

24 May 2019

To the creditor as addressed

Initial information for creditors

Leyshon Resources Limited (Administrator appointed) ACN 010 482 274 (the “Company”)

The purpose of this document is to provide you with information about the voluntary administration of the Company and your rights as a creditor.

Notification of appointment

I was appointed voluntary administrator of the Company by a resolution of the Company’s directors on 22 May 2019.

A copy of my Declaration of Independence, Relevant Relationships and Indemnities (**DIRRI**) is attached at **Appendix A**. The DIRRI assists you to understand any relevant relationships that I have, and any indemnities or upfront payments that have been provided to me. I have considered each relationship and it is my opinion that none of the relationships disclosed in the DIRRI result in a conflict of interest or duty or affect my independence.

What is a voluntary administration?

A voluntary administration, or VA, is a process initiated by the directors of a Company when they believe that the Company is, or is likely to become, insolvent. This means that the Company is unable to pay its debts, or is likely to become unable to pay its debts.

A voluntary administration gives a Company an opportunity to consider its financial position and its future. Creditors will be given an opportunity to vote on the future of the Company.

According to the Company’s records, you may be a creditor of the Company.

What happens to your debt?

All creditors of the Company are now creditors in the voluntary administration. As a creditor, you have certain rights, although your debt will be dealt with in the voluntary administration.

It is important to note that a voluntary administration creates restrictions on creditors being able to enforce their rights. You generally cannot enforce your claim, recover your property, enforce your security, commence an action to place the company into liquidation or act on a personal guarantee. If you have leased the company property, have a retention of title claim or hold a Personal Property Security in relation to the company, please contact my staff as soon as possible.

Your rights as a creditor

Information regarding your rights as a creditor is provided in the information sheet included at **Appendix B**. This includes your right to:

- Make reasonable requests for information
- Give directions to me
- Appoint a reviewing liquidator
- To replace me as voluntary administrator.

Meetings of creditors

As voluntary administrator, I am required to hold two meetings of creditors.

First meetings of creditors

The first meeting of creditors will be held as follows:

Date: 31 May 2019

Time: 10:00am

Address: Suite 3, Level 3, 1292 Hay Street West Perth, WA 6005

Further meeting information, including notice of meeting are in **Appendix C**. To participate in this meeting, you may need to:

- Submit a proof of debt and information to substantiate your claim.
- Appoint a person – a “proxy” or person authorised under a power of attorney – to vote on your behalf at the meeting. This may be necessary if you are unable to attend the meeting, or if the creditor is a company.

You can appoint the chairperson of the meeting as your proxy and direct the chairperson how you wish your vote to be cast. If you choose to do this, the chairperson must cast your vote as directed.

Proof of debt and proxy forms are included with the notice of meeting. To facilitate the conduct of the meeting, completed proof of debt and, if applicable, proxy forms must be returned to my office by post, fax or email by **30 May 2019**.

Committee of Inspection

At this meeting, creditors will consider whether a Committee of Inspection (COI) should be appointed. The role of a Committee of Inspection is to consult with the voluntary administrator and receive reports on the conduct of the administration. A creditors’ committee can also approve the administrator’s fees.

It is my opinion that a COI is not required as this voluntary administration appears to be relatively simple as the Company has been largely dormant for the past two years and the only available asset is cash at bank.

Second meeting of creditors

I will also in due course call a second meeting of creditors. Before that meeting you will be sent the notice of meeting and a detailed report which sets out the options for the company’s future. I will also

give my opinion as to what option I think is in the best interests of creditors. At that second meeting, creditors will decide about the future of the Company.

You are encouraged to attend these meetings and participate in the voluntary administration process.

What happens next with the Voluntary Administration?

I will proceed with the voluntary administration, including:

- Preparing for and holding the meetings of creditors
- Undertaking investigations into the Company's affairs
- Analysing any offer for a Deed of Company Arrangement (**DOCA**) that is received
- Preparing my report to creditors.

As discussed above, you will receive further correspondence from me before the second meeting of creditors.

Costs of the voluntary administration

Included at **Appendix D** is my Initial Remuneration Notice. This document provides you with information about how I proposed to be paid for undertaking the voluntary administration.

