

**PARTNERS**

John L Vague FCA ACIS AFNZIM  
Graeme G McDonald B Com FCA  
John T Whitfield Dip Ag M Inst D



\*10042904100\*

**MCDONALD VAGUE**

Insolvency & Recovery Specialists

**DIRECTOR**

Kevin W Bromwich

**ASSOCIATE**

Iain McLennan B Com

Telephone 0 9 303 0506  
Facsimile 0 9 303 0508  
DX No CP28006  
insol@mvp.co.nz  
www.mvp.co.nz

**DML RESOURCES LIMITED (IN LIQUIDATION)**

**LIQUIDATORS' TENTH REPORT TO CREDITORS**

**for the period from 7 May 2002 to 6 November 2002**  
(pursuant to section 255(2)(d) of the Companies Act 1993)

**1. PROGRESS OF THE ADMINISTRATION OF THE LIQUIDATION**

- 1.1 The liquidators are pleased to report to creditors on the progress made in the administration of the liquidation of DML Resources Limited (In Liquidation) ("DML") during the period 7 May 2002 to 6 November 2002
- 1.2 The liquidators advise that all assets of DML have been realised other than those relating to recoveries from current or future litigation actions
- 1.3 The **attached** cash position at 6 November 2002 shows that the liquidators held the sum of \$2,409,393 in the liquidation accounts at that date. There are further sums held in trust
- 1.4 The liquidators paid a five cent in the dollar interim distribution to admitted unsecured creditors in November 2001. The matter of future dividends is subject principally to litigation costs and outcome

P# 09

22 NOV 2002

**2. CLAIMS AGAINST DIRECTORS**

The nature of the claims against the directors was outlined in our previous report. The claims continue through the preparation stages

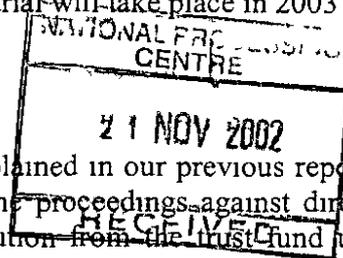
However, in August 2002, on the principal claim by DML three of the four director defendants themselves sued Chapman Tripp, solicitors, concerning two of the claims made against those directors by DML. The directors seek to say that to the extent that they are liable to DML on those claims or either of them (which they deny), then the law firm is liable to them for the same amount

The director defendants in the claim by DML concerning the Hong Kong company have issued the same type of claim against Chapman Tripp

At this stage it is too early to say when the proceedings will be resolved, but they continue to proceed together and at this stage it is expected that a trial will take place in 2003

**3. VOIDABLE TRANSACTION CLAIMS**

The structure and the outcome of these matters was explained in our previous report. The final position cannot be known until the outcome of the proceedings against directors is known. As a result, there can and will be no distribution from the trust fund until the proceedings are finally resolved



We will report further on these matters in our next report as the position is changing over time

#### 4. CREDITORS' CLAIMS

- 4.1 All preferential claims in the liquidation have been paid in full
- 4.2 The liquidators have conducted a review of all major claims in the liquidation which has resulted in the rejection and/or withdrawal of a significant amount of creditors' original claims in the liquidation
- 4.3 Disputed creditors claims totalling \$23,080,199 have been fully and finally settled. These creditors have been paid a total sum of \$814,148 which equates to an average payment of less than 3 53 cents in the dollar. These creditors have no further claim in the DML liquidation
- 4.4 All creditors claims made and known have been resolved. While the liquidators are confident that there will be no more claims, creditors are still able to file
- 4.5 The liquidators summarise below the position in respect of claims received, rejected, withdrawn, settled, still under review and admitted as at 6 November 2002 compared to the Statement of Affairs at May 1998 -

Creditors' claims as per Statement of Affairs at May 1998		\$28,330,000
		<u>                    </u>
	\$	\$
Claims received to date		52,842,342
Less claims rejected or withdrawn to date	16,671,469	
Less Claims settled to date	23,080,199	
	<u>                    </u>	39,751,668
		<u>                    </u>
Total of claims admitted to date or still to be admitted or rejected		\$13,090,674
		<u>                    </u>

#### 5. FUNDS

The attached cash position as at 6 November 2002 shows the receipt and disposition of funds since the commencement of the liquidation on 7 May 1998

#### 6 LIQUIDATION COMMITTEE

As advised previously, the creditors appointed duly authorised representatives of the following creditors

- |                                 |                    |
|---------------------------------|--------------------|
| ▪ BP Oil New Zealand Limited    | Mr Nick Gilbertson |
| ▪ Ross Family                   | Mr Michael Ross    |
| ▪ Lawson & Zambucka Limited     | Mr Chris Zambucka  |
| ▪ Caspex Corporation Limited    | Mr Tony Staub      |
| ▪ New Zealand Engineering Union | Mr Ray Urquhart    |
| ▪ Gough Gough & Hamer Limited   | Mr Bruce Mazey     |

The committee have met as required and have been kept informed in writing as the liquidation has progressed. The liquidators wish to thank the members for their continuing assistance during the course of this complex liquidation.

**7. COMPLETION**

The completion of this liquidation is dependent on the proceeding against the directors.

