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KordaMentha

Circular to Creditors

13 February 2024

Dear Sir/Madam

Aurora Metals Limited ACN 126 634 606 ('the HeadCo')
Auctus Chillagoe Holdings Pty Ltd ACN 605 053 610
Auctus Chillagoe Pty Ltd ACN 605 055 285
Auctus Resources Pty Ltd ACN 136 606 338
Auctus Minerals Pty Ltd ACN 602 411 852
CTM Alluvial Pty Ltd ACN 137 305 947
Colinacobre Pty Ltd ACN 601 312 207
Surveyor Mining Pty Ltd ACN 601 108 776
Nyngan Gold Pty Ltd ACN 154 650 585
Vision Exploration Pty Ltd ACN 161 881 018
Twilight Exploration Pty Ltd ACN 161 880 995
Thesaurus Exploration Pty Ltd ACN 163 781 342 ('the Subsidiaries')
(All Mortgagee in Possession) (All in Liquidation)
(together 'the Companies')
(together 'the Aurora Group')

We refer to our Administrators' Report to Creditors dated 23 November 2023 and to subsequent updates issued to creditors of the Companies.

Notification of Appointment

We confirm that at the (reconvened) Second Meetings of Creditors duly convened and held on 7 February 2024 at KordaMentha, Level 6, 75 Denham Street, Townsville QLD 4810, it was resolved pursuant to Section 439C(c) of the Corporations Act 2001 ('the Act'), that the Companies be wound up.

Please note that the creditors did not nominate a person to be appointed as Liquidator and accordingly, Richard Tucker, David Osborne and Tony Miskiewicz are the duly appointed Liquidators of the Companies pursuant to Section 499 of the Act.

Explanation of a creditors' voluntary liquidation

A creditors' voluntary liquidation is a liquidation initiated by the company where it is unable to pay all of its creditors in full. This means that the company is insolvent.

As Liquidators, we act for all creditors. We will now attend to our responsibilities, including:

- Liaising with Mt Garnet Mineral Finance Pty Ltd ('MGMF') as Mortgagee in Possession conducting the sale of the Companies assets.

- Investigating the affairs of the Companies
- Reporting the outcome of the investigations to the Australian Securities and Investments Commission ('ASIC')
- Distributing funds, if any are available, to creditors.

Employees

Employees should refer to prior correspondence issued to them during the administration period. We confirm that the Fair Entitlement Guarantee ('FEG') scheme is afoot and employee entitlement claims are currently being assessed. If you have not submitted a claim with FEG, please do so as soon as possible. Claims can be made online at https://extranet.employment.gov.au/feg. If you are unable to lodge your claim online, a hardcopy form can be provided by calling the FEG Hotline on 1300 135 040.

Please note that the liquidation of the Companies will not impact the time taken to process claims. We ask all employees to remain patient as the FEG team are currently processing a high volume of claims.

What are your rights as a creditor?

Information regarding your rights as a creditor is provided in the information sheet 'Creditors Rights in Liquidations' issued by ARITA and included at Appendix A. This includes your right to:

- Make reasonable requests for a meeting.
- Make reasonable requests for information.
- Give directions to us.
- Appoint a reviewing liquidator.
- Replace us as liquidator.

Creditors have an additional right to request a meeting in the first 20 business days of a creditors' voluntary liquidation. If we receive a request for a meeting from at least 5% of known creditors that are not a related entity of the relevant company, we are required to hold a meeting, as long as the request is reasonable. The details of whether a request is reasonable or not are included in the information sheet on creditors' rights.

What happens to your debt?

All creditors of the Companies are now creditors in the liquidation of the relevant company. We confirm that there has been no pooling determination made. As a creditor, you have certain rights, although your debt will now be dealt with in the liquidation process.

The amount of money you receive, if any, depends on the amount of money recovered, including from:

- any surplus proceeds arising from the sale of the assets by MGMF
- any voidable transaction recoveries made by the Liquidations as a result of their investigations into the affairs of the Companies.

After paying our fees, creditors share the remaining money. This amount is called a dividend.

A dividend can vary between creditors because the law entitles different types of creditors to be paid before other types of creditors.

