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AK/340593

**DML RESOURCES LIMITED
(IN LIQUIDATION) "DML"**

LIQUIDATORS' EIGHTH REPORT

Pursuant to section 255 (2)(d)
of the Companies Act 1993

For the Period from 7 May 2001
to 6 November 2001

1 PROGRESS OF THE ADMINISTRATION OF THE LIQUIDATION

We are pleased to report on the progress being made in the administration of the liquidation of DML Resources Limited (In Liquidation) ("DML") between May 2001 and November 2001. The liquidators remind creditors that at the commencement of the liquidation (7 May 1998) there were no assets available for the creditors and it appeared that there would be a shortfall to the debentureholder. The attached cash position shows that by 6 November 2001 the liquidators were holding the sum of \$4.64 million.

1.1 Summary Of Major Legal Issues

The following is an update of some of the legal issues

▪ **Claims Against Directors**

The liquidators are in the final stages of commencing an action against the officers of the company

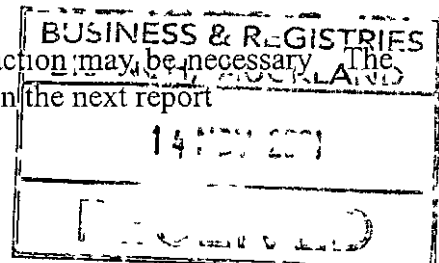
This will be reported upon more fully in future reports

▪ **Voidable Transactions**

Following an examination into the books and records of the company the liquidators and their advisors concluded that certain creditors had received the benefit of a voidable preference prior to liquidation. We have reached settlement with the majority of the creditors involved. With the exception of two or three creditors it is anticipated that a satisfactory outcome will be negotiated with the rest

In respect of those exceptions legal action may be necessary. The matter will be reported on more fully in the next report

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2. REALISATION OF COMPANY ASSETS

- 2 1 All Plant, Machinery and Debtors have been finalised and reported on in full in earlier reports
- 2 2 Legal Claims in respect of Solid Energy Coeur Gold and land at Wiru have been satisfactorily resolved

3 CREDITORS' CLAIMS

The Statement of Affairs attached to the liquidators' report dated 24 June 1998, shows unsecured creditors totalling \$19,532,000 (excluding DML Group creditors of \$8,798,000) To date creditors have claimed \$47,429,638 (including DML Group creditors) of which \$7,618,922 have been rejected and 4 claims totalling \$17,528,722 are still under review No further claims are expected

3 1 Preferential Creditors

As advised previously, all preferential creditors have been paid

3 2 Unsecured Creditors

There are still some contingency claims, and some claims still requiring detailed investigations In addition, there are a number of creditor/debtor set off claims that are still to be investigated

The following is a table of claims received and actioned to date

	Number	As at 6 Nov 2001 \$	As at 7 May 2001 \$
As per Statement of Affairs	650	28,330,000	28,330,000
Claims Received to Date	433	48,429,638	47,823,015
Claims Admitted to Date (In Full or In Part)	405	22,281,994	21,683,688
Claims Rejected (In Full or In Part)	28	8,618,922	5,807,614
Claims Held Over	4	17,528,722	20,331,713

Creditors will note that there appears to have been little progress with settling the outstanding claims Although the figures do not record progress the liquidators have completed major investigations into each claim and it is hoped that settlement will be achieved for each in the near future

The liquidators have followed up all creditors who were listed on the Statement of Affairs and who have not yet filed a creditor's claim form We are now satisfied that there are unlikely to be any further significant claims The major differences between the Statement of Affairs and claims received arose because 8 major claims were understated by \$6 5 million and Australian guarantees of \$7 5 million were omitted In addition, thirteen major claims and all employee redundancy claims were omitted

4. FUNDS

The attached cash position as at 6 November 2001 shows the receipt and disposition of funds since the commencement of the liquidation on 7 May 1998

5. LIQUIDATION COMMITTEE

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

▪ BP Oil New Zealand Limited	Mr James Marryatt
▪ Ross Family	Mr Michael Ross
▪ Lawson & Zambucka	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 assistance during the course of this complex liquidation.

6. COMPLETION

Due to the complexities of this liquidation and the number of issues, it is still not possible to advise creditors of an expected date of completion.

Creditors are advised that this report and all previous reports are available on our website www.mvp.co.nz

Any queries can be directed to Kevin Bromwich or the liquidators at this office.

Yours faithfully
for DML RESOURCES LIMITED
(IN LIQUIDATION)



GRAEME G McDONALD
LIQUIDATOR

Dated this 12th day of November 2001

Number of Company AK 340593
 Name of Company DML RESOURCES LIMITED (IN LIQUIDATION)
 Subject STATEMENT OF REALISATIONS AND DISTRIBUTIONS

Statement of Realisations and Distributions in the liquidation of the company from 7 May 1998 (being commencement of the liquidation) to 6 November 2001

CASH HAS BEEN RECEIVED AS FOLLOWS:

Funds from the Receiver		1,114,125
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	32,783	
	<u> </u>	509,343

Overseas Assets

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

Settlements

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

Miscellaneous

- GST Refunds (net)	1,718,849	
- Interest Received	561,690	
- Legal Costs Recovered	9,797	
- Sundry	6,960	
- Insurance Refund	55,696	
- Income Tax Refund	168,950	
- RWT Refund	42,676	
- Legal Fees (voidable transaction costs)	3,500	
	<u> </u>	2,568,118

TOTAL REALISATIONS

\$7,764,364

CASH HAS BEEN PAID AS FOLLOWS:

Costs Charges & Expenses of the Liquidators

Liquidators' Fees	1,271,536	
Disbursements	54,079	
	<u> </u>	1,325,615

Professional Fees

- Accounting	17,120	
- Consulting Fees	24,151	
- Computer Support	2,388	
	<u> </u>	43,659

Legal Fees		
- Coeur Gold (including consultants)	1,080,872	
- Debenture	39,150	
- Solid Energy	42,937	
- Other	397,430	
	<u>1,560,389</u>	
Liquidation Operating Costs		
- Accident Compensation Costs	14,856	
- Advertising	2,528	
- Bank Fees	847	
- Fringe Benefit Tax	2,459	
- Insurance	12,211	
- Printing	3,340	
- Storage - records, vehicles, engines	23,704	
- Vehicle Expenses	5,534	
- Wages	7,822	
- Sundry	2,784	
- RWT	20,446	
- GST (Net)	15,959	
	<u>112,490</u>	
Costs of Realising Assets		
- Truck Transport	9,753	
- Asia	31,314	
	<u>41,067</u>	
Applicant Creditors Costs		2,155
Creditors Meetings		1,220
Settlement Chilean Employees		16,000
Compromise With Creditor		20,000
Preferential		
Inland Revenue Department - PAYE & GST		980
TOTAL DISTRIBUTIONS		<u>\$3,123,575</u>
TOTAL REALISATIONS		7,764,364
LESS TOTAL DISTRIBUTIONS		<u>3,123,575</u>
BALANCE HELD		<u>\$4,640,789</u>

Note The above figures are GST exclusive


 GRAEME G McDONALD
 LIQUIDATOR

Dated this 12th day of November 2001

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