

**Ten Sixty Four Limited
(Administrators Appointed)
ACN 099 377 849 (“the Company”)**

Administrators:

Martin Francis Ford
Simon Guy Theobald

Voluntary Administrators’ report

23 October 2023



Glossary

Abbreviations	Definitions
Act	<i>Corporations Act 2001</i> (Cth)
Administrators	Martin Francis Ford and Simon Guy Theobald
APAAP	All present and after-acquired property, a term associated with security interests under the PPSA
ARITA	Australian Restructuring Insolvency and Turnaround Association
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
ATO	Australian Taxation Office
AWST	Australian Western Standard Time
Code	ARITA Code of Professional Practice
COI	Committee of Inspection
Company	Ten Sixty Four Limited (Administrators Appointed)
D&O Policy	Directors and Officers Insurance Policy
Directors	<ul style="list-style-type: none"> • Walter Robertson Milbourne; • Jonathaon Nicholas Shellabear; • Debra Anne Ridge; • Andrew John Brown and • William John Decooman.
Deed	Deed of Company Arrangement
DIRRI	Declaration of Independence, Relevant Relationships and Indemnities, pursuant to s436DA of the Act and Code.
FEG	Fair Entitlements Guarantee, a scheme administered by the Attorney-General's Department to provide assistance to employees owed outstanding employee entitlements following the insolvency/bankruptcy of an employer
FY	Financial Year (e.g. the financial year 1 July 2022 to 30 June 2023 would be expressed as FY23)
Group	<p>The Group consists of eight companies with operations across Australia and Southeast Asia in gold mining and exploration activities:</p> <ul style="list-style-type: none"> • the Company; • Komo Diti Traders Limited (KDTL); • CQ22 Pty Ltd (CQ22); • Philsaga Management and Holdings Inc (PMHI); • Phsamed Mining Corporation (Phsamed); • Philsaga Development Corporation (PDC); • Philsaga Mining Corporation (PMC); and • Mindanao Mineral Processing & Refining Corporation (MMPRC).
HY	Half Year (e.g. the half financial year 1 July 2022 to 31 December 2022 would be expressed as HY23)
IPR	Insolvency Practice Rules (Corporations) 2016
IPS	Schedule 2 to the Act, or the Insolvency Practice Schedule (Corporations)
k	Thousand
KDTL Deed	Deed proposal for the Company from KDTL
M	Million
PMSI	Purchase Money Security Interest as defined in the PPSA
PPSA	<i>Personal Property Securities Act 2009</i> (Cth)
PPSR	Personal Property Securities Register – a register set up under the PPSA for the registration of security interests
ROCAP	Report on Company Activities and Property

Abbreviations	Definitions
Regulations	<i>Corporations Regulations 2001</i> (Cth)
Report	This report, prepared pursuant to rule 75-225 of the IPR and s 439A of the Act about the business, property, affairs and financial circumstances of the Company
s	Section of the Act
Second Meeting	Meeting held pursuant to rule 75-225 of the IPR and s 439A of the Act at which creditors determine the future of the Company
YTD	Year to date, a period starting from the beginning of the current financial year and continuing up to a defined date (e.g. monthly management accounts from 1 July 2022 to 31 January 2023 would be expressed as 'YTD January 2023')

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1. Disclaimer

In reviewing this Report, creditors should note:

- This Report is based upon our preliminary investigations to date. Any additional material issues that are identified subsequent to issuing this Report may be the subject of a further written report and/or tabled at the Second Meeting.
- The contents of this Report are based on information obtained from the Company's books and records, financial systems, representations from various parties, key management, and our own enquiries and investigations.
- The statements and opinions given in this Report are given in good faith and in the belief that such statements and opinions are not false or misleading. Except where otherwise stated, we reserve the right to alter any conclusions reached on the basis of any amended or additional information which may be provided to us between the date of this Report and the date of the Second Meeting.
- In considering the options available to creditors and formulating our recommendation, the Administrators have necessarily made forecasts of asset realisations and total creditor claims. These forecasts and estimates may change as asset realisations progress and claims are received from creditors. While the forecasts and estimates are based on the Administrators' best assessment in the circumstances, creditors should note that the eventual outcome for creditors may differ from that estimated in this Report.
- Neither the Administrators, PricewaterhouseCoopers nor any member or employee of the firm is responsible in any way whatsoever to any person in respect of any errors in this Report arising from incorrect information provided to us.
- The Administrators do not assume or accept any responsibility for any liability or loss sustained by any creditor or any other party as a result of the circulation, publication, reproduction or any use of the information presented in this Report.
- This Report is not for general circulation, publication, reproduction or any use other than to assist creditors in evaluating their position as creditors of the Company and must not be disclosed without the prior approval of the Administrators.

Creditors should consider seeking their own independent legal advice as to their rights and the options available to them at the Second Meeting.

2. Executive summary

2.1. Appointment background

We, Martin Francis Ford and Simon Guy Theobald of PricewaterhouseCoopers were appointed Joint and Several Administrators of the Company on 2 July 2023 by the directors under s436A(1) of the Act.

2.2. Extension to Convening Period

A second meeting of creditors is ordinarily convened within 15-25 business days after an administration begins (**Second Meeting**). As creditors may be aware, on 24 July 2023, the Federal Court of Australia (**Court**) granted an extension to the period within which the Administrators must convene the Second Meeting to 29 January 2024. Accordingly, the Second Meeting is required to be held by no later than five business days after 29 January 2024.

Notwithstanding, the Court orders approving the application to extend the convening period allow the Administrators to convene and hold the Second Meeting earlier than this date. Given the circumstances, the Administrators consider this appropriate and, therefore, the Second Meeting will be held on 31 October 2023.

2.3. Report's purpose

The purpose of this report is to table the findings of our investigations into the Company's business, property, affairs and financial circumstances, as well as our opinion on the three options available to creditors in deciding the future of the Company.

2.4. Administrators' opinion

We recommend that it is in the creditors' interests that the Company execute the KDTL Deed.

2.5. Second meeting of creditors

The Second Meeting will be held on:

Date:	Tuesday, 31 October 2023
Registration:	9.30am AWST
Meeting time:	10am AWST
Location	PwC, Level 15 125 St Georges Terrace Perth, WA 6000

To register attendance and be entitled to vote at the Second Meeting, creditors must complete and submit the following forms attached at **Appendix B** and **Appendix C**.

- Appointment of Proxy form
- Proof of Debt form.

Forms must be submitted by no later than 4pm AWST on Monday, 30 October 2023 to this office or by email toby.schultz@au.pwc.com

2.6. Deed of Company Arrangement

We received a Deed proposal for the Company from Komo Diti Traders Limited (**KDTL**, or the **Proponent**) (**KDTL Deed**) with the following key features:

- The Administrators will become the Deed Administrators of the Company.
- Control of the Company will be retained by the Deed Administrators to continue operating while the Conditions Precedent to the Deed are either satisfied or waived (discussed at Section 9).
- The Deed Administrators will act in accordance with the reasonable instructions of the Proponent and managing director of the Company during the period which the Deed Administrators have control of the Company.
- The Deed Administrators will undertake further investigations and, in consultation with the Proponent, potential public examinations in relation to potential claims that the Company and/or shareholders may have against third parties.
- A Deed Fund will be created to enable payment in full of all creditors' admitted claims (other than excluded creditors), projected trading costs for the company during the period of the Deed and the costs and remuneration of the Administrators and Deed Administrators. It is not intended that the Deed Fund will be applied towards payment of employee claims in respect of any non-crystallised entitlements, insured claims and other claims which the Deed Administrators determine should be excluded. These excluded claims will also not be compromised or released by the Deed.
- Upon effectuation of the Deed, control of the Company will be returned to the board of directors of the Company for the benefit all creditors and members.

The Conditions Precedent to the Deed are required to be satisfied by the Sunset Date, which is 3 months from the date of execution of the Deed, or such other date as agreed in writing between the Proponent and the Deed Administrators. We estimate that the Deed will take 3 to 6 months from the date of execution to be effectuated.

The Deed is discussed further at Section 9 of this Report.

2.7. Estimated return to creditors

We estimate creditors' returns under a 'high' and 'low' case liquidation scenario/liquidation and a Deed scenario will be:

Creditor type	Liquidation Low Cents in the dollar	Liquidation High Cents in the dollar	Deed Cents in the dollar
Secured creditors*	43	100	100
Employees	100	100	100
Unsecured creditors	43	100	100
Trade creditors	43	100	100
Related entities	43	100	100

**Canon Finance's security interest only extends to goods it has provided the Company (i.e. the financed printer) which the Administrators believe has minimal value. Any shortfall on the printer (estimated between \$10,000 and \$14,000) will constitute an unsecured claim in the event the company is placed into liquidation.*

2.8. Offences and liquidation recoveries

Our preliminary investigations have identified potential offences that may have been committed by some of the Company's former directors in breach of their duties. Our investigations have revealed that the Company was likely not insolvent at the date of our appointment and therefore, we consider no claims would be available to a Liquidator (if one was appointed) for insolvent trading and certain voidable transactions.

We have identified potential unreasonable director-related transactions that require further investigation and may give rise to a claim by a liquidator if appointed.

2.9. Administrators' overview

2.9.1. Conduct of administration

Since our appointment we have:

- Stabilised the Company's operations, including reinstating cooperation between the Company and its Filipino subsidiaries.
- Conducted investigations into the affairs of the Company.
- Explored restructuring options to enable control of the Company to be returned to its directors.

2.9.2. Company financial background

- The Company's primary source of revenue prior to our appointment was management fees charged to its subsidiary KDTL.
- The Company incurred losses of US\$1.8m and US\$4.2m in FY22 and FY23 respectively, with the increased loss in FY23 attributable to significantly higher administration and investor relations costs, particularly consultants' fees.
- The Company's main assets are cash at bank and investments in its subsidiaries in the Philippines and Queensland.
- The value of the Company's investment in its Filipino subsidiaries is unclear in light of the current ownership dispute in respect of the shares of Philsaga Management and Holdings Inc (**PMHI**).

2.9.3. Reasons for Company's difficulties

The Company's financial difficulties arose due to a dispute in relation to ownership of a 60% interest in the Company's subsidiary, PMHI. The dispute affected the Company's access to financial support to fund its operations.

2.10. Remuneration

We are seeking approval for our remuneration at the Second Meeting as summarised below:

Period	Amount (excluding GST) (\$)
Voluntary Administration	934,850.50
Resolution 1: 2 July 2023 to 15 October 2023	
Resolution 2: 16 October 2023 to 31 October 2023	89,355.00
Deed Administrator (if applicable)	34,407.50
Resolution 3: 1 November 2023 to execution of the DOCA	

Prospective Liquidators' or Deed Administrators' remuneration will not be sought if creditors elect to form a Committee of Inspection (**COI**).

Please refer to our Remuneration Report at **Appendix D** for full details of key activities undertaken by us, our partners and staff and the remuneration approval sought.

3. Introduction

3.1. Appointment information

We, Martin Francis Ford and Simon Guy Theobald of PricewaterhouseCoopers, were appointed Joint and Several Administrators of the Company on 2 July 2023 by the Company under s 436A(1) of the Act.

3.2. Declaration of Independence, Relevant Relationships and Indemnities

Our Declaration of Independence, Relevant Relationships and Indemnities (**DIRRI**) was provided in our initial report to creditors dated 4 July 2023. The DIRRI discloses information regarding any prior personal or professional relationships the Administrators and PricewaterhouseCoopers had with the Company or related parties, our independence and any indemnities received relating to this appointment.

There have been no changes to the DIRRI provided to creditors on 4 July 2023.

3.3. Report's purpose

The Administrators are required to investigate a company's business, property, affairs and financial circumstances and report to creditors on, amongst other things:

- the administrators' opinion on the options available to creditors, being that the:
 - Company be wound up (liquidation);
 - Company execute a Deed; or
 - administration should end (with control of the Company reverting the Directors).
- investigations conducted.

3.4. Purpose of second meeting

The Second Meeting will:

- address the contents of this Report;
- respond to questions from creditors;
- determine the company's future by resolving one of the three available options; and
- seek approval of:
 - Administrators' remuneration;
 - future remuneration of the Liquidators or Deed Administrators (as applicable); and
 - should creditors desire, the formation of a Committee of Inspection (**COI**).

The current Administrators automatically become the Deed Administrators or Liquidators unless creditors resolve to replace them.

The options available to creditors and the Administrators' opinion on each option are set out in detail in **Section 11**.

We recommend that the Company execute the KDTL Deed.

3.5. Second meeting details

The Second Meeting will be held on Tuesday, 31 October 2023 at 10am AWST. A Notice of Meeting of Creditors is attached at **Appendix A**.

A webcast facility will be available for creditors who cannot attend the Second Meeting.

If you plan to attend via webcast, please register your interest in advance by no later than 4pm AWST on Monday, 30 October 2023 by emailing Toby Schultz at toby.schultz@au.pwc.com.

3.6. Extension of the convening period

The Act stipulates the timing of the Second Meeting. Generally, the Second Meeting must be convened within 15-25 business days from the date the administration begins. The Court may extend the convening period if circumstances require.

The Administrators made an application to the Federal Court of Australia seeking orders to extend the period within which the Administrators must convene the Second Meeting (the convening period) to 29 January 2024. The application to extend the convening period was heard by the Court on 24 July 2023 and orders were made to allow sufficient time for:

- the Administrators to conduct their investigations into the Company's affairs and assets, which were complex and involved substantial offshore activities and shareholdings; and
- consideration and exploration of a sale or recapitalisation of the Company and/or purchase of the Company's assets by way of an asset sale or Deed.

On 25 July 2023, the Administrators notified creditors of the Court orders granting the extension to the convening period to allow the Second Meeting to be held by no later than five business days after 29 January 2024. The orders also provided the Administrators the discretion to convene the meeting earlier than this date if deemed appropriate.

Given that a Deed proposal has now been received, the Administrators consider it appropriate to convene and hold the Second Meeting prior to the 29 January 2024 deadline. Therefore, the Second Meeting will be held on 31 October 2023. Please refer to section 2.5 of this Report for further details of the Second Meeting.

3.7. Meeting registration

To register attendance and be entitled to vote at the Second Meeting, creditors must complete and submit the following forms attached at **Appendix B** and **Appendix C**.

Registration forms	Information
Appointment of Proxy Form	<p>A new proxy form is required to be completed for each creditors' meeting (i.e. previous meeting proxy forms are invalid for the Second Meeting).</p> <p>If a corporate creditor wants to be represented at the Second Meeting, it must appoint an individual to act on its behalf by providing an executed proxy form.</p> <p>Individuals may choose to appoint a representative to vote on their behalf by executing a proxy form. If an individual is attending in person a proxy form is not required.</p>
Proof of Debt or Claim Form	<p>This form is required to be completed to entitle a creditor to vote at the Second Meeting. Documents to support the amount claimed (e.g., unpaid invoices) must also be provided.</p> <p>There is no requirement to resubmit a proof of debt form if previously provided unless the amount claimed has changed.</p> <p>Please take care when completing the form to ensure the correct party is named as the creditor. As an example, this may include XYZ Pty Ltd as trustee for the ABC Family Superannuation Fund.</p>

Only creditors of the Company are entitled to vote at the Second Meeting.

Creditors are encouraged to arrive as early as possible after the registration time to enable the orderly registration of attendees so that the meeting can commence on time.

3.8. Committee of Inspection (COI)

Creditors may wish to establish a COI at the Second Meeting, typically to assist and guide the Liquidator or Deed Administrator (as applicable). A minimum of two members is required to form a COI.

It is for creditors to decide whether to appoint a COI.

Creditors should consider whether they are in a position to be a COI member, as membership of a COI requires attendance at meetings (webcast facilities will be available, so members do not have to attend in person). Members of the COI must have regard for the creditor group's interest, not their own interests.

Importantly, for a creditor to be eligible for appointment as a member of a COI, they must either:

- be in attendance at the Second Meeting;
- appoint a general power of attorney to attend the Second Meeting on their behalf; or
- authorise a person in writing to be a member of the COI on their behalf.

3.9. Administrators' comments on this Report

The ARITA Code of Professional Practice (the **Code**) provides guidance to Insolvency Practitioners on a number of matters concerning the external administration of the Company, including the content of this Report.

Due to the complexity of certain aspects of the Company, the voluntary administration and the current stage of the recapitalisation process, it is not possible to cover all matters referred to in the Code. Some information has also been omitted from this Report as it is considered to be commercially sensitive and disclosure of same may have an adverse effect on the creditors and shareholders of the Company and the Company itself.

3.10. Further information

To assist creditors, employees, and shareholders to understand the voluntary administration process, the Australian Securities and Investments Commission (**ASIC**) has released a package of insolvency information sheets endorsed by the Australian Restructuring Insolvency and Turnaround Association (**ARITA**).

Enclosed at **Appendix E** is ASIC's publication Insolvency information for directors, employees, creditors and shareholders, which provides an index of all the information sheets that are available. You can download these information sheets from:

- www.asic.gov.au
- www.arita.com.au

4. Company background

4.1. Company overview

The Company was incorporated in 2002 as Medusa Mining Limited. The Company changed its name to Ten Sixty Four Limited effective from 4 May 2022.

The Company merged with Philippines company Philsaga Mining Corporation (**PMC**) in 2006 and commenced redeveloping the Co-O gold Mine located in Central Eastern Mindanao in the Republic of the Philippines.

According to the Company's most recent reserve and resource statement, cumulative gold production from the Co-O mine has totalled more than 1.2m ounces since 2007 and the Company had 318,700 ounces of proven and probable reserves as at 31 December 2022¹.

The Company is listed on the Australian Stock Exchange (**ASX**) under company code "X64". On 28 February 2023, an announcement was made to the ASX advising that the Company's securities would be suspended from trading pending an announcement in relation to an operational update regarding the Co-O gold operations in the Philippines (discussed further at Section 4.3 below). Trading has remained suspended since this date.

At the date of the Administrators' appointment, the Company employed eight people (including three contractors) and operated from leasehold premises located in West Perth, Western Australia. One employee has resigned since our appointment.

Information regarding the Company's financial background is discussed in **Section 6**.

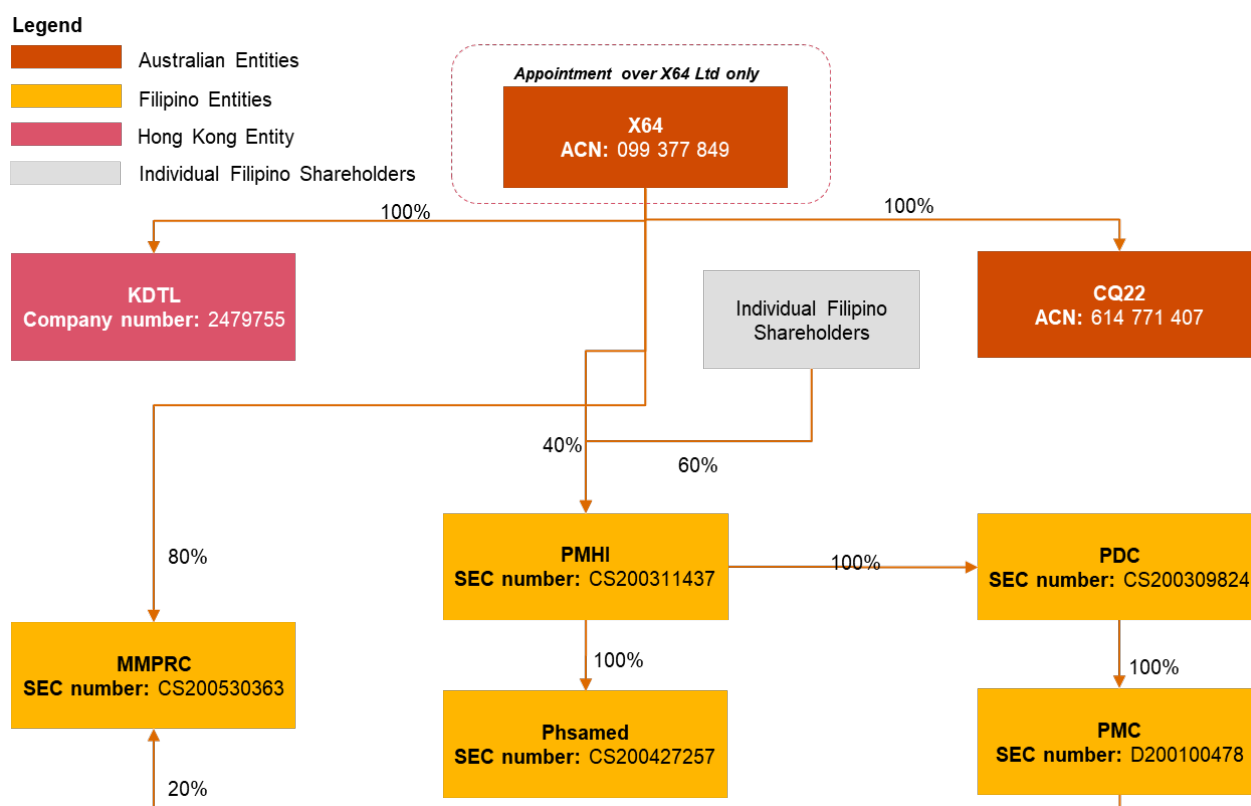
Further information is available on the Company website at www.x64.gold/. We have not changed any material on the Company website that existed at the time of our appointment other than to update it with key announcements where applicable.

