

18 September 2024



**Calidus Resources Limited ACN 006 640 553
(Receivers and Managers Appointed)
(Administrators Appointed) & All Wholly
Owned Subsidiaries (“the Companies”)**

**Report To Creditors – Section 75-225 of the
Insolvency Practice Rules (Corporations) 2016**

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1. About this report: a guide for creditors

1.1. Purpose of this report

- We are required to prepare this report under the Act and provide creditors with information about the Companies' business, property, affairs and financial circumstances.
- This report contains the information we are required by law to include, plus other information considered materially relevant to creditors to enable them to make an informed decision about the Companies' future.
- This report and its attachments contain details about the forthcoming second meetings of creditors of the Companies to be held concurrently on Friday, 27 September 2024 and our opinion and recommendation about the future of the Companies and what is considered to be in the creditors' interests. Creditors are required to decide whether:
 - the Companies should execute a DOCA; or
 - the administration of the Companies should end; or
 - the Companies should be wound up.
- Alternatively, creditors can vote to adjourn the meeting for up to 45 business days to allow more time to make their decision.
- All details, forms and instructions relating to the meeting have been included with the covering letter and other documents attached to this Report.

1.2. Key messages and recommendations

- Hayden White and Daniel Woodhouse were appointed as Joint and Several Voluntary Administrators of the Companies on 28 June 2024. Following our appointment, Richard Tucker and John Bumbak of KordaMentha were appointed as Receivers and Managers of Calidus, Keras Pilbara and Calidus Blue Spec on that same date.
- Our preliminary investigations indicate that the Companies did not trade whilst insolvent and have not entered into any antecedent transactions.
- A DOCA has been proposed. The DOCA is summarised at page 42.
- **In our opinion it is in the creditors' interests to execute a DOCA.**
- Pages 5 to 9 summarise the items considered to be the most important for creditors.

1.3. Questions and help

Please contact this office on (09) 9321 8533 or at creditors.calidus@fticonsulting.com if you are unsure about any of the matters raised in this report or the impact that any decision about the Companies' future may have on you.

Our postal address is:

Calidus Resources Limited (Receivers and Managers Appointed) (Administrators Appointed) & All Wholly Owned Subsidiaries

C/- FTI Consulting

Level 47, Central Park

152 – 158 St Georges Terrace

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2. Key messages

2.1. Overview of administration strategy

Administrators' Strategy and Major Actions

Strategy & Trading

- Following appointment, the Administrators have liaised with the Receivers in relation to the care, maintenance and realisation of the Calidus Group. Initially, the Receivers continued to operate the Warrawoona Gold Project, however, on 5 July 2024 the operations were transitioned onto care and maintenance. The processing of remaining ROM and low-grade stockpiles at the Warrawoona Gold Project has continued since this time, however the Receivers have advised that they anticipate these residual stockpiles will be exhausted by the mid-December 2024.
- The Nullagine Gold Project, which is not subject to the Receivers' control, was already on care and maintenance since late 2022. Following appointment, the Administrators sought and agreed funding to enable the continuation of this care and maintenance program, and have been working with Management to reduce ongoing costs of this program.
- A Joint Sale Process commenced in early August 2024, with advertisements published in national media, and emails seeking EOIs sent to 78 selected parties on 5 August 2024.
- 25 parties subsequently executed confidentiality agreements and undertook due diligence on the Calidus Group, with 5 parties submitting NBIOs to acquire or recapitalise the Calidus Group by the offers deadline of 30 August 2024.
- Following concerns raised by the Secured Lender as to the ongoing erosion of the secured assets, particularly in circumstances once remaining low-grade stockpiles are exhausted, and in the absence of any other binding proposals, the Administrators are convening the second meeting for creditors to consider the only binding proposal that is sufficiently progressed, de-risked and capable of completion at the date of this report.

Statutory Matters & Investigations

- Attended to all statutory obligations and requirements as Administrators.
- Undertook preliminary investigations into the Companies' performance and position leading up to the Administrators' appointment.
- Performed financial analysis to determine a preliminary view on each of the Companies' solvency.
- Formed a preliminary opinion on the existence of any voidable transactions and other claims or breaches of the Act.
- Applied to the Court for an extension of the convening periods for up to six months each, to provide the Receivers and Administrators with sufficient time to develop, implement and complete the Joint Sale Process.

Stakeholders

- Engaged with employees, customers, trade suppliers and shareholders, including formal correspondence throughout the duration of the Administration period to date.
- Liaised with Management, the Receivers and their advisors in relation to the Joint Sale Process.
- Liaised with the Receivers, Senior Lender and their advisors in respect to the funding requirements.
- Updated shareholders and other stakeholders of Calidus through the release of ASX announcements.
- Convened and held the first meetings of creditors of the Companies.
- Convened and held a meeting of the Keras Pilbara COI.
- Engaged with corporate regulatory authorities, including the ASIC, the ASX and the ATO.
- Prepared this report pursuant to Section 75-225 of the Insolvency Practice Rules (Corporations) 2016.

2.2. Key messages for creditors

Set out below is a summary of the key messages and recommendations that are detailed in this report. Please read this summary in conjunction of the remainder of the report including the terms of reference contained in **Appendix 1** and any other attachments.

Key areas	Commentary	Analysis
Explanations for the Companies' difficulties	<p>Based on our investigations to date, we consider that the following factors contributed to the Administrators' appointment:</p> <ul style="list-style-type: none"> ■ underperformance of the Warrawoona Gold Project's geological / resource model; and ■ inflation in the mining sector, compounded by a hedging position that did not allow the Calidus Group to access the significantly improved gold price from late 2023 to the date of our appointment. 	Section 4
Administrators' actions and strategy	<p>Our key actions and strategy for the administration have included, but not limited to:</p> <ul style="list-style-type: none"> ■ obtained an understanding of the Companies' business with the support of Management and staff; ■ conducted an assessment of the Nullagine Gold Project, the key asset under the Administrators' control, and given the limited cash reserves held by Millennium and Keras Gold at the date of appointment, sought, agreed and received funding to enable the Administrators to continue to meet the care and maintenance costs for the Nullagine Gold Project; ■ liaised with the Receivers, who were appointed to act as agents for the Secured Lender, in relation to the receivership process, status of the Warrawoona Gold Project, and the Joint Sale Process; ■ liaised with interested parties in relation to their participation in the Joint Sale Process; ■ conducted investigations into the Companies' affairs; and ■ established communication procedures with key stakeholders regarding the administration process generally. 	Section 5
Estimated date of insolvency	<p>Our preliminary view is that the Companies became insolvent on the date of our appointment (i.e. 28 June 2024), when Keras Pilbara defaulted under its facilities with Macquarie, crystallising liabilities of approximately \$149m upon itself and its two guarantors (Calidus and Calidus Blue Spec) and ultimately resulting in the freezing of the bank accounts for these three entities. From this point, the Calidus Group had insufficient liquid assets to enable it to meet its critical trade supplier payments required to sustain operations.</p>	Section 6
Voidable transactions and offences	<p>Based on our investigations to date, we do not consider there are any voidable transactions that would likely result in property being recovered for the benefit of creditors of the Companies.</p>	Section 6

Key areas	Commentary	Analysis												
Offences by Directors	Based on our investigations to date, it does not appear that offences have been committed by the Directors.	Section 6												
Liability for insolvent trading	Based on the estimated date of insolvency, there is either unlikely to be a claim for insolvent trading, or the quantum of any insolvent trading claim is likely to be negligible given the appointment of the Administrators appears to have occurred as soon as practicable following confirmation that sufficient, available cash was not going to be available to meet critical trade suppliers to sustain ongoing operations.	Section 6												
Proposals for a deed of company arrangement	<p>Proposals for a DOCA for each of the Companies have been received. The ultimate effect of the DOCAs would be that <u>either</u>:</p> <p>Option 1 - s444GA Option:</p> <ul style="list-style-type: none"> ■ The Calidus Group structure would be retained. ■ All employees would continue their employment. ■ The Calidus Group business would continue. ■ All unsecured creditors of each of the Companies in the Calidus Group would receive a distribution. <p><u>or,</u></p> <p>Option 2 - Share Sale Option:</p> <ul style="list-style-type: none"> ■ Keras Pilbara, Calidus Blue Spec, Millenium, Keras Gold Calidus Otways would leave the Calidus Group. ■ All employees would continue their employment. ■ All unsecured creditors of each of the Companies in the Calidus Group would receive a distribution. <p>While each DOCA is a standalone DOCA proposal, they are interdependent on other DOCA proposals. The interdependence condition can be waived at the election of the DOCA Proponents.</p>	Section 7												
Estimated outcome for creditors	<p>The estimates shown are based on the information presently available, and our view of the Companies' estimated realisable value of assets and estimated claims of creditors:</p> <table border="0" data-bbox="591 1283 1749 1410"> <thead> <tr> <th></th> <th style="text-align: center;"><u>Liquidation</u></th> <th style="text-align: center;"><u>DOCA</u></th> </tr> </thead> <tbody> <tr> <td>■ Secured Lender</td> <td>Unknown</td> <td>Not applicable – excluded party</td> </tr> <tr> <td>■ Priority employees</td> <td>100 cents in the dollar</td> <td>100 cents in the dollar</td> </tr> <tr> <td>■ Unsecured creditors</td> <td>Nil cents in the dollar</td> <td>0.3 to 100 cents in the dollar, subject to class</td> </tr> </tbody> </table>		<u>Liquidation</u>	<u>DOCA</u>	■ Secured Lender	Unknown	Not applicable – excluded party	■ Priority employees	100 cents in the dollar	100 cents in the dollar	■ Unsecured creditors	Nil cents in the dollar	0.3 to 100 cents in the dollar, subject to class	Section 8 and Appendix 10
	<u>Liquidation</u>	<u>DOCA</u>												
■ Secured Lender	Unknown	Not applicable – excluded party												
■ Priority employees	100 cents in the dollar	100 cents in the dollar												
■ Unsecured creditors	Nil cents in the dollar	0.3 to 100 cents in the dollar, subject to class												

Key areas	Commentary	Analysis												
<p>Timing of payments to creditors</p>	<p>Please refer to Appendix 10 of the relevant entity to better understand your return.</p> <p>The indicative (estimated) timing of dividends are set out below for each class of creditor under a DOCA and liquidation scenario:</p> <table border="0"> <thead> <tr> <th></th> <th style="text-align: center;"><u>Liquidation</u></th> <th style="text-align: center;"><u>DOCA</u></th> </tr> </thead> <tbody> <tr> <td>■ Secured creditors</td> <td>Unknown</td> <td>Not applicable – excluded party</td> </tr> <tr> <td>■ Priority employee claims</td> <td>Unknown</td> <td>Not applicable</td> </tr> <tr> <td>■ Unsecured creditors</td> <td>Not applicable</td> <td>3 to 6 months</td> </tr> </tbody> </table> <p>Please refer to Appendix 10 of the relevant entity to better understand timing for your return.</p>		<u>Liquidation</u>	<u>DOCA</u>	■ Secured creditors	Unknown	Not applicable – excluded party	■ Priority employee claims	Unknown	Not applicable	■ Unsecured creditors	Not applicable	3 to 6 months	<p>Section 8 and Appendix 10</p>
	<u>Liquidation</u>	<u>DOCA</u>												
■ Secured creditors	Unknown	Not applicable – excluded party												
■ Priority employee claims	Unknown	Not applicable												
■ Unsecured creditors	Not applicable	3 to 6 months												
<p>Remuneration</p>	<p>Under Div 60-10 of the Insolvency Practice Schedule, the remuneration of the external administrator can be fixed by resolution of the creditors at the second meeting of creditors. Details of our proposed remuneration and resolutions are included in our Remuneration Approval Report.</p>	<p>Appendix 7</p>												

3. Recommendation on the future of the Companies

In our opinion it is in the creditors’ interests that all six of the Companies execute deeds of company arrangements in line with the terms proposed and outlined in this report. Details about the estimated return to creditors and other information about what creditors can decide at the meeting are provided at sections 8 and 9 of this report.

Options available to creditors	Option 1: Execute a DOCA	Option 2: Administration end	Option 3: Liquidation
	Calidus Resources Keras (Pilbara) Gold Calidus Blue Spec Keras (Gold) Australia Millennium Minerals Calidus Otways	Calidus Resources Keras (Pilbara) Gold Calidus Blue Spec Keras (Gold) Australia Millennium Minerals Calidus Otways	Calidus Resources Keras (Pilbara) Gold Calidus Blue Spec Keras (Gold) Australia Millennium Minerals Calidus Otways
Description	<ul style="list-style-type: none"> Whether it would be in the creditors’ interests for the Companies to execute a DOCA 	<ul style="list-style-type: none"> Whether it would be in the creditors’ interests for the administration to end 	<ul style="list-style-type: none"> Whether it would be in the creditors’ interests for the Companies to be wound up
Key factors to considers	<ul style="list-style-type: none"> On balance, there appears to be more certainty under the West Coast DOCA Proposal compared to a liquidation scenario It is likely that unsecured creditors will receive a greater, and a more timely return under the West Coast DOCA proposal than they would if the Companies were immediately wound up in liquidation 	<ul style="list-style-type: none"> The Companies are insolvent with no cash to pay all due debts and no confirmed prospects of obtaining external funding 	<ul style="list-style-type: none"> The proposed DOCA will likely provide a higher cents in the dollar return for unsecured creditors than they may receive in an immediate winding up

Options available to creditors	Option 1: Execute a DOCA	Option 2: Administration end	Option 3: Liquidation
	Calidus Resources Keras (Pilbara) Gold Calidus Blue Spec Keras (Gold) Australia Millennium Minerals Calidus Otways	Calidus Resources Keras (Pilbara) Gold Calidus Blue Spec Keras (Gold) Australia Millennium Minerals Calidus Otways	Calidus Resources Keras (Pilbara) Gold Calidus Blue Spec Keras (Gold) Australia Millennium Minerals Calidus Otways
Our opinion	<ul style="list-style-type: none"> Is in the creditors' interests that the Companies execute the DOCAs in line with the terms of the West Coast DOCA Proposal outlined in this report 	<ul style="list-style-type: none"> Not in the creditors' interests that the administration should end 	<ul style="list-style-type: none"> Not in the creditors' interests that the Companies be wound up
Recommended option	Recommended for all entities	Not recommended	Not recommended
Potential to adjourn the meetings to a future date	<ul style="list-style-type: none"> Creditors may wish to adjourn the second meetings of the Companies for a period of up to 45 business days to provide the Administrators with more time to explore an alternate DOCA proposal with one of the other parties that has submitted an NBIO in the Joint Sale Process (detailed in section 5.2). The Administrators' view is that an adjournment would only be justified in circumstances where an alternate DOCA proposal is sufficiently advanced or has the support of the Secured Lender. In addition, given the risk that further delay may result in the cessation of ongoing funding provided to the Administrators under arrangements with the Secured Lender, any alternate DOCA proposal would require commitment of sufficient funding to maintain the assets of the Calidus Group through the pursuit and completion of that alternate DOCA proposal. The Administrators are not aware of an alternate DOCA proposal which is sufficiently advanced or certain as at the date of this report to consider an adjournment appropriate. However, in circumstances where this position changes between the date of this report, and the date of the meeting, creditors will be notified and the option to adjourn can be considered. 		

4. Background information

4.1. Appointment of Administrators

- On 28 June 2024, Daniel Woodhouse and Hayden White were appointed joint and several Administrators of the Companies in accordance with a resolution passed at a meeting of the Companies’ Directors pursuant to section 436A of the Act.
- In a voluntary administration, the Administrators take control of a company and its affairs, superseding the powers of the directors and officers to make decisions and perform management functions. The Administrators also have a duty to investigate the company’s business, property, affairs, and financial circumstances.
- Following our appointment, on that same date, Richard Tucker and John Bumbak of KordaMentha were appointed Receivers of Calidus, Keras Pilbara and Calidus Blue Spec pursuant to security held by the Secured Lender, Macquarie. The Receivers assumed control of these three entities.
- On 30 July 2024, West Coast Lending and Macquarie entered into a debt sale agreement pursuant to which, West Coast Lending agreed to purchase Macquarie’s senior secured debt owed by Keras Pilbara, Calidus and Calidus Blue Spec under the Macquarie facilities. The debt transfer was completed on 1 August 2024, after which West Coast Lending became the Senior Lender.

4.2. Outcome of the first meetings of creditors

- The first meetings of creditors were held concurrently on Wednesday, 10 July 2024 to consider:
 - the formation of a COI; and
 - whether or not to appoint different persons to be the Administrators of the Companies.
- At this meeting, creditors resolved to form a COI for Keras Pilbara, but not for the other companies in the Calidus Group.
- The following representatives were appointed to the Keras Pilbara COI:

Creditor	Represented By
Iron Mine Contracting Pty Ltd	Sam Cruckshank
Macmahon Contractors Pty Ltd	Maha Chaar
EDL LNG Fuel to Power Pty Ltd	Steven Bayne
Woodside Energy	Steven Bayne
Zenith Pacific (WRW) Pty Ltd	Mark Sputore

- Broadly, the COI’s role is to advise and assist the Administrators in relation to the administration, act as a sounding board, and monitor the conduct of the administration. In this regard, the Administrators:
 - sought the consent of the Keras Pilbara COI to extend the convening period, which was granted (refer Section 4.4 of this Report); and

- convened and held a meeting for the Keras Pilbara COI on Tuesday, 17 September 2024 to provide an update on the progress of the administration and the status of the Joint Sale Process.
- There was no resolution put forward at the first meeting of creditors to replace us as Administrators across any of the Companies.

4.3. Administrators' prior involvement and independence

- In accordance with section 436DA of the Act, we provided a DIRRI with our first communication to creditors. This DIRRI included the circumstances that led to our appointment as Administrators.
- A copy of our DIRRI is provided at **Appendix 6**, as provided with our first circular to creditors and referred to at the first creditors' meeting.
- There is no change to our assessment regarding our independence or to the information provided in the DIRRI.

4.4. Extension to the convening periods

- Section 439A of the Act requires an administrator to convene the second meeting of creditors at the end of the 20-business day period following the date of appointment unless the convening period is extended by the Court.
- Given the size, complexity, and nature of the administration of the Calidus Group, and in consultation with the Receivers following development of the Joint Sale Process over the first weeks of the administrations, the Administrators applied to the Court for an extension of the convening periods of each of the Companies for up to six months to allow sufficient time to explore the sale and / or recapitalisation of the Companies.
- The application was heard on Friday, 26 July 2024 and orders were made to extend the convening periods of the Companies to Tuesday, 28 January 2025, with the second meetings subsequently required to be held no later than five business days after this date.
- Subject to the availability of funding to maintain the Calidus Group, the extensions provided the Administrators, in collaboration with the Receivers, with additional time to undertake a thorough campaign for the sale and / or recapitalisation of the Companies in order, to achieve the objectives set out in section 435A of the Act, being to:
 - maximise the chance of the Companies and, to the extent possible, their business continuing in existence; or
 - where not possible, maximise the return to creditors than otherwise would be achieved in a winding up.
- A copy of the Court orders are available on FTI Consulting's' creditors portal at: <https://www.fticonsulting.com/creditors/calidus-resources-group>

4.5. Administrators’ Announcements on the ASX

- The following ASX announcements have been made by the Administrators during the course of the administration:

Date	Headline
1 July 2024	Administrators Appointed
26 July 2024	Extension of Time for Second Meeting of Creditors

- During the course of the administration, the Administrators have also been responding to direct queries from shareholders, when received.

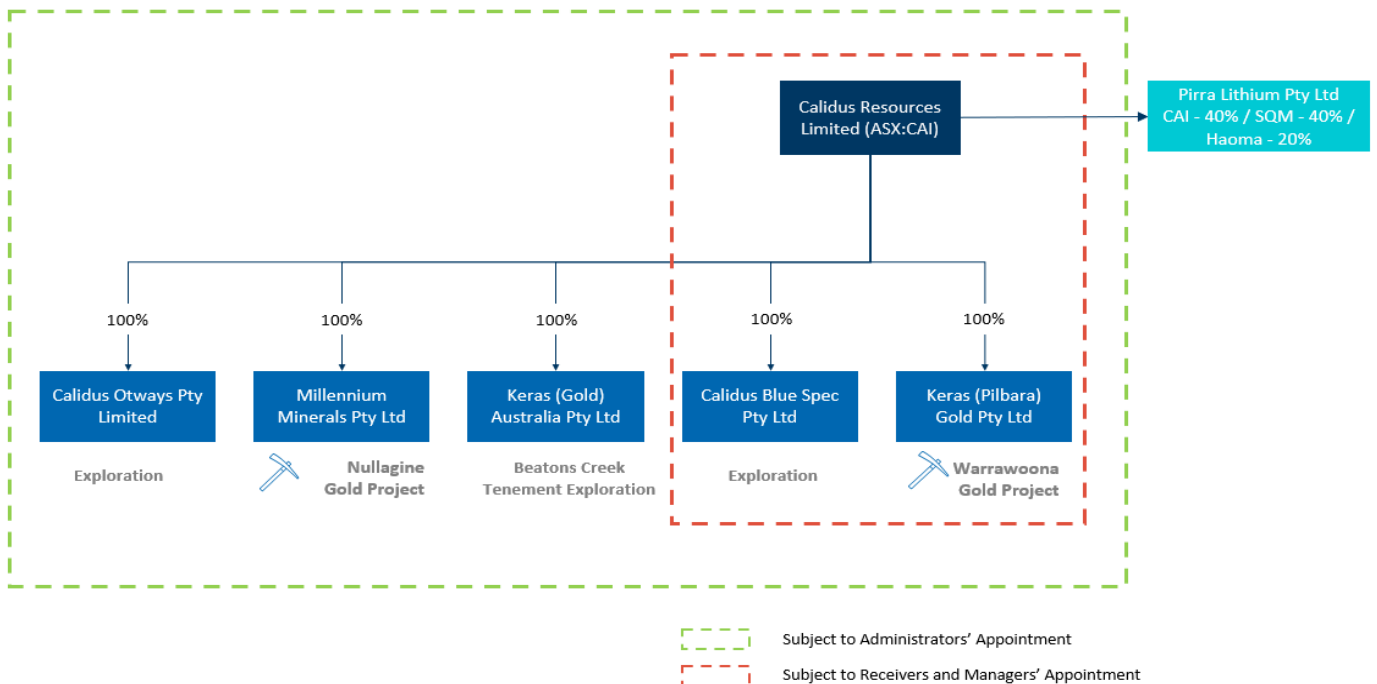
4.6. Companies’ information and historical performance

Appendix 2 includes statutory information about the Companies, a summary of the Companies’ historical performance and our preliminary analysis and comments about the existence and form of financial statements prepared by the Companies.

We set out below the corporate structure of the Calidus Group and a high-level summary of the roles and functions of each entity within the Calidus Group:

Corporate Structure

- The Calidus Group structure is set out as follows:



Calidus Group Summary

- A high-level summary of the roles and functions of each entity in the Calidus Group is as follows:

Entity	Status	Role/Function
Calidus	VA R&M	<ul style="list-style-type: none"> ■ ASX-listed holding company ■ Head office function ■ Employs 9 staff (12 staff at date of appointment)
Keras Pilbara	VA R&M	<ul style="list-style-type: none"> ■ Conducts mining and processing operations at the Warrawoona Gold Project ■ Owner of plant and equipment, including the Warrawoona mill and mine camp ■ Holds mining and exploration tenements ■ Employs 61 staff (105 staff at date of appointment)
Calidus Blue Spec	VA R&M	<ul style="list-style-type: none"> ■ Acquired by Calidus in September 2020 ■ Holds mining and exploration tenements
Millennium	VA	<ul style="list-style-type: none"> ■ Acquired by Calidus in December 2023 ■ Conducts mining and processing operations at the Nullagine Gold Project (which has been on care and maintenance since 2022) ■ Owner of plant and equipment, including the Golden Eagle mill ■ Owner of Golden Eagle mine camp which has been leased to Atlas Iron ■ Holds mining and exploration tenements
Keras Gold	VA	<ul style="list-style-type: none"> ■ Acquired by Calidus in June 2017 ■ Holds mining and exploration tenements
Calidus Otways	VA	<ul style="list-style-type: none"> ■ Largely dormant company which holds pending exploration tenements

4.7. History of the Companies and events leading to our appointment

- Calidus was originally incorporated in 1986, however the origins of the present day company and greater Calidus Group date to the recapitalisation of its ASX-listed predecessor, Pharmanet Group Ltd (now Calidus) through a DOCA executed on 22 June 2016 and wholly effectuated on 7 March 2017.
- Following completion of the Pharmanet DOCA and reversion of control to a newly formed board of directors, on 22 March 2017 Pharmanet entered into a conditional binding agreement to acquire 100% of Keras Gold, holding assets being the initial tenements that would later comprise part of the Warrawoona Gold Project. The acquisition of Keras Gold was funded by an equity raising of \$7.875m. Pharmanet's name was subsequently changed to Calidus on 15 June 2017, and Calidus was reinstated to the ASX on 22 June 2017.

- Since relisting on the ASX, Calidus was focused on the acquisition, development and commercialisation of its various projects which are summarised in Section 4.7.1 of this Report, using its ASX-listing to seek and obtain equity funding as required to fund these objectives.
- At the time of the Administrators' appointment, the Calidus Group:
 - holds the majority of significant gold deposits discovered to date in the East Pilbara region of Western Australia, across a landholding of 1,153km²;
 - holds significant mining plant and equipment, through its subsidiaries Keras Pilbara and Millennium, including installed gold processing capacity of 4.2Mtpa across the Warrawoona and Golden Eagle mills, and two self-contained mine camps at Warrawoona and Golden Eagle which can accommodate up to 470 people;
 - employed 117 staff, through Calidus which employed 12 staff, mostly consisting of the Management team (including the executive directors of Calidus) at its head office in West Perth, and Keras Pilbara which employed 105 staff, mostly based at the Warrawoona Gold Project; and
 - utilised approximately 150 contractors, the majority of which were provided by its mining contractor, Macmahon.

4.7.1. Calidus Group Projects

- A summary of Calidus Group's East Pilbara Projects are shown in the map below and detailed in the summaries that follow:

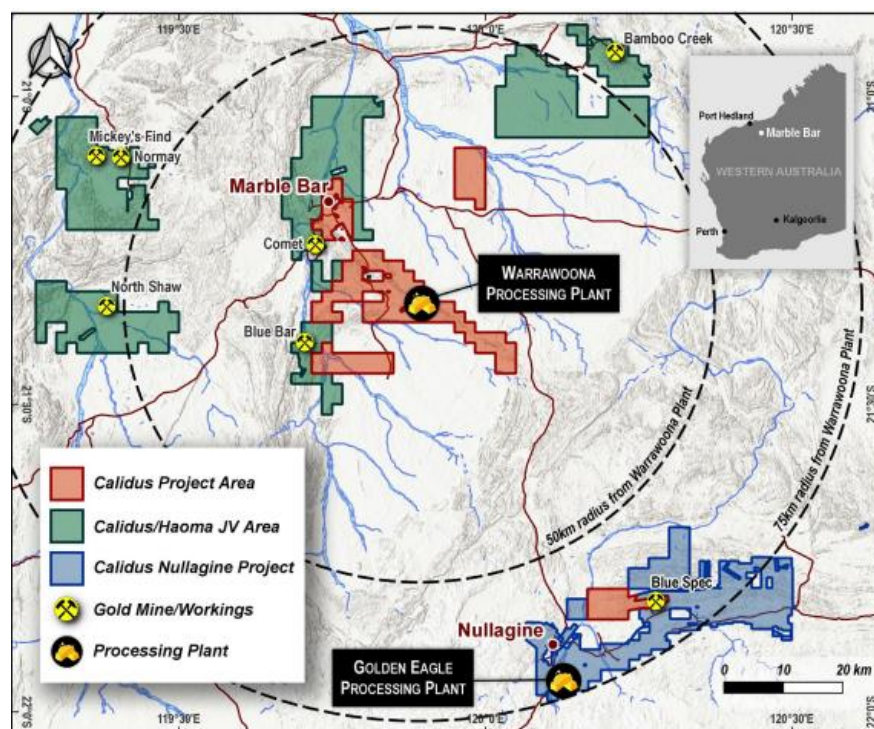


Figure 1: Calidus East Pilbara Project Overview

Warrawoona Gold Project

- Calidus' 100% owned Warrawoona Gold Project is located approximately 150km southeast of Port Hedland and 25km southeast of Marble Bar.
- Company reports disclose that Calidus invested over \$120m in the development of processing infrastructure at the Warrawoona Gold Project, with operations largely centred around the production hub at the Klondyke open pit.

- The Warrawoona Gold Project hosts combined Mineral Reserves of 297koz of gold at 1.8g/t Au and Mineral Resources of 1.34Moz of gold at 1.1g/t Au.
- The Warrawoona Gold Project has installed mill capacity of 2.4Mtpa and was forecast to produce up to 120koz of gold per annum. Commercial production was declared at the Warrawoona Gold Project in December 2022 and since that time, Calidus had produced 123,360oz of gold to the time of the appointment of the Administrators and Receivers.
- The Warrawoona Gold Project has a mine camp which was constructed in 2020 and accommodates up to 240 people.
- At the time of the Administrators' appointment, mining operations at the Warrawoona Gold Project were ongoing. Following an urgent assessment of its ongoing operations and development of a realisation strategy which would likely maximise the value achieved for these assets, on 5 July 2024, mining activity ceased and the majority of the mining contractors were demobilised. Since this time, operations have solely been based on processing ROM and low-grade stockpiles. For details on the Receivers' estimated trading position for the period of the receivership to the date of the second meetings, please refer to section 5.4.
- The transition to care and maintenance resulted in the redundancy of 36 employees of Keras Pilbara and one employee of Calidus on or about 10 July 2024.

Haoma Joint Venture Projects

- Calidus has a binding framework agreement with Haoma Mining NL to create a 60:40 profit sharing joint venture covering the Haoma's tenements in the East Pilbara (1,135 km²). Profit share agreements have been executed over the Blue Bar and Bulletin deposits.
- Blue Bar, located 22km from the Warrawoona mill, has a mineral resource of 18,000oz with mining activities commencing in January 2024. Bulletin, located approximately 55km northeast of Marble Bar, has a mineral resource of 100,000oz.
- On 4 July 2024, Haoma advised the Receivers that they had terminated the Bulletin agreement with immediate effect. The Receivers have advised that they do not agree with the termination notice. Haoma has advised that it will be willing to negotiate a new agreement with respect to the Bulletin assets following completion of the external administration.
- On 10 September 2024, Haoma asserted that as a result of the Receivers actions, the Receivers had repudiated the Blue Bar agreement and subsequently issued termination notice that same date. The Receivers do not accept this position.

