5.3		1.4							6.7	4,034.50	602.16
	Others	48.9	40.0	27.1	21.9		27.7	22.9			198.5	86,114.50	456.84
	Creditors committee												0.00
	<b>Total for Dealing with all creditors claims (including employees), correspondence and distributions:</b>	<b>54.2</b>	<b>40.0</b>	<b>28.5</b>	<b>21.9</b>		<b>27.7</b>	<b>22.9</b>			<b>195.2</b>	<b>90,149.00</b>	<b>461.63</b>
	Seeking decisions of creditors						4.1	0.7			4.8	1,343.00	279.79
Other matters which includes meetings, tax, litigation, pensions and travel	Meetings												0.00
	Other												0.00
	Tax	5.5	2.6	0.2	1.5			2.9			12.7	6,227.50	490.35
	Litigation	1.0									1.0	645.00	645.00
	<b>Total for Other matters:</b>	<b>6.5</b>	<b>2.6</b>	<b>0.2</b>	<b>1.5</b>		<b>4.1</b>	<b>3.6</b>			<b>18.5</b>	<b>8,215.50</b>	<b>444.06</b>
	<b>Total hours by staff grade:</b>	<b>279.5</b>	<b>112.0</b>	<b>49.3</b>	<b>67.5</b>		<b>135.9</b>	<b>61.6</b>		<b>4.1</b>	<b>709.8</b>		
	<b>Total time cost by staff grade £:</b>	<b>180,277.50</b>	<b>57,680.00</b>	<b>21,692.00</b>	<b>27,675.00</b>		<b>39,382.00</b>	<b>13,552.00</b>		<b>656.00</b>		<b>340,914.50</b>	
	<b>Average hourly rate £:</b>	<b>645.00</b>	<b>515.00</b>	<b>440.00</b>	<b>410.00</b>	<b>0.00</b>	<b>290.00</b>	<b>220.00</b>	<b>0.00</b>	<b>160.00</b>			<b>480.30</b>
	<b>Total fees drawn to date £:</b>											<b>0.00</b>	

Staff Grade		Consultant/Partner	Director	Snr Mngr	Mngr	Asst Mngr	Snr Admin	Admin	Jnr Admin	Support	Total Hours	Time Cost £	Average hourly rate £
General Case Administration and Planning	Case planning	15.6	0.7	20.7	23.9		40.1	22.2			123.2	45,842.50	372.10
	Administration				2.5			3.2			5.7	1,729.00	303.33
	Total for General Case Administration and Planning:	15.6	0.7	20.7	26.4		40.1	25.4			128.9	47,571.50	369.06
Compliance with the Insolvency Act, Rules and best practice	Appointment	5.0		4.5			33.6	3.9			47.0	15,807.00	336.32
	Banking and Bonding									5.1	5.1	816.00	160.00
	Case Closure												0.00
	Statutory reporting and statement of affairs	20.9	2.0	18.4			5.9	15.8			63.0	27,793.50	441.17
	Total for Compliance with the Insolvency Act, Rules and best practice:	25.9	2.0	22.9			39.5	19.7		5.1	115.1	44,416.50	385.89
Investigations	CDDA and investigations	44.1	10.6	6.3	4.4		63.0	2.3			130.7	57,255.50	438.07
	Total for Investigations:	44.1	10.6	6.3	4.4		63.0	2.3			130.7	57,255.50	438.07
Realisation of assets	Debt collection		4.1	12.4	0.4		2.3				19.2	8,398.50	437.42
	Property, business and asset sales	240.1	53.0	9.0	32.3		29.0	19.3			381.7	211,503.50	554.11
	Retention of Title/Third party assets												0.00
	Total for Realisation of assets:	240.1	56.1	21.4	32.7		31.3	19.3			400.9	219,902.00	548.52
Trading	Trading												0.00
	Total for Trading:												0.00
Dealing with all creditors claims (including employees), correspondence and distributions	Secured	23.2		1.4							24.6	15,580.00	633.33
	Others	76.3	40.0	65.1	34.7		60.1	35.7			311.9	137,967.50	442.35
	Creditors committee												0.00
	Total for Dealing with all creditors claims (including employees), correspondence and distributions:	99.5	40.0	66.5	34.7		60.1	35.7			336.5	153,547.50	456.31
Other matters which includes meetings, tax, litigation, pensions and travel	Seeking decisions of creditors						4.1	0.7			4.8	1,343.00	279.79
	Meetings												0.00
	Other												0.00
	Tax	5.5	2.6	0.9	1.5			2.9			13.4	6,535.50	487.72
	Litigation	1.0									1.0	645.00	645.00
	Total for Other matters:	6.5	2.6	0.9	1.5		4.1	3.6			19.2	8,523.50	443.93
	Total hours by staff grade:	431.7	112.0	138.7	99.7		238.1	106.0		5.1	1,131.3		
	Total time cost by staff grade £:	278,446.50	57,680.00	61,028.00	40,877.00		69,049.00	23,320.00		816.00		531,216.50	
	Average hourly rate £:	645.00	515.00	440.00	410.00	0.00	290.00	220.00	0.00	160.00			469.56
	Total fees drawn to date £:											0.00	