¹ Source: Annual Mineral Resources and Ore Reserves Update Statement lodged with ASX on 25 May 2023

4.2. Group structure

The Company is a member of a group (**Group**) of eight companies with operations across Australia and Southeast Asia in gold mining and exploration activities. Voluntary Administrators are appointed only over the Company, with all other Group entities remaining outside of any insolvency regime.

A diagram of the Group structure at appointment date is provided below.



The other seven companies in the Group, their place of incorporation or registration and a brief description of each entity is set out in the table below:

Subsidiary	Place of incorporation or registration	Description
Komo Diti Traders Limited	Hong Kong	<p>KDTL's role within the Group was to facilitate the purchase of doré bars from PMC, which are subsequently refined by a third-party firm registered in Hong Kong, and upon the instruction of KDTL, sold on the Group's behalf. This structure is currently not in operation.</p> <p>The third-party firm in Hong Kong had paid revenue generated from sales less refining and trading costs to KDTL. KDTL then paid management fees to X64.</p>
CQ22 Pty Ltd	Australia	<p>CQ22 was acquired by X64 on 24 February 2022 for total purchase consideration of 20m ordinary shares.</p> <p>CQ22's operations consist of exploration and preliminary development of a 4,150 km² gold exploration land package in the southern Drummond Basin region of central Queensland.</p> <p>CQ22 does not own any income producing assets, and its operations have been historically funded by the Company. The funding provided to CQ22 has been recorded as a loan account owed to the Company.</p>
Philsaga Management and Holdings Inc	The Philippines	<p>PMHI acts as the holding entity of the Filipino interests of the Group with respect to its mining operations.</p> <p>The 60% Filipino shareholding in PMHI is subject to a legal dispute in the</p>

Subsidiary	Place of incorporation or registration	Description
		Philippines (refer to Section 7.3 of this Report).
Phsamed Mining Corporation	The Philippines	Phsamed acts as a mining and exploration company, which is understood by the Administrators to be dormant.
Philsaga Mining Corporation	The Philippines	<p>PMC owns and operates the Co-O mine in Central Eastern Mindanao, comprising 410 km² of tenements which cover approximately 70km of strike length and other assets including exploration rights in Mindanao.</p> <p>PMC mines ore and transfers such ore to MMPRC which processes it into semi pure doré bars.</p> <p>Due to the various disputes in the Philippines, we note that the Company does not currently have practical control over PMC or its operations.</p>
Philsaga Development Corporation	The Philippines	PDC provides geological services for the Filipino operations of the Group, PMC. The Administrators understand PDC to be dormant.
Mindanao Mineral Processing & Refining Corporation	The Philippines	<p>MMPRC owns processing plant infrastructure, the Co-O Mill, that is used by PMC to process the ore mined from PMC's mining tenements. The Co-O Mill is located approximately 6km north of the Co-O Mine.</p> <p>MMPRC processes the ore delivered by PMC into gold and silver doré bars. At the moment the doré is transferred by MMPRC to PMC which manages the sale to third parties.</p> <p>MMPRC's revenue is currently attributable to the tolling fees charged to PMC for processing the raw resources into doré, and repayment of a significant intercompany debt between MMPRC and PMC of US\$3mm per annum. We are advised that at the moment these funds have not been paid and the loan is now in default.</p> <p>MMPRC currently operates under contractual arrangements with PMC and does not perform any milling for external third parties.</p>

The Company is the parent entity within the Group and does not conduct any mining or exploration activities in its own right. The Company historically generated revenue by charging KDTL a monthly management fee of USD \$300k to cover the corporate overhead costs of the Group.

In addition to generating revenue from management fees, we have been informed by management that the Company received cash from other Group entities via intercompany loans. The cash was used by the Company to, amongst other things, pay its ordinary operating costs, invest in new exploration and business development opportunities (most recently including CQ22), share buybacks and dividends to shareholders.

Receipt of the management fee and repayment of loan account balances appears to have been dependent upon gold delivery by PMC to KDTL, which has been interrupted since around February 2023. The payment of tolling fees by PMC to MMPRC also was interrupted around February 2023, but has since been brought up to date and is continuing to be paid monthly. We are advised that the sale and purchase agreement of doré by KDTL was unilaterally terminated by PMC since around February 2023. As such, the intercompany financial structure of the Group was interrupted since around February 2023.

4.3. Events Leading to the Appointment of the Administrators

Outlined below is a brief timeline of key recent events in the Company's history and events / circumstances leading to the appointment of Administrators per the records of the Company and various ASX disclosures:

- In February 2023, a dispute emerged between X64 and the Philippine owners of 60% of PMHI, the ultimate owner of PMC. Mr Raul Villaneuva, who had served as President of the group for nearly a decade, alleged that he had acquired the 60% ownership directly and through intermediaries on his behalf. X64 alleged that it had, through a special power of attorney, transferred that ownership to Mr Joseph Mahusay. The 60% ownership enables the holder certain control and voting powers with respect to the appointment of officers of PMC and the day-to-day control over PMC.
- Mr Villaneuva has contested that there has been any lawful transfer to Mr Mahusay. Since the commencement of this dispute various separate court actions have originated in the Philippines. Until such matters have been fully and finally adjudicated, a degree of uncertainty remains over the ultimate ownership of PMC. In connection with such disputes, the Philippines regulator of Corporations, the Securities and Exchange Commission, has declared that there is an intra-corporate dispute, which has an impact on the day-to-day operations and appointment of officers of PMC.
- In addition to the dispute concerning PMHI and PMC, X64 alleged that there may have been other operational matters at PMC which it sought to review.
- In light of the above matters, the Company requested a trading halt and subsequently the voluntary suspension of its securities pending the release of an announcement in relation to an operational update on the Co-O gold mine.
- An ASX announcement released by the Company on 7 March 2023 stated that the Company had become aware of a number of potential issues that had arisen at the Co-O mine and it had initiated a comprehensive operational audit of the mine. According to the announcement, the operational audit was to focus on, amongst other things, the Group structure, financial management, guidance and costs and mine management and processing.
- On 24 April 2023, the Company received a request from a shareholder to call an extraordinary general meeting to put forward resolutions to remove and replace all of the Company's directors. Shortly after this request, one of the Company's directors at the time resigned.
- On 30 May 2023, the Company engaged Cor Cordis to complete an independent review of its financial position, including its forward cash flow forecasts and current and prospective cash flow position.
- An ASX announcement released by the Company on 15 June 2023 noted that the operational audit announced on 7 March 2023 was seeking to address a range of legacy issues related to the ownership structure of the Group in existence since the time the Company had commenced operations in the Philippines and that the Company was taking steps during the period of suspension to investigate and determine the effect (if any) on the Company in relation to the applicable Philippine regulations.
- The ASX announcement released by the Company on 15 June 2023 also noted that there was purportedly a site leadership restructure that included the termination of the employment of PMC president, Mr. Raul Villanueva, and the appointment of Mr Joseph Mahusay.
- The 'legacy issues' referred to in the Company's 15 June 2023 ASX announcement appear to include the purported transfer of the 60% Filipino shareholding in PMHI. Under Philippine law, where a mineral deposit is granted as a MPSA (Mineral Production Sharing Agreement), the ownership of the entity controlling such mining right, must be no less than 60% beneficially owned by Philippine nationals. While X64 and its Filipino partners have followed this structure, X64 has declared that it has entered into various arrangements which satisfied its auditors that it could consolidate beneficial control over 100% of PMHI and hence PMC. Following the disputes arising in February 2023, it became clear that this beneficial control could no longer be assured.
- From February 2023 to June 2023, a near total breakdown in communication occurred between PMC, which was under the de-facto day-to-day control of Mr. Villaneuva, and the management and board of X64. At the same time, Mr Mahusay sought to secure de-facto control over PMHI but was unsuccessful. We are advised that Mr Mahusay did however obtain legal advice that he had legal control over the disputed 60% ownership and he had further entered into various agreements and understandings with X64 that X64 believed enabled it

to continue to disclose that it had 100% beneficial financial rights to continue to consolidate its ownership over PMHI and PMC.

- The four remaining directors of the Company resigned on 19 June 2023 with a new board appointed at 5pm on the same day.
- Prior to its resignation, the former board arranged for the Company's directors' and officers' insurance policy to be placed into run-off, leaving the new board without any directors and officers insurance coverage.
- Following their appointment on 19 June 2023, the Directors (new board) commissioned an updated detailed financial analysis of the Group from Cor Cordis. The Directors identified that while the dispute detailed in Section 7.3 continued, the Company had no guarantee of continued income (through other Group entities) to support its operations.
- In addition, we have been advised that the prior management and board of X64 provided no assistance in the transfer of day-to-day operations of the Group to the new Board. The new Board requested an urgent review of all facts and potential liabilities that may have occurred with respect to the operations of the Group. This investigation has been a priority of the Administrators and the management of X64.
- Given the above, the Directors determined that a voluntary administration was necessary and appropriate.
- Accordingly, at a meeting of the Directors of the Company held on 2 July 2023, the Directors resolved that the Company was likely to become insolvent at some point in the future and that the Administrators should be appointed. It should be noted that one of the Directors, Mr. Andrew Brown, abstained from voting on the resolution.
- Martin Ford and Simon Theobald of PwC Australia were appointed as Joint & Several Administrators of the Company on 2 July 2023.

4.4. Statutory information

A search of ASIC's database reveals the following details of the Company and its directors, other officers and shareholders in the 12 months prior to the appointment of the Administrators.

Company details

Date of incorporation	5 February 2002
Registered office	Suite 3 Level 1 1209 Hay Street WEST PERTH, WA 6005
Principal place of business	Suite 3 Level 1 1209 Hay Street WEST PERTH, WA 6005

Directors' details	Appointment from/to
Walter Robertson Milbourne	20 June 2023* – current
Jonathan Nicholas Shellabear	20 June 2023* – current
Debra Anne Ridge	20 June 2023* – current
Andrew John Brown	20 June 2023* – current
William John Decooman	20 June 2023* – current
Kate Lowese George	25 November 2022 – 19 June 2023
Aaron Edmund Treyvaud	2 May 2022 – 28 April 2023
Andrew Charles Hunt	16 March 2022 – 19 June 2023
Jeffery William McGlinn	16 February 2021 – 19 June 2023
Simon John Mottram	11 June 2020 – 19 June 2023

Secretary's details	Appointment from/to
Karl Mathew Schlobohm	20 June 2023 – current
Jack Edison Rosagro	19 June 2023 – 20 June 2023
Deborah Mun-Sook Ho	7 March 2023 – 19 June 2023
Peter Stanley Alphonso	5 December 2007 – 7 March 2023

**ASX announcement confirming these appointments refers to appointment effective from 5pm on 19 June 2023, whereas ASIC's records show an appointment date of 20 June 2023*

According to a search of the ASIC database and share registry, the Company has issued 228,393,301 ordinary fully paid shares. The Company is publicly traded, and therefore there are likely to be significant changes to the shareholdings from 2 July 2022 to suspension of trading the Company's shares on 28 February 2023.

As at the date of the appointment of the Administrators, the share registry database managed by Computershare disclosed the Company's top 20 shareholders to be:

No.	Holder name	Total shares held	% of shares held
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	50,367,618	22.05%
2	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	21,415,330	9.38%
3	BNP PARIBAS NOMS PTY LTD	16,903,200	7.40%
4	CITICORP NOMINEES PTY LIMITED	15,486,890	6.78%
5	BNP PARIBAS NOMINEES PTY LTD	10,067,886	4.41%
6	BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	9,896,000	4.33%
7	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	7,619,348	3.34%
8	VITRINITE HOLDINGS PTY LTD	7,248,235	3.17%
9	VITRINITE HOLDINGS LLC	5,626,226	2.46%
10	MR CARL ERIC HOLT & MRS LORRAINE HOLT	4,397,328	1.93%
11	NEWECONOMY COM AU NOMINEES PTY LIMITED	2,601,003	1.14%
12	BERNE NO 132 NOMINEES PTY LTD	2,591,880	1.13%
13	VITRINITE PTY LTD	2,419,488	1.06%
14	ZERO NOMINEES PTY LTD	2,350,000	1.03%
15	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,301,652	1.01%
16	EST MR SAMUEL GONZALES AFDAL	2,260,000	0.99%
17	DDH GRAHAM LIMITED	2,250,138	0.99%
18	MONEX BOOM SECURITIES (HK) LTD	1,737,184	0.76%
19	MR ROY PHILIP DANIEL & MRS DONNA MARY DANIEL	1,400,000	0.61%
20	MARLON INVESTMENTS PTY LTD	1,300,000	0.57%

Source: Computershare Share Registry

We are not aware of any inaccuracy in ASIC's or the share registry's records.

4.5. Creditors' claims

The estimated claims of the Company's creditors total A\$16,673,395. The following table summarises estimated claims by each known class of creditor.

Creditor class	Number of creditors	Amount (A\$)
Secured creditors		
Non-circulating	1	14,413
Employee entitlements		
Priority creditors	7	866,945
Excluded employee entitlements (unsecured creditors)	nil	N/A
Unsecured creditors		
Trade/External creditors	20	348,694
Related entitles	10	14,527,369
Contingent claims	2	915,947
Total creditor claims	40	16,673,395

These claims may be subject to change.

These amounts have been derived from the:

- Report on Company Activities and Property (**ROCAP**) provided by the directors;
- Company's books and records;
- invoices received by the company since our appointment; and
- formal proof of debt or claim forms submitted by creditors.

4.5.1. Secured creditors

A 'secured creditor' is a creditor that holds a security interest over some or all of a company's assets. To be valid, the security interest must generally be registered on the Personal Property Securities Register (**PPSR**) or, in the case of land and buildings, with the relevant Land Titles Office. Security interests can be over:

- circulating assets (formerly known as 'floating' assets) e.g. debtors, stock and cash; and
- non-circulating assets (formerly known as 'fixed' assets) e.g. property, plant and equipment, land, goodwill and rights to dividends.

Canon Finance Australia Pty Ltd (**Canon Finance**) has advised the Administrators it has a secured claim of \$14,413 in relation to a printer leased by the Company. This lease appears to have been registered on the PPSR and therefore we believe that it is a valid and enforceable security interest. However, Canon Finance's security extends only to the printer and any shortfall would be an unsecured claim. As the Administrators have continued to make lease payments in relation to the printer during the administration period the amount owing under this contract has reduced to c.\$13k.

4.5.2. Employees

Outstanding employee entitlements have a statutory priority for payment over other creditors.

The table below details all known outstanding employee entitlements as of 10 October 2023 based on the Company's books and records.

Entitlements	Total Amount (\$)
Leave entitlement (Annual Leave and Long Service Leave)	369,173
Pay in lieu of notice	136,674
Redundancy	361,098
Total Priority Creditors	866,945

4.5.3. Excluded employees

Excluded employees are defined in the Act as directors and their spouses or relatives (s556(2)).

Outstanding priority employee entitlements for excluded employees are limited to \$2,000 for wages (including superannuation) and \$1,500 for unpaid annual leave and long service leave. The balance of their entitlements rank as an unsecured claim (s556(1A) and (1B)) of the Act.

There are no excluded employees as none of the Company's directors were employees of the Company.

4.6. Unsecured Creditors

At the date of our appointment, the claims of the Company's unsecured creditors totalled \$15,792,037 based on formal proofs of debt, invoices and our review of the Company's books and records. We have summarised the creditor claims in the table below:

Creditor class	No of creditors	Company records or ROCAP amount (\$)
Trade/External creditors	20	348,694
Related entities	10	14,527,396
Contingent claims	2	915,947
Total unsecured creditor claims		15,792,037

4.7. Trade/External creditors

The majority of the Company's trade/external creditors were paid prior to the Administrators' appointment. The remaining amounts comprise mostly outstanding legal fees, audit fees and other corporate expenses.

4.8. Related entities

We have conducted an initial review of related party claims. However, these have not been formally adjudicated upon (other than for voting purposes). The Company's related entities and the quantum of their claims according to the proofs of debt submitted and the Administrators' review of the Company's books and records at the date of appointment are summarised below:

Related entity	Note	Relationship	Claim Amount (\$)
KDTL	4.8.1	Subsidiary Entity	7,910,448
MMPRC	4.8.1	Subsidiary Entity	6,152,461
Mining Standards International Pty Ltd	4.8.2, 4.8.3	Director (contracting entity)	358,662
Millbohm Consulting Group Pty Ltd	4.8.2	Company Secretary (contracting entity)	21,524
A. Brown and Company Pty Ltd	4.8.2	Director (contracting entity)	15,196
Debra Bakker	4.8.2	Director	15,778
William John Decooman	4.8.2	Director	34,049
Jonathan Shellabear	4.8.2	Director	2,778
Nicola Gill	4.8.2	CFO, director of subsidiaries	16,500
Ryan Welker	4.8.3	Major shareholder, former MD	TBC
Total related entity claims			14,527,396

4.8.1. KDTL and MMPRC

KDTL

- KDTL is a wholly-owned subsidiary of the Company.
- The claim is in respect of a loan account between the Company and KDTL and appears to have arisen due to funds being transferred to the Company by KDTL.
- KDTL submitted a formal proof of debt in the amount of US\$6.2m (\$9.3m), which has been converted to \$AUD at the exchange rate at the date of our appointment (0.67AUD:1USD). KDTL's proof of debt amount appears to be based on its accounts to March 2023 and does not take into account management fees accrued for the following three months up to the date of appointment of Administrators. After factoring these additional fees in, the amount owing to KDTL appears to be USD \$5.3m (AUD\$7.9m).

MMPRC

- MMPRC submitted a formal proof of debt in the amount of US\$4.1m (\$6.1m), which has been converted to \$AUD at the exchange rate at the date of our appointment (0.67AUD:1USD).
- The claim is in respect of a loan account between the Company and KDTL and has arisen as a result of cash advances made by MMPRC to the Company between March and June 2023.

4.8.2. Director and executive employee fees and costs

We have received formal proofs of debt from a director of the Company (through his contracting entity, A. Brown and Company Pty Ltd) and the Company's current Chief Financial Officer with respect to unpaid director and consultant's fees.

The remaining director and executive claim amounts are based on the Company's books and records including invoices received by the Company for work undertaken prior to our appointment.

4.8.3. Contingent claims

The related party contingent claims relate to:

- a pre-appointment legal action in the Federal Circuit and Family Court of Australia against the Company by one of its major shareholders and former director, Ryan Welker. We understand that the legal claim relates to, among other things, remarks contained in certain ASX announcements released by the Company, which Mr Welker alleges were defamatory against him. We note that, as at the date of this report, no formal proof of debt has been received from Mr Welker; and
- six months of director fees, totalling approximately \$325,000 that are payable by the Company to the Managing Director (via his contracting entity) in the event the service agreement is terminated.

4.9. Other contingent creditors

4.9.1. Silverjay Enterprises Pty Ltd - \$45,553

As at the date of our appointment the company was still leasing its former premises in Como. As the premises was not required by the Company, we issued a notice to the landlord, Silverjay Enterprises Pty Ltd (**Silverjay**), that we did not intend to exercise property rights in respect of the premises. The term of the lease is to May 2024, and we have calculated the claim based on the remaining term of the lease less the bank guarantee held in favour of the landlord. We have also written to the landlord advising that they have a duty to mitigate their losses by proactively finding another tenant for the property. We note that, as at the date of this report, a formal proof of debt has not yet been received.

4.9.2. Silverleaf Investments Pty Ltd - \$870,394

Following our appointment, Silverleaf Investments Pty Ltd (**Silverleaf**), the landlord of the Company's current premises in West Perth (which the Company continues to occupy), submitted a proof of debt for an amount of \$870,394, which represented their claim for the remainder of the lease term. We have not formally adjudicated Silverleaf's proof of debt but note that the actual claim will likely be lower than the proof of debt as Silverleaf holds a bank guarantee of \$c.60k and, the Administrators have continued to pay the monthly rent obligations per the lease agreement. Further, the amount of the claim will be reduced if the premises are able to be re-leased to another tenant in the event of liquidation.

5. Conduct of administration

5.1. First meeting of creditors

The first meeting of creditors of the Company was held on 12 July 2023 (**First Meeting**), pursuant to s436E of the Act. Creditors did not resolve to appoint a Committee of Inspection (**COI**) at the meeting.

A copy of the first meeting minutes may be obtained from the Administrators' website:

(<https://insolvency.pwc.com.au/singleEntityCases/ten-sixty-four-limited-administrators-appointed/casePage>) or ASIC's website.

5.2. Major work streams

The major work streams undertaken during the administration, working closely with existing management are as follows:

5.2.1. Investigations into the Company's assets and affairs

- Undertaking reviews of and engaging consultants to prepare valuations on the Company's interests in various assets, namely the CQ22 tenements, MMPRC Co-O Mill and PMC Co-O Mine.
- Securing cash at bank, including recovery of some funds paid by the Company prior to our appointment.
- Compiling a detailed chronology of events on the history of the Company and reviewing a significant number of documents relating to the Company's affairs, including documents relating to:
 - the purported transfer of shares of the subsidiary companies.
 - legal disputes between the purported shareholders of the subsidiary companies.
- Holding meetings with various parties regarding the Company's history, affairs and disputes including auditors, former directors, former executives and solicitors.
- Issuing notices to various parties to produce documents relevant to the Company's affairs.
- Engaging and liaising with solicitors (both in Australia and the Philippines) regarding various legal issues arising throughout the external administration, including the litigation in relation to the ownership dispute.
- Preparing and lodging a report to ASIC pursuant to s.438D of the Act.