Nullagine Gold Project

- The Nullagine Gold Project consists of an established mine site, with significant existing infrastructure which includes: the 1.8Mtpa Golden Eagle mill, a 230-person accommodation village, administration buildings, workshop, warehouse, laboratory, 10MW power station, communications network, water supply, storage and tailings facilities. The Golden Eagle processing facility is located approximately 9 km south of the town of Nullagine and approximately 150 km from the Warrawoona Gold Project.
- The Nullagine Gold Project comprises 178 individual tenements covering 533 km² and includes almost 65 kms of the highly prospective, strike length ore body at the Mosquito Creek Basin. The tenements adjoin Calidus' Blue Spec and Felix projects.
- Under the ownership of previously ASX-listed Millennium Minerals Limited prior to its insolvency and the subsequent care and maintenance of the project in 2019, from 2012 to 2019, the Nullagine Gold Project produced 543,000oz of gold @ 1.6g/t and 87% recovery when the gold price averaged A\$1,500/oz.

- Under Novo’s subsequent ownership, Nullagine produced a further 128,000oz between 2021 and 2022, before the project was once more placed on care and maintenance by Novo in August 2022.
- In December 2023, Calidus acquired the Nullagine Gold Project from Novo pursuant to asset and share purchase agreements, ultimately acquiring 100% of the issued capital in Millennium.
- Total consideration payable was \$250,000 in cash and \$5.0m in deferred consideration (cash or Calidus shares) which becomes payable upon the attainment of production milestones. As owner of Millennium, Calidus also assumed environmental rehabilitation liabilities attached to Millennium’s tenement package which are estimated to total approximately \$45m (as reported in Novo Resources Corp’s June 2023 balance sheet). Management advises that the updated estimated environmental liabilities for the Nullagine Gold Project (inclusive of the Beatons Creek Gold Project) are approximately \$50m.
- Following acquisition by Calidus, Millennium entered into a 10-year licence agreement with Atlas Iron for use of the Golden Eagle mine camp. Under the agreement, Millennium received an upfront cash payment of \$14m and retains the right for use of up to 50 rooms at the campsite. Atlas Iron assumes certain liabilities that arise from the care and preservation of the campsite.

Pirra Lithium Joint Venture

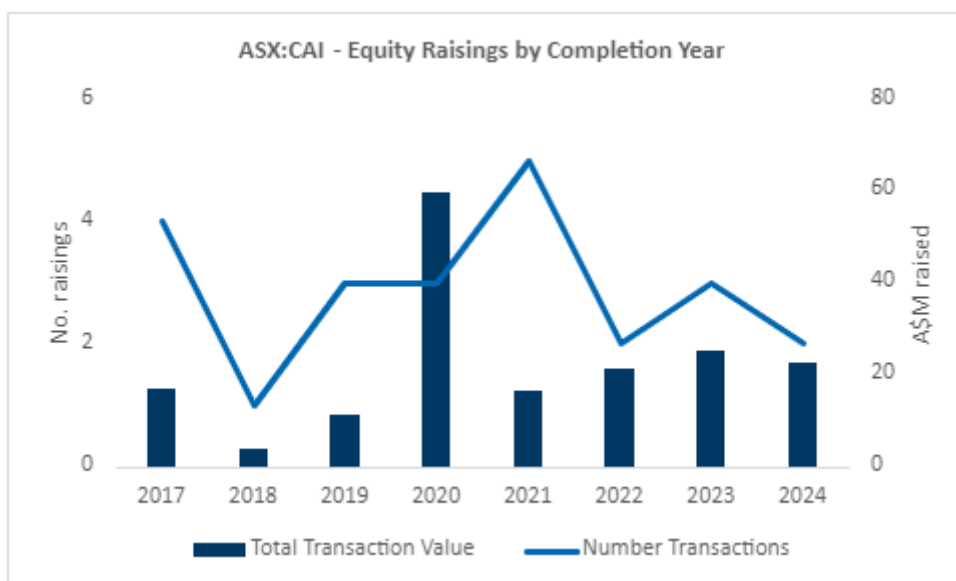
- Calidus owns 40% of Pirra Lithium joint venture with 40% held by SQM Australia Pty Ltd and 20% held by Haoma Mining NL.
- Pirra Lithium covers 1,681km² of highly prospective lithium tenure across Western Australia. The three projects include the West Pilbara, East Pilbara and Northampton projects.

4.7.2. Debt and Equity Investments

- As Calidus has largely been a gold developer and early-stage producer for the majority of its history (in its current incarnation), Calidus has been largely reliant on equity and debt financing to fund the acquisition, development, maintenance and commercialisation of its various projects.

Equity Funding

- Following its recapitalisation and renaming in 2017, Calidus has conducted a number of equity raisings which are summarised in the table below:



Source: Capital IQ

- Calidus' major equity raisings in 2020 were largely used to fund the development and construction of the Warrawoona Gold Project (and helped to secure the debt finance with Macquarie detailed below) as well as funding further exploration opportunities.
- Following operational difficulties encountered in the early stages of production following the commissioning of the Warrawoona Gold Project in 2022, on 22 March 2024, Calidus announced that it would be undertaking a financial restructure to position itself for strong growth in cashflow and production to support its three-year strategy to deliver 120,000oz of gold per annum.
- The financial restructure, which was completed in May 2024, included:
 - a \$16.5m equity placement to professional, sophisticated and institutional investors at \$0.115 per share;
 - a share purchase plan to all eligible shareholders to raise up to \$3m – which was subsequently oversubscribed and resulted in Calidus exercising its discretion to accept \$6m; and
 - agreement with Macquarie to restructure hedge and debt arrangements, resulting in an additional \$31m of free cashflow in CY24.
- Further details regarding the capital raise are set out in section 13.4 of this Report.

Senior Debt Facilities

- On 1 April 2021, Keras Pilbara entered into a \$110m Syndicated Facility Agreement with Macquarie to fund the development of the Warrawoona Gold Project.
- Terms of the Syndicated Facility Agreement included:
 - the provision of guarantees from Calidus and Calidus Blue Spec;
 - the provision of a first ranking AllPAAP security interests to Macquarie, across all three entities along with direct securities over the project tenements;
 - the repayment of the facility across 14 quarterly instalments commencing from June 2021 and ending September 2025. We note the agreed repayment schedule was subject to several revisions over the life of the loan;
 - the execution of a Hedging Facility with Keras Pilbara, securing the delivery of 125,000 ounces of gold (c. 25% forecast production) over the life of the loan term;
 - the maintenance of minimum liquidity (being cash plus refined gold) of \$10m. This threshold was subject to several temporary reductions over the life of the loan and stood at \$6m at the time Keras Pilbara entered administration; and
 - the maintenance of cash equal to the value of the next loan repayment in an account separate to Keras Pilbara's operational account.
- The facility was drawn down in full by Keras Pilbara between June 2021 and April 2022, with the outstanding principal owing at appointment being drawn down on the dates set out below:

Date Incurred	Particulars
28 July 2021 (drawdowns over several months)	Syndicated Facility Agreement: <ul style="list-style-type: none"> ■ Keras Pilbara (borrower) ■ Calidus (guarantor) ■ Calidus Blue Spec (guarantor) \$15m (principal)
28 July 2021	Syndicated Facility Agreement

(drawdowns over several months)	<ul style="list-style-type: none"> ■ Keras Pilbara (borrower) ■ Calidus (guarantor) ■ Calidus Blue Spec (guarantor) \$11m (principal)
2 June 2021	Syndicated Facility Agreement <ul style="list-style-type: none"> ■ Keras Pilbara (borrower) ■ Calidus (guarantor) ■ Calidus Blue Spec (guarantor) \$25m (principal)
14 October 2022	Syndicated Facility Agreement <ul style="list-style-type: none"> ■ Keras Pilbara (borrower) ■ Calidus (company and guarantor) ■ Calidus Blue Spec (guarantor) \$10m (principal)
9 December 2020, 24 November 2021, 22 December 2023	Hedging Facility <ul style="list-style-type: none"> ■ Keras Pilbara

- Macquarie submitted a claim which states it was owed approximately \$149.1m at the date of our appointment, as summarised below:

Facility/costs	Amount Owed (including interest) \$
Syndicated Facility Agreement	61,982,102.20
Hedging Facility	86,856,321.76
Professional and Legal Fees	214,625.97
Total Amount Owed	149,053,049.93

- On 30 July 2024 (after the appointment of Administrators), West Coast Lending and Macquarie entered into an agreement pursuant to which, West Coast Lending agreed to acquire Macquarie's rights under the Syndicated Facility Agreement and Hedging Facility, including the debts owed to it by Keras Pilbara, Calidus and Calidus Blue Spec. The debt transfer was completed on 1 August 2024, after which West Coast Lending became the Senior Lender to Calidus, Keras Pilbara and Calidus Blue Spec.

- According to records provided by the Senior Lender's advisors, the current amount outstanding to Senior Lender stands at approximately \$124.5m, inclusive of fees and interest, as summarised in the table below:

Facility/costs	Amount Owed (including interest) \$
Syndicated Facility Agreement	33.3m
Hedging Facility	82.3m
Fees and costs associated with the receivership and administration	8.9m
Total Amount Owed	124.5m

4.7.3. Timeline of events

- A timeline of key events for the Calidus Group is as follows:

Date	Key Events/Milestones
March 2017	DOCA with Pharmanet Group Ltd is completed and control of the Company is handed to its newly formed board of directors.
June 2017	Placement to raise \$7.875m is completed with funds used to acquire Keras Gold, an entity which holds many key tenements that would later form the Warrawoona Gold Project. Company's name is changed to Calidus Resources Ltd on 15 June 2017 and Calidus is reinstated to ASX.
September 2017 to November 2017	Binding term sheet entered into with Novo in September 2017 under which Calidus granted the right to acquire a 70% interest in Novo's tenements surrounding the Warrawoona Gold Project. Calidus completes its due diligence in November 2017 and proceeds with transaction. Further capital raises totalling approximately \$13.7m are completed to fund the development of the Warrawoona Gold Project.
February 2019	GR Engineering appointed to undertake the PFS.
July 2019	Calidus announces its maiden JORC Reserves and the results of the PFS for its Warrawoona Gold Project. The PFS demonstrates that it has Probable Reserves of 418,000oz underpinning an estimated initial six-year mine life producing ~100,000ozpa AISC of ~A\$1,159/oz.
June 2020	Updated PFS completed on Warrawoona Gold Project which includes a 24% increase in Reserves to 519,000oz. This underpins forecast production averaging 85,000oz p.a. in the first 6 years, including 90,000oz in year 1, at an average AISC of ~A\$1,251/oz.
September 2020	Commencement of construction of access road, accommodation village, communications and water supply at Warrawoona Gold Project. Macmahon and GR

Date	Key Events/Milestones
	<p>Engineering awarded preferred tender status for open pit mining and process plant EPC respectively.</p> <p>Calidus acquires high-grade Blue Spec Gold/Antimony Project for \$19.5m cash consideration from Novo.</p> <p>BFS completed – includes a 30% increase in the underground Reserves to 120,000oz (from June 2020) with total Project Reserves increase to 547,000oz. This underpins forecast production averaging 90,000 ounces a year in the first 7 years, peaking at 105,000oz in year 5, at an average AISC of A\$1,290/oz.</p>
November 2020	Project loan facilities totalling \$110m are secured with Macquarie to fund the development of the Warrawoona Gold Project. As a condition to the loan facilities, Keras Pilbara was required to enter into the Hedging Facility with Macquarie. Final agreements executed with Macquarie on 6 April 2021.
February 2021	Calidus takes full ownership of all tenements co-owned by Novo subsidiaries, Beatons Creek Pty Ltd and Grant's Hill Gold Pty Ltd.
March 2021	Site works commence at Warrawoona Gold Project.
June 2021	First tranche of funds (\$25.0m) under the Syndicated Facility Agreement with Macquarie are received.
August – September 2021	<p>Mining starts at Warrawoona Gold Project with ore being delivered to the ROM pad.</p> <p>\$210m mining contract for works at the Warrawoona Gold Project agreed and finalised with Macmahon. The mining contract included the development of the new open cut mine and all open cut mining activities until December 2026.</p>
January 2022	Calidus acquires a 50% interest in Pirra Lithium Pty Ltd.
May 2022	First gold pour, marking the successful completion of commission of the full processing circuit at the Warrawoona Gold Project.
19 December 2022	Calidus board seek Safe Harbour protection under section 588GA of the Act.
January 2023	Commercial production declared at Warrawoona Gold Project.
March 2023	Calidus reports a net loss after tax of \$5m in its FY23 interim report.
April 2023	Firm commitments received from sophisticated investors for a placement to raise \$23m (before costs). Macmahon elects to convert \$10.5m of its outstanding trade debts to equity. In addition, it is announced that Calidus will undertake a SPP to raise a further \$5m (before costs).
19 June 2023	Calidus board resolves to exit Safe Harbour protection under section 588GA of the Act.
26 June 2023	Agreements with Haoma Mining NL reached which gives Calidus exclusive right to negotiate binding agreements for access to all Haoma's gold tenements, deposits and stockpiles on the basis of a 60:40 profit share.

Date	Key Events/Milestones
29 September 2023	Calidus reports a net loss after tax of \$6.1m in its FY23 annual report.
14 November 2023	Calidus Directors seek Safe Harbour protection under section 588GA of the Act. Bulletin Joint Venture executed with Haoma Mining NL.
21 December 2023	Calidus acquires the Nullagine Gold Project from Novo for upfront consideration of \$250,000, deferred consideration of \$5.0m, and licences the use of the Golden Eagle mine camp to Atlas Iron for \$14m (excluding GST) in upfront consideration.
11 March 2024	Calidus reports a net loss after tax of \$18.7m in its HY24 interim report.
22 March 2024	Calidus receives firm commitments to raise \$16.5m from sophisticated investors via a share placement and reaches agreement with Macquarie to restructure its hedging volume profile under the Hedging Facility and its debt repayments under the Syndicated Facility Agreement.
24 April 2024	Calidus reports a 26% increase in March 2024 quarter production at the Warrawoona Gold Project, cash (and cash equivalents) held at 31 March 2024 of \$12.4m following debt repayments of \$8m during the quarter. Gold sales increased 40% and totalled \$40.5m. The hedge position was reduced by 5,250 ounces during the quarter incurring a hedge loss of \$4.2m
8 May 2024	Completion of oversubscribed SPP that raises \$6m from eligible shareholders. Total funds raised under the institutional investor placement (announced on 22 March 2024) and the SPP were approximately \$22.5m (before costs) which was to be used to repay debt and to provide additional working capital.
14 May 2024	Calidus board resolves to exit Safe Harbour protection under section 588GA of the Act.
11 June 2024	Macmahon issues a Notice to Show Cause on Keras Pilbara and Calidus: <ul style="list-style-type: none"> ■ asserting that Keras Pilbara had failed to pay the sum of \$19.6m plus GST; and ■ requiring Keras Pilbara to show cause within 14 days (25 June 2024) as to why Macmahon should not terminate the Mining Services Agreement.
19 June 2024	Calidus board seeks Safe Harbour protection under section 588GA of the Act.
25 June 2024	Keras Pilbara and Calidus respond to the Notice to Show Cause.
27 June 2024	Macquarie asserts there has been a default under the Syndicated Facility Agreement on the basis that there was a material breach of the Mining Services Agreement between Keras Pilbara and Macmahon due to non-payment of Macmahon's February invoice. As a consequence, the Calidus Group do not have access to funds held in Macquarie accounts required to meet daily business activities and operations. Calidus subsequently make a formal request to Macquarie for funding to enable it to meet Macmahon payment and other month end creditors.
28 June 2024	Macmahon advises it will withdraw its previous Notice to Show Cause in circumstances where:

Date	Key Events/Milestones
	<ul style="list-style-type: none"> ■ an agreed payment plan is put in place with Calidus by no later than 10 July 2024 to ensure certainty around payment of invoices; and ■ payment of the February 2024 invoice totalling \$5m is paid by 30 June 2024.
28 June 2024	Macquarie affirms position it is unwilling to provide any further financial accommodation to the Calidus Group in its current circumstances of default under the facilities.
28 June 2024	Directors resolve that the Companies were insolvent or likely to become insolvent at some future time, with Hayden White and Daniel Woodhouse from FTI Consulting appointed as Joint and Several Voluntary Administrators of the Companies.
28 June 2024	Receivers are appointed over Calidus, Keras Pilbara and Calidus Blue Spec by Macquarie pursuant to its security package, and immediately following the appointment of Administrators.

4.8. Directors' explanation for the Companies' difficulties

The Directors have indicated to us that there are a number of factors that led to the insolvency of the Companies and appointment of the Administrators and Receivers, including:

- Underperformance of the geological / resource model

The Directors advise that the geological / resource model that formed the basis of the underlying base case mining schedule and financial model for the DFS underperformed relative to actual data despite three independent resource models being undertaken and extensive grade control drilling prior to development. The Directors advise that as a result, the operation was not able to achieve the targeted gold production and revenues, resulting in a reduction in available cashflows.
- Inflation in the Australian mining sector

The Directors advise that mining costs were 60% higher than contracted and modelled. The Directors advise that the reason for this was due to (primarily) inflation in the costs of energy, labour and parts arising from the scarcity and supply chain issues caused by the COVID-19 Pandemic.

The Directors advise that whilst gold prices were generally flat during the first year of operations, before more recently increasing to 50% above DFS levels in the year preceding the appointment, due to the hedge that was required to obtain the Syndicated Facility Agreement with Macquarie, Calidus had capped accessibility to these higher gold prices, limiting the Calidus Group's ability to cover the increased costs.

From our investigations to date, and noting that the Administrators are not experts in geological / resource models, on the balance of information and enquiries undertaken, our findings as to the reasons for the Company's failure are consistent with the Directors' views articulated above.

4.9. Opinion about books and records

Section 286(1) of the Act requires a company to keep written financial records that correctly record and explain its transactions and financial position and performance and would enable true and fair financial statements to be prepared and audited.

In considering compliance with this section, since our appointment we have:

- reviewed various financial reports to help us understand the Companies' asset and liability positions;

- reviewed various correspondence files and documents relevant to the Companies' financial position and performance of the Companies;
- undertaken investigations and reviews incorporating financial records and data; and
- discussed with the Companies' finance function, processes and record keeping practices with its Directors and Management.

In our view, as at the date of our appointment the financial records of the Companies appear to have been maintained in accordance with section 286 of the Act.

In addition:

- Calidus is listed on the ASX and is subject to continuous disclosure ASX rules. It appears from our review of Calidus ASX announcements, that Calidus has been compliant with those rules.
- Moore Australia Audit (WA) was appointed to act as auditor for Calidus on 1 July 2020. The auditors have disclosed in the relevant annual reports that, in their opinion, the FY2021, FY2022 and FY2023 Annual Reports were prepared in accordance with the Act and:
 - gave a true and fair view of the Group's financial position and of its financial performance for the year then ended; and
 - complied with the Australian Accounting Standards and the Corporations Regulations 2001.
- At the time of the Administrators' appointment, the auditors advised that they had commenced their FY2024 year-end planning and interim work for the Calidus Group, however the auditors have not been engaged to undertake and complete the audit for FY2024 at the date of this report.

4.10. Outstanding winding up applications

Based on searches performed at the time of our appointment, no winding up applications appear to have been lodged with a Court against the Companies.

5. Strategy and financial position

5.1. Actions and strategy to date

5.1.1. Summary of actions and strategy

Immediately upon our appointment, we met with Management and the Receivers to obtain an understanding of the Companies' business and assess the viability of the ongoing operations of the Companies.

In this regard:

- The Receivers were appointed to act as agents for the Senior Lender and, following their appointment, took control of:
 - Keras Pilbara which holds the Warrawoona Gold Project in the East Pilbara;
 - At the time of appointment, the Receivers operated the mine on a 'business as usual' basis, but subsequently transitioned it onto care and maintenance on 5 July 2024. On 2 August 2024, the Receivers announced on the ASX that, after a successful trial of the low-grade ore on the ROM, they would commence the processing of approximately 1.3Mt of low-grade stockpiles to generate cash flow to meet ongoing operating, financing and receivership costs. The Receivers have since advised that they believe the low-grade stockpiles will be exhausted by mid-December 2024. Initially, the Receivers were also evaluating a decision to mine and process additional ore from Blue Bar, however no further mining has occurred at the site since the transition to care and maintenance;
 - Calidus Blue Spec which holds the tenements comprising the Blue Spec Project; and
 - the ASX-listed parent company of the Calidus Group, Calidus, which employs the majority of the Calidus Group's senior management team. Control of Calidus provides the Receivers' with shareholder control of the Calidus Group subsidiaries.
- We are in operational control of those assets not captured by the receivership, namely the Nullagine Gold Project which is held by Millennium and Keras Gold. The Nullagine Gold Project was placed onto care and maintenance by its previous owners, Novo, in August 2022 and has remained on care and maintenance during the course of the administration.
- Given the limited cash at bank held by Millennium and Keras Gold at the date of our appointment, we required funding to continue to meet care and maintenance costs associated with the care and preservation of the Nullagine Gold Project.
- We sought funding proposals from various parties and following an assessment of the options available, we executed a funding agreement with West Coast Lending for a facility of up to an amount of \$3.8m. The first drawdown of \$1.2m under this facility was received on Thursday, 5 September 2024 and applied to critical tenement expenditures and other care and maintenance costs in respect to the Nullagine Gold Project.
- In addition, we have:
 - liaised with Atlas Iron in relation to the management of the Golden Eagle mine camp, and collected amounts owed to Millennium by Atlas Iron under the lease agreement;
 - conducted on-site inspections of the Warrawoona and Nullagine Gold Projects;

- commissioned a WH&S assessment at the Nullagine Gold Project and subsequently worked with Management to implement the recommendations of the assessment to ensure ongoing WH&S compliance;
 - engaged with our insurance broker and the Receivers immediately following our appointment to arrange insurance premium renewals, securing ongoing insurance cover during the administration period for the Administrators and for the assets subject to the administration;
 - worked with Management to reduce care and maintenance costs associated with the preservation of the Nullagine Gold Project, whilst maintaining and improving site safety protocols;
 - continued to meet tenement costs and associated compliance associated with the Nullagine Gold Project to ensure these tenements remain in good standing with DEMIRS. This has included working with our legal advisors to address various matters that were being progressed in the Warden's Court; and
 - engaged with the Receivers in respect to the maintenance of the Calidus Group assets and Joint Sale Process.
- At the time of our appointment, Calidus and Keras Pilbara employed 117 staff (Calidus: 12, Keras Pilbara: 105). No staff were employed by the remaining Calidus Group companies.
 - Following the transition to care and maintenance of the Warrawoona Gold Project, the employment of 36 Keras Pilbara staff and 1 Calidus staff was terminated. Further staff have subsequently resigned since this time. At the date of this report, Keras Pilbara continues to employ 61 staff and Calidus continues to employ 9 staff.
 - We note that employees are afforded a priority for amounts outstanding in the event of a winding up of the Companies compared to ordinary unsecured creditors.

Further details of the actions undertaken to date can be found at **Appendix 9**.

5.2. Sale and recapitalisation process

- The administration process provides the opportunity for interested parties to propose a DOCA to maximise the chances of the Calidus Group continuing, and ultimately to provide a better return for creditors than a liquidation.
- In order to maximise value for all creditors, the Receivers and Administrators determined it was in the interests of creditors to run a dual track sale and / or recapitalisation campaign which sought proposals for sale or recapitalisation of all the Companies of the Calidus Group, individually or as a whole.
- To avoid duplication of work and simplify the process for interested parties, the Joint Sale Process has been managed by the Receivers given the majority of value in the Calidus Group likely resides in the entities subject to the receivership. The Administrators have been liaising with the Receivers throughout the process to date and have been provided with access to the virtual data room, sale process materials, indicative offers and associated correspondence with interested parties.
- On 5 August 2024, the Receivers commenced the sales process seeking urgent EOI for the acquisition and / or recapitalisation of the Calidus Group.
- Advertisements were placed in the Australian Financial Review on 5 August 2024 and 12 August 2024 with interested parties invited to bid for one, some or all of the Companies' projects and/or assets, including the Warrawoona Gold Project, Nullagine Gold Project and a number of other satellite held by the Calidus Group.

- At the commencement of the Joint Sale Process, the Receivers issued a sale process letter to interested parties which set out the below timetable:

Date	Event
Week commencing 5 August 2024	Sale process commences, seeking urgent EOI for the acquisition and / or recapitalisation of the Calidus Group. Process letter and access to data room provided to interested parties upon completion of NDA.
23 August 2024	Deadline for submission of non-binding indicative
26 August 2024	Shortlisted parties to commence phase 2 due diligence
TBD	Final unconditional bids
TBD	Preferred party notified

- Due to developments during the course of the Joint Sale Process, the actual process to date is best summarised in the below table:

Date	Event
Week commencing 5 August 2024	Sale process commences, seeking urgent EOI for the acquisition and / or recapitalisation of the Calidus Group. Process letter and access to data room provided to interested parties upon completion of NDA.
30 August 2024	Deadline for submission of non-binding indicative bids extended by one week due to additional information that became available later in the initial due diligence period.
Week commencing 2 September 2024	Review of EOIs by Receivers and Administrators. Receivers engaged with interested parties to better understand proposals received and to negotiate removal of any conditions precedent that would impact upon the viability of the proposals.
Week commencing 9 September 2024	Receivers deliver update to Administrators and views as to three preferred bidders. Administrators meet with each of the preferred bidders to discuss and better understand their proposals and the conditions precedent to same. West Coast DOCA Proposal provided in a largely unconditional format.
Week commencing 16 September 2024	Senior Lender (via its facility agent) writes to the Administrators on two occasions seeking they convene the second meeting of creditors as soon as practicable. Senior Lender expresses concerns as to the potential erosion of value in its secured assets in circumstances where the low-grade stockpiles are exhausted prior to the recommencement of mining operations at the Warrawoona Gold Project. The Senior Lender

advises that given the lead time to place the project back into production (which it asserts is at least 12 weeks), time was of the essence to complete the Joint Sale Process and hand control of the Calidus Group to its new owners to enable pursuit of same.

The Administrators advise the other potential DOCA proponents that the meetings will be called and that they need to improve their offers, including conditions, from the terms presented in their respective NBIOs.

- During the sales process:
 - The Receivers have advised that they have engaged with 105 parties, with 79 parties being sent a teaser document. Of these, 25 parties executed NDAs and were subsequently provided with access to the virtual data room, which contained select operational, technical, legal and financial information of the Companies.
 - On 30 August 2024, 5 NBIOs were submitted to acquire or recapitalise the entire, or majority of, the Calidus Group. Several other parties expressed a desire to submit a proposal in the coming weeks for select assets of the Calidus Group, however at the time of the deadline for NBIOs they advised they had not completed their initial due diligence to a point where they were ready to progress their interest. One party has subsequently submitted an NBIO for Calidus' Nullagine and Blue Spec projects.
 - Following receipt, NBIOs were assessed having regard to:
 - the value of the offer and the potential return to each class of creditors;
 - the likelihood of satisfaction of conditions attached to the NBIOs, such as the need for shareholder, regulatory (i.e. FIRB) or court approval, and the likely timeframe required to satisfy these conditions; and
 - the certainty of sources of funds and financial capacity of the party to complete the transaction.
 - Following completion of this assessment, the Administrators are of the view that only three bidders had emerged with strong proposals, inclusive of the West Coast DOCA Proposal detailed and recommended by the Administrators in this report, which may result in a return to unsecured creditors after satisfaction of the Secured Lender and priority claims.
 - Whilst for the reasons detailed in this report, the Administrators are proceeding with convening the second meetings of the Companies to consider, and if thought fit, to resolve the Companies execute the West Coast DOCA Proposal, it is our understanding these two parties are progressing their interest by undertake further due diligence on the Calidus Group to explore the possibility of removal of onerous conditions in their proposals, or improving the consideration provided, to improve the strength of their NBIOs.

- Details of the proposals of the other potential proponents, at the date of this report, are provided below:

	NBIO A	NBIO B
Proponent	Board of directors, supported by Petra Capital Pty Ltd	Confidential party
Total Consideration	\$170.0m	\$135.0m
Consideration Structure	\$159.8m of new funding (after broker costs) from a fully underwritten, equity placement will be injected into Calidus to recapitalise the Calidus Group.	Cash offer of \$135.0m for all the assets of the Calidus Group, excluding its interest in its lithium tenements.
Deposit / Interim Funding	Nil – but notes potential facility will be made available.	Nil
Estimated returns	<ul style="list-style-type: none"> ■ Senior Lender – 100 cents in dollar. ■ Priority unsecured creditors – 100 cents in dollar (but assumed no claims as all employees retained by recapitalised Calidus). ■ Macmahons: up to 50 cents in dollar (comprising 25% cash, 75% shares in recapitalised Calidus) ■ Key creditors:– up to 50 cents in dollar (to a cap of \$7.4m cash) ■ Small creditors (under \$100k):– up to 100 cents in the dollar (to a cap of \$1.25m) ■ Shareholders – retain a diluted interest of approximately 4% in the recapitalised Calidus 	<ul style="list-style-type: none"> ■ Senior Lender – possibly 100 cents in dollar, but largely depends on timing of completion of sale. ■ Priority unsecured creditor – 100 cents in dollar. ■ Ordinary unsecured creditors – unlikely to receive a return after repayment of higher priority claims, but ultimately will depend upon the timing of completion of sale and working capital position of the Calidus Group at time of completion.
Transaction Costs (over and above costs of West Coast DOCA Proposals)	Fees of 6.0% totalling \$10.2m, plus other minor re-compliance costs.	Immaterial. Assumed completion of the majority of the conditions precedent will be undertaken by the proponent at their costs.
Key conditions	<ul style="list-style-type: none"> ■ Working capital of \$12.2m to be utilised from placement, with a further \$10.0m available from the Calidus Group at time of completion. 	<ul style="list-style-type: none"> ■ FIRB approval ■ Consent from JV partners to dispose of Calidus' interest in the Pirra Lithium Project

	<ul style="list-style-type: none"> ■ Requires underwriting agreement. ■ Requires unconditional and unsecured bridging loan to fund maintenance of Calidus Group through to completion of the recapitalisation. 	<ul style="list-style-type: none"> ■ s444GA application ■ Confirmatory due diligence. ■ Internal and outbound Chinese investment approvals ■ ASIC relief in respect to takeover provisions
Likely timeline to completion	<ul style="list-style-type: none"> ■ 2 months from approval at second creditors meetings 	<ul style="list-style-type: none"> ■ Likely to be at least 3 months from approval at the second creditors meetings, due to requirement for further due diligence.
Administrators comments on viability of alternate proposal	<ul style="list-style-type: none"> ■ Not viable unless until it is fully underwritten and provides interim funding to the Administrators and / or Receivers to maintain the Calidus Group assets through to completion of the recapitalisation. 	<ul style="list-style-type: none"> ■ Not viable unless total consideration is increased, timetable for completion is reduced, and it includes a non-refundable deposit to maintain operations of the Calidus Group through to completion of the transaction.