Creditors are advised that this report and all previous reports are available on our website [www.mvp.co.nz](http://www.mvp.co.nz)

Any enquiries can be directed to the liquidators at this office.

Yours faithfully  
for DML RESOURCES LIMITED  
(IN LIQUIDATION)



GRAEME G McDONALD  
LIQUIDATOR



JOHN L VAGUE  
LIQUIDATOR

Dated this 7<sup>th</sup> day of November 2002

Number of Company      AK 340593

Name of Company        DML RESOURCES LIMITED (IN LIQUIDATION)

Subject                    LIQUIDATORS STATEMENT OF REALISATIONS AND  
DISTRIBUTIONS FOR PERIOD 7 MAY 2002 TO  
6 NOVEMBER 2002

**CASH HAS BEEN RECEIVED AS FOLLOWS:**

Funds from the Receiver		1,114,159
Funds from the Debentureholder		240,000

**New Zealand Assets**

- Truck Sales	129,200	
- Plant and Equipment	342,150	
- Office Furniture and Equipment	766	
- Miscellaneous Assets	4,444	
- Debtors	32,791	
	<hr/>	509,351

**Overseas Assets**

- Chile	177,562	
- Indonesia	72,076	
	<hr/>	249,638

**Settlements**

- Auriferous Settlement	100,000	
- Wiri Land	140,000	
- Glencol Settlement	27,500	
- Solid Energy	375,000	
- Coeur Gold (excluding GST)	2,440,640	
	<hr/>	3,083,140

**Miscellaneous**

- GST Refunds (net)	1,747,025	
- Interest Received	735,338	
- Legal Costs Recovered	9,797	
- Sundry	6,978	
- Insurance Refund	55,696	
- Income Tax Refund	168,950	
- RWT Refund	42,676	
	<hr/>	2,766,460

**TOTAL REALISATIONS**

**\$7,962,748**

**CASH HAS BEEN PAID AS FOLLOWS**

<b>Costs Charges &amp; Expenses of the Liquidators</b>		
Liquidators' Fees	1,811,336	
Disbursements	72,791	
	<hr/>	1,884,127
<b>Professional Fees</b>		
- Accounting	20,095	
- Consulting Fees	29,489	
- Computer Support	2,388	
	<hr/>	51,972
<b>Legal Fees</b>		
- Coeur Gold (including consultants)	1,080,872	
- Asia	23,222	
- Auriferous	32,059	
- Chile Funds	24,033	
- Creditors Claims	37,018	
- Debenture	39,150	
- Diesel Propulsion	39,991	
- China Receivable	52,730	
- GST Dispute	9,554	
- Voidable Transactions	26,248	
- Action Against Directors	209,752	
- Solid Energy	42,937	
- Other	161,352	
	<hr/>	1,778,918
<b>Security For Costs</b>		
- Action Against Directors	153,254	
- China Receivable	25,427	
	<hr/>	178,681
<b>Liquidation Operating Costs</b>		
- Accident Compensation Costs	14,856	
- Advertising	2,644	
- Bank Fees	1,083	
- Fringe Benefit Tax	2,459	
- Insurance	12,211	
- Printing	3,893	
- Storage – records, vehicles, engines	35,852	
- Vehicle Expenses	5,534	
- Wages	7,822	
- Sundry	9,986	
- RWT	26,502	
	<hr/>	122,842
<b>Costs of Realising Assets</b>		
- Truck Transport	9,753	
- Asia	37,962	
	<hr/>	47,715
Creditors Meetings	1,230	
Settlement Chilean Employees	16,000	
	<hr/>	17,230

**Preferential**

Applicant Creditors Costs	2,155	
Inland Revenue Department – PAYE & GST	1,035	
	<u>          </u>	3,190

Settlement of Creditors Claims		814,147
First Distribution to Unsecured Creditors	(5 cents/\$1 00)	654,533

<b>TOTAL DISTRIBUTIONS</b>		<u><u>\$5,553,355</u></u>
----------------------------	--	---------------------------

<b>TOTAL REALISATIONS</b>		7,962,748
<b>LESS TOTAL DISTRIBUTIONS</b>		<u>5,553,355</u>

<b>BALANCE HELD</b>		<u><u>\$2,409,393</u></u>
---------------------	--	---------------------------

**BALANCE REPRESENTED BY**

Bank of New Zealand – Current Account		2,756
ASB Bank Limited – Interest Bearing Trust Account		303,919
WestpacTrust – Term Deposit		2,102,718
		<u>          </u>
		<u><u>\$2,409,393</u></u>

**FUNDS ON TRUST FOR SPECIFIC PURPOSES****(in addition to above)**

Bank of New Zealand – IBTA (security for costs – action against directors)		153,738
ASB Bank Limited – IBTA (security for costs – China receivable)		25,426
ASB Bank Limited – IBTA (voidable transactions trust)		564,878
ASB Bank Limited – IBTA (VT distribution cheque held over)		40,447
		<u>          </u>
		<u><u>\$784,489</u></u>

Note The above figures are GST exclusive



GRAEME G McDONALD  
LIQUIDATOR

Dated this 7<sup>th</sup> day of November 2002