5.2.2. Cash Repatriation / Restructure

- Meetings with representatives of PMC and MMPRC to discuss the status of Co-O mining and milling operations and negotiating a path forward for the Company given the current situation.
- Working towards stabilising the Company's operations and exploring restructuring options to enable control of the Company to be returned to its Directors. This has focused on the following matters:
 - restoring the Company to a position of balance sheet solvency;
 - restoring the Company to cash flow solvency;
 - seeking appropriate insurance options for the Directors; and
 - determining a suitable structure to deal with any contingent claims that may arise against the Company.
- Entering into discussions and holding a number of meetings with various parties to enable the above to occur.
- Engaging tax specialists to review and provide advice on the tax consequences of any restructuring plan and the most appropriate strategy.
- Holding preliminary discussions with the ASX concerning its requirements to reinstate trading in the Company's securities.

5.2.3. Creditors / Shareholders

- Convening and holding the first meeting of creditors, including preparation and lodgement of minutes of meeting.
- Preparing and providing updates on the status of the administration to creditors.
- Responding to various queries from creditors, employees and shareholders and preparing and updating a Frequently Asked Questions document.
- Applying to the Court and obtaining an order extending the period in which the Administrators are required to convene the Second Meeting, including the preparation of a detailed affidavit in support of the application.
- Conducting initial reviews of large intercompany loan account balances and accuracy of same.

5.2.4. Continued trading

Immediately upon their appointment, the Administrators attended the Company's office in Perth and undertook the following actions:

met with the directors and key employees to discuss the company's trading operations, staffing and assets;

in consultation with management, prepared an urgent cash flow forecast, to determine if, and for how long the Company was able to trade;

implemented systems to ensure that the Administrators had oversight of the company's receipts and payments;

calculated the entitlements owed to the Company's employees;

secured the Company's cash holdings;

liaised with the Company's external IT provider to secure the Company's information technology systems; and

issued a notice of intention not to exercise property rights to the landlord of the Company's unused premises in South Perth.

Following this initial work, the Administrators have also:

- maintained a rolling cash flow forecast for the Company;
- dealt with queries from the Company's suppliers in relation to the trading period;
- reduced unnecessary expenditure where possible, including the reduction of discretionary expenses;
- asked staff with excessive leave balances to reduce or, to commit to reducing their balances, this calendar year;
- worked with our insurance broker and the Company's pre-appointment broker regarding ongoing insurance requirements for the Company and its subsidiaries, including preparing for the upcoming renewal of the Company's insurance renewal and organising a risk engineer review;
- recovered funds paid by the Company into solicitors' trust accounts;
- undertaken work to calculate the Administrators' FBT liability during the period of appointment;
- liaised with the State Revenue Offices of WA, Vic and QLD in relation to the Company's ongoing payroll tax obligations;
- documented arrangements with contractors that had not been formalised prior to our appointment;
- liaised with representatives of the Company's operating subsidiaries in the Philippines to understand current and forecast mine production and financial performance; and
- resumed preparation of the accounts for the Philippines entities, updated the frequency of reporting and monitored actual financial performance.

CQ22 Limited

CQ22 is a wholly owned subsidiary of the Company whose operations at our appointment consisted of exploration and preliminary development of gold tenements in the southern Drummond Basin region of central Queensland. CQ22 does not own any income producing assets, and its operations have been funded by the Company since its acquisition in April 2022. Our appointment did not extend to CQ22 which has remained in control of its directors.

At the date of our appointment, CQ22 had seven employees and had a funding requirement of between \$100,000 and \$150,000 per month. The funding mostly related to employee expenses but also included exploration activities, laboratory testing and tenement related costs.

As funding for CQ22 was one of the Company's largest expenditures we undertook a review of the CQ22 asset in conjunction with its directors, which resulted in expenditure being reduced to a minimum (while still complying with tenement management obligations) and the restructuring of staffing levels. Monthly funding costs for CQ22 have been reduced to between c.\$10,000 and \$15,000 per month.

The funding provided to CQ22 (both prior to and following our appointment) has been recorded in the Company's books and records as a loan owed to the Company.

5.2.5. Receipts and payments during the trading period

Set out below is a summary of the Administrators' receipts and payments and accruals for the period 2 July to 15 October 2023. As Administrators, we are required to lodge a report with ASIC detailing the Company's receipts and payments for the Administration period. This report will be lodged within one month following the end of the Administration.

Further details of the tasks undertaken by the Administrators are included in the Remuneration Approval Report attached as **Appendix D**.

	Notes	(\$)
Receipts		
Interest income		44,188
Pre-appointment refunds and recoveries		35,145
Total receipts		79,333
Trading payments		
Payroll, contractors, superannuation and ETP's	1	(601,792)
PAYG		(45,214)
Other employee expenses	2	(41,724)
ASX fees	3	(58,039)
Rental expense	4	(71,613)
Travel costs	5	(36,571)
IT, office supplies and other expenses	6	(42,705)
Insurance	7	(361,340)
Funding for CQ22	8	(548,257)
Total trading payments		(1,807,254)
Costs of the administration		
Legal fees and disbursements	9	(633,555)
Insurance	10	(25,703)
Other professional costs	11	(78,537)
Total costs of the administration		(737,794)
Total payments		(2,545,048)
Net trading receipts/(payments)		(2,465,715)
Cash held on appointment		8,167,470
Cash on hand at 15 October 2023		5,701,755
Payments receivable as at 15 October 2023		
Interest due from term deposit		33,706
Reimbursement from related parties due		300,000
GST refunds due	12	53,849
Total payments receivable		387,555
Accrued expenses as at 15 October 2023		
Legal fees	13	(220,816)
Employee costs	14	(40,105)
Consultants		(56,329)
IT services and consumables		(3,000)
Office expenses		(2,100)
Statutory liabilities	15	(50,776)
Other professional costs	16	(68,000)
Provision for other accruals	17	(50,000)
Total accrued expenses		(491,126)
Estimated position at 15 October 2023 (before VA remuneration and disbursements)		5,598,185

1. This expense relates to amounts paid for employee wages and superannuation, contractors, and employee termination payments.
2. Other employee expenses mainly relate to payroll tax and employee reimbursements.
3. Annual ASX listing fee.
4. The rental expense for the Company's premises in West Perth.
5. Domestic and international travel costs incurred during the Administration.
6. The majority of these expenses relate to payments to the Company's third-party IT provider, share registry expenses and the storage of the books and records.
7. Relates mostly to insurance payments made by the Company for the benefit of subsidiaries. We expect that that this will be reimbursed to the Company within the next month.
8. Funding provided to the Company's wholly owned subsidiary CQ22 Pty Ltd (refer to section 5.2.4 above).
9. Legal fees incurred by the administrators, including:
 - Legal assistance for matters relating to the Philippines.
 - Preparing for and obtaining the extension of the Convening Period.
 - Advice regarding the Company's insurance policies.
 - General advice relating to the administration.
10. Insurance premiums and expenses incurred by the Administrators.
11. Consultants engaged to assist with the Administrators' investigations.
12. GST credits due to the Company for the quarter ending 30 September 2023.
13. Estimated legal fees accrued to 15 October 2023.
14. Estimated WA, Vic and QLD payroll tax liabilities.
15. Estimated PAYG and FBT liabilities at 15 October 2023.
16. Professional fees in relation to valuation and consulting work that has been undertaken but not yet invoiced.
17. A provision for any unforeseen expenses as at 15 October.

6. Company financial background

The Company maintains accounts on specialist mining accounting system Classic and prepares annual forecasts, annual financial statements and monthly management accounts. The Company's annual financial statements are audited by BDO Audit (WA) Pty Ltd. The last audited financial statements are for the year ended 30 June 2022.

We have completed a preliminary financial analysis on the following historical results:

- FY21 to FY22 audited financial statements;
- half year (HY) unaudited financial statements to 31 December 2022; and
- year to date (YTD) unaudited management accounts to 30 June 2023.

We note that the Company's historical financial statements referred to above have been prepared on a consolidated basis, notwithstanding that the Company's legal shareholding in PMC (via PMHI) was limited to 40%. The Company has historically claimed effective sole rights to the economic returns from the Co-O mine through:

- its 40% interest in PMHI; and
- control of the remaining 60% "pursuant to various agreements in place and local statutory provisions²".

Given the existence of the ownership dispute referred to at Section 7.3, it does not appear that the Company currently retains sufficient control to justify continuing to account for its interest in PMHI and its subsidiaries³ on a consolidated basis. This issue was one of the outstanding matters preventing finalisation and audit sign-off for the Group's accounts for the 6 months to 31 December 2022.

The effect of not accounting for the Group's business on a fully consolidated basis is material and includes recognising a value for the Company's interest in PMHI and its subsidiaries based on a 40% basis, rather than including the value of its assets and liabilities as if they were fully owned.

Given that X64 (and not the remainder of the Group) has been placed into administration, our financial analysis is focussed on its accounts on a standalone basis rather than the Group as a whole.

² Source: FY22 Annual Report.

³ Phsamed, PDC and PMC.

6.1. Company's financial performance/Profit and Loss

Key Comments

- The Company's primary source of revenue was management fees it charged to its subsidiary KDTL.
- The Company has incurred trading losses in FY22 and FY23 of US\$1.8m and US\$4.2m respectively.
- The trading loss for FY23 was significantly higher than the previous year and arose due to large increases in administration costs and investor relations expenses which rose by US\$900k and US\$2.8m respectively. A significant component of these increases was consultants' fees.
- We have presented the trading results in US dollars in line with the Company's historical financial reports.

The Company's financial performance (Profit and Loss) for the three fiscal years ended 30 June 2023 is summarised below.

Ten Sixty Four Ltd				
Profit & Loss	Section	DRAFT FY23 \$US	AUDITED FY22 \$US	AUDITED FY21 \$US
Management Fees	6.1.1	3,600,000	3,600,000	3,600,000
Other Income	6.1.1	76,055	6	73,376
Total Revenue		3,676,055	3,600,006	3,673,376
Overheads				
Administration	6.1.2	(2,135,041)	(1,203,780)	(1,217,987)
Employee expenses	6.1.3	(1,724,739)	(2,183,269)	(1,464,766)
Audit Fees		(178,726)	(131,730)	(147,643)
Interest charge		(111,831)	(15,445)	(15,347)
Cost of company acquisition	6.1.4	52,943	(901,011)	-
Other Operating Expenses	6.1.5	(3,012,286)	(223,142)	(37,865)
Net Forex movement		(128,000)	48,079	756,040
Operating Profit/(Loss)		(3,561,624)	(1,010,292)	1,545,807
Depreciation		(14,944)	(883)	(4,815)
Amortisation		(210,245)	(103,302)	(125,408)
Other Expenses	6.1.6	(389,942)	(681,153)	(548,333)
Tax Expenses		-	-	-
Profit/(loss) after income tax		(4,176,756)	(1,795,630)	867,251

6.1.1. Revenue

The Company's main source of revenue was management fees which it charged to KDTL in accordance with a Management Services Agreement. These fees were charged at US\$300k per month. Other income mostly comprises interest generated from cash balances held.

6.1.2. Administration Expenses

Administration expenses increased significantly in FY23 mostly due to Consultancy Fees which increased by more than US\$1m above the prior year. Administration expenses are summarised below:

Corporate Expenses	Notes	DRAFT FY23 \$US	AUDITED FY22 \$US	AUDITED FY21 \$US
Consultancy Fees	1	1,339,359	273,550	264,711
Directors Fees		232,582	184,077	236,655
Legal Fees		104,930	44,693	91,953
FBT		112,221	259,829	201,332
Office Rental	2	164,084	92,262	91,249
Travel Expense		143,250	87,305	(4,955)
Computer /Software Maintenance		95,929	55,037	59,525
Insurance		80,933	119,637	180,736
Distributed To Departments	3	(206,154)	(41,540)	-
Reversed Rental RoU	4	(206,400)	(101,320)	(91,249)
Other		274,307	230,251	188,031
Total		2,135,041	1,203,780	1,217,987

1. Consultancy fees for FY23 comprise various payments including for services provided by the former managing director, Jeff McGlinn via his company Promac Sales. This expense also includes a payment of 6 months' salary to Promac (c.US\$236k) on Mr McGlinn's resignation which is subject to further investigation.
2. Office rental increased in FY23 as the Company moved from Como to West Perth. The Company was paying for both premises during FY23 as the Como lease does not expire until May 2024.
3. Wages expenses paid by X64 which relate to CQ22 which were on-charged.
4. Relates to an accounting entry to assist with Group reporting of All-In Sustaining Costs (AISC).

6.1.3. Employee Expenses

Employee expenses relate to corporate head office staff salaries and wages.

6.1.4. Cost of Company Acquisition

Company acquisition costs relate to the acquisition of subsidiary CQ22 (stamp duty, legal advice, technical advice etc.). A credit of \$52k was recognised in FY23 in respect of an over-accrual of stamp duty in the prior financial year.

6.1.5. Other Operating Expenses

Other Operating Expenses largely relate to 'Legal fees – Investor Relations' matters and increased by \$2.8m between FY22 and FY23 as summarised below:

Corporate Expenses	Notes	DRAFT FY23 \$US	AUDITED FY22 \$US	AUDITED FY21 \$US
Legal fees - Investor Relations	1	1,993,753	-	700
Travel expense - Investor Relations	2	351,111	17,684	-
Consultancy Fees - Investor Relations	3	350,492	81,587	36,548
Supervision & Payroll - Investor Relations	4	172,944	35,847	-
Advertising & Promotion Expense	5	97,432	69,893	-
Office rental - Investor Relations	6	42,316	9,059	-
Other		4,239	9,072	616
Total		3,012,286	223,142	37,865

1. Legal Fees – Investor Relations includes payments to legal advisers for:
 - a. advice in relation to proposed changes to the Company's board instigated by shareholders in accordance with s.249D of the Act;
 - b. payments to Philippines solicitors in respect of the ownership dispute and other matters; and
 - c. general corporate legal advice.
2. "Travel Expense – Investor Relations" relates to travel unrelated to direct mining operations and includes trips undertaken for evaluating new projects and for shareholder briefings.
3. Consultancy Fees include payments for corporate advisory assistance and investor/public relations.
4. Salary paid to the Company's internal investor relations manager.
5. Various branding and trademark expenses including production of a promotional film included on the Company's website.
6. Rental payments for an office in Sydney for use by X64 executives and consultants. The lease was used between June and December 2022.

6.1.6. Other Expenses

Other expenses mostly comprise Recognition Share Based Payments Expense (payment of director/executive performance bonuses). The remaining expense is for gains/losses on disposal of assets.

6.2. Company's financial position/Balance Sheet

Key Comments

- The Company's main assets are cash at bank and investments in subsidiaries.
- The Company's investments include CQ22 which was acquired during FY22 for US\$11.4m, with the entire consideration paid by the issue of shares in X64.
- The value of the Company's remaining investments is unclear in light of the ownership dispute which has arisen in respect of the Philippines subsidiaries. We have not provided comments on the realisable value of the investments as this information is commercially sensitive.

The Company's financial position (Balance Sheet) for the three fiscal years ended 30 June 2023 is summarised below:

Ten Sixty Four Ltd Balance Sheet	Section	DRAFT 30 Jun-23 \$US	AUDITED 30 Jun-22 \$US	AUDITED 30 Jun-21 \$US
Current Assets				
Cash	6.2.1	5,605,712	3,461,775	2,702,737
Receivables	6.2.2	1,529,229	10,605	22
Other financial assets		34,001	25,165	84,825
Total Current Assets		7,168,942	3,497,545	2,787,584
Non-Current Assets				
Investments	6.2.3	16,182,890	16,182,890	4,757,536
Property, plant & equipment	6.2.4	26,218	8,408	341
Intangible Assets		36,128	51,078	66,028
Other Non current Assets	6.2.5	841,968	623,194	204,456
Total Non-Current Assets		17,087,204	16,865,570	5,028,362
Total Assets		24,256,146	20,363,115	7,815,946
Current Liabilities				
Creditors and borrowings		359,150	775,420	146,614
Provisions	6.2.6	289,244	336,203	245,454
Total Current Liabilities		648,394	1,111,623	392,068
Non-Current Liabilities				
Related Party Loans	6.2.7	6,689,214	(8,699,490)	(13,000,000)
Other Non current liabilities		879,309	649,787	228,572
Total Non-Current Liabilities		7,568,523	(8,049,703)	(12,771,428)
Total Liabilities		8,216,917	(6,938,080)	(12,379,360)
Net Assets		16,039,229	27,301,195	20,195,305

6.2.1. Cash

X64 held cash at bank of US\$5.6m as at 30 June 2023. We note that the Group as a whole reported to hold cash of US\$50.4m at this date, with a further US\$7.9m held in its metal trading account (total US\$58.3m). However, most of these funds were held in bank accounts controlled by PMC and not X64. The Group had reported a total cash balance of US\$65.8m at 31 December 2022 according to its quarterly activities statement prepared at that date⁴. The table below provides an analysis of funds held by the Group:

	30/06/2023	31/12/2022
	\$US	\$US
Group Cash Balances		
X64	5,605,712	1,574,264
CQ22	75,072	122,169
KDT	247,671	6,725,689
MMPRC	1,859,204	7,689,603
PMHI	10,695	10,108
PDC	3,623,673	10,459
PHI	1,915	2,092
PMC	42,163,811	44,935,057
Restricted Cash (PMC and MMPRC)	4,682,310	4,680,648
Total	58,270,063	65,750,091

Note:

- The above balances include metal account⁵ balances of \$5.1m and \$7.9m at 31 December and 30 June respectively.
- Restricted cash relates to funds held by PMC and MMPRC for remediation obligations.

6.2.2. Receivables

The receivables balance as at 30 June 2023 comprises various advances and payments made by the previous board which have not yet been expensed to the Company's Profit and Loss, including advances to lawyers' trust accounts in Australia and the Philippines and payments to Messrs Mahusay and Austria. It is unlikely that these amounts will be recoverable.

The Company is owed a further US\$2.7m by CQ22 which is recorded as a negative balance in related party liabilities (see 6.2.7 below).

6.2.3. Investments

The Company's investments relate to the carrying value of its subsidiaries, summarised below:

		DRAFT	AUDITED	AUDITED
Investments	Notes	30 Jun-23	30 Jun-22	30 Jun-21
		\$US	\$US	\$US
PMHI	1	3,986,143	3,986,143	3,986,143
MMPRC	2	803,515	803,515	803,515
KDTL		645	645	645
CQ22	3	11,425,353	11,425,353	-
Total		16,215,656	16,215,656	4,790,302

⁴ See quarterly activities report for the period 31 December 2022 lodged at ASX on 27 January 2023.

⁵ Account through which the Company's gold was traded

1. PMHI is the holding company which owns 100% of the equity of PMC (owner and operator of the Co-O Mine). X64 holds 40% of the equity of PMHI, with the value of this investment carried on its balance sheet at c.US\$4m. We do not provide any comment on the value of the Company's investment as this information is commercially sensitive.
2. As noted previously, MMPRC is the owner of the Group's Mill, with the Company holding an 80% shareholding. According to its accounts, MMPRC's main asset, based on the FY22 audited accounts, is a significant loan balance owing from PMC. The collectability of this loan balance is reliant on the ongoing operation of the Co-O Mine (owned by PMC) and is likely to be a key determinant of the realisable value of the Company's investment in MMPRC.
3. The Company purchased CQ22 (100% interest) in February 2022 for US\$11.5m, with the entire consideration paid for by the issue of shares in X64. The acquisition was accounted for as an asset acquisition and recognised as exploration and evaluation expenditure in the profit and loss in accordance with the Group's accounting policy. We have obtained a valuation of CQ22's assets from SRK Consulting, although we have withheld this value as it is commercially sensitive.

We note that the carrying value of the Company's foreign subsidiaries would need to be reconsidered in light of the ownership dispute referred to at Section 7.3. We also note that the value in the above table differs slightly from the balance sheet value recorded at Section 6.2 above due to the Company recognising a small provision for the diminution of value of the investments in its accounts.

6.2.4. Property, Plant and Equipment

The Company's plant and equipment balance includes mostly office furniture and fittings.

6.2.5. Other Non-Current Assets

Other non-current assets comprise the Company's right of use assets which relates primarily to the Company's West Perth office lease.

6.2.6. Provisions

The provisions balance relates to accrued employee entitlements for Annual Leave and Long Service Leave. Our assessment of employee entitlements is included at Section 4.5.2.

6.2.7. Related Party Loan Liabilities

Related party loans are summarised below:

Related Party Loans	Notes	DRAFT 30 Jun-23 \$US	AUDITED 30 Jun-22 \$US	AUDITED 30 Jun-21 \$US
CQ22	1	(2,710,786)	(699,490)	-
MMPRC (Cash Advance)	2	4,100,000	-	-
KDTL	3	5,300,000	(8,000,000)	(13,000,000)
Total - Receivables Non Current		6,689,214	(8,699,490)	(13,000,000)

1. The CQ22 loan has arisen as a result of funding provided by the Company for CQ22's exploration programs and other operating expenses.
2. The MMPRC loan was advanced between 9 March and 26 June 2023, as the then directors sought to repatriate cash into the Company's control following the ownership dispute arising. Total advances to this time were \$5.5m, while there were also repayments totalling \$1.4m (net balance US\$4.1m).
3. KDTL was owed \$5.3m as at 30 June 2023. However, this loan balance was a receivable in FY21 and FY22. The loan balance became a liability due to cash payments made by KDTL to the Company. A draft loan agreement had been prepared for this loan at the date of our appointment but was unexecuted.