5.3. Companies' financial position at appointment

In accordance with their obligations under the Act, the Directors of each Company provide a statement about the Companies' business, property, affairs and financial circumstances in the form of a ROCAP.

A ROCAP is comprised of two (2) parts, being:

- Part A – a form which details the Companies' assets and liabilities; and
- Part B – a questionnaire about the Companies' history, operations, books and records.

5.3.1. Report on Company Activities and Property Part A by the Directors

We received ROCAP Part A's from each of the Companies' Directors. Part A of the ROCAP is lodged with ASIC and is publicly available for viewing.

Appendix 3 includes a summary of the ROCAP Part A information along with the Administrators' comments on the information contained therein.

5.3.2. Report on Companies Activities and Property Part B by the Directors

We received ROCAP Part B's from each of the Companies' Directors which disclosed the same information regarding the Companies' operations, history and books and records.

5.3.3. Related party creditors and claims

In addition to information contained in the ROCAP Parts A and B, we reviewed the Companies' records and spoke with the Companies' Management to determine the existence and amount of related party claims.

The following related party claims as at 30 June 2024, according to the Calidus Group's unaudited financial statements, have been identified:

Entity	Calidus	Keras Pilbara	Keras Gold	Calidus Otways	Calidus Blue Spec	Millennium	Total
Calidus	-	(159,531,010)	(155,701)	(145,687)	(22,991,981)	15,467,359	(167,357,020)
Keras Pilbara	159,531,010	-	(23,681)	(575,317)	(1,462,655)	(2,108,232)	155,361,125
Keras Gold	155,701	23,681	-	-	-	(1,769,623)	(1,590,241)
Calidus Otways	145,687	575,317	-	-	-	-	721,003
Calidus Blue Spec	22,991,981	1,462,655	-	-	-	-	24,454,636
Millennium	(15,467,359)	2,108,232	1,769,623	-	-	-	(11,589,504)
Total	167,357,020	(155,361,125)	1,590,241	(721,004)	(24,454,636)	11,589,504	-

We note that:

- It is common in corporate groups to operate intercompany loans for the purposes of distributing group working capital to entities tasked with undertaking a specific operational activity on behalf of the group.
- Calidus operated in effect as the treasury entity within the Calidus Group, raising funds from investors and financiers before remitting the funds to subsidiaries in order to support Calidus Group activities.
- In this instance, the intercompany loans were mainly utilised to:
 - fund the acquisition, development and operation of the Warrawoona Gold Project;
 - fund the acquisition, development and maintenance of the Nullagine Gold Project; and
 - fund the acquisition, development and maintenance of the Calidus Group's other assets.
- In December 2023, following execution of the 10-year licence agreement with Atlas Iron for the use of the Golden Eagle mine camp, Millennium loaned the proceeds from this transaction (\$14.0m plus GST) to Calidus, creating the only loan payable balance owed by Calidus to a subsidiary. The majority of these funds were immediately loaned by Calidus to Keras Pilbara to address its working capital needs at that time.
- From our preliminary review of the loan accounts, it appears the underlying transactions were incurred in the ordinary course of business and hence the intercompany loans are valid and remain outstanding.
- We have consulted with Management and carried out our own investigations of the Calidus Group records and are not aware of any deeds of cross guarantee that exist.
- Intercompany loans rank as ordinary unsecured creditors in the liquidation of the company where that debt is due.
- Consequently, as Administrators, we are required to administer each voluntary administration separately. Each company must be treated as a separate legal entity and the claims against each company are only admissible in the voluntary administration of the particular company.

- If liquidators are appointed, unless pooling orders are made, assets of each company would only be available to pay claims admissible in the voluntary administration of the particular company.

5.4. Receivers' trading update

A summary of the Receivers' estimated trading position, excluding receivership costs, for the period 28 June 2024 to 29 September 2024 (i.e. on or about the date of the second meeting of creditors), is detailed below:

Item	\$	\$	\$
	Keras Pilbara	Calidus	Total
Inflows from Gold Sales	40,807,184	-	40,807,184
Other Inflows	-	87,990	87,990
Post Appointment BAS Refunds	1,813,440	80,056	1,893,496
GST on Receipts	-	8,799	8,799
Total inflows	42,620,624	176,845	42,797,469
	-		
Mining, Haulage and ROM Management Costs	(6,561,625)		(6,561,625)
Payroll	(3,605,786)	(402,554)	(4,008,340)
Pre-Appointment DMIRS Royalties	(1,428,013)		(1,428,013)
Post Appointment DMIRS Royalties	(1,024,482)		(1,024,482)
Other Processing costs	(11,743,531)		(11,743,531)
Head office costs	-	(888,554)	(888,554)
Terminated Employee Entitlements	(461,671)		(461,671)
GST on Payments	(1,813,440)	(88,855)	(1,902,295)
Total Outflows	(26,638,548)	(1,379,963)	(28,018,511)
Net trading position	15,982,076	(1,203,118)	14,778,958

The below notes, provided by the Receivers, are to be read in conjunction with the above trading summary:

- The above estimate includes approximately \$6.3m of gold sales revenue from a gold pour which occurred on 30 June, shortly following the commencement of the administration and receivership.
- The above estimate also includes approximately \$4.4m of revenue from gold sales which will be refined but not sold or poured by the time of the second meeting.
- The above estimate does not take into account any opening balances, pre-appointment collections, funding provided to the Administrators via the Secured Lender, amounts distributed to Secured Lender, or to meet the costs of the Receivers' fees and disbursements or Receivers' legal fees. In this regard, it is noted that the Senior Lender's debt detailed at 4.7.2 includes repayments made from this net trading positions as well as opening balances and pre-appointment collections.
- The above assumes all remaining employees of the Calidus Group retain their employment (i.e. no further redundancies).
- Active mining had ceased on or around 5 July 2024 after which activities consisted of hauling residual ore to the ROM, processing the ore on the ROM and then the processing of the low-grade ore stockpile from 28 July 2024 onwards. Thus the operating costs were materially reduced through July and onwards.
- At current run rates, the low-grade ore stockpile is expected to be exhausted by mid-December 2024 after which active mining would need to re-commence or the plant would be required to be placed into C&M to preserve value.

5.5. Administrators' trading update

A summary of the Administrators' estimated trading position, excluding administration costs which have accrued but remain unpaid, for the period 28 June 2024 to 30 September 2024 (i.e. on or about the date of the second meeting of creditors), is detailed below:

Item	\$	\$	\$
	Millennium	Keras Gold	Total
Reimbursements from Atlas Iron	464,309	-	464,309
Other	27,950	-	27,950
Total inflows	492,259	-	492,259
Golden Eagle mine camp costs	(250,652)	-	(250,652)
Nullagine plant C&M maintenance costs	(182,357)	-	(182,357)
Tenement maintenance costs	(783,437)	(87,599)	(871,036)
Total Outflows	(1,216,446)	(87,599)	(1,304,045)
Net trading position	(724,187)	(87,599)	(811,786)

The below notes are to be read in conjunction with the above trading summary:

- Reimbursements from Atlas Iron includes estimated costs in relation to the maintenance of the Golden Eagle mine camp that are reimbursed by Atlas Iron under the 10 year licence agreement.
- The above estimate does not take into account any opening balances or the costs of the Administrators' fees and disbursements, funding provided to the Administrators via the Secured Lender, or interest and costs accruing under this funding agreement.

6. Investigations, offences and voidable transactions

6.1. Overview – voidable transactions and insolvency

6.1.1. Duty to investigate

The law requires voluntary administrators to investigate and specify whether there appear to be any voidable transactions in respect of which money, property or other benefits may be recoverable by a liquidator under Part 5.7B of the Act.

We have sought to ascertain whether the Companies were insolvent at any particular point in time prior to our appointment as Administrators, in order to determine the date at which these provisions may apply.

While our investigations are only preliminary (given the statutory timeframe and obligations in which administrators are to operate within), they should be considered by creditors as potential options that may be available to a liquidator appointed to the Companies. These actions cannot be pursued by an administrator or deed administrator

6.1.2. Relevance of insolvency and liquidation

The ability to challenge voidable transactions and recover money/property for creditors is contingent on two elements:

- the Companies being placed into liquidation, and
- a liquidator being able to establish that the Companies were insolvent at the time they entered into any particular transaction, or that the Companies became insolvent as a consequence of that transaction.

6.1.3. Work performed

We have made enquiries into the financial affairs of the Companies. In this section, we set out our preliminary views and findings about:

- offences that may have been committed.
- the solvency position of the Companies.
- existence of voidable transactions – including unfair preferences/loans, uncommercial transactions, arrangements to avoid paying employee entitlements, and unreasonable director related transactions.
- charges that may be voidable; and
- whether there is the prospect of a claim against the Directors of the Companies for insolvent trading.

Please note the investigations we have undertaken are only indicative of the actions that may be possible in the event of liquidation.

6.1.4. Date of insolvency

Our key workings and other analysis are contained in **Appendix 4**.

In the appendix we have also included some general comments and information about recoveries via voidable transactions, insolvent trading and common factors that indicate insolvency.

The summary of our findings and views on the Companies' solvency position are on the following pages.

6.1.5. Creditors' information sheet and other explanations

Provided at **Appendix 5** is an information sheet to assist creditors in understanding potential offences under the Act, recoverable transactions and insolvent trading.

Creditors should read this information in conjunction with our comments in this section of the report.

6.1.6. Relevance of liquidation versus DOCA

Voidable transactions and other actions that a liquidator can take are not available if the Companies executes a DOCA (or if creditors vote to return the Companies to the control of the Directors).

As a result, creditors must assess the advantages to them of a DOCA being executed (and any benefits that may be available to them in this scenario), compared to the likely return in a liquidation (and any recoveries that may be available where a liquidator is appointed).

To help creditors, where a DOCA is proposed, the Estimated Return to Creditors section of this report (see section 8) will include a comparison between liquidation and any proposed DOCA, highlighting the differences in estimated recoveries and outcomes. There may also be timing differences, and these too are discussed as applicable.

Creditors should be aware that even if voidable transactions are discovered by a liquidator, that does not mean that a liquidator will pursue those transactions. A liquidator will need to consider the assets on hand and whether those assets are sufficient to cover the costs of pursuing those transactions (which often includes litigation). Further, a liquidator will need to consider the chances of recovering assets from a third party, the length of time it may take to resolve any transaction and decide whether the costs of recovering assets against the value of the assets that may be recovered makes the process sufficiently valuable for creditors.

6.2. Insolvency and liability for insolvent trading

6.2.1. Summary of findings

A company is considered solvent if it is able to pay its debts as and when they fall due. A company is insolvent if it is unable to pay its debts as and when they fall due. We summarise below the key findings from our investigations into the Companies' solvency position. Further details of our investigations can be found at **Appendix 4**.

Intercompany reliance on Calidus and Keras Pilbara

- As the majority of the Calidus Group were not revenue generating, and merely holding the group's tenement assets, the financial capacity of these entities to meet their due and payable debts, relied on funding from Calidus (via equity raises) and / or Keras Pilbara (via its trading cash flows).

- As a result, the solvency of the Calidus Group, was linked to the solvency of Calidus and Keras Pilbara.

Dependence on capital markets for funding

- Historically, the absence of profitable operations meant companies within the Calidus Group were unable to generate internal cash flows sufficient to meet ongoing cash requirements.
- Accordingly, each entity relied on Calidus' access to capital markets, and primarily equity, to fund operations. Capital raised by Calidus in the last two years was distributed amongst the Calidus Group subsidiaries almost immediately upon receipt. Further, Calidus shares were at times issued to repay debts owing from Keras Pilbara to Macmahon and Macquarie.
- Though Keras Pilbara was producing and selling gold from around May 2022, the Company did not generate positive EBITDA until April 2023 after which it remained EBITDA positive to the time of our appointment. However, after financing costs and depreciation are included, Keras Pilbara was loss making for both FY23 and FY24.
- Forward sales contract obligations, required to obtain the Syndicated Facility Agreement in 2021, meant Keras Pilbara was unable to realise the full benefit of an improved gold price 2023 onwards and was required to continue to borrow funds from Calidus to meet trading and debt repayment obligations. Company records indicate Keras Pilbara borrowed net \$61.4m from Calidus between January 2023 and June 2024.

Support from key creditors

- Keras Pilbara's ability to pay its creditors as and when they fell due was dependent upon ongoing support from Macmahon (which accounted for 70% to 80% of its trade creditor balance) and Macquarie to revise and / or extend their payment terms as required.
- Between June 2021 and March 2024, Keras Pilbara executed 14 amendments to the Syndicated Facility Agreement with Macquarie, signalling ongoing support from the Secured Lender.
- In March 2024, agreed revisions to the Syndicated Facility Agreement and associated Hedging Facility included:
 - a reduction in minimum cash holding covenants;
 - a restructure of the facility repayment schedule; and
 - a restructure of the forward contract schedule for the sale of gold, which was intended to allow Keras Pilbara to sell additional amounts to the spot market, taking advantage of the high spot price.
- Macmahon entered into several arrangements with Keras Pilbara (summarised at section 13.5.3) which extended the company's payment terms from the contractual terms of 30-days to as much as 90-days. As a result, Keras Pilbara was able to maintain Macmahon's account within agreed terms, albeit whilst carrying accrued balances as high as c. \$21m, before additional termination costs arising from the appointment of the Administrators were added to Macmahon's claim.
- As summarised in section 6.2.2 below, the ongoing support of these creditors became conditional, or was altogether lost, in June 2024, immediately prior to the appointment of the Administrators.

6.2.2. Estimated date of insolvency

Our preliminary investigations indicate that all Companies were insolvent on or around 28 June 2024, being the date of our appointment.

At this time:

- Macmahon had issued a Notice to Show Cause dated 11 June 2024, arising from amounts being overdue for payment from February 2024. Though Macmahon subsequently expressed a willingness

to extend its payment terms beyond 90-days to 120-days, this was dependent upon the repayment of c. \$5m by 30 June 2024, to bring Keras Pilbara's account within the proposed 120-day terms;

- Macquarie had put Keras Pilbara on notice, via a letter dated 27 June 2024, that a failure to repay amounts outstanding to Macmahon was an event of default under the facility agreement and had reserved its rights regarding the same;
- as a result of the 27 June 2024 letter, further withdrawals from Keras Pilbara's Macquarie bank accounts were subject to written approval by Macquarie;
- by 28 June 2024, no resolution had been reached, and as a consequence the Calidus Group had insufficient unrestricted cash to meet month-end creditor payments and the amount sought by Macmahon;
- total cash holdings within the Calidus Group not subject to Macquarie's approval were c. \$2.4m, which was insufficient to meet month-end creditors;
- failure to cure the event of default (i.e. repay Macmahon) would crystallise, at Macquarie's election, a \$149m liability comprising:
 - \$62m in principal and interest under the Syndicated Facility Agreement;
 - \$87m in respect of the Hedging Facility; and
 - \$0.2m in other fees costs payable to Macquarie.
- further, Calidus and Calidus Blue Spec, held insufficient financial capacity to meet their respective guarantor obligations under the Syndicated Facility Agreement;
- it is unclear whether sufficient capital could have been raised via equity markets to payout the full value of the Syndicated Facility Agreement with Macquarie. In any event, it was likely there was insufficient time available to make such a raise; and
- the insolvency of Calidus and Keras Pilbara, meant the other entities in the Calidus Group could no longer rely upon these entities to meet their ongoing creditor commitments, as each held insufficient funding to meet their ongoing maintenance, or to repay intercompany loans payable if called upon.

6.2.3. Preliminary view on liability for insolvent trading

Based on our estimated date of insolvency, there is unlikely to be a claim for insolvent trading.

If the Companies were wound up and a liquidator appointed, further work would be performed by a liquidator on the solvency position of the Companies and to determine whether there is a benefit to creditors in pursuing the Directors for insolvent trading if a claim is subsequently identified.

Creditors should refer to **Appendices 4 and 5** for additional information on insolvency and pursuing insolvent trading claims generally.

We note that were a liquidator is to determine that an insolvent trading claim existed, the Directors appeared to be eligible to rely on Safe Harbour protection during the periods of 22 December 2022 to 19 June 2023, and from 14 November 2023 to 14 May 2024, when they first commenced engaging with Safe Harbour advisors to develop and implement restructuring plans that addressed the circumstances of the Calidus Group at those times. Following the Notice to Show Cause that was issued by Macmahon on 11 June 2024, the Directors appeared to have re-engaged with their Safe Harbour advisors around this same date and were proactively seeking advice on the merits of the notice, Calidus' continuous disclosure requirements arising from the receipt of the notice, and engaging with Macquarie, in respect to same. Accordingly, any

potential claims at the various points in time in the lead up to the appointment of the Administrators may likely be covered by a Safe Harbour defence.

6.3. Voidable transactions

We set out below our preliminary findings in relation to potential recoveries from voidable transactions in a liquidation scenario including our view on the likelihood of there being substantiated and supportable claims. Given our preliminary investigations suggest that the Companies were likely insolvent immediately prior to the appointment of the Administrators, there is likely limited prospects of voidable transaction recoveries.

For general information explaining each transaction, including a list of applicable offences, please refer to **Appendix 4**.

Area	Our view	Comments
Unfair preferences	No claims	Based on our investigations to date, we consider that the potential for preferential payments that would result in property being recovered for the benefit of creditors are remote for the following reasons: <ul style="list-style-type: none"> ■ other than the key contractor Macmahon, all creditors were paid within terms; and ■ payments processed in the week prior to the appointment of Administrators to major suppliers are likely considered to have been paid as part of a continuing business relationship. In this regard, a ‘running balance account’ defence can be applied to unfair preference claims, reducing the quantum of claims, which will likely be uncommercial to pursue (if any).
Uncommercial transactions	No claims	We are not aware of any potential uncommercial transactions that would likely result in property being recovered for the benefit of creditors.
Unfair loans	No claims s 588FD	We are not aware of any potential unfair loans that would likely result in property being recovered for the benefit of creditors.
Unreasonable payments to Directors	No claims s 588FE(6A)	Our investigations to date have not found any evidence of unreasonable payments to Directors.
Related entity benefit	No claims s.588FE(4)	<ul style="list-style-type: none"> ■ Our investigations to date have not revealed any transactions with related entities that would likely result in property being recovered for the benefit of creditors. <p>We have identified intercompany loans between the entities, as referenced in section 5.3.3 above. Given the loans were entered into in the ordinary course of business, it is unlikely for a liquidator to consider the provisions of s.588FE(4).</p>
Arrangements to avoid paying employee entitlements	No claims s 596AB	Our investigations to date have not revealed the existence of any such arrangements.

Voidable charges	<p>Action unlikely s 588FE</p> <ul style="list-style-type: none"> ■ We have identified security interests registered within 6 months of the Administrators' appointment which are potentially voidable pursuant to section 588FJ of the Act, unless certain exclusion apply. ■ PPSR search disclose the following security parties who registered 6 month leading to the appointment: <table border="1" data-bbox="496 416 1433 904"> <thead> <tr> <th>Secured Party Group</th> <th>Grantor</th> <th>Collateral class</th> <th>Registration Date</th> </tr> </thead> <tbody> <tr> <td>CSBP Ltd; Australian Gold Reagents Pty. Ltd.</td> <td>Millennium Minerals</td> <td>Other Goods</td> <td>27 Jun 2024</td> </tr> <tr> <td>Macquarie Bank Limited</td> <td>Calidus, Calidus Blue Spec</td> <td>All PAAP, with exceptions</td> <td>31 Jan 2024</td> </tr> <tr> <td>Sis Technologies Pty Ltd</td> <td>Keras (Pilbara)</td> <td>Other Goods</td> <td>05 Jun 2024</td> </tr> <tr> <td>UON Pty Ltd</td> <td>Keras (Pilbara)</td> <td>Other Goods</td> <td>24 Jun 2024</td> </tr> <tr> <td>West Power Group Pty Ltd</td> <td>Keras (Pilbara)</td> <td>Other Goods</td> <td>23 Feb 2024</td> </tr> </tbody> </table> <p>The security will not be void if it is established that the:</p> <ul style="list-style-type: none"> ■ Companies were solvent after the security was registered pursuant to section 588FJ(3). ■ the above parties had no knowledge of the companies' solvency position at the time the security was granted. <p>Whilst our preliminary view is that the above security interests were granted at a time the Companies were solvent, and for a proper purpose, further investigation may be undertaken should the Companies be wound up in liquidation.</p>	Secured Party Group	Grantor	Collateral class	Registration Date	CSBP Ltd; Australian Gold Reagents Pty. Ltd.	Millennium Minerals	Other Goods	27 Jun 2024	Macquarie Bank Limited	Calidus, Calidus Blue Spec	All PAAP, with exceptions	31 Jan 2024	Sis Technologies Pty Ltd	Keras (Pilbara)	Other Goods	05 Jun 2024	UON Pty Ltd	Keras (Pilbara)	Other Goods	24 Jun 2024	West Power Group Pty Ltd	Keras (Pilbara)	Other Goods	23 Feb 2024
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West Power Group Pty Ltd	Keras (Pilbara)	Other Goods	23 Feb 2024																						
Offences by Directors	<p>None s 180 -184</p> <ul style="list-style-type: none"> ■ Based on our investigations to date, which includes a review of board papers and board minutes, it does not appear that breaches of director duty offences have been committed by the Directors. In support of this preliminary view, we note the following: <ul style="list-style-type: none"> ○ the Directors and officers of the Companies made board decisions based on information provided by Management and with the assistance of external advisors who appear to possess the requisite expertise to assist the Companies; ○ prior to the appointment to the Administrators, the Directors believed that the forthcoming capital raise would be sufficient to provide the Companies with adequate working capital to continue operations until the point the Warrawoona Gold Project was forecasted to become cashflow positive on in May / June 2024; ○ at the time of the appointment, the Directors were in the process of pursuing alternative funding in the form of a secured bond facility to raise up to US\$90m to refinance the existing facilities with Macquarie. Whilst the agreement was not finalised, bi-lateral financing negotiations were underway and this same party subsequently expressed interest during the Joint Sale Process; and ○ following the assertion of an event of default under the Syndicate Facility Agreement by Macquarie on 27 June 2024, and failure to resolve the issue on 																								

		<p>28 June 2024, the Directors resolved it was in the best interests of the Companies to be placed in voluntarily administration as soon as practicable thereafter (i.e. that same date).</p> <ul style="list-style-type: none"> On 8 September 2024, the Administrators received a complaint from a former shareholder advising that he represents a shareholder group with concerns about material disclosures made by the Company in the years preceding the appointment. We are considering the information provided by this former shareholder and taking advice on same. Given the timing of receipt of the complaint, our investigations into this matter are ongoing at the date of this report <p>Further information on this section can be found in 6.4 of this report.</p>
Books and Records	No Breach s 286	<ul style="list-style-type: none"> The books and records of the Companies appear to have been maintained in accordance with section 286 of the Act as at the Administrators' appointment. <p>It is noted that following the acquisition of the Nullagine Gold Project in December 2023, Calidus appears to have still been gathering information relevant to the management of these assets and at the time of our appointment, based on the books and records we have reviewed, it would appear Millenium and Keras Gold was still in the process of being incorporated into the Calidus Group.</p>
Defences to an insolvent trading claim made against the Directors	s 588GA	<ul style="list-style-type: none"> Following financial difficulty in the first year of operations, the Directors initiated a Safe Harbour engagement on 22 December 2022 pursuant to s 588GA (2), ultimately implementing what may have appeared to be a viable restructuring plan, that ultimately resulted in the successful restructuring of its balance sheet over the six months that followed, leading the board to resolve to exit Safe Harbour on 19 June 2023. Following further financial difficulty in the second year of operations, the Directors re-initiated a Safe Harbour engagement on 14 November 2023, ultimately implementing what appeared to be a viable restructuring plan, that ultimately resulted in the successful restructuring of its balance sheet over the course of April and May 2024. The board once more resolved to exit Safe Harbour following completion of the restructuring plan on 15 May 2024. <p>Following the failure of the Calidus Group's operations to achieve forecasted production, the board once more began to take steps to re-enter Safe Harbour on or about 19 June 2024.</p>
	s 588H (2)	<ul style="list-style-type: none"> May be applicable based on the Directors reliance of cash flow forecasts being provided to Management and the continued support from Macquarie and Macmahon over a prolonged period of time to provide financial accommodation as required.
	s 588H (3)	<ul style="list-style-type: none"> Not applicable.
	s 588H (4)	<ul style="list-style-type: none"> Not applicable.
	s 588H (5)	<ul style="list-style-type: none"> Took reasonable steps to prevent the incurrence of further debts by appointing the Administrators as soon as practicable once it became apparent that without further forbearance and accommodation from Macquarie, there were no other viable means, in the time available, of raising capital to support continued operations. Further information on each defence in this section can be found in 6.4 of this report.

6.4. Offences by Directors

Section 438D of the Act requires a voluntary administrator to complete and lodge a report with ASIC as soon as practicable where it appears that:

- a past or present officer or employee, or a member, of the company may have been guilty of an offence in relation to the company; or
- a person who had taken part in the formation, promotion, administration, restructuring, management or winding up of the company may have:
 - misapplied, retained or become liable or accountable for money or property of the company; or
 - been guilty of negligence, default, breach of duty or breach of trust in relation to the company.

Based on our investigations to date, we have not identified any potential offences by the Directors that should be reported to ASIC pursuant to section 438D of the Act.

6.4.1. Insolvent trading

Directors have a positive duty to prevent a company from trading while insolvent. If a director is found to have contravened section 588G of the Act, they may be ordered to pay an amount of compensation to the Company equal to the amount of loss or damage suffered by creditors of the Company as a result of the contravention.

As advised in section 6.2.3, we are of the preliminary view that there is unlikely to be a claim for insolvent trading against the Directors.

6.4.2. Directors' duties

Directors are also required to comply with duties prescribed under sections 180 to 184 of the Act. These duties, which are in addition to the duty to not trade while insolvent, include:

- a duty of care and diligence (section 180);
- a duty to exercise their powers, and discharge their duties, in good faith in the best interests of the company and for a proper purpose (section 181);
- a duty not to improperly use their position as a director to gain an advantage for themselves or another person, or to cause detriment to the company (section 183);
- a director can be potential criminally liable for reckless or dishonest conduct connected with their duties of good faith and proper purpose, or use of position or information (section 184); and

At this point in our investigations, we have not identified any breach of director duties by the Directors.

6.5. Director defences

6.5.1. Section 588H defences

It is important to note that a director can raise a number of possible defences to a claim for insolvent trading. These defences are contained in section 588H of the Act and include:

- a “reasonable person” test in that the Directors had reasonable grounds to expect or believe that the company was solvent and would remain solvent despite all debts incurred, or took all reasonable steps to prevent the company from incurring the debt; and/or
- the director did not take part in the management of the company at the time the debt was incurred because of illness or for some other good reason.

Any defences available will be considered in further detail by a liquidator if the Companies are placed into liquidation.

6.5.2. Safe harbour defences

Under section 588GA of the Act, the Directors can be availed of personal liability for insolvent trading if, at a particular time after the Directors started to suspect the Companies may become insolvent, they started to develop a restructuring plan which is reasonably likely to result in a better outcome than immediately placing the Companies into external administration. This process and protection is referred to as the Safe Harbour protection.

Safe Harbour Provisions

The Directors entered and exited Safe Harbour on at least two occasions over the course of December 2022 to the date of our appointment.

Safe Harbour first commenced when the board of Directors engaged legal and financial advisors to assist them with development of a restructuring plan on or about 22 December 2022. The Safe Harbour restructuring plan was developed over the month that followed, and covered a period of 22 December 2022 to 19 June 2023, when they resolved to exit Safe Harbour following a successful restructuring of their positions with Macquarie and Macmahon at that time. It is our preliminary view that the Directors have likely complied with the provisions of the Act, and were eligible to receive the relief afforded by the Safe Harbour provisions, based on the following indicia:

- Calidus appears to have had the continued support of Macquarie and its key contractors (including Macmahon) – as evidenced by continued forbearance and / or improved trading terms provided to the Calidus Group as required;
- Calidus appears to have had the ability to access further capital via equity raises on the ASX – as evidenced by the successful completion of capital raising in April and May 2024;
- the restructuring plan provided an array of options, the progress of which was periodically reviewed by the Companies with the assistance of their advisors, who appear to be appropriately qualified entities. These options, the viability of which would require further investigation, included:
 - to sell or maximise value of the Pirra Lithium project;
 - to restructure the Macquarie debt and hedge facilities;
 - to raise further equity of a minimum of \$30m;
 - to obtain royalty financing to raise between \$30m – \$60m; and
 - to implement operational improvements including improved mining practices, water initiatives and achieve consistent gold grade.

7. Proposal for a Deed of Company Arrangement

7.1. What is a DOCA?

A DOCA is a formal agreement between a company, its creditors and the proponents of the DOCA.

The proponents are interested parties whose proposal – usually involves a compromise of creditors’ claims, as opposed to either winding up the company (liquidation) or returning the company to its Directors.

A DOCA may involve:

- maximising the chance of the company continuing in existence; and/or
- result in a better return for the company’s creditors than in a winding up.

7.2. Proposal for a DOCA

We have received inter-related DOCA proposals from three entities related to the Senior Lender, collectively referred to as the West Coast DOCA Proposal, as detailed in the table below:

Company	DOCA Proponent
Calidus	West Coast Gold Pty Ltd
Keras Pilbara	West Coast Gold Pty Ltd
Calidus Blue Spec	West Coast Gold Pty Ltd
Millennium	West Coast Metals Pty Ltd
Keras Gold	West Coast Metals Pty Ltd
Calidus Otways	West Coast Lithium Pty Ltd

Copies of the DOCA proposals for each entity in the Calidus Group are attached at **Appendix 7**. The DOCA Proponents have advised that the proposals are designed to:

- provide creditors with a better return, or otherwise greater certainty of a return, than they would otherwise receive in a liquidation;
- maximise the Companies’ chances of survival and continuing to exist as a going concern businesses;
- retain as many of the employees of the Companies as possible;
- facilitate an orderly and cost-effective transition of operations to the control of the DOCA Proponents, with a view to quickly resume mining operations at the Warrawoona Gold Project;
- minimise the holding costs and ongoing expenses in relation to the administration of the Companies;
- prevent potential erosion in the value of the Warrawoona Gold Project (which could occur in circumstances where there is a prolonged external administration and mining operations have not recommenced prior to the exhausting of all remaining low-grade stockpiles (i.e. before end of December 2024)); and

- establish a creditors' trust to facilitate the early termination of each of the DOCAs, resulting in the Companies exiting external administrations more quickly and release certain creditor claims from the Companies' balance sheet in a timelier manner than would otherwise be achieved without a creditors trust.