## FEES ESTIMATE

Staff Grade	Hours										Time cost £	Average hourly rate £
	Consultant / Partner	Director	Senior Manager	Manager	Assistant Manager	Senior Administrator	Administrator	Junior Administrator	Support	Total hours		
General case administration and planning	11.5	12		11.5		17.5	14			66.5	29,947.50	450.3383
Compliance with the Insolvency Act, Rules and best practice	9	17		21		19	16			82	36,665.00	447.1341
Investigations	24	32		31.5		27.5	18			133	64,112.50	482.0489
Realisation of assets	28	44.5		38		28.5	24			163	79,110.00	485.3374
Trading										0	0.00	
Dealing with all <b>creditors' claims</b> (including employees), correspondence and distributions	30	42.5		38.5		45	33.5			189.5	87,647.50	462.5198
Other matters incl. seeking decisions of creditors, meetings, tax, litigation, pensions and travel	7.5	12.5		18.5		19	16			73.5	31,832.50	433.0952
Total hours by staff grade	110	160.5	0	159	0	156.5	121.5	0	0	707.5		
Total time cost by staff grade	75,900.00	93,090.00	0.00	75,525.00	0.00	53,210.00	31,590.00	0.00	0.00		329,315.00	
Average hourly rate £												465.46



## STATEMENT OF ADMINISTRATORS' EXPENSES

Type of expense	Name of party with whom expense incurred	Amount incurred £	Amount discharged £	Balance (to be discharged) £	Est Future expense to be discharged £
Expenses incurred with entities not within the Begbies Traynor Group					
Agents' fees	Valuation Consulting	15,000	15,000	Nil	Nil
Agents' fees	Hilco Global	225,000	Nil	225,000	Nil
Legal Fees (pre)	Stephenson Harwood	18,729	18,729	Nil	Nil
Legal Fees (post)	Stephenson Harwood	115,832	68,451 plus disbs of 50	47,381	50,000
Legal Fees	McCullough Robertson	4,597	4,317	280	Nil
Legal Fees	Walkers	5,680 plus disbs of 203	Nil	5,680 plus disbs of 203	5,000
Professional Fees	SLC Registrars	1,547	1,547	Nil	1,500
Professional Fees	PKF	10,836	10,836	Nil	10,000
Professional Fees	Grayone	20,000	20,000	Nil	Uncertain
Professional Fees	BKL	1,480	1,480	Nil	Uncertain
IT costs	Fradley Media	2,442	2,442	Nil	1,000
IT costs	Finsight	4,779	4,779	Nil	2,000
IT costs	Suave Software	243	243	Nil	Nil
Bank Charges	Barclays Bank	120	120	Nil	Uncertain
Statutory Advertising	Courts Advertising	99	99	Nil	200
Specific Bond	AON UK	220	Nil	220	900
Expenses incurred with entities within the Begbies Traynor Group (for further details see Begbies Traynor Charging Policy)					
Postage	Begbies Traynor	722	Nil	722	Uncertain
Land Registry	Begbies Traynor	31	Nil	31	Uncertain
Staff expenses	Begbies Traynor	226	Nil	226	Uncertain

## Appendix 4