6.3. Directors' Report on Company Activities and Property (ROCAP)

A company director must provide an administrator with a ROCAP outlining the company's business, property, affairs and financial circumstances at the appointment date. The ROCAP should include:

- net asset book values (based on historical financial records)
- estimated asset realisable values
- known liabilities.

The directors have provided us with a ROCAP in accordance with their responsibilities under the Act. However, as the Company's current directors were only in control of the Company for 14 days prior to our appointment as Administrators, their knowledge of the Company's assets and liabilities was relatively limited.

Detailed below is the information provided in the directors' ROCAP.

	Notes	Director's ROCAP	
		Book value	Estimated Value
		\$'000	\$'000
Assets subject to specific security interests		-	-
Relevant secured creditor claims	1	-	-
Surplus on specific security interests		-	-
Other Assets:			
Investments in related entities	2	24,247,246	Unknown
Intercompany loan	3	4,045,949	4,098,557
Cash at bank	4	8,366,734	8,576,574
Plant and equipment	5	39,131	41,074
Other	6	-	2,136,468
Surplus on specific security interests (from above)		-	-
Sub Total		36,699,060	14,852,673
<i>Less other creditor claims:</i>			
Employee Entitlements	7	431,707	358,017
Amounts owed to related party employees	8	-	100,654
Unsecured creditors	9	536,045	177,701
Related party unsecured creditors	10	14,029,851	15,406,201
Surplus/(Deficiency) to creditors		14,461,558	16,042,573
Plus Contingent assets		-	-
Less Contingent liabilities		-	-
Surplus/(Deficiency) to creditors after contingencies		22,237,502	(1,189,900)

*the above book values have been translated from \$USD to \$AUD at a rate of \$0.67, which was the exchange rate at the date of our appointment.

Notes:

1. The ROCAP did not contain any information in relation to the secured creditor Canon Finance (refer to Section 4.5.1).
2. The directors did not provide an estimated realisable value for the Company's investments in its subsidiaries due to uncertainties arising from the share ownership dispute. The Company's records showed that these investments had a book value of A\$24.2m (US\$16.2m) (see Section 6.2.3).
3. This relates to the loan owed by CQ22 to the Company as at the date of appointment and is broadly in line with the Company's records.
4. Cash at bank provided in the ROCAP differs slightly from the book value recorded in the Company's accounts.

5. Comprises office furniture and fittings. We understand the difference between the values of the Company's plant and equipment relates to fact that the ROCAP's were prepared prior to the FY23 financials being finalised.
6. Other assets listed in the directors' ROCAP include various amounts held in solicitors' trust accounts in Australia and the Philippines, payment of the directors' and officers' insurance run-off premium and payments made to Mr Mahusay and Mr Austria (see Section 6.2.2).
7. Employee entitlements comprise annual leave and long service leave. The amounts included in the directors' ROCAP differ from the book value of the provision for these amounts in the Company's accounts at 30 June 2023. Our calculation of entitlements is included at Section 4.5.2.
8. These amounts relate to claims from the incoming board which have not yet been processed in the Company's accounts. The amounts recorded in the ROCAP are broadly consistent with our assessment of the amounts owing to related party employees shown at Section 4.8.
9. Our assessment indicates that unsecured trade creditors are owed \$349k (see Section 4.6) which is higher than the value recorded in the ROCAP, likely because additional claims have arisen since the ROCAP was prepared.
10. The directors' ROCAP differs from the book value recorded in the Company's accounts in respect of the loan owing to KDTL. The ROCAP indicates that the amount owed is US\$6.2m, whereas the Company's accounts show the debt as US\$5.3m (see Section 4.8.1).

ROCAP figures may differ from actual realisable values as:

- net book values are based on historical financial records;
- asset values are not market tested;
- creditor claims are not yet adjudicated upon and quantified; and
- exchange rate differences.

7. Investigations

Key Comments

While our investigations are ongoing, we summarise our initial findings below:

- The Company's difficulties appear to be the result of issues arising from the ownership dispute in respect of the shareholding in PMHI. The emergence of the dispute resulted in PMC ceasing to pay tolling fees to MMPRC and ceasing to sell its gold via KDTL, which meant that the Company's source of ongoing income could not be guaranteed.
 - Our preliminary view is that the Company was not insolvent at the date of our appointment. However, the Company was likely to become insolvent in the future if it could not restore access to funding from its subsidiaries.
-

We have conducted investigations into the reasons for the Company's difficulties to the extent possible in the available time. Further investigations will be conducted should creditors vote to wind up the Company at the Second Meeting. A liquidator has greater powers to undertake investigations and pursue recoveries than an administrator or deed administrator.

We have based our investigations and opinions on information obtained from:

- books and records, including management reports and board reports;
- electronic financial systems;
- accounting and database information systems used within the business;
- directors, officers, management and key staff members (where available);
- external professional reports, including audit reports; and
- publicly available information e.g. ASIC, ASX.

7.1. Directors' explanation for the Company's difficulties

As set out in the Company's ASX announcement dated 3 July 2023, the Directors attribute the Company's current financial position to issues arising from the ownership dispute in respect of the shareholding in PMHI (refer to Section 7.3 below). In particular, the dispute meant that the Company's source of income could not be guaranteed as PMC (100% owned by PMHI) had ceased paying tolling fees to MMPRC and ceased selling gold via KDTL.

7.2. Administrator's opinion of the reasons for the Company's difficulties

We concur with the Directors' stated reasons for the Company's current financial position.

7.3. Ownership dispute

Mining is a nationalised activity according to the 1987 Philippine Constitution and therefore can only be undertaken by corporations with at least 60% capital which is owned by Filipino citizens. This restriction is implemented in the Philippine Mining Act of 1995.

As shown in the Group Structure chart at Section 4.2, the Company is the legal owner of 40% of PMHI, and therefore a 40% owner of PMC (operator of the Co-O mine). The legal ownership of the remaining 60% interest in PMHI is currently in dispute and is subject to various litigation in the Philippines.

The Administrators are in possession of documents dated 8 April 2022 which purported to create the following structure in respect of the remaining 60% shareholding in PMHI:

- (a) Mr Villanueva (the then President of PMC) acquired 150,000 shares of stock in PMHI (approximately 50% of the shares of PMHI) in his own name and held by the nominees at (c) for him, which he declared to hold on trust for the Company per a Declaration of Trust document;
- (b) Mr Armando B Dy (the CFO of PMC) and Ms. Marie Glenn Cedeno-Sorila (the General Counsel and Company Secretary of PMC) each owned 12,500 shares of stock in PMHI (approximately 5% of the total shares each), which they declared to hold on trust for Mr Villanueva; and
- (c) Mr Villanueva granted a Special Power of Attorney notarised on 8 April 2022 in favour of Mr Jeffrey McGlinn and Mr Ryan Welker (then directors of X64), which gave each of the attorneys the power to deal with the shares held by Mr Villanueva.

Based on our investigations, the Administrators are aware of the following account of events regarding the ownership dispute according to the books and records of the Company:

- on 8 April 2022, Mr Villanueva, Mr Dy (the CFO of PMC), and Ms Cedeno-Sorila (the Company Secretary and General Counsel of PMC) acquired 60% of PMHI for what appears to have been negligible consideration;
- on 23 May 2022, documents were purported to be executed whereby 175,000 shares held collectively by Messrs Villanueva, Dy and Ms Cedeno-Sorila were transferred to Messrs Mahusay and Austria;
- the deeds giving effect to the share transfers to Messrs Mahusay and Austria were purported to have been notarised in the Philippines and executed by Mr Villanueva's appointed attorney, Mr Jeffrey McGlinn;
- in February 2023, Mr Villanueva sent notice to the Company in which he purported to have revoked the Special Power of Attorney dated 8 April 2022 and the Declaration of Trust in July 2022, pursuant to which he purported to hold the 150,000 shares in PMHI on trust for the Company. This notice also advised that any transaction which involved the use of the Special Power of Attorney would be considered null and void; and
- in February 2023, the Company sought to terminate Mr Villanueva's employment as President of PMC.

Following the purported revocation of the Special Power of Attorney and Declaration of Trust, Mr Villanueva and Mr Mahusay entered into dispute over control of PMHI and its subsidiaries, with both parties claiming to be the President of PMC pursuant to various stockholder meetings convened by each of them. During this period:

- the Company notified ASX on 7 March 2023 that it had resolved to undertake a restructure of site leadership at Co-O and that Mr. Raul Villanueva had been served with a six month notice period, after which time he would leave the Company;
- Mr Villanueva maintained physical control of the Co-O Mine operations (mining and milling). PMC ceased selling gold produced through KDTL (a wholly-owned subsidiary of X64) and ceased making payments to MMPRC in respect of tolling fees⁶. Tolling fee revenue has historically been c.US\$8m. As noted previously, tolling payment arrears and all ongoing payments are now up to date;
- the Company made various announcements to ASX asserting that it maintained 100% legal control of its operating subsidiaries (including PMHI)⁷;

⁶ MMPRC is 80% owned by the Company.

⁷ See for example ASX announcements made 7 March 2023, 11 April 2023 and 15 June 2023.

- the Company appeared to support Mr Mahusay's claims to ownership of 60% of the shareholding in PMHI, including making payments in respect of his salary⁸ and notifying the ASX on 15 June 2023 that Mr Mahusay had been appointed as President and Director of PMC following the termination of Mr Villanueva.

The Administrators have obtained legal advice from a Filipino law firm with respect to the ownership dispute. This advice is subject to legal professional privilege (and it is not intended to waive such privilege) and is unable to be disclosed in this Report.

Since our appointment on 2 July 2023, we have held discussions with Mr Villanueva and Mr Mahusay concerning their ownership claims and the various litigation matters they are involved in. The Administrators' position is to await the decision of the Filipino Courts to determine who the legal owner of the 60% shareholding is. However, it is the Administrators' current view that the 60% interest in the shareholding of PMHI is not currently validly held on behalf of the Company.

7.4. Insolvency

Liquidators are required to demonstrate that a company is insolvent in order to pursue certain recovery proceedings (**Section 8**). A company is insolvent if it is unable to pay its debts as and when they become due and payable. The methods of testing solvency include but are not limited to the Cash Flow Test and the Balance Sheet Test, which are examined below.

Our preliminary view is that the Company was not insolvent as at the date of our appointment. However, the Company was likely to become insolvent in the future given it had no guarantee of continued income as a result of the dispute discussed above and was continuing to incur debt.

7.4.1. Cash Flow Test

The Cash Flow Test is a measure of a company's ability to pay its liabilities from available resources as and when they fall due.

On 29 May 2023, the Company engaged Cor Cordis to complete an independent review of its financial position, including its forward cash flow forecasts and current and prospective working capital position. Cor Cordis' engagement was extended on 23 June 2023 to undertake preparation of a supplementary report which included reviewing, verifying and finalising a 13-week cashflow forecast.

Cor Cordis' supplementary independent review was provided to the Company's directors on 30 June 2023. A situational overview report was also provided to the board on 2 July 2023 (the date of the appointment of Administrators). These reports presented a 'Group' cash flow forecast, although the forecast and other financial information presented excluded PMC and the other entities subject to the ownership dispute. The reports indicated, amongst other things:

- an opening cash balance of c.US\$7.2m, being the collective cash balances of X64 and subsidiaries CQ22, MMPRC and KDTL. As noted at Section 6.2.1, the Group's cash balance⁹ at this date was c.\$50.4m, although this was mostly cash held by PMC;
- no cash inflow from any source over the forecast period to 18 September 2023; and
- the closing cash position was projected to become negative during the week beginning 21 August 2023, primarily caused by the assumption that KDTL would require repayment of a US\$4.5m intercompany loan owed to PMC¹⁰ during the week beginning 24 July 2023.

Repayment of the loan from PMC to KDTL had not been formally demanded at the time of the Cor Cordis reports.

The available books and records of the Company indicate that it was paying its debts as and when they were due.

⁸ On 19 June 2023 X64 paid US\$94k to Mr Mahusay purportedly for his salary as PMC President for the period 24 Feb to 30 June 2023.

⁹ Excluding amounts held in the metal account

¹⁰ This loan had arisen due to KDTL not remitting gold sales proceeds to PMC

Working capital and net current assets

Working capital is an indicator of liquid assets available to pay debts due within 12 months. A working capital ratio of less than one indicates that a company may not be able to pay its debts as and when they fall due.

The Cor Cordis reports indicated that the Company was forecast to have a positive working capital balance throughout the forecast period.

7.4.2. Balance Sheet test

The Balance Sheet Test assesses the solvency of a company with reference to the company's net asset position (i.e. the level of total assets relative to total liabilities).

Our review has found that the Company's reported net asset position was positive throughout the period under review.

	Draft FY23 US\$'000s	Audited FY22 US\$'000s	Audited FY21 US\$'000s
Total Assets	24,256	20,363	7,816
Total Liabilities	8,217	(8,050)	(12,771)
Net Assets (Total Assets less Total Liabilities)	16,039	27,301	20,195

7.4.3. Other Indicators of Insolvency

The courts have identified fourteen general indicators of insolvency that are considered further in ASIC Regulatory Guide 217. Our investigations to date have identified that most of these indicators do not apply to the Company, as summarised below:

Indicator	Present	Comment
Continuing trading losses	Yes	The Company incurred trading losses in FY22 and FY23 as discussed at Section 6.1
Liquidity ratio below one	No	
Overdue Commonwealth and state taxes	No	
Poor relationship with borrower/financier including inability to borrow additional funds	No	The Company did not have any external borrowings
No access to alternative finance	No	The Company did not seek access to alternative finance, although was generally able obtain funds from its subsidiaries prior to the PMHI ownership dispute
Inability to raise further equity	No	The Company did not seek to raise further equity, although this may have been challenging given that its shares were suspended from trading on ASX since February 2023
Supplier placing debtor on COD terms, otherwise demanding special payments before resuming supply	No	
Creditors outside trading terms	No	
Issuing of post-dated cheques	No	
Dishonoured cheques	No	
Special arrangements with selected creditors	No	
Legal action threatened or commenced, or judgements entered against the company	No	

Payments to creditors of rounded figures, which are irreconcilable to specific invoices	No
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Inability to produce timely and accurate financial information to display the Company's trading performance and financial position, and make reliable forecasts	No
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7.4.4. Proving Insolvency

Further investigations into the Company's insolvency will be conducted by a liquidator should the Company be wound up.

Determining when a company became insolvent can be a costly and complex exercise, involving a detailed review of the company's financial position, cash flow, and other relevant information.

7.5. Potential Legal matters

We are aware of one legal proceeding currently on foot against the Company seeking damages and compensation for loss suffered.

The proceeding is in relation to a defamation action commenced by Mr Welker, a former director, against the Company (discussed at Section 4.8.3). The matter is currently stayed against the Company (given it is in administration) and has been listed for a directions hearing on 2 February 2024.

7.6. Outstanding or previous winding up applications

We are not aware of any outstanding or previous winding up applications against the Company.

7.7. Books and records

Our preliminary view is that the Company has maintained adequate books and records in accordance with s286 of the Act.

A company must keep written financial records that:

- correctly record and explain its transactions, financial position and performance;
- would enable true and fair financial statements to be prepared and audited; and
- must be kept for seven years after the transactions covered by the records are completed (s286 of the Act).

Directors are responsible for ensuring that adequate financial records are maintained. Directors who fail to take all reasonable steps to ensure compliance with this requirement may be subject to a civil penalty order. This includes shadow and de facto directors.

Failure to maintain books and records may give rise to a presumption of insolvency (pursuant to s588E of the Act).

A Liquidator (if appointed) will continue investigations into whether any breaches of the Act have occurred in relation to the maintenance of proper books and records, including:

- failure to keep proper financial records (s286);
- failure to take all reasonable steps to comply with financial records reporting requirements (s344); and
- requiring officers to exercise a reasonable degree of care and diligence in the exercise of their powers and discharge of their duties (s180).

Notwithstanding, it does not appear any breaches of the Act have occurred.

8. Offences and liquidation recoveries

Key Comments

While our investigations are ongoing, we summarise our preliminary findings below:

- There are no indications that the Company may have traded whilst insolvent. Additional investigation by a liquidator will be required before a conclusive view can be formed.
- We have identified potential breaches of duties by former directors which may give rise to potential claims.

A liquidator has the ability pursue certain claims including voidable transactions and insolvent trading that may result in recoveries for creditors. Importantly, these claims are not available to a deed administrator should creditors vote to execute a Deed proposal.

To compare the likely return to creditors under each of a Deed and liquidation, administrators identify claims that a liquidator could pursue, including:

- voidable transactions and other potential recoveries; and
- recoveries against past or present directors, secretaries, other officers and Company advisors.

Enclosed at **Appendix E** is a *Creditor Information Sheet: Offences, Recoverable Transactions and Insolvent Trading* published by ARITA, which provides general information for creditors on the types of claims that a liquidator can pursue.

8.1. Voidable transactions

The Act requires an administrator to specify whether there are any transactions that appear to the administrator to be voidable transactions in respect of which money, property or other benefits may be recoverable by a liquidator under the Act.

We have not identified any potential voidable transaction recoveries.

8.2. Insolvent trading

Based on our investigations as detailed in **Section 7.3**, we have concluded that the Company does not appear to have traded whilst insolvent.

8.3. Unreasonable director-related transactions

An unreasonable director-related transaction is one that is entered into by a director or close associate of a company where it may be expected that a reasonable person in the company's circumstances would not have entered into the transaction having regard to the benefits and/or detriments to the company.

There is no requirement that the company be insolvent at the time the transaction was entered into, but a claim can only be pursued by a liquidator if appointed.

Prior to our appointment, the following payments were made to former director Jeff McGlinn and entities associated with him which, subject to further investigation, may constitute unreasonable director-related transactions:

Recipient	AUD	Payment Description
Promac Sales	398,750	6 months termination pay
Jeff McGlinn	41,667	5 mths PMC directors fee
Total	440,417	

Payment of the above amounts may constitute unreasonable director-related transactions where Mr McGlinn resigned as a director rather than being terminated. However, further investigation is required.

8.4. Offences

Directors and others have duties, obligations and responsibilities in relation to common law and statute.

8.4.1. Corporations Act 2001

Our preliminary investigations have identified that the following offences may have been committed by the Company's former directors:

- breaches of directors' duties in relation to the ownership/control structure which was in place in respect of the Company's subsidiaries, the management of the ownership dispute and potential impact on the value of the Company's assets;
- breaches of directors' duties in relation to unreasonable expenditure made by the Company;
- breaches of directors' duties in relation to announcements made to the ASX concerning:
 - the existence of the ownership dispute and its effect on the Company's financial position
 - the extent of the Company's control over its subsidiaries; and
 - various other matters; and
- breaches of directors' duties in relation to placing the directors and officers' insurance policy into run-off (see section 8.5 below).

We are withholding disclosure of specific details to avoid prejudicing any potential litigation.

A liquidator can conduct more thorough investigations and identify potential offences and recoveries (if any).

If a director breaches any duties, obligations and responsibilities, they may be subject to civil and criminal penalties including:

- compensation to the Company for damages resulting from the contravention;
- fines (up to \$200,000);
- imprisonment (up to 5 years); and
- disqualification from managing corporations.

8.4.2. Other Legislation

In addition to offences under the Act, directors and others may have committed offences in respect of the Company under other legislation, for example:

- taxation laws;
- *Competition and Consumer Act 2010* (Cth);
- fair trading laws; and
- local Filipino legislation.

Our preliminary investigations to date have not identified any other breaches.

8.5. Directors and officers insurance policy

A directors and officers insurance policy (**D&O Policy**) offers liability cover for company officers to protect them from claims which may arise from the decisions and actions taken within the scope of their regular duties. Such policies cover the personal liability of company directors and officers.

The Company disclosed in its FY22 Annual Report that "the Company paid an insurance premium for Directors' and Officers' Liability Insurance policy, which cover all Directors, Company Secretaries and other Officers of the Company and its related entities. Details of the nature of the liabilities covered and the amount of premium paid in respect of the Directors' and Officers' Liability Insurance policies is prohibited under the terms of the policy, as such details are not disclosed".

The policy referred to above was placed into run-off prior to our appointment as Administrators, which limited the incoming board's ability to obtain a replacement policy and resulted in the Company paying the run-off cover premium. It also meant that the Company did not receive value for the unexpired portion of the existing policy.

To avoid prejudicing any potential claims, we are not disclosing the terms of the D&O Policy, or the premiums paid.

8.6. Public examinations

The Act provides that an 'eligible applicant', such as a deed administrator or liquidator, may examine officers of a company about its 'examinable affairs' and any other person who may be able to provide information relating to such affairs. 'Examinable affairs' is a comprehensive term with wide ranging application and includes:

- the promotion, formation, management, administration or winding up of the company;
- other affairs of the company; and
- the business affairs of a connected company of the company insofar as they appear to be relevant to the company or its affairs.

If the Court is satisfied that a summons for examination should be issued, the examinee is usually required to produce at the examination any specified books that are in the person's possession and relate to the corporation.

Should creditors vote to wind up the Company or execute a Deed, the liquidator or Deed Administrator will consider the public examination of former directors, officers and other persons of interest subject to available funds to meet the associated costs.

We consider there may be merit in conducting public examinations around a number of areas of interest including, but not limited to the matters identified at Section 8.3 and 8.4 above.

Public examinations are expensive, involving (but not limited to):

- issuing summonses requiring relevant parties to attend;
- interviewing parties associated with voidable transactions; and
- reviewing the company's books and records.

8.7. Reporting of offences to ASIC

Administrators are required to complete and lodge a report with ASIC pursuant to s438D of the Act where it appears that:

- a past or present officer of a company may have committed an offence;
- money or property has been misapplied or retained; and
- a party is guilty of negligence, default, breach of duty or breach of trust in relation to a company.