Whilst each DOCA proposal is standalone with the terms of each specifying the manner in which individual creditors are to be dealt with, they are interdependent on the other DOCA proposals. The interdependence condition is a condition precedent to the operation of any DOCA within the West Coast DOCA Proposal. However, that condition may be waived at the election of the DOCA Proponents.

Creditors should read the DOCA proposals and ask us before the upcoming second creditors' meeting if they have any specific queries that are not addressed in this report. The proposals have not yet been drafted into a deed format. As a result, to help creditors we have highlighted the key features and provided our comments on the operational aspects of the DOCA proposals, based on our understanding of the proposals as presented and from discussions with the DOCA Proponents.

We will report to creditors as soon as possible if additional material information is received on the DOCA proposals prior to the forthcoming creditors' meeting.

7.3. Key features of the proposals

The key features of the proposals for each entity are as follows:

Item	Calidus	Keras Pilbara	Calidus Blue Spec	Calidus Otways	Millennium	Keras Gold
DOCA consideration and intent	Provision of a capped cash contribution for each entity sufficient to provide a deed fund that will: <ul style="list-style-type: none"> pay the Administrators, Deed Administrators and Creditors’ Trustees’ fees and costs; ensure that 100% of eligible employee entitlements are paid (for employees that have been terminated during the administration or that will no longer work for the respective company) or assumed (for continuing employees); and provide a return to unsecured creditors. 					
Estimated cash contribution	\$1,040,000	\$1,250,000	\$200,000	\$141,862	\$560,000	\$195,000
Secured Creditor Debt Reduction	For the transfer of the Pirra Lithium shares - \$2,000,000	For the transfer of Keras Pilbara shares and Calidus Blue shares (no section 444GA) – jointly \$90,000,000	For the transfer of Keras Pilbara and Calidus Blue shares (no section 444GA) - jointly \$90,000,000	\$20,000	\$3,000,000	\$1,000,000
Initial Conditions Precedent	The initial conditions precedent are to be completed by 30 September 2024 (or date agreed with the DOCA Proponents) <p>Includes approval of the DOCA by creditors of each of the Companies, execution of the DOCAs, payment of the cash contribution, execution of the Pirra Lithium asset sale agreement by Calidus, resignation of existing Directors and appointment of new boards of directors, the Deed Administrators of Keras Pilbara and Calidus Blue providing the Calidus DOCA Proponent with share transfer forms (where the shares in Keras Pilbara and Calidus Blue will be transferred to the Calidus DOCA Proponent) and executed Debt Reduction Deeds (whereby the debt owed to the Secured Lender by the Companies will be reduced by the Secured Lender releasing some of its security) to be held in escrow and retirement of Receivers over Keras Pilbara and Calidus Blue Spec.</p>					
Final Conditions Precedent	The final conditions precedent are to be completed by 30 November 2024 (or date agreed with the DOCA Proponents) and include: satisfaction or waiver of the Initial Conditions Precedent (detailed above), execution of appropriate deeds and agreements, capitalisation of the relevant creditors’ trusts per the DOCAs, settlement of any adjustment (that the Administrators have paid for the benefit of the DOCA Proponents), completion of the Pirra Lithium asset sale agreement (whereby Calidus transfers its interest in the Pirra Lithium Project to the DOCA Proponents or its nominee), the transferring of all employees of Calidus to the DOCA Proponents (or nominee) and the successful completion of either:			The final conditions precedent are to be completed by 7 October 2024 (or date agreed with the DOCA Proponents) and include satisfaction or waiver of the Initial Conditions Precedent (detailed above), execution of appropriate deeds and agreements, the execution and dating of share transfer forms to transfer the shares in each relevant company to the DOCA Proponent or its nominee, execution by each relevant company of a Funding Agreement (where the DOCA Proponents agree to provide sufficient working capital) and execution by each relevant company of the Debt Reduction Deeds.		

Item	Calidus	Keras Pilbara	Calidus Blue Spec	Calidus Otways	Millennium	Keras Gold
	<ol style="list-style-type: none"> the 'Calidus 444GA application' (being the transfer of all shares in Calidus to the DOCA Proponents or its nominee pursuant to a court application) and the execution of the Forbearance Agreement between Calidus and the Senior Lender; or the share transfer forms (provided per the Initial Conditions Precedent) being dated and executed, the Keras Pilbara and Calidus Blue Debt Reduction Deeds being executed and dated and the shares in Keras Pilbara and Calidus Blue being transferred to the Calidus DOCA Proponent or its nominee. 					
<p>Classification of creditors and capped returns</p>	<p>The DOCA provides capped returns to separate classes of creditors as follows:</p> <ul style="list-style-type: none"> Class A creditors (Class cap: 100c/\$): employees who have already been made redundant or resigned during the administration. Class B creditors (100c/\$): non-continuing employees (employees who will be made redundant or who will resign post-administration) Class C creditors (\$15k total or 100c/\$): creditors owed less than \$3k. Class D creditors (cap: \$20k total or 50c/\$): key suppliers (as defined) 	<p>The DOCA provides capped returns to separate classes of creditors as follows:</p> <ul style="list-style-type: none"> Class A creditors (Class cap: 100c/\$): employees who have already been made redundant or resigned. Class B creditors (100c/\$): non-continuing employees (employees who will be made redundant or who will resign post-administration) Class C creditors (\$50k total or 100c/\$): creditors owed less than \$5k. Class D creditors (\$150k total or 7c/\$): key suppliers (as defined) Class E creditors (\$200k total or 0.5c/\$): other unsecured creditors. 	<p>The DOCA provides capped returns to separate classes of creditors as follows:</p> <ul style="list-style-type: none"> Class A creditors (Class cap: 100c/\$): non-continuing employees (employees who will be made redundant or who will resign post-administration). Class B creditors (\$5k or 100c/\$): creditors owed less than \$5k. Class C creditors (\$50k or 2.5c/\$): intercompany loans. Class D creditors (\$10k or 25c/\$): other unsecured creditors. 	<p>The DOCA provides capped returns to separate classes of creditors as follows:</p> <ul style="list-style-type: none"> Class A creditors (Class cap: 100c/\$): non-continuing employees (employees who will be made redundant or who will resign post-administration) Class B creditors (\$50k or 7c/\$): Intercompany loans Class C creditors (\$10k or 25c/\$): other unsecured creditors Non-Participating Creditors: Secured Creditor 	<p>The DOCA provides capped returns to separate classes of creditors as follows:</p> <ul style="list-style-type: none"> Class A creditors (Class cap: 100c/\$): non-continuing employees (employees who will be made redundant or who will resign post-administration) Class B creditors (100c/\$): certain named creditors. Class C creditors (\$50k or 2.5c/\$): intercompany loans. Class D creditors (\$15k or 25c/\$): other unsecured creditors. 	<p>The DOCA provides capped returns to separate classes of creditors as follows:</p> <ul style="list-style-type: none"> Class A creditors (Class cap: 100c/\$): non-continuing employees (employees who will be made redundant or who will resign post-administration) Class B creditors (\$50k or 2.5c/\$): Intercompany loans Class C creditors (\$15k or 25c/\$): other unsecured creditors Non-Participating Creditors: Secured Creditor

Item	Calidus	Keras Pilbara	Calidus Blue Spec	Calidus Otways	Millennium	Keras Gold
	<ul style="list-style-type: none"> ▪ Class E creditors (cap: \$50k total or 17c/\$): other unsecured creditors. ▪ Class F Creditors (cap: \$50k total or 1c/\$): intercompany loans ▪ Non-Participating Creditors: Secured Creditor and continuing employees 	<ul style="list-style-type: none"> ▪ Class F Creditors (\$50k total or 0.03c/\$): intercompany loans ▪ Non-Participating Creditors: Secured Creditor and continuing employees 	<ul style="list-style-type: none"> ▪ Non-Participating Creditors: Secured Lender and continuing employees 		<ul style="list-style-type: none"> ▪ Non-Participating Creditors: Secured Creditor 	
Return of control to new board of directors	On effectuation			On satisfaction (or waiver) of the Initial Conditions Precedent		
Trust Funds	<p>The West Coast DOCA Proposal contemplates the creation of creditors’ trusts to facilitate the payment of creditors’ claims in accordance with the terms of the DOCAs and creditors’ trust deeds.</p> <p>The Trust Funds will be established to pay the approved claims of creditors in accordance with the terms of each relevant DOCA and creditors’ trust deed. Following effectuation, the Trustees will distribute the Trust Fund to the creditors in accordance with the terms of the creditors’ trust deed</p> <p>For details of the application of the Trust Funds, refer section 7.6 of this Report</p>					
Moratorium	During the operation of the DOCA, the moratorium in sections 440A, 440D, 440F and 444E of the Act will apply to all Creditors and members of the Calidus Group.					
Termination	In the event the objectives or conditions precedent of the DOCA are unable to be met, the DOCA may be terminated, and the Companies (or select companies) placed into liquidation.					

7.4. Our comments on the proposal

The objects of the West Coast DOCA Proposal are (without limitation) to:

- maximise the chance of the Companies continuing in existence;
- retain as many of the employees of the Companies (where relevant) as possible;
- facilitate an orderly and cost-effective transition of control of the Companies to the DOCA Proponents with a view to quickly resume mining operations at the Warrawoona Gold Project; and
- provide a better return to the creditors of the Companies than would be available to those creditors in a liquidation scenario.

The West Coast DOCA Proposal appears to offer a return to priority employee creditors of 100c in the dollar and a return to ordinary unsecured creditors of between 0.3 and 100 cents in the dollar, depending on which class the creditor falls within as defined in the relevant DOCA proposal by the DOCA Proponents, and the quantum of claims received in each defined class of creditor. In this regard, the West Coast DOCA Proposal provides a capped amount of consideration for each defined class of creditor, so until final claims are received and adjudicated, the Administrators are unable to provide certainty of the exact return to each class of creditor at the date of this report.

Our estimate of the return to the creditors of the Companies is discussed separately at Section 8 of this report. In reviewing this information, creditors should review the detailed statement, our estimate of costs and the anticipated return compared to a liquidation scenario.

At the date of this report, there is no alternate binding DOCA proposal, with either the support of the Secured Lender through the period required for its pursuit or with the requisite consideration to repay the Secured Lender in full upon commencement of its pursuit, that the Administrators consider to be currently capable of completion. Accordingly, the only other realistic option for the Companies, if the present DOCA proposals are not executed with the DOCA Proponents, would be for the Companies to be placed into liquidation.

In forming their own views as to whether or not the West Coast DOCA Proposal is in their interests, creditors should consider the following items when comparing the West Coast DOCA proposal to liquidation:

- the overall cents in the dollar return for unsecured creditors, which is estimated to be more certain, and higher in the DOCA scenario, than the return anticipated in liquidation;
- the West Coast DOCA Proposal contemplates the retention of employees and provides certainty, and a more timely return, for those employees who do not wish to remain with the Companies.
- the West Coast DOCA Proposal provides for the continuation of the Companies, which provides trade suppliers with the opportunity for future trade with the Companies;
- the communicated intention of the DOCA Proponents, which has been supported by their actions in the administration to date, to take steps to recommence operations at the Warrawoona Gold Project soon after execution of the DOCAs;
- the capacity of the DOCA Proponents, which the Administrators understand to be well resourced, to follow through with the above intention and continue the commercialisation of the Calidus Group's other projects;
- the benefits of the continued exploitation of the Calidus Group mining assets for the State of Western Australia and other parties subject to royalty or production arrangements, as well as taxation revenue this will generate for the Commonwealth of Australia;

- subordinate secured creditors can continue to deal with their security and are not bound by the terms of a deed unless they become a party to it or agree to be bound by it;
- the risks to completion of the DOCAs, particularly given the financial commitments of the DOCA Proponents to date, appear to be very low;
- our investigations to date have failed to identify any recovery actions or additional assets that will become available to a liquidator (if so appointed). The liquidation will however likely crystallise further liabilities, which may be significant (i.e. environmental rehabilitation liabilities) which would increase the creditor pool for each company;
- the Administrators are of the view that pursuit of an alternate DOCA proposal would only be a viable option in circumstances where an alternate DOCA proposal has been sufficiently advanced, de-risked with either the support of the Secured Lender or with sufficient consideration to repay the Secured Lender in full, whilst also providing the requisite funding to maintain the assets of the Calidus Group through the pursuit and completion of that alternate DOCA proposal. As this is not currently the case, the Administrators consider the West Coast DOCA Proposal is presently the only viable proposal at the date of this report; and
- if the West Coast DOCA Proposal is withdrawn, and an alternative DOCA proposal is not concluded with one of the other interested parties identified in the Joint Sale Process on terms that provide an improved return to creditors, it is likely the return to ordinary unsecured creditors will be nil. In these circumstances, the return to priority employee creditors may remain 100 cents in the dollar, but will be ultimately be conditional upon the value achieved from the sale of circulating assets by the Receivers (after associated realisation costs), who are in control of these employing entities and have a duty to consider these potential claims pursuant to section 433 of the Act.

7.5. Expected timeline of events

If the proposed DOCAs are approved by creditors at the forthcoming second creditors' meeting, the following key events can be expected to occur:

- the long-form DOCAs will be executed by the parties in accordance with the deed. At law, there is a maximum time period of 15 business days after the creditors' meeting for the DOCAs to be executed. If the DOCAs were not executed within this time (unless extended by court order), the Companies would be placed into liquidation;
- the expectation is that the DOCAs will be executed within 1-2 business days, following the creditors meetings, should creditors resolve to approve the DOCAs. The West Coast DOCA Proposal requires execution of the DOCAs by no later than 30 September 2024, or some other date as agreed by the DOCA Proponents and the Administrators;
- the DOCA contributions in respect to the Companies are to be paid by the DOCA Proponents as soon as practicable following execution of the DOCAs; and
- once the DOCAs are effectuated, a dividend process (conducted in a manner consistent with the provisions of the Act) would be undertaken by the Creditors Trustees (as explained below). This would involve creditors submitting a proof of debt form to the Deed Administrators to substantiate their claim and the Deed Administrators adjudicating on these claims. Given the section 444GA court application must have been satisfied (or waived) by no later than 30 November 2024 (unless otherwise agreed between the parties), the payment of the dividend to creditors will therefore occur as soon as practicable after this date.

7.6. Purpose of a creditors' trust

7.6.1. General information on the purpose of a creditors' trust

- A creditors' trust is a mechanism for the distribution of a fund to creditors of a company or group of companies. A trust is formed for the benefit of the relevant creditors (the creditors therefore are the beneficiaries of the trust), and the trust funds are paid to the trust for distribution to creditors in accordance with a trust deed.
- The West Coast DOCA Proposals require the use of a creditors' trust. The reason for a creditors' trust structure is to accelerate the Companies' exit from external administration, by releasing unsecured creditor claims (participating creditors' claims will be transferred to being a claim that will be paid out from the trust), to facilitate avenues to maximise the Companies' value and resume mining operations.
- A creditors' trust is an arrangement pursuant to the Trusts Act rather than the Act. Accordingly, creditors interests will be as a beneficiary of the trust, as opposed to a creditor of a company.

7.6.2. Summary of creditors' trust

Typically, when the DOCA is executed, and a creditors' trust is created:

- creditors become beneficiaries of the trust;
- the company or a nominated third party, transfers assets to the trust. In return creditors' claims against the company are extinguished;
- the company ceases to be externally administered and the directors regain full control of the company;
- The Deed Administrators (now Trustees of the trust) then become solely responsible to the former creditors (now beneficiaries) for:
 - ensuring trust funds are transferred to the trust;
 - adjudicating claims of former creditors; and
 - distributing monies to those former creditors as beneficiaries of the trust (subject to their claim being adjudicated and approved).
- the Trustees distribute the assets of the trust to the beneficiaries in satisfaction of their claim against the company.

7.6.3. ASIC guidelines for creditors' trusts

- ASIC have published Regulatory Guide 82 in respect of creditors' trusts, entitled 'External Administrations: Deeds of company arrangement involving a creditors' trust' ("**the Guide**").
- A copy of the Guide can be downloaded from the ASIC website at www.asic.gov.au or is available from our office upon request.

7.6.4. Termination and variation of the creditors' trust deed

- The creditors' trust deed for the company will usually provide for the termination of the trust under certain conditions, such as complete distribution of the trust funds or the expiry of a perpetuity period.
- The trustees may vary the creditors' trust deed by resolution passed at a meeting of creditors.

7.7. Share Transfer

The West Coast DOCA Proposal involves the transfer of 100% of all the shares of Calidus to one of the DOCA Proponents, West Coast Gold Pty Ltd. To enable the transfer of the shares, the Deed Administrators are required to make an application to the Court with a view to obtaining orders from the court pursuant to section 444GA of the Act.

The process to obtain the 444GA Orders includes the following steps:

- preparation of:
 - a court application and supporting affidavit seeking the 444GA Orders;
 - an explanatory statement; and
 - an independent expert's report.
- the explanatory statement and independent expert's report provided to, and approved by, ASIC;
- the explanatory statement and independent expert's report distributed to shareholders;
- a Court hearing of the application;
- a decision by the Court to grant leave to transfer the shares or otherwise; and
- ASIC relief to be granted.

The Court will grant leave to transfer the shares where it will not "unfairly prejudice" the interests of shareholders. Shareholders, stakeholders and interested parties will have the opportunity to be heard at the Court hearing.

If the West Coast DOCA Proposal is approved at the second meeting of creditors, we anticipate the process to obtain the 444GA Orders will take approximately two months to complete. The timeframe will depend upon Court availability, expert availability, and whether there is any intervention from shareholders or other stakeholders who oppose the 444GA orders. The West Coast DOCA Proposal requires completion of this condition precedent by 30 November 2024, however this deadline can be extended upon request of the DOCA Proponents to the Deed Administrators.

Should the Court refuse leave, then the shares held by Calidus in Keras Pilbara and Calidus Blue will be transferred to the DOCA Proponents (or its nominee), rather than the shares in Calidus itself.

7.8. Disclosures: effect on employees

7.8.1. Effect on employees – DOCA

Employees should note that the FEG Scheme is not available to employees in the event that the Companies execute a DOCA.

Our comments on the impact of the West Coast DOCA Proposal on employees are provided in the commentary above and at section 8 of this report.

7.8.2. Effect on employees – liquidation

Position as priority creditors

Employees would be afforded a priority in the winding up of a Companies compared to ordinary unsecured creditors. The order of priority for typical employee claims is as follows:

- Amounts due in respect of wages, superannuation and superannuation guarantee charge outstanding as at the date of the appointment of Administrators, followed by
- Amounts due in respect of leave of absence and other amounts due under the terms of an industrial instrument, followed by
- Retrenchment payments.

Return to employees if the Companies is wound up

Section 8 and **Appendix 10** includes details about the estimated return to creditors if the Companies is wound up and a liquidator appointed.

Government assistance available if the Companies is wound up

If there are insufficient funds available to employees from the Companies' property, eligible employees may be entitled to lodge a claim for their unpaid entitlements under the Federal Government's FEG Scheme.

Details about FEG can be read at: <https://www.employment.gov.au/fair-entitlements-guarantee-feg>.

8. Estimated return to creditors

8.1. Administrators' estimated statement of position

Please refer to **Appendix 10** for an estimated statement of position for each entity together with our commentary on factors impacting the estimated returns to creditors.

8.2. Summary of estimated returns

Below is a summary of the estimated returns to priority creditors and unsecured creditors in both a DOCA and liquidation scenario across each entity. Estimated returns are presented on a cents in the dollar basis.

Please refer to **Appendix 10** for information regarding which class you fit into.

We note that all unsecured creditors will rank equally in a liquidation scenario.

Calidus Estimated returns				
	DOCA Low Return	DOCA High Return	Liquidation Low Return	Liquidation High return
Priority creditors:				
Class A & B (employees)	100 c/\$	100 c/\$	Unknown	Unknown
Unsecured creditors:				
Class C (creditors owed <\$3k)	99.8 c/\$	100 c/\$	Nil	Nil
Class D (key suppliers)	50.0 c/\$	50.0 c/\$	Nil	Nil
Class E (other creditors)	6.1 c/\$	17.0 c/\$	Nil	Nil
Class F (intercompany creditors)	0.3 c/\$	1.0 c/\$	Nil	Nil

Keras Pilbara Estimated returns				
	DOCA Low Return	DOCA High Return	Liquidation Low Return	Liquidation High return
Priority creditors:				
Class A & B (employees)	100 c/\$	100 c/\$	Unknown	Unknown
Unsecured creditors:				
Class C (creditors owed <\$5k)	100 c/\$	100 c/\$	Nil	Nil
Class D (key suppliers)	3.8 c/\$	7.0 c/\$	Nil	Nil
Class E (other creditors)	0.5 c/\$	0.5 c/\$	Nil	Nil
Class F (intercompany creditors)	0.03 c/\$	0.03 c/\$	Nil	Nil

Calidus Blue Spec | Estimated returns

	DOCA Low Return	DOCA High Return	Liquidation Low Return	Liquidation High return
Priority creditors:				
Class A (employees, if any)	100 c/\$	100 c/\$	Unknown	Unknown
Unsecured creditors:				
Class B (key suppliers)	No claims to date	100 c/\$	Nil	Nil
Class C (intercompany creditors)	0.2 c/\$	2.5 c/\$	Nil	Nil
Class D (other creditors)	No claims to date	25.0 c/\$	Nil	Nil

Millennium | Estimated returns

	DOCA Low Return	DOCA High Return	Liquidation Low Return	Liquidation High return
Priority creditors:				
Class A (employees, if any)	100 c/\$	100 c/\$	Unknown	Unknown
Unsecured creditors:				
Class B (key suppliers)	No claims to date	100 c/\$	Nil	Nil
Class C (intercompany creditors)	1.3 c/\$	2.5 c/\$	Nil	Nil
Class D (other creditors)	0.3 c/\$	25.0 c/\$	Nil	Nil

Keras Gold | Estimated returns

	DOCA Low Return	DOCA High Return	Liquidation Low Return	Liquidation High return
Priority creditors:				
Class A (employees, if any)	100 c/\$	100 c/\$	Unknown	Unknown
Unsecured creditors:				
Class B (intercompany creditors)	2.5 c/\$	2.5 c/\$	Nil	Nil
Class C (other creditors)	25.0 c/\$	25.0 c/\$	Nil	Nil

Calidus Otways | Estimated returns

	DOCA Low Return	DOCA High Return	Liquidation Low Return	Liquidation High return
Priority creditors:				
Class A (employees, if any)	100 c/\$	100 c/\$	Unknown	Unknown
Unsecured creditors:				
Class B (intercompany creditors)	6.9 c/\$	6.9 c/\$	Nil	Nil
Class C (other creditors)	No claims to date	25.0 c/\$	Nil	Nil

8.3. Administrators receipts and payments

A summary of receipts and payments since the date of our appointment to 15 September 2024 is attached to the remuneration reports at **Appendix 7**, Schedule E.

8.4. Impact of related entity claims on dividend prospects

As discussed throughout this report and summarise at section 5.3.3, funding was exchanged throughout the Calidus Group by way of intercompany loans.

Related parties are entitled to submit claims for these intercompany loans outstanding within the relevant administration. The DOCA proposal classifies intercompany creditors into their own class and defines creditor return caps as summarised in section 8.2 above.

No return is expected to any intercompany creditor in a liquidation scenario.

8.5. Estimated timing of payments to creditors

The timing of the payment of dividends to creditors, if any, will be dependent upon several factors including:

- the number of proof of debt claims required to be adjudicated.
- the timing of the sale of any assets required to be realised to fund a distribution to creditors.
- In the case of a DOCA being approved by creditors for Calidus, the time taken to submit and resolve an application to the Court for the sale of Calidus shares, pursuant to 444GA of the Act.

We estimate that a return to priority and all classes of unsecured creditors will be complete in 3 to 6 months from the completion of the DOCA.

As outlined above, any return to creditors in a liquidation is presently uncertain and, in any event, would first require the liquidation of all assets of the company.

9. Administrators' opinion and recommendation

9.1. Opinion and recommendation to creditors

9.1.1. What creditors can decide at the meeting

At the second meeting of creditors, creditors are required to decide whether:

- The Companies should execute a DOCA
- The administration of the Companies should end, or
- The Companies should be wound up.

In accordance with the requirements of Section 75-225 of the Insolvency Practice Rules (Corporations) 2016, the Administrators must provide an opinion on each of the above options, and whether the option is in the creditors' interests.

9.1.2. Administrators' opinions on the options available to creditors

Execution of a deed of Companies arrangement

We consider that it would be in the creditors' interests for the Companies to execute the DOCAs on the terms proposed and detailed in this report – as on balance, there appears to be more certainty under the West Coast DOCA Proposal compared to a liquidation scenario, or compared to any alternative DOCA proposals received to date in the Joint Sale Process, and as a consequence, it is likely that creditors will receive a greater return under the West Coast DOCA proposal than they would if the Companies were immediately wound up.

The Administration comes to an end

If the creditors vote for this alternative, control of the Companies would revert to the Directors following the forthcoming meeting of creditors.

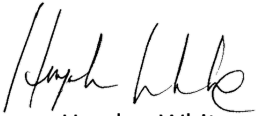
The Companies are insolvent with no cash to pay the Companies' debts and no confirmed prospects of external funding. Therefore, we do not consider that it would be in the creditors' interests for the administration to end.

Administrators' opinion and recommendation

The Companies is wound up

We do not consider it would be in the creditors' interests for the Companies to be wound up as the proposed DOCA will likely provide a higher cents in the dollar return for creditors than they may receive in a winding up.

Dated 18 September 2024

A handwritten signature in black ink, appearing to read 'Hayden White', written in a cursive style.

Hayden White

Joint and Several Administrator

10. Appendix 1 – Glossary and terms of reference

Item	Definition
\$	Australian Dollar, unless otherwise stated
%	percent
Act	Corporations Act 2001 (Cth)
Administrators	Hayden Leigh White and Daniel Hillston Woodhouse in their capacities as joint and several administrators of the Companies
AISC	All-in Sustaining Cost, meaning the cost of sustaining current mining operations
All-PAAP	All present and after acquired property
ASIC	Australian Securities and Investments Commission
Atlas Iron	Atlas Iron Pty Ltd, used interchangeably with its parent, Hanroy Iron Ore Projects Pty Ltd
ATO	Australian Taxation Office (incorporating the Deputy Commissioner of Taxation, as applicable)
Au	Gold
Calidus	Calidus Resources Limited ACN 006 640 553 (ASX: CAI) (Administrators Appointed) (Receivers and Managers Appointed) (“Calidus”) (formerly known as Pharmanet Group Ltd)
Calidus Blue Spec	Calidus Blue Spec Pty Ltd ACN 643 467 501 (Administrators Appointed) (Receivers and Managers Appointed)
Calidus Otways	Calidus Otways Pty Ltd ACN 640 807 183 (Administrators Appointed)
COI	Committee of Inspection
Companies / Calidus Group	Together: <ul style="list-style-type: none"> ■ Calidus ■ Keras Pilbara ■ Calidus Blue Spec ■ Millennium ■ Calidus Otways ■ Keras Gold
CY	Calendar year
DEMIRS	Department of Energy, Mines, Industry Regulation and Safety (Western Australia)
DFS	Definitive Feasibility Study
DIRRI	Declaration of independence, relevant relationships and indemnities

Directors	Directors of the Companies, individually or collectively, as detailed at 11.1.3.														
DOCA	Deed of Company arrangement														
DOCA Proponents	Parties who has proposed the West Coast DOCA Proposal, as follows: <table border="1" data-bbox="422 369 965 705"> <thead> <tr> <th>Company</th> <th>DOCA Proponent</th> </tr> </thead> <tbody> <tr> <td>Calidus</td> <td>West Coast Gold Pty Ltd</td> </tr> <tr> <td>Keras Pilbara</td> <td>West Coast Gold Pty Ltd</td> </tr> <tr> <td>Calidus Blue Spec</td> <td>West Coast Gold Pty Ltd</td> </tr> <tr> <td>Millennium</td> <td>West Coast Metals Pty Ltd</td> </tr> <tr> <td>Keras Gold</td> <td>West Coast Metals Pty Ltd</td> </tr> <tr> <td>Calidus Otways</td> <td>West Coast Lithium Pty Ltd</td> </tr> </tbody> </table>	Company	DOCA Proponent	Calidus	West Coast Gold Pty Ltd	Keras Pilbara	West Coast Gold Pty Ltd	Calidus Blue Spec	West Coast Gold Pty Ltd	Millennium	West Coast Metals Pty Ltd	Keras Gold	West Coast Metals Pty Ltd	Calidus Otways	West Coast Lithium Pty Ltd
Company	DOCA Proponent														
Calidus	West Coast Gold Pty Ltd														
Keras Pilbara	West Coast Gold Pty Ltd														
Calidus Blue Spec	West Coast Gold Pty Ltd														
Millennium	West Coast Metals Pty Ltd														
Keras Gold	West Coast Metals Pty Ltd														
Calidus Otways	West Coast Lithium Pty Ltd														
EBIT / EBITDA	Earnings before interest and tax / Earnings before interest, tax, depreciation and amortisation														
EOI	Expression of Interest														
ERV	Estimated realisable value														
Federal Court	Federal Court of Australia														
FY	Financial years ended/ending 30 June														
Funding Agreement	Funding agreement dated 30 August 2024 entered into by the Administrators with West Coast Lending														
GST	Goods and Services Tax, as applicable in Australia														
Haoma	Haoma Mining NL														
Hedging Facility	Gold hedging facility between Keras Pilbara and Macquarie, dated 1 April 2021 (and as varied)														
Joint Sale Process	Sale and marketing campaign being run by the Receivers, in collaboration with the Administrators, which was commenced on 5 August 2024 and seeks to solicit proposals for the sale and / or recapitalisation of the Calidus Group as a whole, or select assets or entities within the Calidus Group														
Keras Gold	Keras (Gold) Australia Pty Ltd ACN 152 080 110 (Administrators Appointed) (“Keras Gold”)														
Keras Pilbara	Keras (Pilbara) Gold Pty Ltd ACN 169 795 037 (Administrators Appointed) (Receivers and Managers Appointed)														
m	Million														
Macmahon	Macmahon Contractors Pty Ltd, a major contractor to Keras Pilbara														
Macquarie	Macquarie Bank Limited, the senior secured lender at the time of the Administrators’ appointment														
Management	The senior officers, employees and advisors of the Companies														
Millennium	Millennium Minerals Pty Ltd ACN 003 257 556 (Administrators Appointed)														
Mining Services Agreement	Open Pit Mining Services Agreement between Keras Pilbara and Macmahon dated 13 September 2021 for the Warrawoona Gold Project, included development of the new open cut mine and all open cut mining activities until December 2026.														