I will seek your approval of my remuneration at the second meeting of creditors. I will provide you with detailed information regarding my remuneration before that meeting so that you can understand what tasks I have undertaken or will be required to undertake, and the costs of those tasks.

Where can you get more information?

The Australian Restructuring Insolvency and Turnaround Association (ARITA) provides information to assist creditors with understanding voluntary administrations and insolvency.

This information is available from ARITA's website at arita.com.au/creditors.

ASIC also provides information sheets on a range of insolvency topics. These information sheets can be accessed on ASIC's website at asic.gov.au (search for "insolvency information sheets").

What you should do next?

You should now:

- read the attached information
- decide whether you are going to attend the first meeting, and
- complete and return your proof of debt, and if required, proxy form by 30 May 2019

Please contact my office should you require further information. There is also information about this voluntary administration on my firm's website www/hqadvisory.com.

Yours faithfully

Leyshon Resources Limited



James Thackray

Voluntary Administrator

Attachments

Appendix A - Declaration of Independence, Relevant Relationships and Indemnities

Appendix B - Information Sheet - Creditor Rights in Voluntary Administration

Appendix C - Notice of meeting and other meeting information

Appendix D - Initial Remuneration Notice

Appendix A

Declaration of Independence, Relevant Relationships and Indemnities

Leyshon Resources Limited (Administrator appointed) ACN 010 482 274 (the Company)

Practitioner appointed to an insolvent entity are required to make declarations as to:

- A. their independence generally;
- B. relationships, including;
 - i the circumstances of the appointment;
 - ii any relationships with the Company and others within the previous 24 months;
 - iii any prior professional services for the Company within the previous 24 months;
 - iv. that there are no other relationships to declare; and
- C. any indemnities given, or up-front payments made, to the Practitioner.

This declaration is made in respect of myself, as principal of HQ Advisory.

A. Independence

I, James Thackray of HQ Advisory have undertaken a proper assessment of the risks to my independence prior to accepting the appointment as Administrator of Leyshon Resources Limited in accordance with the law and applicable professional standards. This assessment identified no real or potential risks to my independence. I am not aware of any reasons that would prevent me from accepting this appointment.

B. Declaration of Relationships

i. Circumstances of appointment

This appointment was referred to me by Murray Wylie of Leyshon Resources Limited. I believe that this referral does not result in a conflict of interest or duty merely due to the fact Mr Wylie is also a tenant on the same floor of the office building we occupy. Otherwise, I have not had any business dealings with Mr Wylie.

I had two initial meetings with Mr Wylie last month to discuss the Administration process and similarly had a teleconference with the board of directors on 13 May 2019 for the purposes of explaining the voluntary administration process.

I have not received any fees for this advice.

In my opinion, these meetings do not affect my independence as I have only provided advice of the administration process without charge and none of the directors are previously known to me.

I have provided no other information or advice to Leyshon Resources Limited, its directors or its advisors prior to my appointment beyond that outlined in this DIRRI.

ii. Relevant Relationships (excluding Professional Services to the Insolvent)

Other than as disclosed at (i) above, neither I, nor my firm, have, or have had within the preceding 24 months, any relationships with Leyshon Resources Limited, an associate of Leyshon Resources Limited a former insolvency practitioner appointed to Leyshon Resources Limited or any person or entity that has security over the whole or substantially whole of Leyshon Resources Limited's property.

iii. Prior Professional services to the Insolvent

Other than as disclosed at (i) above, neither I, nor my firm, have provided any professional services to Leyshon Resources Limited in the previous 24 months.

iv. No other relevant relationships to disclose

There are no other known relevant relationships, including personal, business and professional relationships, from the previous 24 months with Leyshon Resources Limited, an associate of Leyshon Resources Limited a former insolvency practitioner appointed to Leyshon Resources Limited or any person or entity that has security over the whole or substantially whole of Leyshon Resources Limited's property that should be disclosed.

C. Indemnities and up-front payments

I have not been indemnified in relation to this administration, other than any indemnities that I may be entitled to under statute and I have not received any up-front payments in respect of my remuneration or disbursements.