A liquidator is required to lodge a report of its findings with ASIC, pursuant to s533 of the Act.

Creditors should also be aware that any report lodged pursuant to s438D (or an investigative report lodged by a liquidator pursuant to s533 of the Act) is not available to the public.

We have lodged a report with ASIC in accordance with s438D of the Act which covers the issues raised in this Report.

8.8. Costs of investigations and pursuing recovery actions

Creditors should note that recovery actions:

- may be expensive, lengthy and with uncertain outcomes;
- should not be commenced unless defendants have the financial resources to satisfy any judgement (this is often difficult to establish); and
- must be funded by existing assets, creditor funding or external litigation funders. Litigation funders are likely to require a significant share of the proceeds of any judgment as a condition of funding the litigation).

9. Deed of Company Arrangement (Deed)

A Deed is a binding agreement between a company and its creditors setting out how a company's affairs will be dealt with. It aims to maximise the chances of the company, or as much as possible of its business continuing to exist or providing a better return to creditors than would be achieved by winding up the company.

Creditors can vote that the Company execute a Deed at the Second Meeting if one is proposed.

We received one Deed proposal for the Company from KDTL (**KDTL Deed**). We note that KDTL is a wholly owned subsidiary of the Company but is not subject to external administration.

A term sheet in respect of the KDTL Deed is **attached at Appendix F**.

9.1. Key features

The key features of the proposed KDTL Deed are as follows:

- The Administrators will become the Deed Administrators of the Company.
- Control of the Company will be retained by the Deed Administrators to continue operating while the Conditions Precedent to the Deed are satisfied/waived (discussed below).
- The Deed Administrators will act in accordance with the reasonable instructions of the Proponent and the Company's managing director during the period which the Deed Administrators have control of the Company.
- The Deed Administrators will undertake further investigations and, in consultation with the Proponent, potential public examinations in relation to potential claims that the Company and/or shareholders may have against third parties.
- A Deed Fund will be created to enable payment in full of all creditors' admitted claims (other than excluded creditors), projected trading costs for the company during the period of the Deed and the costs and remuneration of the Administrators and Deed Administrators. It is not intended that the Deed Fund will be applied towards payment of employee claims in respect of any non-crystallised entitlements, insured claims and other claims which the Deed Administrators determine should be excluded. These excluded claims will also not be compromised or released by the Deed.
- Upon effectuation of the Deed, control of the Company will be returned to the board of directors of the Company for the benefit all creditors and members.

The Deed is subject to the following conditions precedent:

- creditors passing a resolution approving that the Company to draft and execute the Deed
- A long form Deed document being duly executed by all parties within 15 Business Days of the passing of the creditors' resolution.
- All necessary consents and approvals to give effect to the Deed (including potential Court approval) being received.
- The issuance of a directors' and officers' insurance policy for the benefit of the board of X64 effective as at the date on which Effectuation occurs (or earlier) to the Proponent's satisfaction.
- The Deed Administrators, in consultation with the Proponent undertaking public examinations to investigate claims which the Company or shareholders may have against third parties.
- A Management Services Agreement being entered into with MMPRC on terms satisfactory to the Deed Administrators and Proponent.
- Resolution of the ownership dispute relating to the shareholdings in PMHI on terms acceptable to the Proponent.
- Resolution of intercompany claims to make the Company balance sheet solvent.
- Variation of the Tolling Agreement between PMC and MMPRC dated on or about 5 March 2018 on terms acceptable to the Proponent.
- Establishment of the Deed Fund.

The above conditions precedent are required to be satisfied by the Sunset Date, which is 3 months from the date of execution of the Deed, or such other date as agreed in writing between the Proponent and the Deed Administrators. Certain of the conditions precedent can be waived by the Proponent, Deed Administrators, or both.

We estimate that the Deed will take 3 to 6 months from the date of execution to be effectuated.

9.1.1. Administrators' opinion on Deed

We are of the opinion that, once the Deed is effectuated, the Company will be solvent, as creditors' claims will have been paid in full and the Company will have an ongoing source of income with which to meet its future trading expenses.

9.1.2. Estimated return to creditors

We estimate creditors' returns under the Deed proposal will be:

Creditor type	Cents in the dollar	Distribution timing
Secured creditors	100c	Debt to be paid in accordance with equipment rental agreement
Employees	100c	Crystallised employee claims to be paid prior to effectuation of the Deed. Non-crystallised employee claims to be paid in the ordinary course of business
Unsecured creditors	100c	Claims under \$40k can be paid by the Deed Administrators after execution of the Deed (i.e. before effectuation). Remaining unsecured creditors to be paid prior to effectuation, or in some instances, by the Company
Trade creditors	100c	See Unsecured Creditors above
Related entities		It is not intended that the Deed fund will be applied towards payment of related parties' claims, although these will be resolved and extinguished as part of the Deed.

Section 10 details our calculation of estimated creditors' returns under the Deed proposal, with a comparison to the estimated returns under the other options available.

9.1.3. Deed contributions from a third party

The proposed KDTL Deed includes MMPRC agreeing to pay X64 an ongoing Management Fee which will contribute to the Deed Fund to the extent required.

MMPRC's source of income to make these payments is its cash at bank (c.US\$5.7m unrestricted cash at 30 September 2023) and tolling fees it charges to PMC which generate income of c.US\$8m per year. As noted earlier in this Report, PMC suspended payments in March 2023 after the ownership dispute arose. However, payments have since been reinstated and all amounts are up to date.

Based on the above, it appears that MMPRC has the capacity to meet its obligations under the KDTL Deed.

9.1.4. Remuneration and indemnities

The Administrators and the Deed Administrators will be remunerated out of the assets of the Company and the Deed Fund for their work performed at PricewaterhouseCoopers' usual hourly rates for matters of this type.

Subject to the requirements set out in the Act regarding, amongst other things, approval of remuneration for external administrators and any liabilities, the Administrators and the Deed Administrators will be entitled to be indemnified from the assets of the Company and the Deed Fund for their remuneration and costs.

9.1.5. Monitor and reporting

The KDTL Deed requires KDTL as Proponent to satisfy the conditions precedent to the Deed. However, the Deed Administrators will retain control of the Company and will regularly meet with the Proponent to discuss its progress.

9.1.6. Other

Creditors' Claims

Creditors' admitted claims will be adjudicated in accordance with regulations 5.6.4, 5.6.51 and 5.6.53 to 5.6.56 of the Regulations as if the Company was in liquidation.

Employee (Priority Creditors') claims

Given that the Company will continue trading under the Deed, employee entitlements will be paid in the ordinary course of business (i.e. not paid out as part of the Deed). Employee entitlements will retain their priority as required by Section 444DA of the Act.

Superannuation contribution debts will not be provable (as required by section 444DB of the Act). However, we note that we are not aware of any outstanding claims in respect of superannuation.

Deed Effectuation

The Deed will be effectuated immediately upon the later of the final distribution of the Deed fund occurring and the conditions precedent to the Deed being either satisfied or waived.

Termination of the Deed

The Deed will terminate automatically on effectuation, but will otherwise continue unless terminated:

- (a) by order of the Court under s 445D of the Act;
- (b) by a resolution of the Company's creditors at a meeting convened in accordance with Division 75 of the IPS; or
- (c) pursuant to s 445C of the Act in the event that the Conditions Precedent are not satisfied or waived by the Sunset Date (three months after execution of the Deed).

9.2. Deed general information

If creditors decide to vote for a Deed:

- the Company must sign/execute the Deed within 15 business days of the Second Meeting, otherwise the Company automatically proceeds into liquidation. The Court can allow longer time if required;
- unsecured creditors will be bound by the Deed, even if they vote against the Deed;
- property owners, lessors, and secured creditors who vote in favour will be bound by the Deed; and
- the court can bind any creditor to the Deed.

10. Estimated return to creditors

Detailed below is a comparison of the estimated returns to creditors under 'high' and 'low' case liquidation and Deed scenarios.

Based on the assumptions detailed in the notes below, the 'high' case liquidation scenario provides for an estimate return to unsecured creditors of 100 cents in the dollar, with a 'low' case scenario of 43 cents in the dollar, compared to the Deed scenario of 100 cents in the dollar.

\$	Notes	DOCA (KDTL)	Liquidation (High)	Liquidation (Low)
Assets / Funds Available				
Cash at bank as at 2 July 2023 (Appointment of Administrators)	1	8,167,470	8,167,470	8,167,470
Plant and equipment	2	-	-	-
Loan to CQ22	3	See note 3	4,553,831	4,553,831
Interest in subsidiaries	4			
- CQ22		Withheld	Withheld	Withheld
- MPRC		Withheld	Withheld	Withheld
- KDTL		Withheld	Withheld	Withheld
- PMHI (PMC)		Withheld	Withheld	Withheld
Total assets available		8,167,470	12,721,302	12,721,302
Legal Claims				
Unreasonable director related claims	5	N/A	Unknown	Unknown
Breaches of director duties claims		Unknown	Unknown	Unknown
Other legal claims		Unknown	Unknown	Unknown
Total legal claims		-	-	-
Estimated funds available		8,167,470	12,721,302	12,721,302
Administration period				
Net trading result	6	(2,465,715)	(2,465,715)	(2,465,716)
Accrued trading result to 15 October	7	(103,571)	(103,571)	(103,571)
Future trading result to 30 November 2023	8	(313,783)	(313,783)	(384,886)
Administrators' fees to 30 November 2023 (GST excl.)	9	(1,058,613)	(1,058,613)	(1,058,613)
Administrators disbursements to 30 November 2023 (GST excl.)	10	(5,100)	(5,100)	(5,100)
Funds available after payment of the Administrators fees and costs		4,220,688	8,774,519	8,703,416
Less priority creditors	11	N/A	(866,945)	(866,945)
Amount available after payment of priority creditors		4,220,688	7,907,574	7,836,471
Deed Administrators' / Liquidators' fees (GST excl.)	12	(250,000)	(500,000)	(650,000)
Deed Administrators' / Liquidators' costs (GST excl.)	13	(250,000)	(250,000)	(350,000)
Amount available for ordinary unsecured creditors		3,720,688	7,157,574	6,836,471
Estimated Ordinary Unsecured Creditors				
Shortfall on secured creditors security	14	N/A	10,000	14,000
Trade creditors	15	348,694	348,694	383,563
Related party creditors	15	139,488	464,487	14,527,397
Contingent creditors	15	45,553	915,947	1,007,542
Total Ordinary Unsecured Creditors	15	533,735	1,739,128	15,932,502
Estimated Return to Creditors (c/\$)		100	100	43

Notes

1. This is the balance of funds held in Australian dollars following the conversion of the Company's NAB \$USD account to \$AUD at an exchange rate of \$0.67.
2. The Company's other assets mainly consists of plant and equipment which we believe would have negligible value under both a high and low liquidation scenario.
3. CQ22 has limited liquid assets. Accordingly, recovery of the Company's loan account in a liquidation scenario will be reliant on sale of its tenements. We have assumed the loan will be recovered in full under both a high and low liquidation scenario.

Under the KDTL Deed scenario, we have assumed that the CQ22 loan will not be immediately collected (although it will remain as an asset of the Company)
4. We have withheld the value of Company's investments in its subsidiaries as it is commercially sensitive and if provided may prejudice a future sale of these assets.

5. Further investigation will be required in order to determine the realisable value of claims against directors and others (if any). We have assumed nil recovery.
6. For further detail in respect of the Administrators' receipts and payment since our appointment please see section 5.2.5.
7. For further detail please see section 5.2.5.
8. This is an estimate of the net trading result for the period 16 October to 30 November 2023. Future trading and administration costs relate mostly to payroll, consultant fees, legal costs, statutory liabilities and rent. The low scenario assumes that costs will be 20% greater compared to the high scenario.
9. Administrators' fees for the period 2 July to 30 November 2023 are estimated to be \$985,000 (excl. GST). Details of the fees we are seeking approval for are contained in our remuneration report at annexure xx.
10. Details of the Administrators' disbursements are contained in our remuneration report at **Appendix D**
11. Details of priority creditor claims are set out in more detail in section 4.5.2 of this Report.
12. The fees expected to be incurred by us in the event the Company is placed into liquidation. Under the low scenario we have assumed that our fees are 30% greater compared to the high scenario.
13. The liquidators' costs are estimated to be between \$250,000 and \$350,000 and mainly relate to legal fees expected to be incurred assisting the liquidators' investigations including potential claims against former directors and advisors.
14. Canon Finance's security interest only extends to goods it has provided the Company (i.e. the financed printer) which the Administrators believe has minimal value. Any shortfall on the printer (estimated between \$10,000 and \$14,000) will constitute an unsecured claim in the event the company is placed into liquidation.

Under the KDTL Deed scenario it is assumed that the finance contract will continue to be paid in the ordinary course of business.
15. Please refer to section 4.5 of this Report for further detail on unsecured creditors.

Liquidation

For the Liquidation High Case, we have assumed that the related party liabilities owing to KDTL and MMPRC can be reduced to zero via a combination of debt forgiveness and/or repayment via future revenue and dividend streams.

KDTL Deed

Under the Deed, a Deed Fund will be created to enable payment in full of all trade creditors' admitted claims. It is not intended that the Deed fund will be applied towards payment of KDTL's or MMPRC's claims. However, resolution of these claims is a condition precedent to effectuation of the DOCA.

Contingent claims will reduce by \$870,394 under the Deed as it is expected that the Company will continue paying the lease for its West Perth premises in the ordinary course of business.

We are of the opinion that the Company execute the proposed KDTL Deed.

Our opinion of each option available to creditors is discussed at Section 11.

11. Administrators' opinion

We are of the opinion that the Company execute the proposed KDTL Deed.

Our opinion of each option available to creditors is discussed below.

11.1. Liquidation

We are of the opinion that it is not in the best interests of creditors that the Company be wound up. The proposed KDTL Deed allows for continuation of the Company's business and provides creditors with a return of 100c in the dollar on their admitted claims. The return to the Company's creditors under a liquidation scenario (quantum and timing) is uncertain due to the ownership dispute in respect of its foreign subsidiaries (discussed at Section 7.3) and the nature of the Company's assets being predominantly shareholdings in foreign unlisted companies.

11.2. Deed

We received one Deed proposal for the Company as discussed in **Section 9**. A term sheet for the KDTL Deed is included in **Appendix F**.

We are of the opinion that it is in the best interests of creditors that the Company execute the KDTL Deed, noting that, if effectuated, creditors' admitted claims will be paid in full. Based on information currently available, we estimate that payment of all creditors' claims under the KDTL Deed is expected to occur within 3 to 6 months of the KDTL Deed being executed, with payment of debts below \$40k able to occur from execution of the deed.

We are of the view that the return to creditors under the KDTL Deed will provide a materially better outcome for creditors than a winding up.

11.3. Administration to end

We are of the opinion that it is not in the best interests of creditors to end the administration.

While our investigations are continuing, it is evident that the Company has an opportunity to continue and return value to shareholders. As set out in the Report, there are various actions that have been taken by previous management and Board members that create uncertainty about potential contingent claims that may arise. Further, our preliminary investigations indicate that without a Deed, there may be challenges in obtaining approvals for items that would be necessary for Directors to continue to act going forward. Accordingly, returning control of the Company to the directors would be inappropriate in the present circumstances.

12. Enquiries

Should you have any enquiries please contact the Toby Schultz of our office on +61 (8) 9238 3096 or by email at toby.schultz@au.pwc.com.

DATED this 23rd day of October 2023



Simon Theobald
Joint and Several Administrator

Appendices

Appendix A – Notice of meeting of creditors

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CORPORATIONS ACT 2001

*Insolvency Practice Rules (Corporations)
75-10 to 75-35 & 75-225*

NOTICE OF MEETING OF CREDITORS

**Ten Sixty Four Limited
(Administrator Appointed) ACN 099 377 849
("the Company")**

NOTICE is given that the second meeting of the creditors of the Company will be held at the offices of PricewaterhouseCoopers, Level 15, 125 St Georges Terrace Perth WA 6000, on Tuesday, 31 October 2023 at 10:00AM (AWST).

The purpose of the meeting is:

1. To receive the Administrators' report concerning the Company's business, property, affairs and financial circumstances.
2. To receive a statement of the Administrators' opinion and reason for the opinion, as well as any other information known to the Administrators that will enable the creditors to make an informed decision on:
 - a. whether it would be in the creditors' interests for the Company to execute a Deed of Company Arrangement;
 - b. whether it would be in the creditors' interests for the administration to end; or
 - c. whether it would be in the creditors' interests for the Company to be wound up.
3. To receive details of any transactions that appear to the Administrators to be voidable transactions in respect of which money, property, or other benefits may be recoverable by a liquidator under part 5.7B of the Act.
4. To receive details of any proposed Deed of Company Arrangement.
5. For creditors to resolve:
 - a. the administration of the Company should end
 - b. the Company should be wound up
 - c. The Company should execute a Deed of Company Arrangement
6. To approve the Administrators' remuneration.
7. To approve the Deed Administrators' remuneration if so appointed.
8. to consider the appointment of a Committee of Inspection, and if so, who are to be the committee members.
9. If the Company executes a Deed of Company Arrangement, the appointment of the Deed Administrators;
10. Any other business that may be lawfully brought forward.

Attendance at this meeting is not compulsory. Creditors may attend and vote in person, by proxy or by attorney*. The appointment of a proxy must be in the approved form. A special proxy can be lodged showing approval or rejection of each resolution.

Creditors wishing to attend the meeting via teleconference are requested to contact Mr Toby Schultz of this office by 4:00pm (AWST) on 30 October 2023 for details. Mr Schultz can be contacted at toby.schultz@au.pwc.com.

Dated this 23rd day of October 2023

A handwritten signature in blue ink, appearing to read 'S. Theobald', with a stylized, flowing script.

Simon Theobald

Joint and Several Administrator

PricewaterhouseCoopers
Level 15, 125 St Georges Terrace
PERTH WA 6000

***Voting at a Meeting: the effect of Insolvency Practice Rules (Corporations) 75-85:**

Entitlement to vote at meetings of creditors

- (1) A person other than a creditor (or the creditor's proxy or attorney) is not entitled to vote at a meeting of creditors.
- (2) Subject to subsections (3), (4) and (5), each creditor is entitled to vote and has one vote.
- (3) A person is not entitled to vote as a creditor at a meeting of creditors unless:
 - (a) his or her debt or claim has been admitted wholly or in part by the external administrator; or
 - (b) he or she has lodged, with the person presiding at the meeting, or with the person named in the notice convening the meeting as the person who may receive particulars of the debt or claim:
 - (i) those particulars; or
 - (ii) if required—a formal proof of the debt or claim.
- (4) A creditor must not vote in respect of:
 - (a) an unliquidated debt; or
 - (b) a contingent debt; or
 - (c) an unliquidated or a contingent claim; or
 - (d) a debt the value of which is not established; unless a just estimate of its value has been made.
- (5) A creditor must not vote in respect of a debt or a claim on or secured by a bill of exchange, a promissory note or any other negotiable instrument or security held by the creditor unless he or she is willing to do the following:
 - (a) treat the liability to him or her on the instrument or security of a person covered by subsection (6) as a security in his or her hands;
 - (b) estimate its value;
 - (c) for the purposes of voting (but not for the purposes of dividend), to deduct it from his or her debt or claim.
- (6) A person is covered by this subsection if:
 - (a) the person's liability is a debt or a claim on, or secured by, a bill of exchange, a promissory note or any other negotiable instrument or security held by the creditor; and
 - (b) the person is either liable to the company directly, or may be liable to the company on the default of another person with respect to the liability; and
 - (c) the person is not an insolvent under administration or a person against whom a winding up order is in force.

Appendix B – Proxy form



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**APPOINTMENT OF PROXY
CREDITORS MEETING**

**Ten Sixty Four Limited
(Administrators Appointed)
ACN 099 377 849 ("the Company")**

*I/*We ⁽¹⁾	
Of	
being a creditor of the Company, appoint ⁽²⁾ or in his or her absence	
to vote for me/us on my/our behalf at the meeting of creditors to be held on Tuesday, 31 October 2023, or at any adjournment of that meeting.	

Please mark any boxes with an ☒ X

Proxy Type: ☐ General ☐ Special

	For	Against	Abstain
Section 439C of the <i>Corporations Act 2001</i> (Cth) resolutions			
<i>The Company should execute the Deed of Company Arrangement proposed by Komo Diti Traders Limited on substantially the same terms as outlined in the Report to Creditors dated 23 October 2023 and Simon Theobald and Martin Ford be appointed joint and several deed administrators</i>			
<i>The Administration should end and control of the Company be returned to the Company's Directors.</i>			
<i>That the Company be wound up and Simon Theobald and Martin Ford be appointed Joint and Several Liquidators.</i>			
Other resolutions			
Resolution 1 <i>That the remuneration of the Administrators is approved for the period 2 July 2023 to 15 October 2023 of \$934,850.50 (plus GST) as set out in the Remuneration Approval Report dated 23 October 2023 to be drawn from available funds immediately or as funds become available.</i>			
Resolution 2 <i>That the remuneration of the Administrators is approved for the period 16 October 2023 to 31 October 2023 up to a maximum of \$89,355.00 (plus GST), as set out in the Remuneration Approval Report dated 23 October 2023 to be drawn from available funds as incurred or as funds become available.</i>			

Appendix C – Proof of debt form



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**FORM 535
CORPORATIONS ACT 2001**

Subregulation 5.6.49(2)

FORMAL PROOF OF DEBT OR CLAIM (GENERAL FORM)

To the Joint and Several Administrators of Ten Sixty Four Limited (Administrator Appointed) ACN 099 377 849

1. This is to state that the company was, on 2 July 2023 ⁽¹⁾ and still is, justly and truly indebted to⁽²⁾ (full name):

('Creditor'):

of (full address)

for \$ dollars and cents.