NBIO	Non-binding indicative offers
NDA	Non-disclosure Agreement
Notice to Show Cause	Notice issued by Macmahon on Keras Pilbara and Calidus on 11 June 2024 under the Mining Services Agreement, whereby Macmahon asserted its right to terminate the agreement and initiate recovery action against Keras Pilbara for unpaid debts due under the agreement if not remedied within 14 days of the notice.
Novo	Novo Resources Corp.
NPAT	Net profit after tax
Nullagine Gold Project	The key asset of Millennium and subject to the Administrators' control
PFS	Pre-Feasibility Study
Pharmanet	Pharmanet Group Ltd, the former name of Calidus
PPE	Property, plant and equipment
PPSR	Personal Property Securities Register
Receivers	Richard Tucker and John Bumbak of KordaMentha, in their capacity as Receivers and Managers of Calidus, Keras Pilbara and Calidus Blue Spec
ROCAP	Report on Companies Activities and Property
ROM	Run-of-Mine, the raw unprocessed or uncrushed material in its natural state obtained after blasting or digging
Safe Harbour	Statutory relief regime set out in section 588GA of the Act which provides directors of companies in financial stress with relief from insolvent trading.
Senior Lender	Macquarie until 1 August 2024, and then subsequently West Coast Lending from that date following Macquarie's sale and assignment of the Syndicated Facility Agreement to West Coast Lending on that same date. It is noted that the facility agent, Global Loan Agency Services Australia Pty Ltd, has remained unchanged.
SPP	Share Purchase Plan
Syndicated Facility Agreement	\$110m Syndicated Facility Agreement entered into between Keras Pilbara and Macquarie, dated 1 April 2021 (and as varied)
Warden's Court	Court constituted under the Mining Act 1978 (WA)
Warrawoona Gold Project	The flagship asset of the Calidus Group, held by Keras Pilbara and subject to the Receivers' control
West Coast DOCA Proposal	The DOCA proposal submitted by the DOCA Proponents, related parties to West Coast Lending.
West Coast Lending	West Coast Lending Pty Ltd, the entity that purchased the debt owed by Keras Pilbara, Calidus and Calidus Blue Spec
WH&S	Workplace Health and Safety assessments
YTD	Year to date

10.1. Terms of reference

This report has been prepared for the creditors of the Companies to assist them in evaluating their position as creditors and in deciding on the Companies' future. None of the Administrators, FTI Consulting and its staff shall assume any responsibility to any third party to which this report is disclosed or otherwise made available.

This report is based on information obtained from the Companies' records, the Directors and management of the Companies and from our own enquiries. While we have no reason to doubt the veracity of information contained in this report, unless otherwise stated we have proceeded on the basis that the information provided, and representations made to us are materially accurate, complete and reliable. We have not carried out anything in the nature of an audit, review or compilation.

This report may contain prospective financial information, including estimated outcomes for creditors, and other forward-looking information. As events and circumstances frequently do not occur as expected, there may be material differences between estimated and actual results. We take no responsibility for the achievement of any projected outcomes or events.

We reserve the right to alter any conclusions reached on the basis of any changed or additional information which may become available to us between the date of this report and the forthcoming meeting of creditors.

Creditors should seek their own advice if they are unsure how any matter in this report affects them.

11. Appendix 2 – Companies information

11.1. Statutory Information

11.1.1. Date of incorporation

The Companies were incorporated on various dates between 29 September 1986 and 8 September 2020, as follows:

Company	Date of incorporation
Calidus	29 September 1986
Keras Pilbara	28 May 2014
Calidus Blue Spec	8 September 2020
Millennium	8 April 1987
Keras Gold	19 July 2011
Calidus Otways	8 May 2020

11.1.2. Registered address and principal place of business.

ASIC's records disclose that the registered office and principal place of business of Suite 12, 11 Ventnor Ave, West Perth WA 6005.

Mining operations are carried out the Warrawoona Gold Project and the Nullagine Gold Project, in the East Pilbara region of Western Australia.

11.1.3. Directors and officers at appointment.

The Directors and officers of the Companies at appointment are shown in the below table.

Director / Officer	Calidus	Keras Pilbara	Calidus Blue Spec	Millennium	Keras Gold	Calidus Otways
David Reeves	13/06/2017	03/10/2016	08/09/2020	21/12/2023	16/11/2015	08/05/2020
Mark Connelly	20/02/2018					
Kate George	01/02/2022					
John Ciganek	04/01/2021					
Richard McLeod		17/11/2023		21/12/2023	17/11/2023	
Richard Hill			08/09/2020			08/05/2020

Julia Beckett (Secretary)	24/09/2018	07/08/2018	08/09/2020	21/12/2023	07/08/2018	08/05/2020
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11.1.4. Shareholders

At commencement of the administration, the share register showed that Calidus had 814,593,092 ordinary shares on issue. The following table sets out the top 20 shareholders of Calidus.

Rank	Shareholder	Shares held	% held
1	HSBC Custody Nominees (Australia) Ltd	59,746,628	7.33
2	Alkane Resources Ltd	54,685,118	6.71
3	BNP Paribas Nominees	51,663,383	6.34
4	Macmahon Contractors Pty Ltd	49,880,350	6.12
5	Macquarie Bank Limited <METALS MINING AND AG A/C>	34,643,052	4.25
6	HSBC Custody Nominees (Australia) Ltd	30,148,170	3.70
7	CitiCorp Nominees Pty Ltd	27,492,819	3.38
8	Mrs Eleanor Jean Reeves <ELANWI A/C>	20,842,230	2.56
9	BNP Paribas Nominees Pty Ltd <IB AU NOMS RETAILCLIENT>	18,771,884	2.30
10	BNP Paribas Noms Pty Ltd <GLOBAL MARKETS>	17,935,574	2.20
11	Hawksburn Capital Pte Ltd <METHUSELAH STRATEGIC FND A/C>	9,555,602	1.17
12	Haoma Mining NL	9,517,887	1.17
13	Mr Stacey Radford	8,000,000	0.98
14	UBS Nominees Pty Ltd	5,813,739	0.71
15	NG Investment Group Pty Ltd <NG FAMILY A/C>	5,023,690	0.62
16	Zero Nominees Pty Ltd	5,000,000	0.61
17	J P Morgan Nominees Australia	4,954,217	0.61
18	BNP Paribas Nominees Pty Ltd	4,944,968	0.61
19	Mr Paul Scott Wallbridge	4,406,506	0.54
20	Ita Vero Pty Ltd	3,920,515	0.48

11.2. Details of security interests and charge

Below are details the security interests registered on the PPSR, plus any other prima facie valid charges that the Administrators are aware of. A detailed schedule of all registrations is provided separately on Calidus Group creditor portal at: <https://www.fticonsulting.com/creditors/calidus-resources-group>.

Calidus

Date Registered	Secured Party	Collateral Class
6 Aug 2018	Australian and New Zealand Banking Group Limited	Account
8 Dec 2020	Macquarie Bank Limited	All PAAP, with except
31 Jan 2024	Macquarie Bank Limited	All PAAP, with except

Keras Pilbara

Date Registered	Secured Party	Collateral Class
28 May 2021	Macquarie Bank Limited	Account
8 Dec 2020	Macquarie Bank Limited	All PAAP, with except
28 May 2021	Macquarie Bank Limited	General Intangible
5 Jun 2024	SIS Technologies Pty Ltd	All PAAP
Various	Multiple (11 Registrations)	Motor Vehicle
Various	Multiple (54 Registrations)	Other Goods

Calidus Blue Spec

Date Registered	Secured Party	Collateral Class
31 Jan 2024	Macquarie Bank Limited	All PAAP, with except

Millennium

Date Registered	Secured Party	Collateral Class
Various	Multiple (8 Registrations)	Motor Vehicle
Various	Multiple (39 Registrations)	Other Goods

Keras Gold

Date Registered	Secured Party	Collateral Class
Nil	Nil	Nil

Calidus Otways

Date Registered	Secured Party	Collateral Class
16 Jun 2022	Strike Drilling Pty Ltd	Motor Vehicle
16 June 20022	Strike Drilling Pty Ltd	Other Goods

11.3. Historical financial information

The following historical financial information is presented on a consolidated and standalone basis for the financial year FY22 to FY2024. The following information was relied upon for the review:

- audited annual financial statements for FY22 & FY23; and
- unaudited management accounts as at FY24.

The Group's consolidated profit and loss statement for FY2021 to FY2024 is shown as follows:

13.1.2. Consolidated Profit and Loss Summary

\$000'	Note	FY22	FY23	FY24
		Audited	Audited	Unaudited
Revenue	1	-	139,927	152,561
Interest Revenue		16	315	510
Other Income		-	105	46
Total Revenue		16	140,347	153,117
Cost Of Sales		-	(119,159)	(129,756)
Gross Profit (Loss)		16	21,188	23,361
Expenditure				
Administration Expenses	2	(3,340)	(4,207)	(6,045)
Environmental Rehabilitation Expense		(80)	96	170
Depreciation Expenses		(731)	(14,432)	(34,911)
Finance Costs	3	(1,239)	(5,743)	(9,705)
Exploration Expenditure Written Off		(772)	(64)	-
Unrealised Gain/Loss - Shares		(194)	(34)	(25)
Share-Based Payments		(2,380)	(2,813)	(1,388)
Profit/(Loss) Before Income Tax Expense		(8,721)	(6,009)	(28,542)

The below notes are to be read in conjunction with the above profit and loss summary.

1. Revenue

In FY23 and FY24, revenue was generated from gold and silver sales by Keras Pilbara when mineral production commenced. Prior to FY22, the Calidus Group's main activities were mining exploration and development.

2. Administration Expenses

Consist of expenses incurred in the day -to-day operations of the companies, including employee entitlements consulting, maintenance costs.

3. Finance Cost

Predominately consist of interest expense, amortisation and borrowing costs incurred by Keras Pilbara in relation to the Syndicated Facility Agreement and associated Hedging Facility.

13.1.3. Consolidated Balance Sheet Summary

Our analysis regarding the balance sheet and trading performance are provided in **Appendix 4** of this report.

\$000'	Note	FY22 Audited	FY23 Audited	FY24 Unaudited
Current Assets				
Cash And Cash Equivalents	1	18,136	21,622	19,245
Trade And Other Receivables	2	1,272	1,097	1,669
Other Current Assets	3	1,363	1,317	708
Financial Assets		163	-	1,363
Inventories	4	-	21,571	45,246
Total Current Assets		20,934	45,606	66,868
Non-Current Assets				
Property, Plant, And Equipment	5	1,946	105,149	104,905
Right Of Use Assets		938	284	136
Exploration And Evaluation Assets	6	25,904	28,311	73,540
Mine Development Assets	6	187,539	90,238	87,727
Other Non-Current Assets	7	1,559	2,224	4,367
Total Non-Current Assets		217,887	226,206	270,674
Total Assets		238,820	271,812	337,542
Current Liabilities				
Trade And Other Payables	8	(20,703)	(23,848)	(49,653)
Lease Liabilities - Current		(680)	(311)	(94)
Short-Term Provisions	9	(1,219)	(1,374)	(1,453)
Interest Bearing Liabilities	10	(36,000)	(28,000)	(18,000)
Unearned Revenue	11	-	-	(1,400)
Total Current Liabilities		(58,603)	(53,532)	(70,600)
Non-Current Liabilities				
Lease Liabilities - Non-Current		(311)	-	(47)
Long-Term Provisions	9	(7,091)	(13,535)	(64,509)
Interest Bearing Liabilities	10	(71,000)	(53,000)	(43,000)
Unearned Revenue	11	-	-	(12,600)
Total Current Liabilities		(58,603)	(66,535)	(120,156)
Total Liabilities		(137,005)	(120,068)	(190,755)
Net Assets		101,815	151,744	146,787
Equity				
Issued Capital	12	120,573	173,698	195,894
Employee Shares		153	153	-
Reserves	12	5,190	8,003	9,544
Accumulated Losses	12	(24,101)	(30,110)	(58,652)
Total Equity		101,815	151,744	146,787
Adjusted Working Capital <i>(Excluding Intercompany loans)</i>	13	(37,669)	(7,926)	(3,732)

With respect to the above consolidated balance sheet we make the following comments:

13.1.4 Notes to Consolidated Financial Statements

1. Cash and cash equivalents

The Companies' cash comprises of cash at bank, including restricted cash held by Keras Pilbara and required to meet the Syndicated Facility Agreement covenants with Macquarie.

At the time of the Administrators' appointment, the Companies held bank accounts and debt facilities with Macquarie and ANZ. Details and balances of these accounts, which have been recovered by the Administrators are summarised in **Appendix 2**, section 12.1.1 of this report.

We note, for the three entities subject to the Receivers appointment, recovery of funds held in these accounts was managed by the Receivers.

2. *Trade and other receivables*

Trade and other receivables are primarily comprised of trade debtors and GST receivables.

Significant receivables were recorded in Keras Pilbara and relates to GST credits. Following our appointment, Keras Pilbara lodged its monthly June 2024 Business Activity Statement and received refund credits in the amount of ~\$1.65m. This refund was made available to the Receivers to fund continued operations of the Calidus Group.

In relation to the trade receivables recorded in Millennium, we have taken steps during the administration to recover these receivables and the main recovery related to reimbursements provided by Atlas Iron for costs paid by Millennium, for the benefit of Atlas Iron, in respect to the Golden Eagle mine camp. Refer to receipts and payments at **Appendix 7**, Schedule E, for further details.

3. *Other Current Assets*

Other current assets are comprised of prepayments and goods in transit in both Keras Pilbara and Calidus. As the balance sheet is presented on a consolidated basis, it does not reflect intercompany loans, as these are eliminated in accordance to IFSR 9. The Calidus Group's intercompany position is detailed in section 5.3.3.

4. *Inventories*

The table below summarises inventory balances as at end of each financial year, in the last three years. A substantial balance of inventories was recording in Keras Pilbara accounts, with only ~\$129k allocated to Millennium. As previously noted, Gordon Brothers were commissioned to perform a valuation of assets including inventory, details of which are withheld to not prejudice the outcome of the Joint Sale Process.

5. *Property plant and equipment*

Property, plant and equipment is stated at cost, less accumulated depreciation and any impairment losses. The book value as at 30 June 2024 is summarised below:

Following appointment, the Receivers and Administrators commissioned a third-party valuation of the Calidus Group plant and equipment by Gordon Brothers. The values have been withheld to not prejudice the outcome of the realisation of same should the Company proceed into liquidation.

We note the majority of the plant and equipment is owned by Keras Pilbara, with only approximately \$1m and \$10m owned by Calidus Blue Spec and Millennium, respectively. Balances for each entity as at 30 June 2024, are set below in a Standalone Balance sheet that follows this section.

6. *Exploration, Evaluation and Mine Development Assets*

Exploration, evaluation and mine development are capitalised costs in relation to the Warrawoona Gold Project with majority of the activities occurring in FY2022. Further works performed for continues assessment of the future development and value of the asset.

7. *Other Non-current Assets*

Other non-current assets include non-current deposits and investments in Calidus' 40% owned associate, Pirra Lithium.

8. *Trade and Other Payables*

Trade payables primarily consists of Keras Pilbara liabilities, including employee related provisions, accrued interest payable and accrued insurance premiums. Details in relation to trade payables is explained in investigations section **Appendix 4**.

9. *Provisions*

The Calidus Group assesses site rehabilitation liabilities on an annual basis. The provision recognised is based on an assessment of the estimated cost of closure and reclamation of the areas discounted to present value.

10. *Interest-bearing liabilities*

Interest bearing liabilities relate to the secured facilities held with Macquarie, utilised for the development of the Warrawoona Gold Project.

11. *Unearned Revenue*

Relates to Calidus' acquisition of Millenium from Novo in 2023.

12. *Issued Capital*

The following is the equity movement for FY24:

Description	Issued Capital	Reserve	Accumulated Losses	Total
Balance at 1 July 2023	173,697,934	8,155,830	(30,109,621)	151,744,142
Loss for the year attributable to the owners of the parent			(28,588,001)	(28,588,001)
Other comprehensive income for the year attributable to the owners of the parent	-		46,045	46,045
Total comprehensive income for the year attributable to the owners of the parent	-	-	(28,541,956)	(28,541,956)
Shares issued during the year	23,099,999		-	23,099,999
Share-based payments		1,388,132	-	1,388,132
Transaction costs	(903,531)		-	(903,531)
Balance at 30 June 2024	195,894,402	9,543,962	(58,651,577)	146,786,787

The issued capital movement of \$23m was raised by Calidus within the financial year. The issued capital includes shares issued to Macmahon under the debt to equity conversion agreement in August 2023.

13. *Working Capital*

The Calidus Group had a working capital shortfall, suggesting it had difficulties meeting short term obligations. However, until the date of our appointment, the Calidus Group was able to manage its temporary 'lack of liquidity' by:

- negotiating improved payment terms with key contractors, including Macmahon who agreed to extend its payment terms from 30-days, to 60-days, and eventually 90-days;
- negotiating covenant limits and reduced repayments under the agreements with Macquarie throughout its operations, which extended dates of the repayments; and
- refinancing the facilities with Macquarie in March 2024.

13.1.2. Standalone Balance Sheet for FY-24

FY2024	Calidus	Keras Pilbara	Keras Gold	Calidus Otways	Calidus Blue Spec	Millennium
Current Assets						
Cash & Cash Equivalents	1,019,089	18,165,467	18,235	17,385	12,071	12,969
Trade And Other Receivables	90,482	1,487,469	-	1	1,374	89,321
Inventories	-	45,116,771	-	-	-	129,035
Other Current Assets	169,965,162	4,669,824	1,769,623	-	-	-
Total Current Assets	171,074,732	69,439,530	1,787,858	17,386	13,445	231,325
Non-Current Assets						
Property, Plant, And Equipment	17,108	94,339,678	-	-	994,747	10,000,000
Exploration & Evaluation Assets	-	5,585,279	8,615,017	48,175	23,913,700	35,377,711
Mine Development Assets	-	87,280,564	-	-	-	-
Right Of Use Assets	-	-	-	-	-	135,651
Financial Assets	4,366,601	-	-	-	-	-
Total Non-Current Assets	4,383,709	187,205,520	8,615,017	48,175	24,908,447	45,513,362
Total Assets	175,458,441	256,645,050	10,402,875	65,561	24,921,892	45,744,687
Current Liabilities						
Trade And Other Payables	(571,462)	(48,427,742)	-	-	(7,364)	(646,759)
Short-term provisions	(201,272)	(1,251,675)	-	-	-	-
Lease Liabilities - Current	-	-	-	-	-	(93,517)
Unearned Revenue - Current	-	-	-	-	-	(1,400,000)
Total Current Liabilities	(772,734)	(49,679,417)	-	-	(7,364)	(2,140,276)
Non-Current Liabilities						
Borrowings	-	(61,000,000)	-	-	-	-
Lease Liabilities - Non-Current	-	-	-	-	-	(46,759)
Intercompany Loans	-	(125,422,194)	(179,382)	(728,524)	(24,454,637)	11,589,504
Long-Term Provisions	(43,772)	(11,442,568)	(10,308,713)	-	(388,890)	(42,324,953)
Unearned Revenue - Non-Current	-	-	-	-	-	(12,600,000)
Total Non-Current Liabilities	(43,772)	(197,864,762)	(10,488,095)	(728,524)	(24,843,527)	(43,382,208)
Total Liabilities	(816,506)	(247,544,179)	(10,488,095)	(728,524)	(24,850,891)	(45,522,483)
Net Assets	174,641,936	9,100,871	(85,220)	(662,963)	71,001	222,204
Equity						
Issued Capital	(193,043,440)	(1,746,126)	(2,850,962)	-	-	(646,101)
Options Reserve	(9,543,962)	-	-	-	-	-
Accumulated Profits / (Losses)	27,945,466	26,754,070	2,936,182	662,963	(71,001)	423,897
Total Equity	(174,641,936)	25,007,944	85,220	662,963	(71,001)	(222,204)
Adjusted Working Capital <i>(Excluding Intercompany loans)</i>	170,301,999	(105,662,081)	1,608,476	(711,138)	(24,448,556)	9,680,554

With respect to the above balance sheet positions we make the following comments:

- The majority of financial activity sits in Calidus and Keras Pilbara. Other entities held assets that were in care and maintenance and not being exploited for commercial benefit / generating revenues.

- The long-term provisions are rehabilitation liabilities, estimated in accordance with the accounting and exploration reporting requirements. The provision for Millennium is significantly high as a result of underground open pit operations at Nullagine and Beatons Creek, which had previous operations prior to their acquisitions. The closure cost provision was calculated using the available information and factoring in the current disturbance. This provision is unaudited. Management has advised that it anticipates these liabilities will be revised to approximately \$78.7m across the Calidus Group (Keras Pilbara \$28.2m, Calidus Blue Spec \$0.5m, Millennium \$40.2m and Keras Gold \$9.8m).
- The companies had selective months of constrained working capital suggesting difficulties with temporary liquidity shortage. Further analysis is discussed in **Appendix 4**.

12. Appendix 3 - Summary of ROCAP Part A

12.1. ROCAP Part A

A summary of the Companies' ROCAP Part A as at 28 June 2024, which we understand to be based on the Calidus Group's incomplete and unreconciled consolidated management accounts at that date (which have subsequently been completed and reconciled to 30 June 2024), is provided below:

Description \$'000s	Notes	Calidus	Calidus Blue Spec	Calidus Otways	Keras Gold	Keras Pilbara	Millennium
Assets							
Cash at Bank	1	1,084	10	17	18	13,078	-
Inventory, Ore Stockpiles and Gold in Circuit	2	-	-	-	-	38,531	129
Receivables	3	593	3	-	-	1,603	-
Plant & Equipment	4	18	995	-	-	95,624	10,000
Tenement and Mineral Reserves/Resources	5	-	23,561	48	8,511	90,977	34,585
Related Party Loans Receivable	6	183,216	-	-	1,798	3,841	15,518
Investments	7	6,759	-	-	-	-	-
Other Assets		-	-	-	-	986	-
Total Assets		191,670	24,570	66	10,327	244,639	60,233
Liabilities							
Unsecured Creditors	8	376	14	-	-	28,957	-
Employee Entitlements	9	164	-	-	-	1,135	-
Related Party Loans Payables	6	15,518	24,321	729	159	160,031	3,616
Other Payables	10	348	-	-	-	9,995	206
Secured Creditor	11	-	-	-	-	61,311	-
Total Liabilities		16,406	24,334	729	159	261,428	3,822
Net Assets / (Liabilities)		175,264	235	(663)	10,168	(16,789)	56,411

The below notes are to be read in conjunction with the above table.

12.1.1. Notes

1. *Cash at Bank*

The Directors' ROCAPs disclosed a balance of approximately AUD\$14.2m held in cash and equivalents as follows:

Bank account	Appointee	Directors' ROCAP \$'000s	Amount Received by Appointee \$'000s
Keras Pilbara	Receivers	13,078	unknown
Calidus Resources	Receivers	1,084	unknown
Calidus Blue Spec	Receivers	10	unknown
Millennium	Administrators	0	13
Calidus Otways	Administrators	17	17
Keras Gold	Administrators	18	18
Total		14,207	48

Upon our appointment, correspondence was issued to all major banking institutions notifying them of our appointment and instructing them to freeze all accounts held in the name of the Companies. No other bank accounts were identified. The bank accounts for the three entities (Keras (Pilbara), Calidus Resources and Millennium) are managed under the control of the Receivers and the balances of these accounts are unknown.

2. *Inventory, Ore Stockpiles and Gold in Circuit*

The Directors' ROCAPs disclose the estimated value held by Keras Pilbara and Millennium in respect to inventory, ore stockpiles and gold in circuit primarily located at the Warrawoona Gold Project and the Nullagine Gold Project summarised as follows:

Description	Keras Pilbara Directors' ROCAP \$'000s	Millennium Directors' ROCAP \$'000s
Inventory – Warehouse	5,768	129
Ore Stockpiles	26,086	-
Gold In Circuit	6,677	-
Total	38,531	129

3. *Receivables*

Receivables comprise amounts due to the Companies at the commencement of the administration including amounts owed from Atlas Iron for Golden Eagle mine camp reimbursement costs. We have taken steps to recover the receivables of the entities that are not under the Receivers' control.

4. *Plant and equipment*

The Directors' ROCAPs disclose plant and equipment located at head office, and predominately the Companies' mine sites. As noted in the preceding section, following appointment, Gordon Brothers were commissioned to perform a valuation of the plant and equipment, details of which are withheld so as not to prejudice the outcome of any future sale of same.

5. *Tenement and Mineral Reserves/Resources*

The Directors' ROCAP disclose tenement and Mineral Reserves / Resources by entity as follows:

Description	Calidus Blue Spec	Calidus Otways	Keras Gold	Keras Pilbara	Millennium
Tenement and Mineral Reserves/Resources	23,561	48	8,511	90,977	34,585

Our investigations have determined that the Calidus Group held the following number of tenements at the time of the Administrators' appointment:

Name of Holder	Beneficial owner	Number of Tenements
Calidus Blue Spec	Calidus Blue Spec	5
Calidus Otways	Calidus Otways	2
Keras Pilbara	Keras Pilbara	62
Millennium	Millennium	74
Beatons Creek Gold Pty Ltd	Keras Gold	22
Epmindex WA Pty Ltd	Keras Pilbara	1
Nullagine Gold Pty Ltd	Keras Gold	7
Pirra Lithium	Pirra Lithium	4
Pollard, Benjamin Craig	Millennium	2
Rocklea Gold Pty Ltd	Keras Gold	1
Taylor, David John	Keras Pilbara	2
Total Tenements Held		182

6. Related party loans/claims

Intercompany loan balances as at the date of the appointment are discussed in detail at section 5.3.3 of this report.

7. Investment

The Directors' ROCAPs disclose that Calidus holds investments in the following:

Description	Directors' ROCAP \$'000s
Subsidiaries	2,392
Pirra Lithium	4,367
Total	6,759

8. Unsecured creditors

Unsecured creditor claims have not been adjudicated and are subject to change.

9. Employee Entitlements

At the date of our appointment, Keras Pilbara employed 105 staff and Calidus employed 12 staff. As a result of the transition of the Warrawoona Gold Project by the Receivers on 10 July 2024, the following employees were terminated:

Entity	Resigned employees	Terminated employees
Calidus Resources	1	2
Keras (Pilbara)	8	38

The entitlements of these terminated and resigned employees, along with all pre-appointment wages are paid up to date. The following table summarises our estimate of pre-appointment entitlements for those retained employees at the date of this report:

Entitlements	Keras (Pilbara) (\$)	Calidus Resources (\$)
Wages and Superannuation	89,337	81,949
Annual Leave	875,640	190,148
PILN/Redundancy	1,411,139	873,622
Total	2,376,115	1,145,732

10. Secured creditors

Upon appointment, we conducted a search of the PPSR and issued correspondence to all parties on the register. A summary of the PPSR security interests can be found in **Appendix 2**.

At the time of our appointment, Keras (Pilbara) books and records disclose outstanding debt owing to Macquarie in the amount of \$61m. Following our appointment Macquarie lodged a proof of debt claim in the amount of \$149m, consisting of the drawdown amount, crystallised claim under the hedging facility and accrued interest.

13. Appendix 4 – Investigations – analysis and information

13.1. General information and considerations

13.1.1. Date of insolvency

In order to ascertain if there were any insolvent transactions entered into by a company, it is first necessary to determine the date a company became insolvent.

Proving the date on which a company became insolvent is an essential element of recovery actions with respect to unfair preferences, uncommercial transactions and insolvent trading.

Recovery actions require the liquidator to prove that the particular company was insolvent at the time of the transaction, or in the case of an insolvent trading action, when the debt was incurred.

13.1.2. What is insolvency?

Solvency is defined in s 95A of the Act as when a company is able to pay all its debts as and when they become due and payable. A company that is not solvent is insolvent.

Whether a company is able to meet its debts as they become due is essentially a “cash flow” test rather than a “balance sheet” test (although the company’s balance sheet position is still relevant).

Consideration of the entire financial position of a company is required to establish if it is insolvent at a particular date. This includes factors such as the value of the company’s assets relative to its liabilities and the nature of these assets and liabilities. Also, the extent to which cash is expected to be generated from future trading activities, or available from alternative sources is relevant to considering a company’s solvency position.

13.1.3. General and commercial considerations

Proving insolvency is often a complex exercise and usually involves considerable time and expense in thoroughly investigating all aspects of claims. Legal advice on the merits of claims is generally required.

Typically, insolvent trading claims are defended and Directors may seek to rely on the statutory defences available to them.

Legal proceedings are often necessary for liquidators to pursue claims. This adds to the time and costs involved in pursuing claims. There is also inherent uncertainty involved with any litigation. As a result, commercial considerations are relevant, including whether the amount of the claim is large enough to pursue on a cost and risk/benefit basis.

The capacity of a party to pay any successful claim to a liquidator is also a relevant consideration in determining whether or not pursuing an action is likely to be in the interest of creditors.

Liquidators may not have funds to pursue actions. At other times, the liquidator may view the risks/benefits of pursuing an action not to be in the interest of creditors (for example, in cases where pursuing an action would use up the available cash/assets when otherwise a small dividend to creditors could be paid). In these

circumstances, it is possible that a creditor or a litigation funder may wish to fund an action to pursue a claim. This typically occurs only when there is a very strong case and high prospect of success.

13.1.4. Safe harbour defences

As discussed in section 6.5.2 Directors may have protection from personal liability from insolvent trading if they are eligible for Safe Harbour protection. The eligibility requirements for the Safe Harbour protection are provided under section 588GA of the Act, outlined further in **Appendix 4**, are summarised below:

Safe Harbour eligibility criteria	Section reference
Are the Directors properly informing themselves of the Companies' financial position?	588GA(2)(a)
Are the Directors taking appropriate steps to prevent any misconduct by officers or employees of the Companies which could adversely affect the Companies' ability to pay all its debt?	588GA(2)(b)
Are the Directors taking appropriate steps to ensure the Companies are keeping appropriate financial records consistent with the size and nature of the Companies?	588GA(2)(c)
Are the Directors obtaining advice from an appropriately qualified entity who was given sufficient information to give appropriate advice?	588GA(2)(d)
Are the Directors developing or implementing a plan for restructuring the Companies to improve the financial position?	588GA(2)(e)
Have the Companies met, and continue to meet, employee entitlement obligations? This includes wages, leave entitlements and superannuation.	588GA(2)(a)(i)
Have the Companies complied, and continues to comply, with their tax reporting obligations?	588GA(4)(a)(ii)
This includes returns, notices, statements, applications or other documents as required by taxation laws (within the meaning of the <i>Income Tax Assessment Act 1997</i> (Cth))	

13.2. Indicators of potential insolvency

13.2.1. Factors to take into account

In assessing the Companies' insolvency, collectively and in isolation, we have considered both the balance sheet and cash flow tests of insolvency.