Dated 22 May 2019



James Thackray

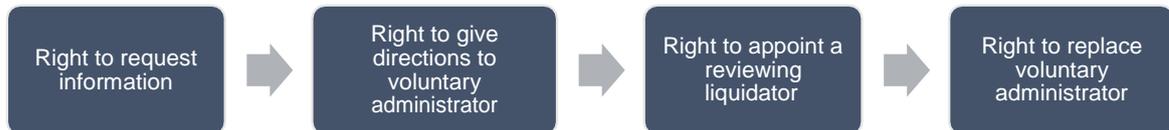
Note:

1. If circumstances change, or new information is identified, I am required under the Corporations Act 2001 and the ARITA Code of Professional Practice to update this Declaration and provide a copy to creditors with my next communication as well as table a copy of any replacement declaration at the next meeting of the insolvent's creditors.
2. Any relationships, indemnities or up-front payments disclosed in the DIRRI must not be such that the Practitioner is no longer independent. The purpose of components B and C of the DIRRI is to disclose relationships that, while they do not result in the Practitioner having a conflict of interest or duty, ensure that creditors are aware of those relationships and understand why the Practitioner nevertheless remains independent.

Appendix B - Information Sheet - Creditor Rights in Voluntary Administration

Creditor Rights in Voluntary Administrations

As a creditor, you have rights to request meetings and information or take certain actions:



Right to request information

Information is communicated to creditors in a voluntary administration through reports and meetings.

In a voluntary administration, two meetings of creditors are automatically held. You should expect to receive reports and notice of these meetings:

- The first meeting is held within 8 business days of the voluntary administrator's appointment. A notice of meeting and other information for this meeting will be issued to all known creditors.
- The second, or decision, meeting is usually held within 6 weeks of the appointment, unless an extension is granted. At this meeting, creditors will get to make a decision about the company's future. Prior to this meeting the voluntary administrator will provide creditors with a notice of the meeting and a detailed report to assist in making your decision.

Important information will be communicated to creditors prior to and during these meetings. Creditors are unable to request additional meetings in a voluntary administration.

Creditors have the right to request information at any time. A voluntary administrator must provide a creditor with the requested information if their request is 'reasonable', the information is relevant to the voluntary administration, and the provision of the information would not cause the voluntary administrator to breach their duties.

A voluntary administrator must provide this information to a creditor within 5 business days of receiving the request, unless a longer period is agreed. If, due to the nature of the information requested, the voluntary administrator requires more time to comply with the request, they can extend the period by notifying the creditor in writing.

Requests must be reasonable.

They are not reasonable if:

- (a) complying with the request would prejudice the interests of one or more creditors or a third party
- (b) the information requested would be privileged from production in legal proceedings
- (c) disclosure would found an action for breach of confidence
- (d) there is not sufficient available property to comply with the request
- (e) the information has already been provided
- (f) the information is required to be provided under law within 20 business days of the request
- (g) the request is vexatious

If a request is not reasonable due to (d), (e) or (f) above, the voluntary administrator must comply if the creditor meets the cost of complying with the request.

Otherwise, a voluntary administrator must inform a creditor if their information request is not reasonable and the reason why.

Appendix C - Notice of meeting and other meeting information

Insolvency Practice Rules
75-15 - 75-35
Corporations Act 2001

NOTICE OF MEETING OF CREDITORS OF COMPANY
Leyshon Resources Limited (Administrator Appointed) ACN 010 482 274
(the “Company”)

Notice is given that a meeting of the creditors of the Company will be held as follows:

Date: 31 May 2019
Time: 10:00am
Address: HQ Advisory, Suite 3, Level 3, 1292 Hay Street, West Perth

Agenda

The purpose of the meeting is to:

- Provide a brief history of the company and the background to the appointment.
- The meeting would also determine:
 - Whether to appoint a committee of inspection; and
 - if so, who are to be the committee’s members.
- At the meeting, creditors may also, by resolution:
 - remove the administrator from office; and
 - appoint someone else as administrator of the company.
- Discuss any other relevant business which may arise.
- Consider and if thought fit determine the Administrator’s remuneration and internal disbursements.