Particulars of the debt are:

Date	Consideration ⁽³⁾ state how the debt arose	Amount \$	GST included \$	Remarks ⁽⁴⁾ include details of voucher substantiating payment

2. To my knowledge or belief the creditor has not, nor has any person by the creditor's order, had or received any manner of satisfaction or security for the sum or any part of it except for the following:
Insert particulars of all securities held. Where the securities are on the property of the company, assess the value of those securities. If any bills or other negotiable securities are held, specify them in a schedule in the following form:

Date	Drawer	Acceptor	Amount \$ c	Due Date

☐ I am **not** a related creditor of the Company ⁽⁵⁾

☐ I am a related creditor of the Company ⁽⁵⁾

relationship:

If the form is being used for the purpose of voting at a meeting:

Is the debt you are claiming assigned to you?

No ☐ Yes ☐

If yes, attach written evidence of the debt, the assignment and consideration given.

☐ Attached

If yes, what value of consideration did you give for the assignment (eg, what amount did you pay for the debt?) \$

3A.^{(6)*} I am employed by the creditor and authorised in writing by the creditor to make this statement. I know that the debt was incurred for the consideration stated and that the debt, to the best of my knowledge and belief, still remains unpaid and unsatisfied.

3B.^{(6)*} I am the creditor's agent authorised to make this statement in writing. I know that the debt was incurred and for the consideration stated and that the debt, to the best of my knowledge and belief, still remains unpaid and unsatisfied.

DATED this day of 2023

Signature of Signatory

NAME IN BLOCK LETTERS

Occupation

Address

Email:

See Directions overleaf for the completion of this form

OFFICE USE ONLY POD No:		ADMIT (Voting / Dividend) - Ordinary	\$
Date Received:	/ /	ADMIT (Voting / Dividend) – Preferential	\$
Entered into CORE IPS:		Reject (Voting / Dividend)	\$
Amount per ROCAP	\$	Object or H/Over for Consideration	\$
Reason for Admitting / Rejection			
PREP BY/AUTHORISED		TOTAL PROOF	\$
DATE AUTHORISED / /			

Proof of Debt Form Directions

- * Strike out whichever is inapplicable.
- (1) Insert date of Court Order in winding up by the Court, or date of resolution to wind up, if a voluntary winding up.
- (2) Insert full name and address (including ABN) of the creditor and, if applicable, the creditor's partners. If prepared by an employee or agent of the creditor, also insert a description of the occupation of the creditor.
- (3) Under "Consideration" state how the debt arose, for example "goods sold and delivered to the company between the dates of", "moneys advanced in respect of the Bill of Exchange".
- (4) Under "Remarks" include details of vouchers substantiating payment.
- (5) Related Party / Entity: Director, relative of Director, related company, beneficiary of a related trust.
- (6) If the Creditor is a natural person and this proof is made by the Creditor personally. In other cases, if, for example, you are the director of a corporate Creditor or the solicitor or accountant of the Creditor, you sign this form as the Creditor's authorised agent (delete item 3A). If you are an authorised employee of the Creditor (credit manager etc), delete item 3B.

Annexures

- A. If space provided for a particular purpose in a form is insufficient to contain all the required information in relation to a particular item, the information must be set out in an annexure.
- B. An annexure to a form must:
 - (a) have an identifying mark;
 - (b) and be endorsed with the words:
 - i) "This is the annexure of *(insert number of pages)* pages marked *(insert an identifying mark)* referred to in the *(insert description of form)* signed by me/us and dated *(insert date of signing)*; and
 - (c) be signed by each person signing the form to which the document is annexed.
- C. The pages in an annexure must be numbered consecutively.
- D. If a form has a document annexed the following particulars of the annexure must be written on the form:
 - (a) the identifying mark; and
 - (b) the number of pages.
- E. A reference to an annexure includes a document that is with a form.

Appendix D – Remuneration approval request

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Ten Sixty Four Limited (Administrators Appointed) (the Company)

ACN 099 377 849

Remuneration Approval Report

23 October 2023





This remuneration approval report provides you with the information you need to be able to make an informed decision regarding the approval of our remuneration.

You should read this report and the other documentation that we have sent you and then attend the meeting of creditors to voice your opinion by casting your vote on the resolutions put to the meeting. The meeting will also give you an opportunity to ask any questions that you may have.

Alternatively, you are also able to appoint a representative to attend on your behalf by lodging a proxy form. Lodging a specific proxy form allows you to specify how your proxy must vote. Lodging a general proxy form allows your representative to choose how your vote is exercised.

Information about the meeting of creditors is provided in the Report.

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1. Declaration

We, Martin Francis Ford and Simon Guy Theobald of PricewaterhouseCoopers have undertaken a proper assessment of this remuneration claim for our appointment as Joint and Several Administrators of Ten Sixty Four Limited in accordance with the law and applicable professional standards. We are satisfied that the remuneration claimed is in respect of necessary work, properly performed, or to be properly performed, in the conduct of the administration.

2. Executive Summary

To date, no remuneration has been approved or paid in the administration. This remuneration report details approval sought for the following fees:

Period 2 July 2023 to execution of the DOCA	Report reference	Amount (excl GST)
Current remuneration approval sought:		
Voluntary Administration		
Resolution 1: 2 July 2023 to 15 October 2023	A1 & B1	\$934,850.50
Resolution 2*: 16 October 2023 to 31 October 2023	A2 & B2	\$89,355.00
Resolution 3*: 1 November 2023 to execution of DOCA	A3 & B3	\$34,407.50
Total Voluntary Administration Remuneration		\$1,058,613.00

*Approval for the future remuneration sought is based on an estimate of the work necessary to the completion of the administration. Should additional work be necessary beyond what is contemplated, further approval may be sought from creditors or a Committee of Inspection, if one is appointed.

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

In the Initial Remuneration Notice sent to creditors on 4 July 2023, it was estimated that the administration would cost approximately \$200,000 to \$260,000 (excluding GST) for the standard administration period. The actual cost incurred / expected to be incurred during the administration is higher than the initial estimate as the estimate was for the standard administration period (usually around five weeks), however, as outlined in the Report, an extension of the convening period was granted by the Court, and therefore the length of the administration has been significantly extended.

3. Remuneration

3.1. Remuneration

We will be seeking approval of the following resolutions to approve our remuneration. Details to support these resolutions are included in section 3.2 and the attached schedules.

Resolution 1

That the remuneration of the Administrators is approved for the period 2 July 2023 to 15 October 2023 of \$934,850.50 (plus GST) as set out in the Remuneration Approval Report dated 23 October 2023 to be drawn from available funds immediately or as funds become available.

Resolution 2

That the remuneration of the Administrators is approved for the period 16 October 2023 to 31 October 2023 up to a maximum of \$89,355.00 (plus GST), as set out in the Remuneration Approval Report dated 23 October 2023 to be drawn from available funds as incurred or as funds become available.

Resolution 3

That the remuneration of the Administrators is approved for the period 1 November 2023 to execution of the DOCA up to a maximum of \$34,407.50 (plus GST), as set out in the Remuneration Approval Report dated 23 October 2023 to be drawn from available funds as incurred or as funds become available.

Future remuneration is approved subject to a maximum or cap. Sometimes the actual cost of the administration will exceed the maximum which has been approved, in which case, we may seek another resolution for additional remuneration at a later date. We will not pay any amount exceeding the maximum without this approval.

Where funds are available, we will usually pay approved remuneration at intervals not less than one month. Where funds are not available, remuneration will not be paid.

3.2. Details of remuneration

The basis of calculating the remuneration claims are summarised in Schedules **A1** to **A3** of **Appendix A**.

The details of the major tasks performed and the costs associated with each of those major tasks are contained in Schedules **B1** to **B3** of **Appendix B**.

3.3. Total remuneration reconciliation

In the Initial Remuneration Notice sent to creditors on 4 July 2023, it was estimated that the administration would cost approximately \$200,000 to \$260,000 (excluding GST) for the standard administration period. The actual cost incurred / expected to be incurred during the administration is higher than the initial estimate as the estimate was for the standard administration period (usually around five weeks), however, as outlined in the Report, an extension of the convening period was granted by the Court, and therefore the length of the administration has been significantly extended.

Additionally, the complexity of the administration has required the expertise of more senior members of the administration team than initially anticipated.

3.4. Likely impact on dividends

The Corporations Act 2001 (**the Act**) sets the order for payment of claims against the Company and it provides for remuneration of the Administrators to be paid in priority to other claims. This ensures that when there are sufficient funds, the Administrators receive payment for the work done to recover assets, investigate the Company's affairs, report to creditors and ASIC and distribute any available funds. Even if creditors approve our remuneration, this does not guarantee that we will be paid, as we are only paid if sufficient assets are recovered.

Any dividend to creditors will also be impacted by the amount of assets that we are able to recover and the amount of creditor claims that are admitted to participate in any dividend, including any claims by priority creditors such as employees.

Based on:

- realisations to date;
- estimated future realisations;
- costs associated with the conduct of the external administration;
- our estimated remuneration to complete the external administration; and
- the estimated total of creditor claims based on the Company's records and claims lodged to date,

we estimate that a dividend of 100 cents in the dollar will be paid to creditors should the proposed Deed be accepted by the creditors and a dividend of between 43 cents (low case) and 100 cents (high case) in the dollar should creditors resolve that the Company be placed into liquidation. However, this is subject to a range of variables, particularly the future realisations and creditor claims.

3.5. Remuneration recovered from external sources

The Administrators have not received any funding from external sources for their remuneration.

Liquidators of insolvent companies may make application to the Australian Securities and Investments Commission ("**ASIC**") for funding via the Assetless Administration Fund. Broadly, such funding enables Liquidators to carry out further investigations into a company's affairs and prepare additional reports to ASIC especially in circumstances where there may be possible breaches of the Act or of misconduct, in particular, by current or former officers of a company.

Any remuneration payments received by a Liquidator from the Assetless Administration Fund operated by ASIC are considered separate arrangements involving a limited or partial funding agreement. Where higher fees are incurred than the amount covered by the funding agreement there is no restriction in the administration being charged for the shortfall on the basis that all remuneration claimed is necessary and properly incurred in accordance with the ARITA Code of Professional Conduct.

No application for Assetless Administration Funding has been submitted to ASIC by the Administrators and we do not propose or expect to submit one in the future.

4. Disbursements

Disbursements are divided into three types:

- **External professional services** - these are recovered at cost. An example of an external professional service disbursement is legal fees.
- **External non-professional costs** – these are recovered at cost. Examples of external non-professional costs are travel, accommodation and search fees.
- **Firm non-professional disbursements** such as photocopying, printing and postage. These disbursements, if charged to the Administration, would generally be charged at cost; though some expenses such as telephone calls, photocopying and printing may be charged at a rate which recoups both variable and fixed costs. The recovery of these costs must be on a reasonable commercial basis.

We are not required to seek creditor approval for costs paid to third parties or for disbursements where we are recovering a cost incurred on behalf of the administration but we must account to creditors. Creditors have the right to question the incurring of the disbursements and can challenge disbursements in court.

We have undertaken a proper assessment of disbursements claimed for the Company, in accordance with the law and applicable professional standards. We are satisfied that the disbursements claimed are necessary and proper.

We are required to obtain creditor consent for the payment of internal disbursements where there may be a profit or advantage. Creditors will be asked to approve our internal disbursements where there is a profit or advantage prior to these disbursements being paid from the administration. Notwithstanding, there have been no such disbursements incurred.

4.1. Disbursements

To date, no disbursements have been paid by the administration to our firm.

4.2. Future basis of disbursements (if required)

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

Basis of disbursement claim

Disbursements	Rate (excl GST)
ASIC industry metric levies*	At prescribed ASIC rates – Estimated to be \$67.84 per notifiable event
External professional services	At cost
External non-professional costs	At cost
Firm non-professional costs	
Staff vehicle use	85 cents per kilometre for first 150km of return trip and 40 cents per kilometre thereafter

* The ASIC Industry Funding Levy is calculated each January by the ASIC for the previous financial year. We have estimated the minimum charge per notifiable event to be approximately \$67.84 in accordance with the estimate provided in ASIC's cost recovery implementation statement for the 2023 financial year.

5. Summary of receipts and payments

The summary of receipts and payments for the period from 2 July 2023 to 15 October 2023 is contained in **Appendix C**.

6. Queries

Should you have any queries regarding the external administration, please contact the PwC office by email at tensixtyfour@au.pwc.com.

You can access additional information on the following websites:

- ARITA at www.arita.com.au/creditors
- ASIC at <http://asic.gov.au/regulatory-resources/insolvency/insolvency-information-sheets/>

DATED this 23rd day of October 2023.



Martin Ford and Simon Theobald
Joint and Several Administrators

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Appendix A. - Calculations of remuneration schedules

Schedule A1

Resolution 1

The below table provides a breakdown of the work undertaken in each major task area for the period 2 July 2023 to 15 October 2023.

Position	\$/hours (Ex GST)	Total Hrs	\$	Assets Hrs	\$	Creditors Hrs	\$	Employees Hrs	\$	Trade on Hrs	\$	Investigations Hrs	\$	Administration Hrs	\$
Appointees															
Martin Ford	785.00	240.3	188,635.50	70.2	55,107.00	4.9	3,846.50	0.6	471.00	46.5	36,502.50	73.1	57,383.50	45.0	35,325.00
Simon Theobald	750.00	234.4	175,800.00	19.2	14,400.00	44.6	33,450.00	11.1	8,325.00	56.3	42,225.00	48.3	36,225.00	54.9	41,175.00
Other staff															
Partner - Valuations	785.00	14.5	11,382.50	14.5	11,382.50	-	-	-	-	-	-	-	-	-	-
Partner - Tax	785.00	19.5	15,307.50	19.5	15,307.50	-	-	-	-	-	-	-	-	-	-
Director	685.00	0.9	616.50	-	-	-	-	-	-	0.9	616.50	-	-	-	-
Director - Tax	685.00	35.1	24,043.50	35.1	24,043.50	-	-	-	-	-	-	-	-	-	-
Senior Manager	620.00	429.7	266,414.00	146.2	90,644.00	90.1	55,862.00	23.5	14,570.00	74.0	45,880.00	49.2	30,504.00	46.7	28,954.00
Senior Manager - Tax	620.00	14.3	8,866.00	14.3	8,866.00	-	-	-	-	-	-	-	-	-	-
Senior Consultant	475.00	237.4	112,765.00	56.8	26,980.00	37.4	17,765.00	4.7	2,232.50	47.2	22,420.00	48.4	22,990.00	42.9	20,377.50
Senior Consultant - Tax	475.00	15.7	7,457.50	15.7	7,457.50	-	-	-	-	-	-	-	-	-	-
Consultant	385.00	173.1	66,643.50	7.7	2,964.50	51.3	19,750.50	5.3	2,040.50	9.6	3,696.00	62.2	23,947.00	37.0	14,245.00
Consultant - Tax	385.00	11.2	4,312.00	11.2	4,312.00	-	-	-	-	-	-	-	-	-	-
Offshore Professional	250.00	164.9	41,225.00	-	-	-	-	-	-	-	-	154.0	38,500.00	10.9	2,725.00
Administration Support	210.00	54.2	11,382.00	-	-	-	-	-	-	-	-	-	-	54.2	11,382.00
Total		1,645.2	934,850.50	410.4	261,464.50	228.3	130,674.00	45.2	27,639.00	234.5	151,340.00	435.2	209,549.50	291.6	154,183.50
GST			93,485.05												
Total (including GST)			1,028,335.55												
Average rate (excluding GST)			568.23		637.10		572.38		611.48		645.37		481.50		528.75

Schedule A2

Resolution 2

The below table provides a breakdown of the work undertaken in each major task area for the period 16 October 2023 to 31 October 2023.

Position	\$/hours	Total		Assets		Creditors		Employees		Dividend		Trade on		Investigations		Administration	
	(Ex GST)	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$
Appointees																	
Ford Martin	785	23.5	18,447.50	13.5	10,597.50	10.0	7,850.00		-		-		-		-		-
Theobald Simon	750	21.0	15,750.00	7.5	5,625.00	9.5	7,125.00	1.0	750.00		-	3.0	2,250.00		-		-
Other staff																	
Partner	785	-	-		-	-	-		-		-		-		-		-
Managing Director	750	-	-		-	-	-		-		-		-		-		-
Director	685	-	-	-	-		-		-		-		-		-		-
Senior Manager	620	51.0	31,620.00	18.5	11,470.00	25.5	15,810.00	1.0	620.00		-	4.5	2,790.00		-	1.5	930.00
Manager	575	-	-		-		-		-		-		-		-		-
Senior Consultant	475	28.0	13,300.00	2.0	950.00	14.0	6,650.00	1.0	475.00		-	8.5	4,037.50		-	2.5	1,187.50
Consultant	385	22.5	8,662.50	2.0	770.00	9.0	3,465.00		-		-	10.0	3,850.00		-	1.5	577.50
Offshore Professional	250	-	-	-	-		-		-		-		-		-		-
Specialist	210	7.5	1,575.00	2.0	420.00	2.0	420.00		-		-		-		-	3.5	735.00
Administration Support	210	-	-		-		-		-		-		-		-		-
Total		153.5	89,355.00	45.5	29,832.50	70.0	41,320.00	3.0	1,845.00	-	-	26.0	12,927.50	-	-	9.0	3,430.00
GST			8,935.50														
Total (including GST)			98,290.50														
Average rate (excluding GST)			582.12														

Schedule B3

Resolution 3

The below table provides a breakdown of the work undertaken in each major task area for the period the 1 November 2023 to execution of the Deed of Company Arrangement.

Position	\$/hours	Total	Total	Assets		Creditors		Employees		Dividend		Trade on		Investigations		Administration	
	(Ex GST)	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$
Appointees																	
Ford Martin	785.00	8.0	6,280.00	7.0	5,495.00	1.0	785.00		-		-		-		-		-
Theobald Simon	750.00	8.0	6,000.00	4.5	3,375.00	2.5	1,875.00		-		-	1.0	750.00		-		-
Other staff																	
Partner	785.00	-	-		-	-	-		-		-		-		-		-
Managing Director	750.00	-	-		-	-	-		-		-		-		-		-
Director	685.00	-	-		-		-		-		-		-		-		-
Senior Manager	620.00	25.0	15,500.00	15.5	9,610.00	6.5	4,030.00		-		-	2.0	1,240.00		-	1.0	620.00
Manager	575.00	-	-		-		-		-		-		-		-		-
Senior Consultant	475.00	5.0	2,375.00		-	2.0	950.00		-		-	2.0	950.00		-	1.0	475.00
Consultant	385.00	10.5	4,042.50		-	8.0	3,080.00		-		-	2.0	770.00		-	0.5	192.50
Offshore Professional	250.00	-	-		-	-	-		-		-		-		-	-	-
Specialist	210.00	1.0	210.00		-	-	-		-		-		-		-	1.0	210.00
Administration Support	210.00	-	-		-		-		-		-		-		-		-
Total		57.5	34,407.50	27.0	18,480.00	20.0	10,720.00	-	-	-	-	7.0	3,710.00	-	-	3.5	1,497.50
GST			3,440.75														
Total (Including GST)			37,848.25														
Average rate (excluding GST)			598.39														

Appendix B. - Table of major tasks for remuneration

Schedule B1

Resolution 1

The below table provides a description of the work undertaken in each major task area for the period 2 July 2023 to 15 October 2023.