The cash flow test involves assessing a company's ability to meet its obligations as and when they fall due. Critically, this test includes the assessment of a company's cash sources and access to cash funding from sources other than cash on hand.

In comparison, the balance sheet test focuses on the value of assets and liabilities reflected in a company's books at a particular point in time. Such a test can fail to consider the timing of debts falling due and payable and the time taken to realise asset holdings.

Given:

- the majority of entities in the Calidus Group acted as asset holding companies for the Group's mining tenements; and
- Millennium was maintaining the Nullagine Gold Project on care and maintenance,

the majority of the Calidus Group was unable to generate cash from operations. Accordingly, our analysis has focused on Calidus' access to external funding sources to meet the operational costs of the Calidus Group.

In the case of Keras Pilbara, analysis of this entity's ability to operate profitably is set out in this **Appendix 4**.

13.3. Summary of investigations

We set out below a summary of the findings from our preliminary investigations. Where relevant we have set out analysis of the matters considered further in this section.

Keras Pilbara

- As set out in sections 4.7 and 13.3.2 of this report, Keras Pilbara entered into a debt facility with Macquarie on 1 April 2021, to fund the development of the Warrawoona Gold Project. This facility was drawn down in full by April 2022.
- As a condition of the debt facility, Keras Pilbara entered into forward sales contracts with Macquarie totalling c. 125k ounces between September 2022 to September 2025.
- Production volumes achieved through 2022 and 2023 meant the majority of gold was sold to Macquarie under these forward contracts, at a discount to the spot price. As a result, Keras Pilbara was not realising cash benefits from the rising gold prices.
- Ongoing support from Keras Pilbara's two major creditors, Macquarie and Macmahon, was essential to the ongoing solvency of the company. This support included:

Macquarie

- The execution of 14 facility amendments between June 2021 and March 2024, which included adjustments to unlock working capital for the business revisions, such as the rescheduling the debt repayment schedule and favourable adjustments to minimum cash covenants.
- Revisions to the agreed forward sales contract schedule, which allowed Keras Pilbara to sell greater volumes at the buoyant spot price.

- The provision of waivers in instances where Keras Pilbara breached debt service coverage ratio covenants.

Macmahon

- Mining services contractor, Macmahon, historically accounted for c. 70% to 80% of the company's trade creditor balance.
- Keras Pilbara entered into several payment arrangements with Macmahon over 2023 and 2024 to extend the company's payment terms. These arrangements ensured Keras Pilbara maintained this primary creditor within trade terms, despite amounts owing to Macmahon at times reaching, and exceeding, c. \$20m.
- Support from key creditors appears to have been received until June 2024, during which the following events occurred:
 - On 11 June 2024, Macmahon issued a Notice to Show Cause relating to outstanding amounts totalling \$19.6m. At this time, c. \$5m was outside the 90-day terms agreed in March 2024. Subsequent to this letter, Macmahon expressed a willingness to extend its terms to 120-days however, this arrangement was unable to be finalised before the appointment of the Administrators.
 - On 27 June 2024, Macquarie advised Keras Pilbara that the failure to pay Macmahon was an event of default under its Syndicated Facility Agreement and advised that it was reserving its rights under the agreement. As a result of this letter, further withdrawals from facility accounts, required the written approval of Macquarie.
 - On 28 June 2024, the issue remained unresolved and Keras Pilbara had insufficient available cash reserves to meet \$4.5m of month end trade creditors or the amount sought by Macmahon.
- Following the rejection of the above withdrawal request, the Board resolved to appoint Administrators to Keras Pilbara and the balance of the Calidus Group that same date.
- Our preliminary investigations suggest that Keras Pilbara became insolvent on or around the time Macquarie issue a notice of default under its facility on 28 June 2024. At this time:
 - Keras Pilbara did not appear to have access to the necessary cash to meet its due and payable trade creditors, including Macmahon.
 - Whilst Macmahon had indicated a willingness to provide continued support by way of extended payment terms, this was dependent upon the repayment of c. \$5m by 30 June 2024 to bring the account within 120-day terms.
 - Keras Pilbara did not have the financial capacity to cure the event of default under the Macquarie facility. This failure would subsequently give rise to an obligation to repay the facility in full.
 - Facility guarantors, Calidus and Calidus Blue Spec, held insufficient financial capacity to discharge their guarantee.
 - It is unclear whether Keras Pilbara, or the Calidus Group, had sufficient unencumbered, surplus assets that could be monetised in a relatively short period of time, to provide sufficient funds to meet the debts owed.

Calidus

- Calidus has a history of trading losses.
- Entities in the Calidus Group were dependent upon funding from public equity raises via Calidus, including during the early development of the Warrawoona Gold Project.

- Equity raises were immediately distributed amongst the Calidus Group upon receipt, highlighting the Calidus Group’s reliance on such raises for ongoing liquidity to meet trading costs, which with the exception of Keras Pilbara, primarily relate to holding costs associated with various tenement holdings within the Calidus Group.
- Calidus has historically maintained creditors within terms and a current ratio above 1, indicating its current asset holdings exceed current liabilities. We note this current ratio analysis has excluded the various loans receivable from related parties as these loans would unlikely be called upon in circumstances which would threaten the solvency of these related parties.
- Calidus was a guarantor of Keras Pilbara’s syndicated debt facility with Macquarie.
- Our preliminary investigations suggest that Calidus was solvent until such time that Keras Pilbara defaulted under the Macquarie facility on 28 June 2024. At this time:
 - Keras Pilbara appears to have had insufficient liquidity to pay amounts owing under the Macquarie facility;
 - Calidus did not have the financial capacity to meet its guarantee of Keras Pilbara’s obligations; and
 - We consider it unlikely that Calidus could raise sufficient capital, via either equity or debt markets, in the required timeframe and for the sole purpose of repaying Macquarie’s debt.

Calidus Blue Spec

- Calidus Blue Spec acts as a holding company for mining tenements and has not traded at a profit.
- Ongoing administration and holding costs have historically been funded by intercompany loans from Calidus (\$23.0m at appointment) and Keras Pilbara (\$1.5m). Accordingly, Calidus Blue Spec’s solvency is linked to its ability to source funding from these entities.
- Calidus Blue Spec was a guarantor of Keras Pilbara’s Macquarie facilities.
- Our preliminary investigations suggest that Calidus Blue Spec was solvent until such time that Keras Pilbara was issued with notice of default under its Macquarie facility and the entire balance of the facility became due and payable on 28 June 2024. At this time:
 - Keras Pilbara appears to have had insufficient liquidity to pay amounts owing under the Macquarie facilities;
 - Calidus Blue Spec did not have the financial capacity to meet its guarantee of Keras Pilbara’s obligations; and
 - Calidus Blue Spec could not reasonably raise the required capital to meet the amounts outstanding.

Calidus Otways

- Calidus Otways acts as a holding company for pending mining tenements, following the relinquishment of its only granted mining tenement in early 2024, and has not traded at a profit.
- Ongoing administration and holding costs have historically been funded by intercompany loans from Calidus (\$146k at appointment) and Keras Pilbara (\$583k at appointment). Accordingly, Calidus Otways’ solvency is linked to its ability to source funding from these entities.
- Our preliminary investigations suggest Calidus Otways was insolvent on or around 28 June 2024 being the date the Keras Pilbara’s Macquarie facilities became due and payable. At this time, funding from within the Calidus Group was no longer available to meet ongoing trading costs and repay the entity’s intercompany loans.

Keras Gold

- Keras Gold acts as a holding company for mining tenements, many of which await transfer of title from the previous owners, and has not traded at a profit.
- Ongoing administration and holding costs have historically been funded by intercompany loans from Calidus (\$156k at appointment) and Keras Pilbara (\$24k at appointment). Accordingly, Keras Gold's solvency is linked to its ability to source funding from these entities.
- Our preliminary investigations suggest Keras Gold was insolvent on or around 28 June 2024 being the date the Keras Pilbara's Macquarie facilities became due and payable. At this time, funding from within the Calidus Group was no longer available to meet ongoing trading costs and repay the entity's intercompany loans.

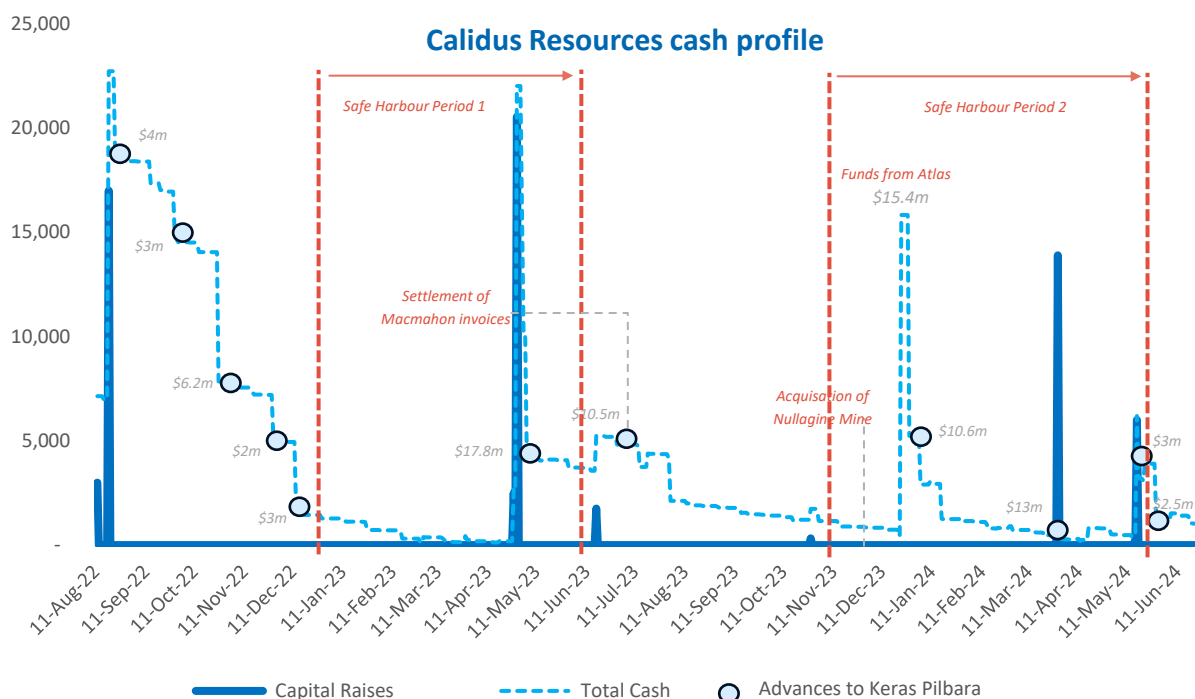
Millennium

- Millennium acted as the holding company for a large portion of the Nullagine Gold Project.
- With the Nullagine Gold Project on care and maintenance, the company was not generating cash from its operations.
- A one-off, upfront payment of \$14m (excluding GST) from Atlas Iron in December 2023 for the 10-year lease of the Golden Eagle mine camp was ultimately loaned to Calidus.
- Accordingly, Millennium was dependent on intercompany funding from Calidus and Keras Pilbara to maintain the Nullagine Gold Project.
- Our preliminary investigations suggest Millennium was insolvent on or around 28 June 2024, being the date the Keras Pilbara's Macquarie facilities became due and payable. At this time, funding from within the Calidus Group was no longer available to meet ongoing trading costs and Millennium was unable to recover its intercompany loan from Calidus for immediate cash flow.

13.4. Access to funding

13.4.1. Capital raisings

As illustrated below, capital raised by Calidus over the past two years has been routinely distributed amongst the corporate group to fund operations.



With respect to the above graph we make the following comments:

Capital Raisings

- In the lead up to the Administrators' appointment, Calidus had a ~25% placement capacity and was in discussion with brokers in relation to an equity raise in the amount of \$20m, however progress for this raise was halted as a result of the default claim by Macquarie.
- The distribution of capital raises to Keras Pilbara and other subsidiaries in the Calidus Group have occurred immediately following a capital raise, highlighting the dependency of the group on this equity funding to maintain operations.
- In March 2024, sought to raise at least \$15m of equity. Subject to completion of the raising of at least \$15m of equity, Macquarie agreed to restructure its facilities for:
 - equity participation of up to \$2.5m;
 - reduce debt amortisation by ~\$11m; and
 - restructured hedge profile to enable a reduced hedge volume by ~21koz, in the value of ~\$20m

Advances to Keras Pilbara

- The graph above details capital raisings, cash balance movement and funds advanced to Keras Pilbara for amounts greater than \$2m.
- Our review of funds advanced to Keras Pilbara by Calidus indicates a total funds advanced as at 30 June 2024 of approximately \$159m (refer to section 5.3.3).

- Keras Pilbara predominately relied on capital injections from Calidus to support its trading operations and finance further exploration expenditures. These capital raises were the main sources of funding, crucial for sustaining its ongoing operations.
- On 30 June 2023, Calidus issued equity to Macmahon in satisfaction of two outstanding invoices in the amount of \$10.5m. This transactions was recorded as a loan to Keras Pilbara in Calidus' books and records.

Acquisition of Nullagine Gold Project

- On 20 December 2023, Calidus acquired the Nullagine Gold Project from Novo. The timing of the acquisition was intended to deliver substantial benefits to Calidus in terms of:
 - maximising options for producing gold in the East Pilbara and operating cost saving for Blue Spec;
 - delivering expected high-grade oxide resources to Warrawoona processing plant with a longer-term option of centring a new production hub at the Golden Eagle processing plant at Nullagine, to treat sulphide ores from both the combined ground holdings; and
 - providing an immediate cash injection through licensing the Golden Eagle mine camp and associated infrastructure to Atlas Iron for 10 years for an upfront payment of \$14m.
- As noted in the graph above, on 22 December 2023, Calidus received \$15.4m (i.e. \$14.0m) from Millennium, following receipt of funds from Atlas Iron in relation to licencing of the Golden Eagle mine camp.

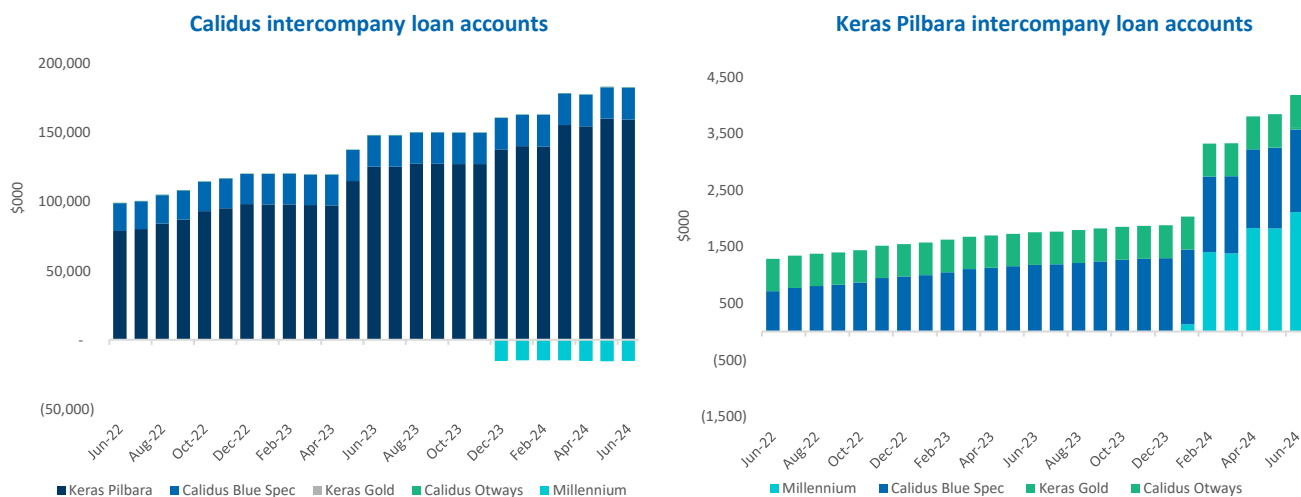
Safe Harbour

- In November 2023, the Calidus board, on behalf of the Calidus Group, engaged with parties to assist it with navigating its financial circumstances at that time. The Directors subsequently resolved to enter into a Safe Harbour restructuring plan for the period 22 December 2022 to 14 May 2024, as indicated in the graph above. Further details in relation to the Safe Harbour is outlined in section 6.5.2 of this report

13.4.2. Intercompany loans

Our review of the Companies’ books and records indicates that the Calidus Group was reliant upon funding from Calidus and Keras Pilbara to sustain operational cash outflows, to meet administrative and regulatory compliance costs associated with the Group’s tenement assets, and more recently, the care and maintenance of the Nullagine Gold Project.

Set out below is a summary of the intercompany loans payable to Calidus and Keras Pilbara as a result of this funding over the period July 2021 to June 2024. A summary of all intercompany loan positions as at the appointment of Administrators is provided at section 5.3.3.



With respect to the above graph we make the following comments:

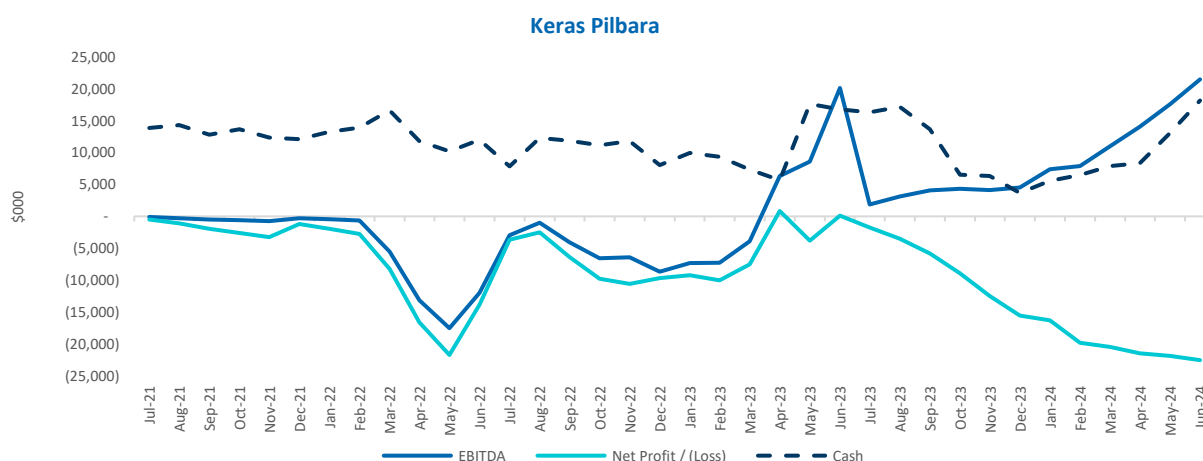
- We note it is not uncommon for subsidiaries in a corporate group to rely on its parent company for funding by way of intercompany loans. We understand that these loans were not subject to a formal loan agreement and are not subject to a deed of cross guarantee.
- Given the indebted entities (excluding Keras Pilbara) were not generating revenues, there appears to be insufficient financial capacity to repay these loans without the liquidation of each entity’s tenement holdings. Accordingly, Calidus and Keras Pilbara are unable to rely upon these loan assets for the purposes of meeting immediately due and payable debts.
- As previously discussed, Calidus and Keras Pilbara were in turn reliant on equity raises and refinancing of the Macquarie facility to maintain its funding.

13.5. Indicators of insolvency: Keras Pilbara

13.5.1. Trading performance

With the Nullagine Gold Project on care and maintenance, trading operations of the Calidus Group were primarily focused on the Warrawoona Gold Project (i.e. Keras Pilbara) and the activities of other Calidus subsidiaries which sit outside the Calidus Group entities subject to administration.

We set out below a summary of Keras Pilbara's trading performance over the period 1 July 2021 to 30 June 2024:

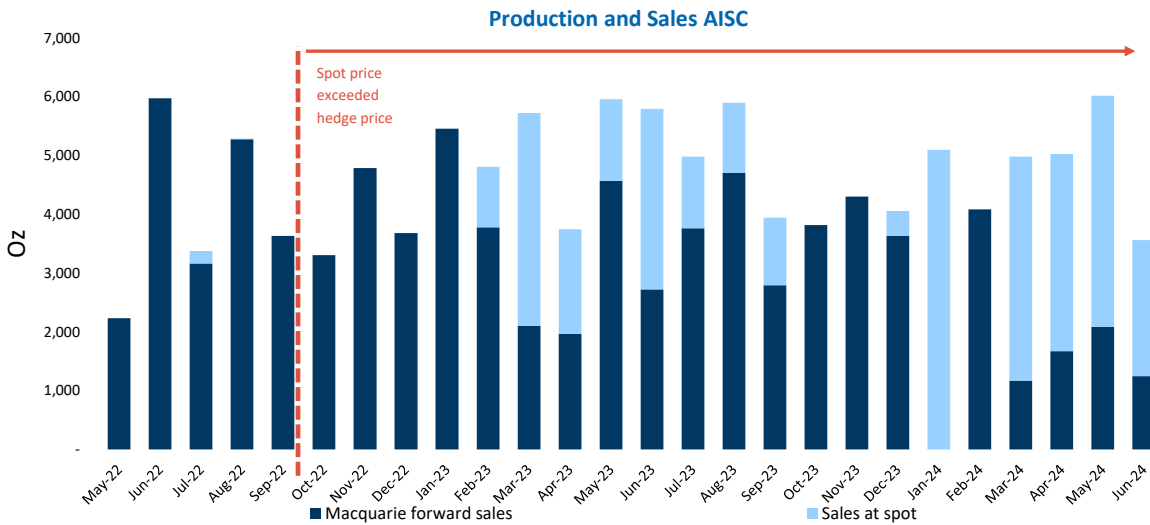


With respect to the above charts we make the following comments:

- All Companies traded consistently at a loss over the period reviewed.
- Keras Pilbara was the only entity in the Calidus Group to generate operating revenues (from on or around May 2022), and positive EBITDA (from on or about April 2023 onwards) following the Warrawoona Gold Project achieving commercial production in January 2023. Notwithstanding, Keras Pilbara continued to operate at a net loss after finance costs and are considered.
- Collectively, the Companies reported financial losses over the past three years, primarily due to their failure to achieve gold grades that align with the projections outlined in their geological and resource models. This shortfall has adversely affected their profitability.
- The Companies' trading performance reflects significant challenges in generating sufficient revenue to cover the high costs associated with exploration and operations.
- Notwithstanding lack of generating surplus cash, the companies had access to funding to sustain ongoing operations from capital raises and debt facility (as noted in section 4.7.2) of the report.

Production and sales

We set below a snapshot of the gold production and average sales for the period May 2022 to June 2024.

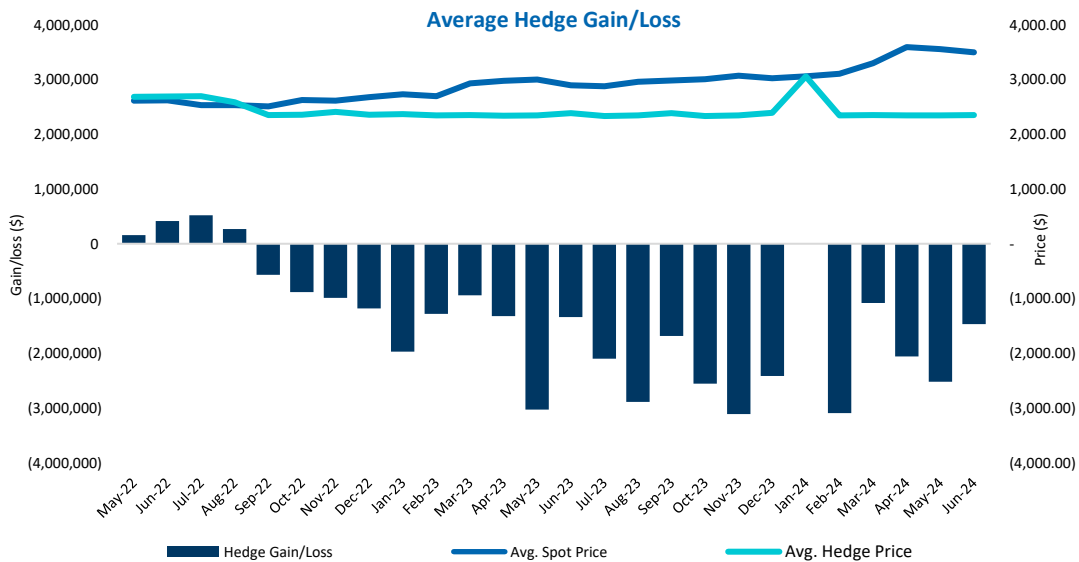


We make the following comments in relation to the production and sales:

- As part of the Macquarie facility, Keras Pilbara had an agreement to a forward contract to hedge a fixed number of ounces of gold at an agreed price, as further explained in section 13.5.4 below.
- Since September 2023, the spot price exceeded the hedge price resulting in a negative hedging position for the companies.
- Depicted in the above graph, the majority of sales were made to Macquarie in-line with the hedging agreement, effectively creating a negative hedging for the companies. However, in 2024, the companies negotiated an abatement quantity delivery with Macquarie to offset the negative hedging by increasing spot sales to allow it to capitalise on the high spot price.

Hedging Gain and Loss

We set below a snapshot of the hedge gain and loss in-line with the average spot price and average hedge price, for the period May 2022 to June 2024.



We make the following comments in relation to the production and sales:

- As noted above, Macquarie agreed to an abatement in quantity delivery, allowing a positive hedge from spot sales in January 2024, and in subsequent months, to allow Keras Pilbara to take advantage of the spiking gold price.
- Ultimately, this enabled Keras Pilbara to generate spot sales at a high market price, resulting in positive return to service the debt facility and retaining the cash balance in-line with the debt covenants. This shows the ongoing support provided by Macquarie to the Calidus Group.

13.5.2. Creditor arrangements: Macmahon

Books and records indicate that Keras Pilbara has engaged with Macmahon since March 2021 and entered into a mining services contract with the company in September 2021.

Keras Pilbara has negotiated several creditor arrangements with Macmahon across 2023 and 2024, including:

April 2023: Initial extension of payment terms

- By March 2023, Keras Pilbara had outstanding invoices payable of \$13.8m. In April 2023, the company negotiated a binding term sheet which included:
 - The issue of Calidus shares totalling \$10.5m as payment against Keras Pilbara’s account; and
 - An extension of payment terms from 30 days to 60 days end of month through to 31 December 2023.
- The completion of the share placement at the end of June 2023, closed out amounts owing to Macmahon.

December 2023: Revised payment arrangement

- From July 2023 to December 2023, Keras Pilbara maintained its account within its 60-day terms.
- With its account balance building to \$12.4m by the end of November 2023, Keras Pilbara engaged in further discussions with Macmahon regarding an extension of terms.
- By 18 December 2023, the parties agreed to temporary account limits. Though Keras Pilbara briefly exceeded its February account limit (\$21m) by \$0.8m, this was rectified in March 2024.

March 2024: Extension of payment terms

- Macmahon agreed to a further extension of payment terms to 90 days in March 2024.
- These terms were subject to interest accruing on outstanding amounts and the return to 30-day terms upon the “total refinancing of the Macquarie facility”.

June 2024: Issue of Notice to Show Cause

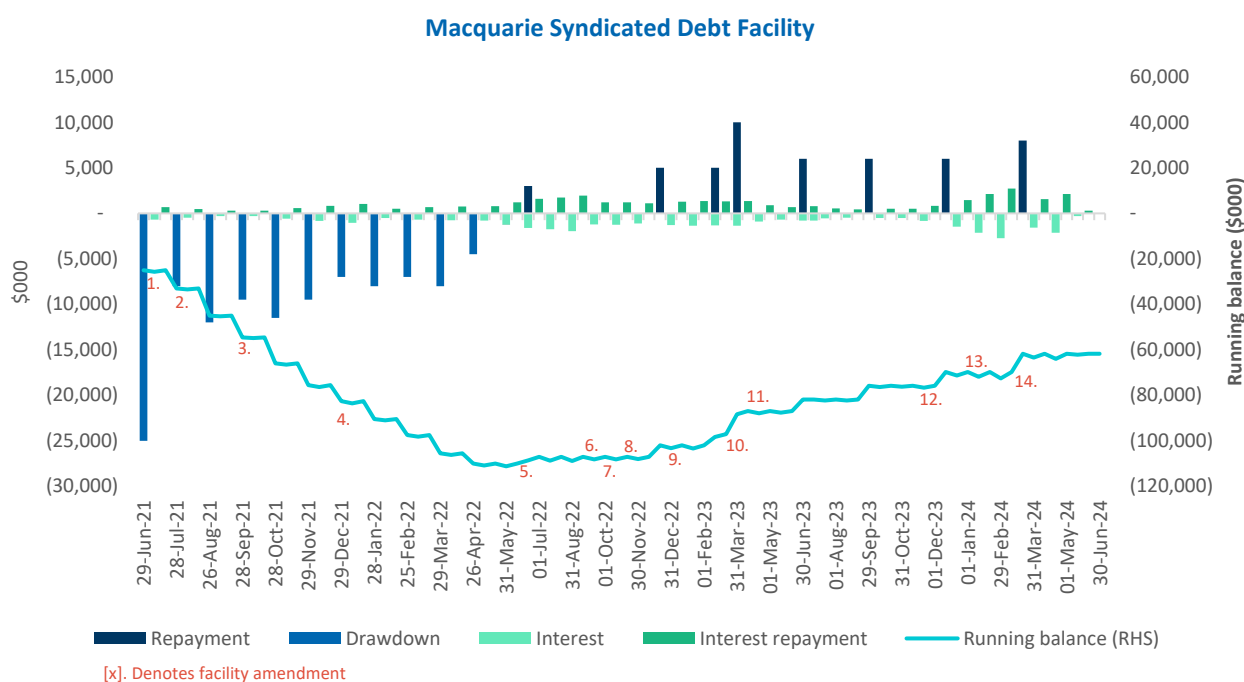
- On 11 June 2024, Macmahon issued a Notice to Show Cause, claiming Keras Pilbara had defaulted under the mining services agreement as a result of the non-payment of \$19.6m relating to invoices issued for February, March and April 2024. This Notice to Show Cause cited contractual payment terms of 30 days.
- In response, on 25 June 2024, Keras Pilbara, issued written correspondence to Macmahon reaffirming its agreed payment terms of 90 days and referring to efforts to negotiate the adoption of a “cost plus” payment model since March 2024.