Attending and voting at the meeting

Creditors are invited to attend the meeting, however they are not entitled to participate and vote at a meeting unless:

Proof of debt: They have lodged with the Administration particulars of the debt or claim and the claim has been admitted, wholly or in part, by the Administrator. If a proof of debt has already been lodged, they do not need to do so again. Refer to Note 1 for further guidance on entitlement to vote.

Proxies or attendance: They are either present in person or by electronic facilities (if being made available) or validly represented by proxy, attorney or an authorised person under s250D of the Corporations Act. If a corporate creditor or represented, a proxy form, power of attorney or evidence of appointment of a company representative pursuant to Section 250D of the Corporations Act 2001 (“the Act”) must be validly completed and provided to the Administrator at or before the meeting].

Appendix D - Initial Remuneration Notice

22 May 2019

Remuneration advice

Leyshon Resources Limited
ACN 010 482 274

Introduction

You have requested that I consent to act as Administrator of the above company. This information sheet is to assist you with understanding how remuneration is calculated and paid in an insolvency administration.

Whilst I do provide you with an estimate of the cost of the Administration in this document, I advise that the actual remuneration drawn in this administration will be subject to the approval of the creditors, committee of creditors or court, after I have provided a remuneration report in accordance with the requirements set down in the legislation and ARITA's Code of Professional Practice.

My estimate of the cost of the administration, will also be provided to creditors in my initial remuneration advice that I am required to provide to creditors. However, the actual remuneration that is approved by creditors may exceed this estimate and this higher amount can be approved by the creditors, a committee of the creditors (called a Committee of Inspection) or the court.

Remuneration Methods

There are four basic methods that can be used to calculate the remuneration charged by an insolvency practitioner. They are:

- A. Time based / hourly rates: This is the most common method. The total fee charged is based on the hourly rate charged for each person who carried out the work multiplied by the number of hours spent by each person on each of the tasks performed.
- B. Fixed Fee: The total fee charged is normally quoted at the commencement of the administration and is the total cost for the administration. Sometimes a practitioner will finalise an administration for a fixed fee.
- C. Percentage: The total fee charged is based on a percentage of a particular variable, such as the gross proceeds of assets realisations.

D. Contingency: The practitioner's fee is structured to be contingent on a particular outcome being achieved.

Method proposed

Given the nature of this administration I propose that my remuneration will be calculated on hourly rates as it ensures that creditors are only charged for work that is performed and I am unable to estimate with certainty the total amount of fees necessary to complete all tasks required in the Administration.

HQ Advisory has a time recording system that can produce a detailed analysis of time spent on each type of task by each individual staff member utilised in the administration. Time based remuneration calculates fees upon a basis of time spent at the level appropriate to the work performed. The method provides full accountability in the method of calculation.

Details of the hourly rates are included below.

Creditors will be advised of the proposed basis of remuneration in my initial remuneration advice to them.

Estimate of the cost of the administration

I estimate that this administration will cost approximately \$35,000 to \$45,000 (plus GST) to complete, subject to the following variables which may have a significant effect on this estimate and that I am unable to determine until I have commenced the administration:

- The extent of the investigation into the Company's affairs
- The drafting of the Deed of Company Arrangement and s439A report
- Contingent creditor claims
- Any demand for information or reporting from statutory authorities
- The overall timeline required

Explanation of Hourly Rates

The rates for my remuneration calculation are set out in the following table together with a general guide showing the qualifications and experience of staff engaged in the administration and the role they take in the administration. The hourly rates charged encompass the total cost of providing professional services and should not be compared to an hourly wage.

Title	Description	Hourly Rate (excl GST)
Appointee	Registered liquidator with more than 30 years experience	\$495
Director	Chartered Accountant with more than 25 years experience	\$405
Senior	Chartered Accountant /CPA with more than 10 years experience	\$230

Acknowledgement

To acknowledge that you have received and understood the information that I have provided to you regarding the basis of remuneration, please sign and date this document and return it to me on or before making the appointment.



Name: James Thackray

Date: 22 May 2019