Task Area	General description	Includes
Assets 410.4 hours \$261,464.50	Other Assets	<p>Tasks associated with realising other assets</p> <p>Securing cash at bank, including recovery of some funds paid by the Company prior to our appointment</p>
	Deed of Company Arrangement / Cash Repatriation	<p>Meetings with representatives of PMC and MMPRC to discuss the status of Co-O mining and milling operations and negotiating a path forward for the Company</p> <p>Working towards stabilising the Company's operations and exploring restructuring options to enable control of the Company to be returned to its Directors which focussed on restoring the Company to a position of balance sheet and cashflow solvency, seeking insurance options for the Directors and determining a suitable structure to deal with any contingent claims that may arise against the Company</p> <p>Entering into discussions and holding a number of meetings with various parties to enable the above to occur</p> <p>Engaging tax specialists to review and provide advice on the tax consequences of any restructuring plan and the most appropriate strategy</p> <p>Holding preliminary discussions with the ASX concerning its requirements to reinstate trading in the Company's securities.</p> <p>Reviewing and analysing proposals for a Deed of Company Arrangement and liaising with proposers regarding the terms of such proposals</p> <p>Discussions and meetings with legal advisors regarding proposals</p>
	Leasing	<p>Reviewing leasing documents</p> <p>Liaising with owners/lessors</p> <p>Tasks associated with disclaiming leases</p>
	CQ22 Pty Ltd	<p>Liaising with management and tenement manager to gain understanding of the status of each mining tenement</p> <p>Reviewing funding requirements</p> <p>Determining CQ22 operational strategy</p> <p>Attending various meetings with CQ22 directors and staff</p> <p>Fielding enquiries from interested parties</p> <p>Undertaking reviews of and engaging consultants to prepare a valuation on the Company's interests in the CQ22 tenements</p> <p>Holding internal meetings to discuss valuation of mining tenements</p>
	Philippine Assets	<p>Undertaking reviews of and engaging consultants to prepare valuations on the Company's interests in the MMPRC Co-O Mill and PMC Co-O Mine</p> <p>Meetings with representatives of PMC and MMPRC to discuss the status of Co-O mining and milling operations</p>
	Ownership dispute	<p>Liaising with solicitors, both in Australia and Philippines, with respect to a significant number of legal matters pertaining to the ownership dispute</p>

Task Area	General description	Includes
Creditors 228.3 hours \$130,674.00		Compiling a detailed chronology of events on the history of the Company and reviewing a significant number of documents relating to the ownership dispute Holding meetings with various parties regarding the Company's history, affairs and disputes
	Creditor Enquiries	Dealing with creditor enquiries via telephone and email Maintaining creditor enquiry files Preparing and maintaining a Frequently Asked Questions document Reviewing and prepare correspondence to creditors and their representatives via email and post
	Extension to the Convening Period	Holding meetings to determine whether an extension to the convening period was required Applying to the Court and obtaining an Order extending the period in which the Administrators are required to convene the Second Meeting, including the preparation of a detailed affidavit in support of the application Liaising with solicitors and Counsel in relation to the extension to the convening period Attending at hearing Preparing correspondence to the creditors of the Company advising of the Administrator's intention to make such an application to the Court and notifying them of the outcome of the application
	Secured creditor reporting	Notifying PPSA registered creditors of appointment Responding to secured creditor's queries
	Creditor reports	Preparing initial report to creditors pursuant to Section 436E of the Corporations Act 2001 Commencing preparation of the Voluntary Administrators' report pursuant to Division 75-225(3) of the Insolvency practice Rules (Corporations) 2016 ("IPR")
	Dealing with proofs of debt	Receipting and filing POD when not related to a dividend Corresponding with the ATO regarding POD when not related to a dividend
	Meeting of Creditors	Preparing meeting notices, proxies and advertisements Forwarding notice of first meeting to all known creditors Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting Conducting first meeting of creditors Preparation and lodgement of minutes of first meeting with ASIC Responding to stakeholder queries and questions immediately following meeting
	Shareholder enquiries	Dealing with shareholder enquiries via telephone and email
	Employees enquiries	Receiving and following up employee enquiries via telephone and email Reviewing and preparing correspondence to employees and their representatives via facsimile, email and post Preparation of letters to employees advising of their entitlements Receive and prepare correspondence in response to employee's objections to leave entitlements
	Calculation of entitlements	Calculating employee entitlements Reviewing employee files and company's books and records Reconciling superannuation accounts Reviewing awards Liaising with solicitors regarding entitlements
Employees 45.2 hours \$27,639.00	Trade on Management	Cost cutting and operational effectiveness

Task Area	General description	Includes
Trade On 234.5 hours \$151,340.00		Implementing processes for the payment of suppliers Liaising with suppliers Liaising with management and staff Attendance on site Monitoring trading performance Preparing and authorising receipt vouchers Preparing and authorising payment vouchers Liaising with OSR regarding payroll tax and FBT issues Discussions with staff and management regarding cash requirement for ongoing trading Following up suppliers for refunds of pre-appointment credits Preparing and lodging single touch payment lodgements with the ATO Calculation of fringe benefit tax liabilities Discussions with staff regarding annual leave Reviewing and discussing employee expenses with Management Preparation of consulting agreements Discussions with third party IT providers regarding the Company's IT systems Approving employee travel Liaising with the Company's landlord
	Processing receipts and payments	Entering receipts and payments into accounting system
	Budgeting and financial reporting	Reviewing company's budgets and financial statements Preparing budgets Preparing and maintaining cashflow Preparing weekly financial analysis Reviewing accrued expenses/liabilities Meetings with management and staff to discuss trading position
	Conducting investigation	Collection of Company books and records Reviewing Company's books and records Reviewing and preparing Company nature and history Conducting and summarising statutory searches Preparation of comparative financial statements Review of specific transactions and liaising with banks, the Directors, management and other parties regarding certain transactions Investigations to identify indicators of insolvency and possible claims for insolvent trading Preparation of investigation file Reviewing Company and Group operations and structure, including understanding the role of each subsidiary Conducting initial reviews of large intercompany loan account balances and accuracy of same Reviewing Cor Cordis Independent Business Review
Investigation 435.2 hours \$209,549.50	Ownership dispute	Liaising with solicitors, both in Australia and Philippines, with respect to a significant number of legal matters pertaining to the ownership dispute Compiling a detailed chronology of events on the history of the Company and reviewing a significant number of documents relating to the ownership dispute Holding meetings with various parties regarding the Company's history, affairs and disputes
	ASIC reporting	Preparing statutory investigation report
	Correspondence	Attending to general correspondence not related to other task areas
	Document maintenance/file review/checklist	Conducting administration and file reviews Filing of documents

Task Area	General description	Includes
Administration 291.6 hours \$154,183.50		Updating checklists
	Insurance	Reviewing and confirmation of adequacy of cover Identification of potential issues requiring attention of insurance specialists Corresponding with insurer regarding initial and ongoing insurance requirements Reviewing insurance policies Corresponding with previous brokers
	Bank account administration	Preparing correspondence opening and closing accounts Requesting bank statements Conducting bank account reconciliations Corresponding with banks regarding specific transfers
	ASIC Forms and lodgements	Preparing and lodging ASIC forms
	ATO and other statutory reporting	Notification of appointment Preparing BAS
	Planning / Review	Discussions regarding status of administration
Tax Services 95.8 Hours \$59,986.50	Tax Assistance	Undertaking reviews and analysis of Company and Group structure in Australia and overseas including tax structures Undertaking various tasks to assist with understanding tax consequences of proposed recapitalisation strategies Preparing a detailed report to facilitate the recapitalisation of the Company and Group Holding meetings to discuss tax related matters
Total 1,645.2 hours \$934,850.50		

Schedule B2

Resolution 2

The below table provides a description of the work undertaken in each major task area for the period 16 October 2023 to 31 October 2023.

Task Area	General description	Includes
Assets 45.5 hour \$29,832.50	Deed of Company Arrangement / Cash Repatriation	Holding further meetings and reviewing and analysing proposals for a Deed of Company Arrangement and liaising with proposers regarding the terms of such proposals Discussions and meetings with legal advisors regarding proposals
	CQ22 Pty Ltd	Continuing to liaise with management and tenement manager regarding mining tenement Attending to orderly wind down of CQ22 operations as discussed with management Attending to ongoing funding requirements
	Philippine Assets	Attending to various tasks with respect to the Company's interest in Filipino assets
Creditors 70.0 hours \$41,320.00	Creditor Enquiries	Dealing with creditor enquiries via email telephone Maintaining creditor enquiry files
	Creditor reports	Finalising VA report and circulating it to the creditors of the Company
	Dealing with proofs of debt	Receipting and filing POD when not related to a dividend Adjudicating on claims received from creditors for voting purposes
	Meeting of Creditors	Preparation of meeting notices, proxies and advertisements Forwarding notice of second meeting to all known creditors Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting Conducting second meeting of creditors
	Shareholder enquiries	Responding to shareholder enquiries via email and telephone
Employees 3.0 hours \$1,845.00	Employees enquiries	Receiving and following up employee enquiries
Trade On 26.0 hours \$12,927.50	Trade on Management	Liaising with suppliers Liaising with management and staff Attendance on site Authorising purchase orders Maintaining purchase order registry Monitoring trading performance Reviewing daily/weekly performance reports Preparing and authorising receipt vouchers Preparing and authorising payment vouchers

Task Area	General description	Includes
Administration 9 hours \$3,430.00		Liaising with superannuation funds regarding contributions
	Processing receipts and payments	Entering receipts and payments into accounting system
	Budgeting and financial reporting	Reviewing company's budgets and financial statements
		Preparing budgets
		Preparing weekly financial reports
		Finalising trading profit or loss
		Meetings with management and staff to discuss trading position
	Correspondence	Attending to general correspondence not related to other task areas
		Conducting administration and file reviews
	Document maintenance/file review/checklist	Filing of documents
		Updating checklists
	Bank account administration	Bank account reconciliations
	ASIC Forms and lodgements	Preparing and lodging ASIC forms
	ATO and other statutory reporting	Preparing BAS / IAS
	Planning / Review	Discussions regarding status of administration
Total 153.5 hours \$89,355.00		

Schedule B3

Resolution 3

The below table provides a description of the work undertaken in each major task area for the period 1 November 2023 to execution of the Deed of Company Arrangement.

Task Area	General description	Includes
Assets 27.0 hours \$18,480.00	Deed of Company Arrangement	Liaising with Deed of Company Arrangement proponent and solicitors regarding Deed Finalising Deed of Company Arrangement (if approved by creditors) Executing Deed of Company Arrangement
Creditors 20.0 hours \$10,720.00	Creditor Enquiries	Deal with creditor enquiries via email and telephone Maintaining creditor enquiry files Reviewing and preparing correspondence to creditors and their representatives via email and post Correspondence with committee of inspection members (if one is appointed)
	Meeting of Creditors	Finalising and lodging minutes of second meeting of creditors
Trade On 7.0 hours \$3,710.00	Trade on Management	Liaising with management and staff Attendance on site Authorising purchase orders Maintaining purchase order registry Monitoring trading performance Preparing and authorising receipt vouchers Preparing and authorising payment vouchers
	Processing receipts and payments	Entering receipts and payments into accounting system
	Budgeting and financial reporting	Preparing budgets Preparing weekly financial reports Finalising trading profit or loss Meetings with management and staff to discuss trading position
	Correspondence	Attending to general correspondence not related to other task areas
Administration 3.5 hours \$1,497.50	Document maintenance/file review/checklist	Conducting administration and file reviews Filing of documents Updating checklists
	Bank account administration	Bank account reconciliations
	ASIC Forms and lodgements	Preparing and lodging ASIC forms
	ATO and other statutory reporting	Preparing BAS / IAS
	Planning / Review	Discussions regarding status of administration
Total 57.5 hours \$34,407.50		

Appendix C. - Summary of receipts and payments

	(\$)
Receipts	
Interest income	44,188
Pre-appointment refunds and recoveries	35,145
Total receipts	79,333
Trading payments	
Payroll, contractors, superannuation and ETP's	(601,792)
PAYG	(45,214)
Other employee expenses	(41,724)
ASX fees	(58,039)
Rental expense	(71,613)
Travel costs	(36,571)
IT, office supplies and other expenses	(42,705)
Insurance	(361,340)
Funding for CQ22	(548,257)
Total trading payments	(1,807,254)
Costs of the administration	
Legal fees and disbursements	(633,555)
Insurance	(25,703)
Other professional costs	(78,537)
Total costs of the administration	(737,794)
Total payments	(2,545,048)
Net trading receipts/(payments)	(2,465,715)
Cash held on appointment	8,167,470
Cash on hand at 15 October 2023	5,701,755
Payments receivable as at 15 October 2023	
Interest due from term deposit	33,706
Reimbursement from related parties due	300,000
GST refunds due	53,849
Total payments receivable	387,555
Accrued expenses as at 15 October 2023	
Legal fees	(220,816)
Employee costs	(40,105)
Consultants	(56,329)
IT services and consumables	(3,000)
Office expenses	(2,100)
Statutory liabilities	(50,776)
Other professional costs	(68,000)
Provision for other accruals	(50,000)
Total accrued expenses	(491,126)
Estimated position at 15 October 2023 (before VA remuneration and disbursements)	5,598,185

Refer to section 5 of the accompanying Report for more detail in relation to our receipts and payments.

www.pwc.com.au

Appendix E – Information sheets

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PwC refers to the Australia member firm, and may sometimes refer to the PwC network. Each member firm is a separate legal entity. Please see www.pwc.com/structure for further details.

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PWC190022497





ASIC

Australian Securities & Investments Commission

Insolvency information for directors, employees, creditors and shareholders

ASIC has 11 insolvency information sheets to assist you if you're affected by a company's insolvency and have little or no knowledge of what's involved.

These plain language information sheets give directors, employees, creditors and shareholders a basic understanding of the three most common company insolvency procedures—liquidation, voluntary administration and receivership. There is an information sheet on the independence of external administrators and one that explains the process for approving the fees of external administrators. A glossary of commonly used insolvency terms is also provided.

The Insolvency Practitioners Association (IPA), the leading professional organisation in Australia for insolvency practitioners, endorses these publications and encourages its members to make their availability known to affected people.

List of information sheets

- INFO 41 *Insolvency: a glossary of terms*
- INFO 74 *Voluntary administration: a guide for creditors*
- INFO 75 *Voluntary administration: a guide for employees*
- INFO 45 *Liquidation: a guide for creditors*
- INFO 46 *Liquidation: a guide for employees*
- INFO 54 *Receivership: a guide for creditors*
- INFO 55 *Receivership: a guide for employees*
- INFO 43 *Insolvency: a guide for shareholders*
- INFO 42 *Insolvency: a guide for directors*
- INFO 84 *Independence of external administrators: a guide for creditors*
- INFO 85 *Approving fees: a guide for creditors*

Getting copies of the information sheets

To get copies of the information sheets, visit ASIC's website at www.asic.gov.au/insolvencyinfosheets. The information sheets are also available from the IPA website at www.ipaa.com.au. The IPA website also contains the IPA's Code of Professional Practice for Insolvency Professionals, which applies to IPA members.

Important note: The information sheets contain a summary of basic information on the topic. It is not a substitute for legal advice. Some provisions of the law referred to may have important exceptions or qualifications. These documents may not contain all of the information about the law or the exceptions and qualifications that are relevant to your circumstances. You will need a qualified professional adviser to take into account your particular circumstances and to tell you how the law applies to you.

Appendix F – KDTL Deed Term Sheet



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PwC refers to the Australia member firm, and may sometimes refer to the PwC network. Each member firm is a separate legal entity. Please see www.pwc.com/structure for further details.

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PWC190022497

Restructuring Term Sheet

Ten Sixty Four Limited (Administrators Appointed)

ACN 099 377 849 (**X64**)

Martin Francis Ford and Simon Guy Theobald

in their capacity as joint and several voluntary administrators of X64.

Komo Diti Traders Limited

*This Term Sheet contains a summary of the principal commercial terms and conditions of a restructure of Ten Sixty Four Limited (Administrators Appointed) ACN 099 377 849 to be proposed by Komo Diti Traders Limited based on information available to date (**Proposal**). This Term Sheet does not, and is not intended to, specify or summarise all of the terms, conditions and provisions of the potential Proposal. The form of the Proposal is subject to, amongst other things satisfactory final documentation and fulfilment of all applicable conditions precedent set out in the final documentation.*

Restructuring Term Sheet
Ten Sixty Four Limited (Administrators Appointed)
ACN 099 377 849

In this Term Sheet, the definitions outlined at Schedule 1 apply (unless defined otherwise).

Item	Term	Details
1.	Date	23 October 2023
2.	Parties	<p>(a) Ten Sixty Four Limited (administrators appointed) ACN 099 377 849 (X64);</p> <p>(b) Martin Francis Ford and Simon Guy Theobald in their capacity as joint and several voluntary administrators of X64 (Administrators); and</p> <p>(c) Komo Diti Traders Limited being a company registered in Hong Kong with company number 2479755 (Proponent).</p>
3.	Purpose	<p>The purpose of this Term Sheet is to record the key terms of the proposed restructure that will be set out in a deed of company arrangement (DOCA) proposed by the Proponent for X64.</p> <p>The primary purpose of the DOCA is to:</p> <p>(a) administer the business, property and affairs of X64 in a way that would result in a better return for the Creditors and Members than would be available in an immediate winding up of X64;</p> <p>(b) bring a swift conclusion to the administration and restore value to the X64 Group;</p> <p>(c) return control to the board for the benefit of all Creditors and Members; and</p> <p>(d) maximise the chances of X64's business, and the business of the Subsidiaries, continuing in existence,</p> <p>(the Restructure).</p>
4.	DOCA overview	<p>The Restructure is proposed to be implemented by X64, the Administrators and the Proponent entering into a deed of company arrangement (DOCA) in respect of X64 under which, subject to certain conditions, control of X64 will revert to the Directors.</p> <p>This Term Sheet is not legally binding and remains subject to the execution of a legally binding long-form DOCA, save for Items 23, 24, 27 and 28.</p> <p>The parties will use their best endeavours to give effect to the purpose of the DOCA and implement the Restructure by the Sunset Date.</p>

Item	Term	Details
The DOCA will be binding and effective from the Execution Date.		
5.	Deed Administrators' powers	<p>(a) The Administrators will become the deed administrators of the DOCA (Deed Administrators) and they will remain in that position until the DOCA is terminated pursuant to its terms or the Act.</p> <p>(b) The Deed Administrators will have all of the customary and necessary powers to administer the DOCA.</p> <p>(c) Any Deed Administrator may resign at any time by giving not less than 14 days' prior written notice to X64.</p> <p>(d) Where the resignation in Item 5(c) would result in fewer than two Deed Administrators being in office, the Deed Administrators must:</p> <ul style="list-style-type: none"> (i) convene a meeting of Creditors for the purpose of nominating a replacement deed administrator; (ii) assign to a replacement deed administrator nominated by the Creditors the Deed Administrators' rights, title, and benefit under the DOCA; and (iii) do all things reasonably necessary to effect the assignment referred to in paragraph (ii).
6.	Control of X64 and consultation during Deed Period	<p>The Deed Administrators will remain in control of X64 until Effectuation.</p> <p>During the Deed Period:</p> <p>(a) the Deed Administrators will consult with the Managing Director (on behalf of the Proponent) and the Committee of Inspection (as applicable) in respect of the implementation and administration of the DOCA and implementation of the Restructure;</p> <p>(b) the Deed Administrators may refer decisions to the Committee of Inspection as they consider appropriate;</p> <p>(c) subject to paragraph (d), the Deed Administrators will:</p> <ul style="list-style-type: none"> (i) comply with and discharge the reasonable instructions and requests of the Proponent and Managing Director on a timely basis in relation to the implementation and administration of the DOCA and implementation of the Restructure as soon as practicable; and (ii) act diligently and promptly in complying with and discharging such instructions and requests. <p>(d) In complying with their obligations under this Item 6, the Deed Administrators are not required to do, to omit to</p>

Item	Term	Details
		<p>do, or to allow to be done anything which would, in the Deed Administrators' reasonable opinion:</p> <ul style="list-style-type: none"> (i) cause or be likely to cause the Deed Administrators to breach, or impede the Deed Administrators in the performance of, their duties or obligations arising by operation of the Act or other applicable laws or under the DOCA; (ii) be inconsistent with actions reasonably or prudently required in order to respond to an emergency, including to protect any property or the health and safety of any person, and the Deed Administrators may take such actions, provided that where practicable, the Deed Administrators consult with the Managing Director (on behalf of the Proponent) in relation to any such action before taking such action or if not practicable, notify the Proponent of the reasonable steps taken after the fact; (iii) breach any obligations (including obligations of confidentiality) that X64 or the Deed Administrators owe to any third party or under any law or regulations; (iv) be inconsistent with the Purpose outlined in Item 3; or (v) prejudice the likelihood of Effectuation or implementation of the Restructure occurring.
7.	Directors	<ul style="list-style-type: none"> (a) During the Deed Period, the Deed Administrators have the power to: <ul style="list-style-type: none"> (i) remove such of the Directors and officers of X64 as may be directed by the Proponent and the Chairperson; and (ii) subject to the receipt of consents to act, appoint such new directors and officers to X64 as may be directed by the Proponent and the Chairperson. (b) At all times during and after the Deed Period the Directors will remain responsible for complying with all of X64's financial reporting obligations under the Act.
8.	Moratorium	The DOCA will contain customary provisions which restrict certain actions against X64 by any Creditor, Member, Director and Officer for the Deed Period and section 440D of the Act will apply during the Deed Period.
9.	Release of Creditor Claims	On Effectuation, all Claims (other than Excluded Claims) will be extinguished and released.