- The appointment of Administrators preceded the resolution of this issue, however, we note the Keras Pilbara's outstanding February invoice was aged greater than 90 days and was cited as an event of default by Macquarie under the Syndicated Facility Agreement.
- We understand Management were planning further negotiations with Macmahon in June to extend payment terms to 120 days.

13.5.3. Creditor arrangements: Macquarie debt facility

As set out in section 4.7 of this report, Keras Pilbara entered into a syndicated debt facility with Macquarie on 1 April 2021, to fund the development of the Warrawoona Gold Project.

We set out below a summary of this facility profile.



In respect of Macquarie's debt facility we make the following observations:

General structure

- The facility was guaranteed by Calidus and Calidus Blue Spec.
- The facility included forward contracts for the sale of c. 125k ounces of gold to Macquarie at an initially agreed price of \$2,355/oz.
- Keras Pilbara and Macquarie entered into 14 facility amendment agreements between June 2021 and March 2024. These agreements included:
 - Seven adjustments to minimum cash covenants;
 - Three adjustments to minimum trade creditor covenants; and
 - Four amendments to the facility repayment schedule.

In addition, Macquarie waived two breaches of the facility's debt service coverage ratio occurring in March 2022 and September 2023.

- In March 2024, under the 14th amendment agreement, Keras Pilbara restructured its Macquarie facility. This restructure included:
 - A reduction in the company's minimum cash covenants through to October 2024;

- A \$2m reduction in March 2024's repayment instalment from \$10m to \$8m;
 - A complete deferment of 28 June 2024's \$6m instalment; and
 - A restructure of remaining payment instalments, reducing planned 2024 repayments by \$11m.
 - A 21koz reduction in 2024's hedge volume, worth \$20m based on a spot price of \$3,300/oz at that time.
- The above facility restructure, amendments and waivers, indicate Keras Pilbara and its guarantors had a constructive and supportive relationship with Macquarie.

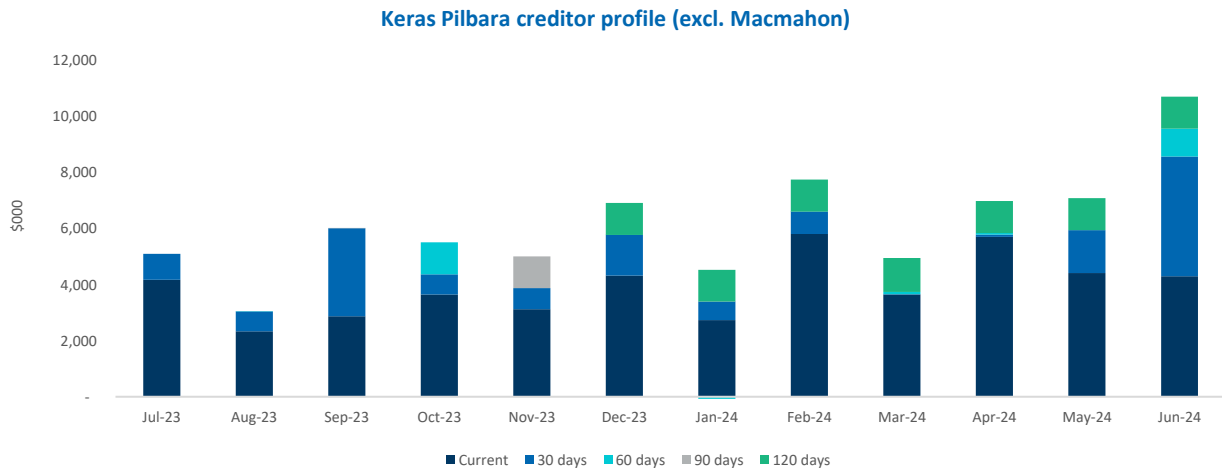
Events leading to default event

- On 27 June 2024, Macquarie issued a reservation of rights letter to Keras Pilbara noting the following:
- A Notice to Show Cause had been issued by Keras Pilbara's mining contractor, Macmahon, in respect of overdue invoices. A failure to pay Macmahon on time was taken by Macquarie to be an event of default.
 - As a consequence of the event of default, further withdrawals from facility accounts required the written consent of Macquarie.
 - As a consequence of the event of default, Macquarie had appointed KordaMentha to undertake an independent review on the financial condition of Keras Pilbara, Calidus and Calidus Blue Spec.
 - Hedging transactions covering 11,750oz of undelivered gold, were due to mature on 28 June 2024.
 - Reaffirming Keras Pilbara's obligations to maintain minimum cash of \$14m.
- On 28 June 2024, Keras Pilbara requested to withdraw \$4.5m from its facility to meet month end creditors. Keras Pilbara's books and records indicate it held cash of \$18.2m at the time of this request and accordingly, it appears that the drawdown would have resulted in a breach of its minimum cash covenants (\$14m).
- On 28 June 2024, the issue remained unresolved and as a consequence, the Calidus Group had insufficient available funding to sustain continued operations. As a consequence, the Board resolved the Calidus Group was insolvent or likely to become insolvent and appointed the Administrators to each of the Companies.

13.5.4. Creditors arrangements: Other trade creditors

Our review of the Calidus Group has found that the Companies maintained the majority of its creditors within 30 days.

As the majority of trade creditor activity is attributable to Keras Pilbara, we have presented this company's trade creditor profile for the last 12 months (excluding Macmahon) below.



With respect to the above chart we make the following comments:

- Keras Pilbara has maintained the majority of its creditors aged less than 30 days.
- We note Keras Pilbara has carried a \$1.1m debt to Atlas Iron since August 2023 relating to an unpaid contribution owed to Atlas Iron for the construction of the Marble Bar airstrip which is used to transport mine site workers to the Warrawoona Gold Project.

13.5.5. Current asset ratio

We set out below a summary of each company's current ratio in the 12 months leading to our appointment.

Current ratio analysis compares a company's current assets to its current liabilities. A current ratio of greater than 1 indicates that a company's assets, realisable in the next 12 months, exceeds liabilities expected to fall due and payable in the same time period.

Current ratio analysis												
	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24
Calidus	13.03	6.16	6.42	7.39	2.91	13.93	1.99	1.09	0.79	1.53	1.89	1.72
Keras Pilbara	1.53	1.44	1.12	1.01	0.90	0.97	1.01	0.91	1.13	1.13	1.34	1.31
Keras Gold	2.16	2.16	2.16	n/a	n/a	n/a	0.03	4.42	5.00	n/a	n/a	n/a
Calidus Blue Spec	5.99	0.53	n/a	n/a	n/a	0.52	n/a	n/a	n/a	n/a	0.99	1.83
Calidus Otways	n/a	17.45	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Millennium	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0.09	0.08	0.11

Notes:

- Current ratio analysis ignores the impact of timing within the 12-month period, rather, assumes all current assets can be realised and all current liabilities fall due in any given month.
- The above current ratio analysis excludes intercompany loans (summarised at section 5.3.3 above). Having consideration to other elements of our investigation we do not consider these intercompany loans could practically have been called upon to meet liabilities falling due and payable.
- Calidus has sustained a current ratio above 1 for the majority of FY24
- Keras Pilbara experience a temporary dip in its current ratio during November and December 2023, at which time it was negotiating extended payment arrangements with Macmahon and had engaged advisors to provide it with Safe Harbour protection.
- Current ratios are unable to be calculated for months where an entity does not carry any current liabilities.

14. Appendix 5 – Creditor Information Sheet

Insert ARITA precedent (22143)

[https://fticonsultingaus.sharepoint.com/sites/IMSAusCFRHub/Shared%20Documents/ARITA%20Precedents/22143%20\(VA\)%20-%20INFO%20-%20Offences%20recoverable%20transactions%20and%20insolvent%20trading%20v2_1.pdf?web=1](https://fticonsultingaus.sharepoint.com/sites/IMSAusCFRHub/Shared%20Documents/ARITA%20Precedents/22143%20(VA)%20-%20INFO%20-%20Offences%20recoverable%20transactions%20and%20insolvent%20trading%20v2_1.pdf?web=1)

15. Appendix 6 – DIRRI

DECLARATION OF INDEPENDENCE, RELEVANT RELATIONSHIPS AND INDEMNITIES

**CALIDUS RESOURCES LIMITED
(RECEIVERS AND MANAGERS APPOINTED) (ACN 006 640 553)
KERAS (PILBARA) GOLD PTY LTD
(RECEIVERS AND MANAGERS APPOINTED) (ACN 169 795 037)
CALIDUS BLUE SPEC PTY LTD
(RECEIVERS AND MANAGERS APPOINTED) (ACN 643 467 501)
KERAS (GOLD) AUSTRALIA PTY LTD (ACN 152 080 110)
MILLENNIUM MINERALS PTY LTD (ACN 003 257 556)
CALIDUS OTWAYS PTY LTD (ACN 640 807 183)
(ALL ADMINISTRATORS APPOINTED) (COLLECTIVELY “THE COMPANIES”)**

The purpose of this document is to assist creditors with understanding any relevant relationships that we have with parties who are closely connected to the Companies and any indemnities or upfront payments that have been provided to us. None of the relationships disclosed in this document are such that our independence is affected.

This information is provided so you have trust and confidence in our independence and, if not, you can ask for further explanation or information and can act to remove and replace us if you wish.

This declaration is made in respect of ourselves, our fellow Senior Managing Directors/Managing Directors, FTI Consulting (Australia) Pty Ltd (“FTI Consulting” or “Firm”) and associated entities, as detailed in **Annexure A**.

We are Professional Members of the Australian Restructuring Insolvency and Turnaround Association (ARITA). We acknowledge that we are bound by the ARITA Code of Professional Practice.

Independence

We have assessed our independence and we are not aware of any reasons that would prevent us from accepting this appointment.

There are no other known relevant relationships, including personal, business and professional relationships that should be disclosed beyond those we have disclosed in this document.

Circumstances of appointment

How we were referred this appointment

This appointment was referred to FTI Consulting by Hamilton Locke, who are lawyers for the Companies.

We believe that this referral does not result in us having a conflict of interest or duty because:

- Hamilton Locke refers work to FTI Consulting from time to time. Neither the Administrators nor FTI Consulting have any formal or informal referral arrangements with Hamilton Locke, and to our knowledge they do not exclusively refer such work to us or FTI Consulting.
- FTI Consulting is not reliant upon referrals from Hamilton Locke, who are one of a considerable number of firms, organisations and persons who refer work to, or seek advice from, FTI Consulting. This engagement is not financially significant to FTI Consulting and the receiving or otherwise of other referrals from Hamilton Locke is not material to FTI Consulting.
- Work referrals arising from networks of business professionals, advisors and other persons are normal and accepted arrangements, and do not inherently impact on us discharging our statutory duties and obligations with independence and impartiality.
- There is no expectation, agreement or understanding between the Voluntary Administrators and the referrer about the conduct of this administration and we are free to act independently and in accordance with the law and the requirements of the ARITA Code of Professional Practice.
- While FTI Consulting has in the past engaged Hamilton Locke to provide legal advice, this has been for separate, non-related insolvency/restructuring engagements. Hamilton Locke is one of many external firms/organisations who provide such advice and assistance to FTI Consulting from time to time, which is on a non-exclusive basis and based upon professional service and expertise.

Did we meet with the Companies, the directors or their advisers before we were appointed?

Yes No

We had the following meetings/telephone calls/video calls with the Companies, its directors and advisers in the week leading to our appointment:

- On 26 June 2024, Hayden White and Daniel Woodhouse of FTI Consulting were approached via email from Hamilton Locke to arrange an introduction with the Companies and requesting the submission of a proposal to the Companies to act as Voluntary Administrators.
- On 26 June 2024, Hayden White and Andrew Bantock met with the Companies' Chief Executive Officer, Mr David Reeves, and Chief Financial Officer, Mr Richard Hill, over teleconference for the purposes of making introductions, discussing the Voluntary Administration regime, FTI's credentials in the mining sector and to confirm the Companies' request for the submission of a proposal.
- On 28 June 2024, Andrew Bantock of FTI Consulting met with the Companies' Non-Executive Chairman, Mr Mark Connelly, to discuss the background, and to obtain further information as to the companies current financial position.

- On 28 June 2024, FTI Consulting submitted a proposal to act as Voluntary Administrators, detailing our credentials to do so.
- Following further discussions with Hamilton Locke on the afternoon of 28 June 2024, Mr White and Mr Woodhouse provided the board of Directors with a Consent to Act as Voluntary Administrators of the Companies, and were subsequently appointed Voluntary Administrators of the Companies that evening.

In our opinion, the above meetings do not affect our independence for the following reasons:

- Other than to discuss the Voluntary Administration regime in general, no advice has been given to the Companies in the lead up to our appointment.
- The Courts and relevant professional bodies recognise the need for practitioners to provide advice on the insolvency process and the options available and do not consider that such advice results in a conflict or is an impediment to accepting the appointment.
- No advice has been given to the directors in their capacity as directors of the Companies, or in relation to their personal circumstances.

We have provided no other information or advice to the Companies, the Directors and its advisors prior to our appointment beyond that outlined in this DIRRI.

Declaration of Relationships

Within the previous 2 years we or our firm have had a relationship with:

The Company	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
The directors	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Any associates of the Company?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No We are aware that there are inter-company transactions between the Companies but at this time are not aware of any potential conflicts of interest arising from our appointments over the Companies. If it becomes apparent that pre-appointment dealings between the Companies may give rise to a conflict which may impact the outcome for creditors of the entities, we undertake to disclose any such conflicts to the creditors and as appropriate, seek Court directions as to the means of resolving the potential conflict. We have obligations in respect of each of the Companies individually (as defined in Section 435A of the Corporations Act 2001 and not to the Calidus corporate group as a whole. As such, it is acknowledged that

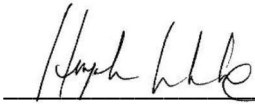
	<p>potential conflicts could possibly arise in the course of carrying out our duties in respect of each company in the Calidus corporate group.</p> <p>We are of the view that the appointment to the Companies will have significant benefits to the conduct of the Voluntary Administrations, particularly as this will offer cost savings and will facilitate a comprehensive and accurate understanding of the activities and financial position of Calidus corporate group as a whole.</p>
<p>A former insolvency practitioner appointed to the Company?</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>
<p>A secured creditor entitled to enforce a security over the whole or substantially the whole of the Company's property?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>We understand Macquarie Bank Limited holds All PAAP registrations, granted by Calidus Resources Limited, Calidus Blue Spec Pty Ltd and Keras (Pilbara) Gold Pty Ltd.</p> <p>FTI Consulting is from time to time engaged by Macquarie Bank Limited to provide advice for separate, non-related insolvency/restructuring engagements. We believe that this relationship does not result in a conflict of interest or duty because:</p> <ul style="list-style-type: none"> ▪ To our knowledge, Macquarie Bank Limited do not exclusively refer such work to us or FTI Consulting; ▪ Macquarie Bank Limited is one of a considerable number of firms, organisations and persons who refer work to, or seek advice from, FTI Consulting; and ▪ FTI Consulting has not undertaken an engagement for Macquarie Bank Limited with respect to the Companies.

Do we have any other relationships that we consider are relevant to creditors assessing our independence?

Yes No

We have not received any up-front payments or indemnities for this appointment. This does not include any indemnities we may be entitled to under the law.

Dated this 2nd day of July 2024



Hayden White



Daniel Woodhouse

Notes:

- 1. The assessment of independence has been made based on an evaluation of the significance of any threats to independence and in accordance with the requirements of the relevant legislation and professional Standards.*
- 2. If circumstances change, or new information is identified, we are required under the Corporations Act 2001 or Bankruptcy Act and ARITA's Code of Professional Practice to update this Declaration and provide a copy to creditors with our next communication as well as table a copy of any replacement declaration at the next meeting of the insolvent's creditors. For creditors' voluntary liquidations and voluntary administrations, this document and any updated versions of this document are required to be lodged with ASIC.*

ANNEXURE A

FTI Consulting (Australia) Pty Ltd and associated entities

FTI Consulting Inc (ultimate holding entity)

FTI Consulting – FD Australia Holdings Pty Ltd

FTI Consulting (Australia) Pty Ltd

FTI Technology (Sydney) Pty Ltd

FTI Consulting (Perth) Pty Ltd

FTI Consulting (Sydney) Pty Ltd

FTI Capital Advisors (Australia) Pty Ltd

FTI Consulting Australia Nominees Pty Ltd

16. Appendix 7 – Remuneration Approval Report

- As this is a consolidated report for the Calidus Group, copies of the Remuneration Approval Report for each of the Companies are available for download on FTI Consulting's' creditors portal at:
<https://www.fticonsulting.com/creditors/calidus-resources-group>

17. Appendix 8 – Draft DOCA proposal

- As this is a consolidated report for the Calidus Group, copies of the DOCA Proposal for each of the Companies are available for download on FTI Consulting's' creditors portal at:
<https://www.fticonsulting.com/creditors/calidus-resources-group>

18. Appendix 9 - Actions to date

18.1. Actions to date

During the course of the administration, we have:

- liaised with Atlas Iron in relation to the lease of the Golden Eagle mine camp and collected amounts owed to Millennium prior to the Administrators' appointment and during the course of the administration;
- conducted on-site inspections of the Warrawoona Gold Project and the Nullagine Gold Project;
- obtained WH&S assessments at the Nullagine Gold Project which were provided to Management in order to maintain WH&S compliance;
- engaged with our insurance broker and the Receivers immediately following our appointment to arrange premium renewals, thereby securing ongoing insurance cover in the administration period;
- worked with Management to implement a plan to reduce care and maintenance costs of the Nullagine Gold Project, with safety and security paramount;
- explored various funding options to pay for the ongoing care and maintenance and tenement costs for the Nullagine Gold Project. Following an assessment of the options available, the Administrators were provided commercial terms by the Secured Lender, West Coast Lending, for a funding facility of up to an amount of \$3.8m. The first drawdown under this facility was received by the Administrators on 5 September 2024 in the amount of \$1.2m.
- continued to meet statutory mining tenement commitments and minimum activity expenditure for the exploration tenements held by the Companies to maintain their good standing with DEMIRS; and
- engaged with the Receivers in respect to the ongoing receivership process and the subsequent Joint Sale Process for the Calidus Group.

18.2. Other actions taken to date

Since our appointment we have also undertaken the following statutory and administrative tasks:

- notified all creditors and applicable statutory and Government bodies of our appointment and responded to their queries regarding pre-appointment claims.
- notified all employees of our appointment as Administrators and the employees' position as priority creditors of the Companies for their pre-appointment entitlements;
- prepared and issued:
 - our Initial Information for Creditors and Suppliers, which included our DIRRI;
 - prepared this Report pursuant to section 75-225 of the IPR
- held the first meeting of creditors of the Companies;
- prepared and attended to lodgement of required ASIC forms;
- applied to the Court for the extension to the convening periods;

- conducted and reviewed searches in relation to the Companies and its Directors;
- engaged with key Management in relation to the Companies' historical background and events leading up to the administration of the Companies; and
- reviewed and analysed the available books and records and other information concerning the Companies, and formed a preliminary view on any potential breaches of the Act or potential voidable transactions where money or property may be recoverable for the benefit of creditors.

Further details of specific tasks undertaken are included in our Remuneration Approval Report at **Appendix 7**.

19. Appendix 10 – Estimated Statement of Position

We set out below estimated statements of position for each entity. Please refer to section 8 for a summary of returns to creditors.

19.1. Calidus

Calidus Estimated statement of position					
AUD	Note	DOCA		Liquidation	
		Low return	High return	Low return	High return
Circulating assets					
Cash on hand		-	-	-	-
Recoveries from related party administrations	2	108,760	108,760	-	-
Circulating assets from Receivers and Managers	3	n/a	n/a	Unknown	Unknown
Total circulating assets		108,760	108,760	Nil	Nil
Trading and administration costs					
Legal fees		(475,000)	(375,000)	(300,000)	(225,000)
Advisor fees		(255,000)	(153,000)	(5,000)	(233,500)
Voluntary Administrators' remuneration		(351,000)	(300,500)	(351,000)	(300,500)
Deed Administrators' / Trustees' remuneration		(231,000)	(170,500)	-	-
Liquidators' remuneration		-	-	(130,000)	(80,000)
Total trading and administration costs	4	(1,312,000)	(999,000)	(786,000)	(839,000)
Circulating assets available for priority creditors				(786,000)	(839,000)
Priority Creditors:					
Class A claims		11,236	11,236	n/a	n/a
Class B claims		Unknown	Unknown	n/a	n/a
Total priority creditors	5	11,236	11,236	1,145,720	1,145,720
c/\$ priority creditors	5	100 c/\$	100 c/\$	Unknown	Unknown
Circulating assets available to other creditors				Nil	Nil
Non-circulating assets					
Investments in subsidiaries		n/a	n/a	Withheld	Withheld
Plant and equipment		n/a	n/a	Withheld	Withheld
Other non-circulating assets		n/a	n/a	Withheld	Withheld
Total non-circulating assets	6	Nil	Nil	Withheld	Withheld
Amount owed to secured creditor	7	n/a	n/a	(124,527,773)	(124,527,773)
Liquidator claims	8	n/a	n/a	-	-
Assets available to unsecured creditors				Nil	Nil

Calidus Estimated statement of position					
AUD	Note	DOCA		Liquidation	
		Low return	High return	Low return	High return
Unsecured creditors					
Class C claims		15,029	15,029	15,029	15,029
Distribution to Class C		(15,000)	(15,000)	Nil	Nil
c/\$ Class C creditors	7	99.8 c/\$	99.8 c/\$	n/a	n/a
Class D claims		28,501	28,501	28,501	28,501
Distribution to Class D		(14,250)	(14,250)	Nil	Nil
c/\$ Class D creditors	7	50.0 c/\$	50.0 c/\$	n/a	n/a
Class E claims		825,762	825,762	825,762	825,762
Distribution to Class E		(50,000)	(50,000)	Nil	Nil
c/\$ Class E creditors	7	6.1 c/\$	6.1 c/\$	n/a	n/a
Class F claims		15,467,359	15,467,359	15,467,359	15,467,359
Distribution to Class F		(50,000)	(50,000)	Nil	Nil
c/\$ Class F creditors	7	0.3 c/\$	0.3 c/\$	n/a	n/a
Net surplus assets		-	-	Nil	Nil
DOCA Contribution	1	1,343,727	1,030,727	n/a	n/a

19.1.1. Notes

With respect to the above estimated statement of position we make the following comments:

1. DOCA proponent contribution

The proposed DOCA contemplates a cash contribution into a creditors' trust. The DOCA contribution, together with certain circulating assets (if any) and all creditor claims, will be transferred to a creditors' trust upon completion of the DOCA. Distributions to creditors, as defined by the DOCA will then be undertaken from the creditors trust.

We note that the final quantum of the DOCA contribution, may increase or decrease, dependent on the total funds required to meet the costs (as estimated above) and capped returns to creditors.

Use of a creditors trust provides a time efficient mechanism through which the various DOCAs can be effectuated. This will enable the Calidus Group to continue operations including, if relevant, pursuing relisting on the ASX and/or undertaking a capital raise, outside of external administration. Such activities will be able to be undertaken concurrently with the creditor distribution process undertaken by the appointed Trustees of the creditors trust.

2. Recoveries from related party administrations

As the primary funder of the Calidus Group, Calidus is entitled to submit claims in other administrations and participate in any applicable distributions. For proposed distributions to intercompany creditors please refer to section 8 of each relevant report. We do not anticipate any recovery of intercompany loans in a liquidation scenario.

3. Circulating assets from Receivers and Managers

Section 433 of the Act affords employees a priority to circulating assets of the company, ahead of distributions to the secured creditor. Accordingly, should Calidus enter liquidation, the Receivers will be required to transfer circulating assets in their possession, net of their applicable costs, to the liquidators to meet any outstanding priority creditors. The quantum of any such circulating assets is presently unknown.

We note that, to date, the Receivers have been discharging priority claims as and when the employment of relevant priority employees has ended.

4. Trading and administration costs

Estimated administration costs are estimated to be greater in a DOCA scenario as such a scenario will include the preparation of an application to Court to effectuate the transfer of shares in Calidus as discussed in section 7.7. This application is expected to require a valuation of the assets of the Calidus Group and the preparation of an independent expert report opining on the proposed transaction.

5. Circulating assets available for distribution

As discussed in section 7, the DOCA proposal contemplates paying out all entitlements owing to employees not continuing in their employment with the company. Employees who elect not to continue in employment upon execution of a DOCA will be classified as Class B creditors.

Should Calidus enter liquidation, it is likely a liquidator will have insufficient funds to maintain operations and the employment of all employees will be terminated. As a result, priority claims crystallised in a liquidation will exceed those applicable in a DOCA scenario. As discussed in note 2, distributions to employees in a liquidation scenario will be funded by circulating assets distributed from the Receivers.

6. Non-circulating assets

As discussed in section 7, the DOCA proposal contemplates the transfer of assets to the DOCA Proponent upon completion.

A liquidator, should one be appointed, will undertake a sales and marketing campaign to realise Calidus' assets. Such a campaign will be restricted by the funding available to a liquidator which, together with a limit on the representations and warranties a liquidator could provide a buyer, will likely lead to the realisation of assets at a heavy discount to market value.

The estimated realisable value of Calidus' assets has been withheld to not prejudice any future realisation activities of a liquidator, should one be appointed.

7. Distributions to creditors

The DOCA contemplates the classification of unsecured creditors into various classes for the purposes of distributions. Please refer to section 7 for details of these classifications and defined distribution caps.

It is not expected that the realisable value of Calidus' assets in a liquidation will exceed amounts owing to the secured creditor. As a result, we do not consider sufficient amounts will be available to make a distribution to unsecured creditors.

8. Liquidator recoveries

As discussed in section 6, our preliminary investigations into Calidus suggest that it is unlikely that any liquidator recoveries will be available to a liquidator. Please refer to section 6.3 for further information.

19.1.2. Classes of creditors

In accordance with the draft DOCA term sheet the following is a breakdown of creditor classifications:

Calidus Resources	
Creditor	Class
Non-continuing employees	A
Continuing employees	B
Automic Pty Ltd	C
Fire Rescue Safety Australia	C
HERSILLA PTY LTD T/a - Broadway Commercial Cleaning Service	C
Kalgas Energy Services	C
OccuMED Consulting Pty Ltd	C
Precompetitive Review	C
Abacus Calculators (WA) Pty Ltd	C
ASX Operations Pty Ltd	C
Caffissimo Holdings Pty Ltd	C
Red Coud Global Pty Ltd	C
Moore Australia Audit (WA)	D
Hamilton Locke Pty Ltd	D
Scope Systems Pty Ltd	D
BASTION GEOTECHNICAL PTY LTD	E
Integral Company Secretarial Services	E
Mining Employment Services	E
Noahs Rile Pty Ltd	E
Resources Unity Enterprise Pty Ltd	E
Silverstone Recruitment Pty Ltd	E
SUYOG Consulting Services	E
The Trustee for The Acacia Trading Trust	E
West Drill Pty Ltd	E
MineStrat Pty Ltd	E
Sequent Limited	E
Millennium Minerals Pty Ltd (Administrators Appointed)	F

19.2. Keras Pilbara

Keras Pilbara Estimated statement of position					
AUD	Note	DOCA		Liquidation	
		Low return	High return	Low return	High return
Circulating assets					
Cash on hand		-	-	-	-
Recoveries from related party administrations	2	70,251	70,251	-	-
Total circulating assets		70,251	70,251	Nil	Nil
Trading and administration costs					
Legal fees		(200,000)	(155,000)	(320,000)	(225,000)
Advisor fees		(5,000)	(3,000)	(90,000)	(58,500)
Voluntary Administrators' remuneration		(354,000)	(302,000)	(354,000)	(302,000)
Deed Administrators' / Trustees' remuneration		(190,000)	(125,000)	-	-
Liquidators' remuneration		-	-	(400,000)	(250,000)
Total trading and administration costs	3	(749,000)	(585,000)	(1,164,000)	(835,500)
Circulating assets available for priority creditors				(1,164,000)	(835,500)
Priority Creditors:					
Class A claims		66,902	66,902	n/a	n/a
Class B claims		Unknown	Unknown	n/a	n/a
Total priority creditors	4	66,902	66,902	2,376,115	2,376,115
c/\$ priority creditors	4	100 c/\$	100 c/\$	Unknown	Unknown
Circulating assets available to other creditors				Nil	Nil
Non-circulating assets					
Tenement assets		n/a	n/a	Withheld	Withheld
Plant and equipment		n/a	n/a	Withheld	Withheld
Other non-circulating assets		n/a	n/a	Withheld	Withheld
Total non-circulating assets	5	Nil	Nil	Withheld	Withheld
Amount owed to secured creditor	6	-	-	(124,527,773)	(124,527,773)
Liquidator claims	7	n/a	n/a	-	-
Assets available to unsecured creditors				Nil	Nil
Unsecured creditors					
Class C claims		46,085	46,085	46,085	46,085
Distribution to Class C		(46,085)	(46,085)	Nil	Nil
c/\$ Class C creditors	6	100 c/\$	100 c/\$	n/a	n/a
Class D claims		3,965,683	3,965,683	3,965,683	3,965,683
Distribution to Class D		(150,000)	(150,000)	Nil	Nil
c/\$ Class D creditors	6	3.8 c/\$	3.8 c/\$	n/a	n/a
Class E claims		40,354,583	40,354,583	40,354,583	40,354,583

Keras Pilbara Estimated statement of position					
AUD	Note	DOCA		Liquidation	
		Low return	High return	Low return	High return
Distribution to Class E		(200,000)	(200,000)	Nil	Nil
c/\$ Class E creditors	6	0.50 c/\$	0.50 c/\$	n/a	n/a
Class F claims		159,531,010	159,531,010	159,531,010	159,531,010
Distribution to Class F		(47,859)	(47,859)	Nil	Nil
c/\$ Class F creditors	6	0.03 c/\$	0.03 c/\$	n/a	n/a
Net surplus assets		-	-	Nil	Nil
DOCA Contribution	1	1,189,596	1,025,596	n/a	n/a

19.2.1. Notes

With respect to the above estimated statement of position we make the following comments:

1. DOCA proponent contribution

The proposed DOCA contemplates a cash contribution into a creditors' trust. The DOCA contribution, together with certain circulating assets (if any) and all creditor claims, will be transferred to a creditors' trust upon completion of the DOCA. Distributions to creditors, as defined by the DOCA will then be undertaken from the creditors trust.

We note that the final quantum of the DOCA contribution, may increase or decrease, dependent on the total funds required to meet the costs (as estimated above) and capped returns to creditors.

Use of a creditors trust provides a time efficient mechanism through which the various DOCAs can be effectuated. This will enable the Calidus Group to continue operations outside of external administration and concurrent with the creditor distribution process undertaken by the appointed Trustees of the creditors trust.

Recoveries from related party administrations

As a net provider of funds to other entities within the Calidus Group, Keras Pilbara is entitled to submit claims in other administrations and participate in any applicable distributions. For proposed distributions to intercompany creditors please refer to section 8 of each relevant report. We do not anticipate any recovery of intercompany loans in a liquidation scenario.

2. Circulating assets from Receivers and Managers

Section 433 of the Act affords employees a priority to circulating assets of the company, ahead of distributions to the secured creditor. Accordingly, should Keras Pilbara enter liquidation, the Receivers will be required to transfer circulating assets in their possession to the liquidators to meet any outstanding priority creditors. The quantum of any circulating assets is presently unknown.

We note that, to date, the Receivers have been discharging priority claims as and when the employment of relevant priority employees has ended.

3. Trading and administration costs

Administration costs are estimated to be greater in a liquidation scenario as such a scenario will involve the likely wind down of activities at the Warrawoona Gold Project (given funding restraints) and undertaking a sale process.

4. Circulating assets available for distribution

As discussed in section 7, the DOCA proposal contemplates paying out all entitlements owing to employees not continuing in their employment with the company. Employees who elect not to continue in employment upon execution of a DOCA will be classified as Class B creditors.

Should Keras Pilbara enter liquidation, it is likely a liquidator will have insufficient funds to maintain operations and the employment of all employees will be terminated. As a result, priority claims crystallised in a liquidation will exceed those applicable in a DOCA scenario. As discussed in note 2, distributions to employees in a liquidation scenario will be funded by circulating assets distributed from the Receivers.

5. Non-circulating assets

As discussed in section 7, the DOCA proposal contemplates the transfer of assets to the DOCA Proponent upon completion.

A liquidator, should one be appointed, will undertake a sales and marketing campaign to realise Keras Pilbara's assets. Such a campaign will be restricted by the funding available to a liquidator which, together with limits on the representations and warranties a liquidator could provide a buyer, will likely lead to the realisation of assets at a heavy discount to market value.

The estimated realisable value of Keras Pilbara's assets has been withheld in order to not prejudice any future realisation activities of a liquidator.

6. Distributions to creditors

The DOCA contemplates the classification of unsecured creditor into various classes for the purposes of distributions. Please refer to section 7 for details of these classifications and defined distribution caps.

It is not expected that the realisable value of Keras Pilbara's assets in a liquidation will exceed amounts owing to the secured creditor. As a result, we do not consider sufficient amounts will be available to make a distribution to unsecured creditors.

7. Liquidator recoveries

As discussed in section 6, our preliminary investigations into Keras Pilbara suggest that it is unlikely that any liquidator recoveries will be available to a liquidator. Please refer to section 6.3 for further information.

19.2.2. Classes of creditors

In accordance with the draft DOCA term sheet the following is a breakdown of creditor classifications:

Keras Pilbara	
Creditor	Class
Non-continuing employees	A
Continuing employees	B
Australian Gold Reagents Pty Ltd	C
Commonwealth Steel Company Pty Limited T/A Molycop Technologies Pty Ltd	C
Dynamics G-EX Pty Ltd	C
Geraldton Fuel Company Pty Ltd	C
Keramos Mining Supplies	C
SIS Technologies Pty Ltd	C
All Rubber TMH Pty Ltd	C
ALS Metallurgy Pty Ltd	C
Cedrent Enterprises (WA) Pty Ltd	C
Cromag Pty Ltd T/A Sigma Chemicals	C
Environmental Control Systems (Australasia) Pty Ltd	C
Firesafe Service & Maintenance	C
Independent Laboratory Supplies Pty Ltd	C
Jovy Group Pty Ltd	C
Measurement Control Engineering Pty Ltd	C
Nor-West Freight Services Pty Ltd	C
Partout Pty Ltd - T/a Statewide Bearings	C
VIP FREIGHT (WA) PTY LTD	C
ABC Refinery (Australia)	C
ALCOLIZER PTY LTD	C
Amplitel Pty Ltd	C
ASIC AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION	C
Clinipath Pathology Pty Ltd	C
Control Equipment Pty Ltd	C
David Moss Corporation Pty Ltd	C
Digital Document Solutions	C
Filter Discounters	C
Galvins Plumbing Supplies	C
Hartac Sales and Distribution	C
Industrial Protective Products	C
Lakes Electrical Distributors	C
Mears Refractory Co Pty Ltd	C
Noise & Vibration Measurement	C
Proxa Australia PL	C
Quremed Pty Ltd	C
Rowe Scientific Pty Ltd	C
Terex Jacques	C
Unirack WA	C
UPG Solutions	C
Westair Pneumatic Systems PL	C
WREN OIL ROMINE HOLDINGS PTY LTD T/A	C
BASF Australia Ltd	D
HAYCARB HOLDINGS (AUSTRALIA) PTY. LIMITED	D
INTERTEK TESTING SERVICES (AUSTRALIA) PTY. LTD.	D
RocketDNA (WA) Pty Ltd	D
SETS ENTERPRISES PTY LTD	D
Zenith Energy Operations P/L	D
Assetlink Services Pty Ltd	D
Cloud Connect WA Pty Ltd	D
EDL LNG Fuel to Power Pty Ltd	D
GR Engineering Services Limited	D
Molycop Technologies Pty Ltd (Formerly Process IQ Pty Ltd)	D

Keras Pilbara	
Creditor	Class
Weir Minerals	D
Woodside Energy LNG Fuel&Power	D
Cockburn Cement Ltd	D
Coogee Chemicals Pty Ltd	D
Dust-A-Side	D
GLOBAL MILL RELINES	D
Solvay Interlox Pty Ltd	D
Statewide Oil	D
Alliance Airlines Pty Ltd	E
Almond Rock Resources Pty Ltd	E
AMC Consultants Pty Ltd	E
Atlas Iron Pty Ltd	E
Brilly Group Pty Ltd	E
C.E.M. Alliance Pty Ltd	E
Certex Lifting Products	E
Chemtrans Pty Limited - A Division of K&S Corporation Limited	E
CSE Crosscom Pty Ltd (WA)	E
Dantranz Logistics Pty Ltd	E
EAST PILBARA EARTHMOVING PTY L	E
Envirolab Services (Wa) Pty Ltd	E
Groundwater Resource Management Pty Ltd	E
Kalpumps Pty Ltd	E
Kennards Hire Pty Ltd	E
Macmahon Contractors Pty Ltd	E
Mine Earth Pty Ltd	E
Minescope Services Pty Ltd	E
National Pump & Energy Pty Ltd	E
Rapallo Pty Ltd	E
Seacrest Holdings Pty Ltd T/A Mining and Industrial Wholesalers	E
The Valve Company Pty Ltd	E
The Wondertwins Group Pty Ltd as JDC Drilling	E
Trelleborg Engineered Products Australia	E
Allegro Employment Services	E
ARGONAUT PCF LIMITED	E
Core HS Pty Ltd	E
Corescan Pty Ltd	E
Genalysis Laboratory Services	E
Haoma Mining NL	E
PILBARA ENVIRONMENTAL SERVICES PTY LTD	E
Acu-Tech Pty Ltd	E
Europcar WA -The Trustee for OSBORNE TRUCK RENTALS UNIT TRUST	E
Integrated Industrial Pty Ltd	E
IRON MINE CONTRACTING PTY LTD	E
Metal Manufactures Pty Ltd	E
PERKAL PTY LTD	E
RIO TINTO EXPLORATION PTY LIMITED	E
SEW-Eurodrive Pty Ltd	E
Vulcan Steel (Australia) Pty Ltd	E
Wesfarmers Kleenheat Gas PL	E
West Power Group Pty Ltd	E
Calidus Resources Limited (Receivers and Managers Appointed) (Administrators Appointed)	F

19.3. Calidus Blue Spec

Calidus Blue Spec Estimated statement of position					
AUD	Note	DOCA		Liquidation	
		Low return	High return	Low return	High return
Circulating assets					
Cash on hand		-	-	-	-
Total circulating assets		Nil	Nil	Nil	Nil
Trading and administration costs					
Repayment of Voluntary Administrators' loan				-	-
Legal fees		(50,000)	(40,000)	(60,000)	(45,000)
Advisor fees		(5,000)	(3,000)	(35,000)	(18,500)
Voluntary Administrators' remuneration		(91,000)	(70,500)	(91,000)	(70,500)
Deed Administrators' / Trustees' remuneration		(23,500)	(13,000)	-	-
Liquidators' remuneration		-	-	(75,000)	(50,000)
Total trading and administration costs	2	(169,500)	(126,500)	(261,000)	(184,000)
Circulating assets available for priority creditors				(261,000)	(184,000)
Priority Creditors:					
Class A claims		-	-	n/a	n/a
Total priority creditors	3	-	-	-	-
c/\$ priority creditors	3	-	-	Nil	Nil
Circulating assets available to other creditors				Nil	Nil
Non-circulating assets					
Tenement assets		n/a	n/a	Withheld	Withheld
Plant and equipment		n/a	n/a	Withheld	Withheld
Other non-circulating assets		n/a	n/a	Withheld	Withheld
Total non-circulating assets	4	Nil	Nil	Withheld	Withheld
Distribution to secured creditor	5	-	-	(124,527,773)	(124,527,773)
Liquidator claims	6	n/a	n/a	-	-
Assets available to unsecured creditors				Nil	Nil
Unsecured creditors					
Class B claims		-	-	-	-
Distribution to Class B		-	-	Nil	Nil
c/\$ Class B creditors	5	-	-	n/a	n/a
Class C claims		24,454,636	24,454,636	24,454,636	24,454,636
Distribution to Class C		(50,000)	(50,000)	Nil	Nil
c/\$ Class C creditors	5	0.2 c/\$	0.2 c/\$	n/a	n/a
Class D claims		-	-	-	-
Distribution to Class D		-	-	Nil	Nil

Calidus Blue Spec Estimated statement of position					
		DOCA		Liquidation	
AUD	Note	Low return	High return	Low return	High return
c/\$ Class D creditors	5	-	-	n/a	n/a
Net surplus assets		-	-	Nil	Nil
DOCA Contribution	1	219,500	176,500	n/a	n/a

19.3.1. Notes

With respect to the above estimated statement of position we make the following comments:

1. DOCA proponent contribution

The proposed DOCA contemplates a cash contribution into a creditors' trust. The DOCA contribution, together with certain circulating assets (if any) and all creditor claims, will be transferred to a creditors' trust upon completion of the DOCA. Distributions to creditors, as defined by the DOCA will then be undertaken from the creditors trust.

We note that the final quantum of the DOCA contribution, may increase or decrease, dependent on the total funds required to meet the costs (as estimated above) and capped returns to creditors.

Use of a creditors trust provides a time efficient mechanism through which the various DOCAs can be effectuated. This will enable the Calidus Group to continue operations outside of external administration and concurrent with the creditor distribution process undertaken by the appointed Trustees of the creditors trust.

2. Trading and administration costs

Estimated administration costs are estimated to be greater in a liquidation scenario as such a scenario will involve undertaking a sale process of the company's tenement assets and the completion of statutory investigations.

3. Circulating assets available for distribution

As a non-employing entity, we do not expect any priority creditor claims to exist. Should any such claims materialise the DOCA proposal contemplates paying out all entitlements owing to employees, however, insufficient funds will be available in a liquidation with which to make a priority distribution.

4. Non-circulating assets

As discussed in section 7, the DOCA proposal contemplates the transfer of assets to the DOCA Proponent upon completion.

A liquidator, should one be appointed, will undertake a sales and marketing campaign to realise Calidus Blue Spec's tenement assets. Any distribution to unsecured creditors would be dependent upon a liquidator's ability to realise these assets at an amount greater than the estimated trading and administration costs.

A liquidator would be required to undertake an unfunded sales and marketing campaign which, together with limitations on the representations and warranties a liquidator could provide a buyer, will likely lead to the realisation of the tenements at a discount to market value.

The estimated realisable value of Calidus Blue Spec’s assets has been withheld to not prejudice any future realisation activities of a liquidator, should one be appointed.

5. Distributions to creditors

The DOCA contemplates the classification of unsecured creditors into various classes for the purposes of distributions. Please refer to section 7 for details of these classifications and defined distribution caps.

It is not expected that the realisable value of Calidus Blue Spec’s assets in a liquidation will exceed amounts owing to the secured creditor. As a result, we do not consider sufficient amounts will be available to make a distribution to unsecured creditors.

6. Liquidator recoveries

As discussed in section 6, our preliminary investigations into Calidus Blue Spec suggest that it is unlikely that any liquidator recoveries will be available to a liquidator. Please refer to section 6.3 for further information.

19.3.2. Classes of creditors

In accordance with the draft DOCA term sheet the following is a breakdown of creditor classifications:

Calidus Blue Spec	
Creditor	Class
Calidus Resources Limited (Receivers and Managers Appointed) (Administrators Appointed)	Class C
Keras (Pilbara) Gold Pty Ltd (Receivers and Managers Appointed) (AA)	Class C

19.4. Millennium

Millennium Estimated statement of position					
AUD	Note	DOCA		Liquidation	
		Low return	High return	Low return	High return
Circulating assets					
Cash on hand		609,496	609,496	609,496	609,496
Accounts receivable		201,099	201,099	201,099	201,099
VA trading liabilities		(358,407)	(358,407)	(358,407)	(358,407)
Recoveries from related party administrations	2	50,000	50,000	-	-
Total circulating assets		502,188	502,188	452,188	452,188
Trading and administration costs					
Repayment of Voluntary Administrators' loan				(1,200,000)	(1,200,000)
Legal fees		(85,000)	(60,000)	(125,000)	(65,000)
Advisor fees		(5,000)	(3,000)	(45,000)	(28,500)
Voluntary Administrators' remuneration		(502,000)	(451,000)	(502,000)	(451,000)
Deed Administrators' / Trustees' remuneration		(114,500)	(88,500)	-	-
Liquidators' remuneration		-	-	(75,000)	(50,000)
Total trading and administration costs	3	(706,500)	(602,500)	(1,947,000)	(1,794,500)
Circulating assets available for priority creditors				(1,494,812)	(1,342,312)
Priority Creditors:					
Class A claims		-	-	n/a	n/a
Total priority creditors	4	-	-	-	-
c/\$ priority creditors	4	-	-	Nil	Nil
Circulating assets available to other creditors				Nil	Nil
Non-circulating assets					
Tenement assets		n/a	n/a	Withheld	Withheld
Plant and equipment		n/a	n/a	Withheld	Withheld
Other non-circulating assets		n/a	n/a	Withheld	Withheld
Total non-circulating assets	5	Nil	Nil	Withheld	Withheld
Liquidator claims	6	n/a	n/a	-	-
Assets available to unsecured creditors				Nil	Nil
Unsecured creditors					
Class B claims		-	-	-	-
Distribution to Class B		-	-	Nil	Nil
c/\$ Class B creditors	7	-	-	n/a	n/a
Class C claims		3,877,855	3,877,855	3,877,855	3,877,855
Distribution to Class C		(50,000)	(50,000)	Nil	Nil
c/\$ Class C creditors	7	1.3 c/\$	1.3 c/\$	n/a	n/a

Millennium Estimated statement of position					
		DOCA		Liquidation	
AUD	Note	Low return	High return	Low return	High return
Class D claims		5,331,075	5,331,075	5,331,075	5,331,075
Distribution to Class D		(15,000)	(15,000)	Nil	Nil
c/\$ Class D creditors	7	0.3 c/\$	0.3 c/\$	n/a	n/a
Net surplus assets		-	-	Nil	Nil
DOCA Contribution	1	269,312	165,312	n/a	n/a

19.4.1. Notes

With respect to the above estimated statement of position we make the following comments:

1. DOCA proponent contribution

The proposed DOCA contemplates a cash contribution into a creditors' trust. The DOCA contribution, together with certain circulating assets (if any) and all creditor claims, will be transferred to a creditors' trust upon completion of the DOCA. Distributions to creditors, as defined by the DOCA will then be undertaken from the creditors trust.

We note that the final quantum of the DOCA contribution, may increase or decrease, dependent on the total funds required to meet the costs (as estimated above) and capped returns to creditors.

Use of a creditors trust provides a time efficient mechanism through which the various DOCAs can be effectuated. This will enable the Calidus Group to continue operations outside of external administration and concurrent with the creditor distribution process undertaken by the appointed Trustees of the creditors trust.

2. Recoveries from related party administrations

Millennium carries an intercompany loan receivable from Calidus and is entitled to submit a claim for this amount in the Calidus administration and participate in any applicable distributions. For details of the estimated distributions to intercompany creditors from the Calidus administration please refer to section 8. We do not anticipate any recovery of this intercompany loan in a liquidation scenario.

3. Trading and administration costs

Estimated administration costs are estimated to be greater in a liquidation scenario as such a scenario will involve undertaking a sale process of the company's assets, including the Nullagine Gold Project and the repayment of the Voluntary Administrators' loan, borrowed to fund administration activities at the Nullagine Gold Project.

4. Circulating assets available for distribution

As a non-employing entity, we do not expect any priority claims to exist. Should any such claims materialise the DOCA proposal contemplates paying out all entitlements owing to employees, however, insufficient funds will be available in a liquidation with which to make a priority distribution.

5. Non-circulating assets

As discussed in section 7, the DOCA proposal contemplates the transfer of assets to the DOCA Proponent upon completion.

A liquidator, should one be appointed, will undertake a sales and marketing campaign to realise Millennium's assets, including the Nullagine Gold Project. Any distribution to unsecured creditors would be dependent upon a liquidator's ability to realise the Nullagine Gold Project at an amount greater than the estimated trading and administration costs. In this respect we note the following:

- Existing cash/circulating assets are insufficient to repay the Voluntary Administrators' loan, on which interest costs continue to accrue;
- As a result of the above, a liquidator would be unfunded to maintain care and maintenance activities at the Nullagine Gold Project and meet ongoing statutory rent and rates to maintain the tenement assets in good standing. Non-payment of tenement rent may lead to the forfeiture of these tenement assets.
- An absence of funding will adversely impact the condition of Nullagine Gold Project and by extension, its realisable value
- A liquidator would be required to undertake an unfunded sales and marketing campaign which, together with limitations on the representations and warranties a liquidator could provide a buyer, will likely lead to the realisation of the Nullagine gold Project at a heavy discount to market value.
- The Nullagine Gold Project carries a mine rehabilitation liability of c. \$40m which would be adopted by any prospective buyer.
- A single offer for the Nullagine Gold Project has been received by the Voluntary Administrators to date which if accepted would have been insufficient to provide a return to creditors.

The estimated realisable value of Millennium's assets has been withheld in order to not prejudice any future realisation activities of a liquidator.

6. Liquidator recoveries

As discussed in section 6, our preliminary investigations into Millennium suggest that it is unlikely that any liquidator recoveries will be available to a liquidator. Please refer to section 6.3 for further information.

7. Distributions to creditors

The DOCA contemplates the classification of unsecured creditor into various classes for the purposes of distributions. Please refer to section 7 for details of these classifications and defined distribution caps.

For the reasons discussed above, there is uncertainty that a liquidator will be able to realise the assets of Millennium for amounts in excess of trading and administration costs.

19.4.2. Classes of creditors

In accordance with the draft DOCA term sheet the following is a breakdown of creditor classifications:

Millennium Minerals	
Creditor	Class
Keras (Gold) Australia Pty Ltd (Administrators Appointed)	C
Keras (Pilbara) Gold Pty Ltd (Receivers and Managers Appointed) (Administrators Appointed)	C
Beatons Creek Gold Pty Ltd	D
Byford Systems and Services Pty Ltd T/A BSS Mining Solutions	D
Castle Drilling Company Pty Ltd	D
Iron Mountain Australia Group Pty Ltd	D
MARLU RESOURCES GROUP PTY LTD	D
Elgas Limited	D
John Deere Financial Limited	D
Pacific Energy Pty Ltd	D
RSI (WA Gold) Pty Ltd	D

19.5. Keras Gold

Keras Gold Estimated statement of position					
AUD	Note	DOCA		Liquidation	
		Low return	High return	Low return	High return
Circulating assets					
Cash on hand		4,471	4,471	4,471	4,471
Recoveries from related party administrations	2	22,817	22,817	-	-
Total circulating assets		27,288	27,288	4,471	4,471
Trading and administration costs					
Repayment of Voluntary Administrators' loan		-	-	(74,000)	(74,000)
Legal fees		(45,000)	(35,000)	(55,000)	(40,000)
Advisor fees		(5,000)	(3,000)	(35,000)	(18,500)
Voluntary Administrators' remuneration		(91,000)	(70,500)	(91,000)	(70,500)
Deed Administrators' / Trustees' remuneration		(43,500)	(18,000)	-	-
Liquidators' remuneration		-	-	(75,000)	(50,000)
Total trading and administration costs	3	(184,500)	(126,500)	(330,000)	(253,000)
Circulating assets available for priority creditors				(325,529)	(248,529)
Priority Creditors:					
Class A claims		-	-	n/a	n/a
Total priority creditors	4	-	-	-	-
c/\$ priority creditors	4	-	-	Nil	Nil
Circulating assets available to other creditors				Nil	Nil
Non-circulating assets					

Keras Gold Estimated statement of position					
AUD	Note	DOCA		Liquidation	
		Low return	High return	Low return	High return
Tenement assets		n/a	n/a	Withheld	Withheld
Plant and equipment		n/a	n/a	Withheld	Withheld
Other non-circulating assets		n/a	n/a	Withheld	Withheld
Total non-circulating assets	5	Nil	Nil	Withheld	Withheld
Liquidator claims	6	n/a	n/a	-	-
Assets available to unsecured creditors				Nil	Nil
Unsecured creditors					
Class B claims		179,382	179,382	179,382	179,382
Distribution to Class B		(4,485)	(4,485)	Nil	Nil
c/\$ Class B creditors	7	2.5 c/\$	2.5 c/\$	n/a	n/a
Class C claims		1,437	1,437	1,437	1,437
Distribution to Class C		(359)	(359)	Nil	Nil
c/\$ Class C creditors	7	25 c/\$	25 c/\$	n/a	n/a
Net surplus assets		-	-	Nil	Nil
DOCA Contribution	1	162,056	104,056	n/a	n/a

19.5.1. Notes

With respect to the above estimated statement of position we make the following comments:

1. DOCA proponent contribution

The proposed DOCA contemplates a cash contribution into a creditors' trust. The DOCA contribution, together with certain circulating assets (if any) and all creditor claims, will be transferred to a creditors' trust upon completion of the DOCA. Distributions to creditors, as defined by the DOCA will then be undertaken from the creditors trust.

We note that the final quantum of the DOCA contribution, may increase or decrease, dependent on the total funds required to meet the costs (as estimated above) and capped returns to creditors.

Use of a creditors trust provides a time efficient mechanism through which the various DOCAs can be effectuated. This will enable the Calidus Group to continue operations outside of external administration and concurrent with the creditor distribution process undertaken by the appointed Trustees of the creditors trust.

2. Recoveries from related party administrations

Keras Gold carries an intercompany amount receivable from Millennium of \$1.8m. The company is entitled to claim for this amount in the Millennium administration which is expected to result in a distribution should a DOCA be approved for that entity. We do not anticipate this amount to be recoverable in a liquidation scenario.

3. Trading and administration costs

Estimated administration costs are estimated to be greater in a liquidation scenario as such a scenario will involve undertaking a sale process of the company's tenement assets, the completion of statutory investigations and contemplates the repayment of the Voluntary Administrators' loan, borrowed to fund administration activities.

4. Circulating assets available for distribution

As a non-employing entity, we do not expect any priority creditor claims to exist. Should any such claims materialise the DOCA proposal contemplates paying out all entitlements owing to employees, however, insufficient funds will be available in a liquidation with which to make a priority distribution.

5. Non-circulating assets

As discussed in section 7, the DOCA proposal contemplates the transfer of assets to the DOCA Proponent upon completion.

A liquidator, should one be appointed, will undertake a sales and marketing campaign to realise Keras Gold's assets. Any distribution to unsecured creditors would be dependent upon a liquidator's ability to realise these assets at an amount greater than the estimated trading and administration costs. In this respect we note the following:

- Insufficient cash is on hand to fund a liquidator and meet ongoing statutory rent and rates to maintain the tenement assets in good standing. Non-payment of tenement rent may lead to the forfeiture of these tenement assets.
- Interest continues to accrued on the Voluntary Administrators' loan.
- A liquidator would be required to undertake an unfunded sales and marketing campaign which, together with limitations on the representations and warranties a liquidator could provide a buyer, will likely lead to the realisation of the tenements at a discount to market value.

The estimated realisable value of Keras Gold's assets has been withheld in order to not prejudice any future realisation activities of a liquidator.

6. Liquidator recoveries

As discussed in section 6, our preliminary investigations into Keras Gold suggest that it is unlikely that any liquidator recoveries will be available to a liquidator. Please refer to section 6.3 for further information.

7. Distributions to creditors

The DOCA contemplates the classification of unsecured creditor into various classes for the purposes of distributions. Please refer to section 7 for details of these classifications and defined distribution caps.

It is not expected that the realisable value of Keras Gold's assets in a liquidation will be sufficient to provide a return to unsecured creditors.

19.5.2. Classes of creditors

In accordance with the draft DOCA term sheet the following is a breakdown of creditor classifications:

Keras Gold	
Creditor	Class
Consep Pty Ltd	Class C
Calidus Resources Limited (Receivers and Managers Appointed) (Administrators Appointed)	Class B
Keras (Pilbara) Gold Pty Ltd (Receivers and Managers Appointed) (Administrators Appointed)	Class B

19.6. Calidus Otways

Calidus Otways Estimated statement of position					
AUD	Note	DOCA		Liquidation	
		Low return	High return	Low return	High return
Circulating assets					
Cash on hand		16,639	16,639	16,639	16,639
Total circulating assets		16,639	16,639	16,639	16,639
Trading and administration costs					
Repayment of Voluntary Administrators' loan		-	-	-	-
Legal fees		(45,000)	(35,000)	(55,000)	(40,000)
Advisor fees		(5,000)	(3,000)	(35,000)	(18,500)
Voluntary Administrators' remuneration		(61,000)	(40,500)	(61,000)	(40,500)
Deed Administrators' / Trustees' remuneration		(23,500)	(13,000)	-	-
Liquidators' remuneration		-	-	(75,000)	(50,000)
Total trading and administration costs	2	(134,500)	(91,500)	(226,000)	(149,000)
Circulating assets available for priority creditors				(209,361)	(132,361)
Priority Creditors:					
Class A claims		-	-	n/a	n/a
Total priority creditors	3	-	-	-	-
c/\$ priority creditors	3	-	-	Nil	Nil
Circulating assets available to other creditors				Nil	Nil
Non-circulating assets					
Tenement assets		n/a	n/a	Withheld	Withheld
Plant and equipment		n/a	n/a	Withheld	Withheld
Other non-circulating assets		n/a	n/a	Withheld	Withheld
Total non-circulating assets	4	Nil	Nil	Withheld	Withheld
Liquidator claims	5	n/a	n/a	-	-
Assets available to unsecured creditors				Nil	Nil

Calidus Otways Estimated statement of position					
AUD	Note	DOCA		Liquidation	
		Low return	High return	Low return	High return
Unsecured creditors					
Class B claims		728,524	728,524	728,524	728,524
Distribution to Class B		(50,000)	(50,000)	Nil	Nil
c/\$ Class B creditors	6	6.9 c/\$	6.9 c/\$	n/a	n/a
Class C claims		-	-	-	-
Distribution to Class C		-	-	Nil	Nil
c/\$ Class C creditors	6	-	-	n/a	n/a
Net surplus assets		-	-	Nil	Nil
DOCA Contribution	1	167,861	124,861	n/a	n/a

19.6.1. Notes

With respect to the above estimated statement of position we make the following comments:

1. DOCA proponent contribution

The proposed DOCA contemplates a cash contribution into a creditors' trust. The DOCA contribution, together with certain circulating assets (if any) and all creditor claims, will be transferred to a creditors' trust upon completion of the DOCA. Distributions to creditors, as defined by the DOCA will then be undertaken from the creditors trust.

We note that the final quantum of the DOCA contribution, may increase or decrease, dependent on the total funds required to meet the costs (as estimated above) and capped returns to creditors.

Use of a creditors trust provides a time efficient mechanism through which the various DOCAs can be effectuated. This will enable the Calidus Group to continue operations outside of external administration and concurrent with the creditor distribution process undertaken by the appointed Trustees of the creditors trust.

2. Trading and administration costs

Estimated administration costs are estimated to be greater in a liquidation scenario as such a scenario will involve undertaking a sale process of the company's tenement assets and the completion of statutory investigations.

3. Circulating assets available for distribution

As a non-employing entity, we do not expect any priority creditor claims to exist. Should any such claims materialise the DOCA proposal contemplates paying out all entitlements owing to employees, however, insufficient funds will be available in a liquidation with which to make a priority distribution.

4. Non-circulating assets

As discussed in section 7, the DOCA proposal contemplates the transfer of assets to the DOCA Proponent upon completion.

A liquidator, should one be appointed, will undertake a sales and marketing campaign to realise Calidus Otways' tenement assets. Any distribution to unsecured creditors would be dependent upon a

liquidator’s ability to realise these assets at an amount greater than the estimated trading and administration costs. We do not expect sufficient funds will be available with which to make a distribution to unsecured creditors.

The estimated realisable value of Calidus Otways’ assets has been withheld to not prejudice any future realisation activities of a liquidator, should one be appointed.

5. Liquidator recoveries

As discussed in section 6, our preliminary investigations into Calidus Otways suggest that it is unlikely that any liquidator recoveries will be available to a liquidator. Please refer to section 6.3 for further information.

6. Distributions to creditors

The DOCA contemplates the classification of unsecured creditor into various classes for the purposes of distributions. Please refer to section 7 for details of these classifications and defined distribution caps.

As discussed above, we do not expect sufficient funds will be available with which to make a distribution to unsecured creditors.

19.6.2. Classes of creditors

In accordance with the draft DOCA term sheet the following is a breakdown of creditor classifications:

Otways	
Creditor	Class
Calidus Resources Limited (Receivers and Managers Appointed) (Administrators Appointed)	B
Keras (Pilbara) Gold Pty Ltd (Receivers and Managers Appointed) (Administrators Appointed)	B