Item	Term	Details
10.	Release of Intercompany Creditor Claims	For the avoidance of doubt, the releases in item 9 will apply to the Claims of the Proponent and MMPRC.
11.	Excluded Claims	<p>The following categories of Claims will be excluded from the DOCA and not be released or compromised (Excluded Claims):</p> <ul style="list-style-type: none"> (a) X64 employees in respect of any non-crystallised entitlements; (b) any Insured Claim; and (c) any Claim which the Deed Administrators determine should be excluded from the DOCA (with any such Claim to be notified by the Deed Administrators to the Proponent in writing). <p>Notwithstanding the above, any Excluded Claim (other than an Insured Claim) may be admitted for voting purposes at the Second Creditors' Meeting.</p> <p>To the extent that a Creditor with an Insured Claim is unable to seek or obtain payment on account of its Insured Claim from the insurer (including, without limitation, by reason of any excess or deductible applicable to the insurance policy, or failure by the X64 to take action), the DOCA operates as a complete release and bar to that part of the Creditor's Claim which has not been met by the insurer.</p>
12.	Owners and Lessors of Property	<p>Nothing in this DOCA will affect the rights of Owners or Lessors of Property in relation to that Property.</p> <p>An Owner or Lessor of Property who votes in favour of the DOCA:</p> <ul style="list-style-type: none"> (a) waives any event of default or breach by X64 of any agreement to which X64 and the Owner or Lessor is a party which occurred on or prior to the Relevant Date or which may occur during the Deed Period, insofar as the Owner or Lessor would be entitled to terminate the agreement, take possession of the Property the subject of the agreement or otherwise recover it; and (b) must permit X64 to have continued and uninterrupted use, occupation and possession of the Property the subject of such an agreement unless and until: <ul style="list-style-type: none"> (i) the surrender of the agreement by X64 to the Owner or Lessor on terms agreed to by X64 and the Owner or Lessor; and (ii) the termination of the agreement by X64, <p>whichever occurs first.</p>

Item	Term	Details
13.	Access and Assistance	<p>The Directors and all other persons bound by the DOCA must allow the Deed Administrators and persons authorised by the Deed Administrators:</p> <ul style="list-style-type: none"> (a) reasonable access to the Business Records and personnel of X64; and (b) to inspect the Business Records, <p>in each case, for the purpose of enabling the Deed Administrators to perform their obligations under and in accordance with the DOCA and for the purpose of implementing the DOCA and the Restructure.</p> <p>The Directors and the Deed Administrators must allow the Proponent and persons authorised by the Proponent:</p> <ul style="list-style-type: none"> (a) reasonable access to the Business Records and personnel of X64 at the dates and times agreed by the Proponent and the Deed Administrators or the Directors (as applicable); and (b) to inspect the Business Records at the dates and times agreed by the Proponent and the Deed Administrators or the Directors (as applicable), <p>in each case, for the purpose of enabling the Proponent to perform its obligations under and in accordance with the DOCA and for the purpose of implementing the DOCA and the Restructure.</p> <p>The Directors and all other persons bound by the DOCA must promptly provide, as an expense of the deed administration of X64, any assistance reasonably required by the Deed Administrators or the Proponent for the performance of their obligations under and in accordance with the DOCA and for the purpose of implementing the DOCA and the Restructure.</p>
		<ul style="list-style-type: none"> (a) The Deed Administrators, the Proponent and the board will agree an appropriate information sharing protocol to apply during the Deed Period to facilitate access to and sharing of information between the parties. (b) The Managing Director and Deed Administrators will meet bi-weekly (or as otherwise agreed between the Deed Administrators and Managing Director) to consult in relation to the implementation and administration of the Restructure and the DOCA and provide updates on progress with respect to satisfaction of the Conditions Precedent (and any other matter relating to the DOCA or the Restructure which either the Deed Administrators or the Managing Director tables for discussion prior to or at the meeting).

Item	Term	Details
15.	Remuneration	<p>(a) Subject to this provision and the requirements set out in the Act regarding, amongst other things, approval of remuneration for external administrators and any liabilities, the Administrators and the Deed Administrators will be entitled to be indemnified from the assets of X64 and the Deed Fund for their Remuneration and Costs.</p> <p>(b) The Administrators and the Deed Administrators will have a lien over the assets of X64 and the Deed Fund to secure their right of indemnity.</p> <p>(c) The Administrators and the Deed Administrators will be remunerated out of the assets of X64 and the Deed Fund for their work performed at PricewaterhouseCoopers' usual hourly rates for matters of this type in accordance, and/or consistent, with Division 60 of Schedule 2 to the Act.</p>
16.	DOCA Conditions Precedent	<p>(a) Effectuation of the DOCA will be conditional upon the following conditions being satisfied or waived (Conditions Precedent):</p> <p>(i) (Creditor approval) creditors of X64 approving a resolution under section 439C of the Act that X64 execute the DOCA;</p> <p>(ii) (Execution) a long form DOCA document being duly executed by all parties within 15 Business Days' of the passing of the creditors' resolution;</p> <p>(iii) (Consents and Approvals) the Administrators and Deed Administrators receiving all necessary consents and approvals which they consider (in their sole discretion) are required to give effect to the DOCA (which may include directions from the Court under section 90-15 of the IPS that the Administrators would be justified in entering into and/or giving effect to the DOCA);</p> <p>(iv) (D&O Insurance) the issuance of a directors' and officers' insurance policy for the benefit of the board of X64 effective as at the date on which Effectuation occurs (or earlier) to the Proponent's satisfaction;</p> <p>(v) (Public Examinations) the conduct of public examinations by the Deed Administrators to investigate any claims which X64 or its Members may have against any third parties, including pursuant to section 596A of the Act (in consultation with the Proponent);</p>

Item	Term	Details												
		<div><div>(vi) (Management Agreement) execution of the Management Agreement between MMPRC and X64 (to take effect on and from Effectuation);</div><div>(vii) (Ownership Dispute) resolution of the ownership dispute relating to the shareholdings in PMHI on terms acceptable to the Proponent;</div><div>(viii) (Intercompany Claims) resolution of intercompany claims to make X64 balance sheet solvent;</div><div>(ix) (PMC Tolling Agreement) variation of PMC Tolling Agreement on terms acceptable to the Proponent; and</div><div>(x) (Deed Fund) establishment of the Deed Fund.</div></div>												
	(b)	The Proponent must use its best endeavours to satisfy the Conditions Precedent by the Sunset Date and the Deed Administrators will co-operate and provide reasonable assistance to the Proponent as necessary.												
	(c)	The Conditions Precedent must be satisfied or waived by the Sunset Date.												
	(d)	Each Condition Precedent is for the benefit of, and can be waived by, the party or parties listed below:												
		<table><tr><th>Condition Precedent</th><th>Party/parties entitled to benefit and waive</th></tr><tr><td>(a) Creditor approval</td><td>Deed Administrators and Proponent May not be waived</td></tr><tr><td>(b) Execution</td><td>Deed Administrators and Proponent May not be waived</td></tr><tr><td>(c) Consents and Approvals</td><td>Deed Administrators May be waived by Deed Administrators</td></tr><tr><td>(d) D&O Insurance</td><td>Proponent May be waived by Proponent</td></tr><tr><td>(e) Public Examinations</td><td>Deed Administrators and Proponent May be waived by Deed Administrators and Proponent</td></tr></table>	Condition Precedent	Party/parties entitled to benefit and waive	(a) Creditor approval	Deed Administrators and Proponent May not be waived	(b) Execution	Deed Administrators and Proponent May not be waived	(c) Consents and Approvals	Deed Administrators May be waived by Deed Administrators	(d) D&O Insurance	Proponent May be waived by Proponent	(e) Public Examinations	Deed Administrators and Proponent May be waived by Deed Administrators and Proponent
Condition Precedent	Party/parties entitled to benefit and waive													
(a) Creditor approval	Deed Administrators and Proponent May not be waived													
(b) Execution	Deed Administrators and Proponent May not be waived													
(c) Consents and Approvals	Deed Administrators May be waived by Deed Administrators													
(d) D&O Insurance	Proponent May be waived by Proponent													
(e) Public Examinations	Deed Administrators and Proponent May be waived by Deed Administrators and Proponent													

Item	Term	Details
		(f) Management Agreement Deed Administrators and Proponent May be waived by Deed Administrators and Proponent
		(g) Ownership Dispute Proponent May be waived by Proponent
		(h) Intercompany Claims Proponent May be waived by Proponent
		(i) PMC Tolling Agreement Proponent May be waived by Proponent
		(j) Deed Fund Deed Administrators and Proponent May not be waived
17.	Distribution of the DOCA Fund	<p>The Deed Fund will be distributed from time to time by the Deed Administrators in their sole discretion as follows:</p> <ul style="list-style-type: none"> (a) first, the Administrators' Costs and Remuneration for the Administration Period (in each case, to the extent not already paid); (b) second, the Deed Administrators' Costs and Remuneration for the Deed Period (in each case, to the extent not already paid); (c) third, payment of any employee entitlements in full (other than to the extent that they are Excluded Claims); (d) fourth, payment of Admitted Claims of Creditors on a <i>pari passu</i> basis (other than to the extent that they are Excluded Claims); and (e) fifth, the balance to X64. <p>For the purposes of adjudicating Claims and facilitating the distributions above:</p> <ul style="list-style-type: none"> (a) Regulations 5.6.4, 5.6.51 and 5.6.53 to 5.6.56 will be incorporated into the DOCA as if X64 was in liquidation with a commencement date of the Relevant Date (with such modifications as the Deed Administrators may deem necessary); (b) the priority of employee entitlements will be preserved by the DOCA (as required by section 444DA of the Act); and (c) superannuation contribution debts will not be provable (as required by section 444DB of the Act).

Item	Term	Details
		<p>Section 553C of the Act will be expressly included in the DOCA.</p> <p>For the avoidance of doubt, persons will have the right to appeal a rejection of all or part of a proof of debt (being a Claim) in accordance with wording to be incorporated into the DOCA that is consistent with Regulation 5.6.54(2) of the Regulations.</p>
18.	Effectuation Date	<p>The DOCA will terminate immediately upon the later of:</p> <ul style="list-style-type: none"> (a) the Deed Administrators certifying in writing to the Proponent that the final distribution of the Deed Fund has occurred; or (b) the Conditions Precedent either being satisfied or waived in accordance with Item 16, <p>(Effectuation).</p> <p>On Effectuation:</p> <ul style="list-style-type: none"> (a) the releases contained in the DOCA shall become effective; (b) the Deed Administrators will retire; and (c) control of X64 will revert to its Directors. <p>As soon as practicable after Effectuation the Deed Administrators will lodge with ASIC a notice of termination of the DOCA in accordance with section 445FA of the Act and lodge ASIC form 5056 with ASIC such other relevant form as required by ASIC.</p>
19.	Secured Creditors	<ul style="list-style-type: none"> (a) Each Secured Creditor who votes in favour of the resolution of Creditors that X64 execute a Deed of Company Arrangement substantially on the terms of the DOCA will be bound by the DOCA from the Execution Date in accordance with section 444D(2) of the Act. (b) Subject to the above, nothing in the DOCA restricts or otherwise affects any right of a Secured Creditor to realise or otherwise deal with its security or a Security Interest to the extent permitted by section 444D(2) of the Act.
20.	When Deed Administrators may or must convene a meeting of Creditors	<p>The Deed Administrators:</p> <ul style="list-style-type: none"> (a) may convene a meeting of Creditors at any time in accordance with the Act; and (b) must convene such a meeting when required to do so under, <p>Division 75 of the Insolvency Practice Schedule (Corporations) 2016 (Cth) and the Rules.</p>

Item	Term	Details
		<p>If, at any time during the Deed Period:</p> <ul style="list-style-type: none"> (a) the Proponent or X64 is unable to comply with any material provisions of the DOCA including payment of monies due pursuant to the terms of the DOCA; and/or (b) the Deed Administrators form the view (acting reasonably) that X64 is unlikely to be able to comply with the terms of the DOCA, <p>then the Deed Administrators are entitled to convene a meeting of X64's Creditors at which the Creditors may resolve to:</p> <ul style="list-style-type: none"> (a) vary the DOCA; (b) terminate the DOCA; or (c) enforce the terms of the DOCA.
21.	Termination of the DOCA for reasons other than effectuation	<p>Until Effectuation, the DOCA will continue in operation unless terminated:</p> <ul style="list-style-type: none"> (a) by an order of the Court under section 445D of the Act; (b) by a resolution of the Creditors at a meeting convened in accordance with Division 75 of the IPS; or (c) pursuant to section 445C of the Act, in the event that the Conditions Precedent are not satisfied or waived prior to the Sunset Date.
22.	Other provisions of DOCA	<ul style="list-style-type: none"> (a) Under the DOCA: <ul style="list-style-type: none"> (i) the Administrators will become the Deed Administrators; (ii) the Deed Administrators will be obliged to: <ul style="list-style-type: none"> A. give effect to the terms of the DOCA; B. do all acts, matters and things, and sign all necessary documents as may be reasonably necessary for the purposes of the DOCA; and (iii) the Deed Administrators will, in exercising the powers conferred by and carrying out the duties arising under the DOCA, be taken to be acting as agent for and on behalf of X64. (b) The provisions contained in Schedule 8A of the Regulations are expressly excluded from the DOCA, except to the extent that they are expressly included.

Item	Term	Details
		<p>(c) During the Deed Period, the moratorium in sections 440A, 440B, 440D, 440F and 440J of the Act will apply to bind all Creditors and Members and of X64 and other relevant persons in relation to Claims arising on or before the Relevant Date.</p> <p>(d) The terms of sections 556, 560 and 561 of the Act will apply with such other modifications as are necessary to give effect to the terms of this Term Sheet.</p> <p>(e) Without limiting sections 444D and 444G of the Act, the DOCA binds all Creditors, the Proponent, X64, the Administrators, the Deed Administrators and X64's Directors, Officers and Members.</p>
23.	Preparation of the DOCA and costs	<p>The Administrators' lawyers will prepare the DOCA and otherwise each party shall bear their own costs of and incidental to the preparation, negotiation, and execution of this Term Sheet, the DOCA and all documents required to give effect to the Restructure (with the Administrators' and the Deed Administrators' Costs and disbursements payable out of the assets of X64 and the Deed Fund pursuant to Item 15 of this Term Sheet.</p>
24.	Administrators' limitation of liability	<p>All persons bound by the DOCA agree:</p> <p>(a) that to the extent permitted by law, in the performance or exercise (or purported performance or exercise) of the Administrators' powers, obligations, functions and duties under or in connection with the DOCA or in connection with the Restructure, the Administrators will not be personally liable for:</p> <p>(i) any debt, liability, other obligation or claim of any kind whatsoever which the Administrators or any of their partners, employees, directors, officers, contractors, advisors may incur on behalf of X64, whether during or after the Administration Period or the Deed Period; or</p> <p>(ii) any loss or damage of any kind caused by or as a result of any act, default or omission of the Administrators or any person or body corporate acting on their behalf in exercising their powers, obligations, functions or duties under or in connection with the DOCA or in connection with the Restructure;</p> <p>(b) not to sue the Administrators or the Administrators' staff personally in respect of any liabilities, claims, demands, suits, causes of action, damages, debts, verdicts and judgments whatsoever whether at law or in equity or under any statute which they have or which but for this Item could, would or might at any time hereafter have against the Administrators personally arising out of or in connection with the DOCA or the Restructure or any</p>

Item	Term	Details
		<p>document or circumstance referred to in the DOCA or relating to the Restructure;</p> <p>(a) all actions of the Administrators and any of the Administrators' staff are taken on behalf of X64 in their capacity as agents of X64 only; and</p> <p>(b) the limitations on the Administrators' liability under this Item 24 will continue notwithstanding the Administrators ceasing to act as voluntary administrators of X64 or deed administrators of the DOCA and will continue notwithstanding any termination of the DOCA or any other document relating to the Restructure.</p> <p>The DOCA will include other customary limitation of liability provisions for the Administrators and Deed Administrators.</p>
25.	Committee of Inspection	At the Second Creditors' Meeting, the Administrators will put forward a resolution that a Committee of Inspection be formed in respect of the DOCA for the Deed Period.
26.	Variation of the DOCA	The DOCA may only be varied by a resolution passed at meetings of the Creditors convened in a manner that is either consistent with Division 75 of Schedule 2 to the Act or as set out in the DOCA, but only if the variation is not materially different from a proposed variation set out in a notice of meeting.
27.	General	The DOCA and documentation giving effect to the Restructure will incorporate the necessary content and mechanics to give effect to the Restructure, this Term Sheet and the Act, standard boilerplate clauses found in a DOCA of this type and any other provisions required by law.
28.	Governing Law	This Term Sheet is, and the DOCA will be, governed by the laws of the State of Western Australia and each Party irrevocably submits to the exclusive jurisdiction of the Courts of Western Australia.

Schedule 1

Definitions

TERM	DEFINITION
Act	means the <i>Corporations Act 2001</i> (Cth).
Administration Period	means the period beginning on the Relevant Date and ending on the Execution Date.
Administrators	means Martin Francis Ford and Simon Guy Theobald in their capacity as joint and several voluntary administrators of X64.
Admitted Claims	means Claims which have been adjudicated by the Administrators and admitted.
Business Day	means a day which is not a Saturday, Sunday or public or bank holiday in Perth, Western Australia or Melbourne, Victoria.
Business Records	means all books (as that term is defined in section 9 of the Act) of the Company, and any source material used to prepare them.
Chairperson	means the person properly appointed to the position of chairperson of X64 from time to time.
Claim	means all debts payable by and all claims against X64 (arising at law, in equity or under any statute, present or future, certain or contingent, ascertained or sounding only in damages) and any fine or penalty to which X64 is subject or liable to be subject, the circumstances giving rise to which occurred on or before the Relevant Date, including all actions, claims, suits, causes of action, arbitration, debts, costs, demands, verdicts and judgments, but does not include an Insured Claim.
Conditions Precedent	means each of the conditions set out in Item 16 of this Term Sheet.
Costs	includes costs, charges, fees, government charges, taxes and expenses, including those incurred in connection with advisers and incurred in connection with the performance of the Administrators' or the Deed Administrators' duties, obligations and responsibilities under the Act and the DOCA, during the Administration Period (in the case of the Administrators) and the Deed Period (in the case of the Deed Administrators).
CQ22	means CQ22 Pty Ltd (ACN 614 771 407).
Creditor	means a person who, or entity that, has a Claim against X64.
Deed Administrators	has the meaning given to that term in Item 5 of this Term Sheet.
Deed Fund	means an amount that is sufficient to repay all Admitted Claims in full, projected trading costs of X64 for the Deed Period and the

TERM	DEFINITION
	Administrators' and Deed Administrators' Costs and Remuneration in full.
Deed Period	means the period beginning on the Execution Date and ending on the earlier of the date on which Effectuation occurs or the Termination Date.
Director	has the meaning given to that term in the Act.
DOCA	has the meaning given to that term in Item 4 of this Term Sheet.
Execution Date	means the date on which the DOCA is executed by all parties to it in accordance with section 444B(6) of the Act.
Effectuation	has the meaning given to that term in Item 18 of this Term Sheet.
Excluded Claims	has the meaning given to that term in Item 11 of this Term Sheet.
Insured Claim	<p>means a claim which a Creditor has against X64 which would have been entitled to priority in a liquidation of X64 under section 562 of the Act, being a claim where:</p> <p>(a) X64 is insured against the claim under a contract of insurance entered into prior to the Relevant Date; and</p> <p>(b) an amount in respect of that claim would have been payable by the insurer to X64 under the contract of insurance,</p> <p>but only to the extent of such part of the claim as would be discharged by the payment from the insurer, and provided the Creditor indemnifies X64 in respect of all costs and expenses incurred by X64 in connection with such claim.</p>
IPS	means the <i>Insolvency Practice Schedule (Corporations)</i> , Schedule 2 to the Act.
Lessor	means any person who is the legal or beneficial owner of Property at the Relevant Date that is leased or hired by X64.
Management Agreement	means a management agreement between MMPRC and X64, under which MMPRC will provide an annual management fee to X64 on terms satisfactory to the Deed Administrators and Proponent, having regard to X64's cashflow solvency requirements.
Managing Director	means the Managing Director of X64.
Member	has the meaning given to that term in the Act.
MMPRC	means Mindanao Mineral Processing & Refining Corporation, being a company registered in the Philippines with SEC number CS200530363.
Officer	has the meaning given to that term in the Act.

TERM	DEFINITION
Owner	means any person who is the legal or beneficial owner of Property used or occupied by, or in the possession of, X64 at the Relevant Date.
PMC	means Philsaga Mining Corporation being a company registered in the Philippines with SEC number D200100478.
PMC Tolling Agreement	means the Tolling Agreement between PMC and MMPRC dated on or about 5 March 2018.
PMHI	means Philsaga Management and Holding Inc being a company registered in the Philippines with SEC number CS200311437.
Property	has the meaning given to that term in section 9 of the Act and which is owned, used or occupied by, or in the possession of, X64.
Proponent	means Komo Diti Traders Limited being a company registered in Hong Kong with company number 2479755.
Regulations	means the <i>Corporations Regulations 2001</i> (Cth) made under the Act.
Relevant Date	means the date of appointment of the Administrators to X64, being 2 July 2023.
Remuneration	<p>means the remuneration payable to:</p> <p>(a) the Administrators for acting in that capacity in accordance with Part 5.3A of the Act; and</p> <p>(b) the Deed Administrators for acting in that capacity under the DOCA,</p> <p>in each case, as approved in accordance with Division 60 of the IPS and Division 60 of the Rules.</p>
Restructure	has the meaning given to that term in Item 3 of this Term Sheet.
Rules	means the <i>Insolvency Practice Rules (Corporations) 2016</i> (Cth).
Second Creditors' Meeting	means the second creditors' meeting of X64 for the purposes of sections 439A and 439C of the Act.
Secured Creditor	means any Creditor with a Security Interest as at the Relevant Date and, for the avoidance of doubt, includes any such Creditor with a claim by way of subrogation.
Security Interest	means any mortgage, chattel mortgage, pledge, charge, agreement, encumbrance, lien, right of set-off (arising otherwise than by operation of law or as a result of a banker's right to combine accounts) and assignment which provides for an secures payment of any debt or monetary liability or the performance of any obligation and any security interest as defined in sections 12(1) of the <i>Personal Properties Security Act 2009</i> (Cth).
Subsidiaries	<p>means:</p> <p>(a) MMPRC;</p>

TERM	DEFINITION
	<p>(b) CQ22;</p> <p>(c) PMHI;</p> <p>(d) Phsamed Mining Corporation being a company registered in the Philippines with SEC number CS200427257;</p> <p>(e) Philsaga Development Corporation being a company registered in the Philippines with SEC number CS20030984; and</p> <p>(f) PMC.</p>
Sunset Date	means the date that is three months after the Execution Date, or such other date as agreed by the Proponent and the Deed Administrators in writing.
Termination Date	means the date on which the DOCA is terminated in accordance with Item 21.
X64	means Ten Sixty Four Limited (Administrators Appointed) ACN 099 377 849.