If you are claiming title to any goods delivered to the Companies pursuant to a contract or the Personal Property Securities Act or any lien over goods in your possession which are the property of the Companies, details of your claim should be forwarded to our office urgently.

Do you have to do anything?

You should read this information. You can choose to participate in the liquidation process, including attending any meetings of creditors in person or by proxy, but you do not have to.

A Proof of Debt Form is available upon request for any of the Companies in respect of any money that may be owed to you. You only need to complete this if you have not previously completed one during the Voluntary Administration or wish to amend your claim.

If we need you to take any other action, we will write and ask you.

If you do not think you are a creditor, please let us know.

Liquidation update

We, as Liquidators, reiterate to all creditors that we are not currently in control or possession of the Aurora Group's assets and do not accept any liability incurred during the receiverships conducted by Philip Campbell-Wilson and Said Jahani of Grant Thornton and Chris Baskerville and Greg Prout from Jirsch Sutherland. Nor do we accept any liability incurred or to be incurred by MGMF during its appointment as Mortgagee in Possession.

We have been provided copies of documents pertaining to the sale of the Aurora Group's assets by MGMF. However, the Liquidators, at this point in time, are unable to disclose details of the sale to creditors as the provision of those documents are subject to a non-disclosure agreement.

We will continue to liaise with MGMF regarding the sale afoot in parallel to us undertaking a review of the terms and process relating to the sale transaction.

Additionally, we will commence our statutory investigations into the affairs of the Companies. I refer to our Administrators' report dated 23 November 2023 in respect of the potential recoveries identified, including:

- A potential insolvent trading claim of $216.40 million against the directors of the Companies.
- A potential claim for insolvent trading, as outlined above, against Cyan Stone Pty Ltd on the basis it acted as a shadow director of the Companies.
- A potential claim for preference payments made to creditors totalling $3.23 million.
- A potential claim for insolvent related party transactions totalling $4.37 million for payments made to Cyan Stone Pty Ltd.

As the Liquidators are without funds, external funding will be required to commence any further recovery action. The Liquidators are considering all funding options available, these include:

Litigation funding

In order for a litigation funder to provide funding, there needs to be a strong prospect of success as well as evidence of a commercial return from those that an action relates to, in order for sufficient funds to be made available to enable the payment of the litigation funder's fees, our professional fees, as well as providing a return to creditors.

We have undertaken title searches in respect of the Directors', the results of these searches were included in our Administrators' reports to creditors dated 23 November 2023. Further investigations into the directors' affairs and the affairs of Cyan Stone Pty Ltd would be necessary prior to approaching a litigation funder. In addition to the general requirement for good prospects of success, given the complexity of the Aurora Group, it is likely that a litigation funder may require a prior public examination of the directors before agreeing to fund.

Assetless Administration Fund (AA Fund)

The AA Fund was established by the Federal Government and is administered by ASIC. It finances preliminary investigations and reports by Liquidators into the failure of companies with few or no assets, where it appears to ASIC that enforcement action may result from the investigation and report. We are considering making an application to ASIC under the AA Fund.

Fair Entitlements Guarantee Scheme

Where there are insufficient funds in a liquidation and employees make a claim and have their outstanding entitlements (excluding superannuation) paid by the Fair Entitlements Guarantee Scheme (‘FEG’), Liquidators are able to make an application for funding under the FEG Recovery Program. The program administered by FEG provides funding for the purposes of pursuing recovery proceedings including litigation, and other activities, to increase assets available to creditors in the liquidation.

The Liquidators have held preliminary discussions with FEG regarding the asset position of the Companies and we will be considering making an application for funding under the FEG Recovery Program.

Funding from creditors

Another avenue for funding is from the creditors of the Companies. We request that any creditor of the Companies who wishes to fund recovery action/s in respect of the above, and any further transactions identified during the course of our investigations, that they contact our office to discuss the matter further.

Further communication with creditors

It is unlikely that we will hold a meeting of creditors unless we believe it is in the interests of creditors. However, if we receive a reasonable request for a meeting that complies with the guidelines set out in the creditors’ rights information sheet, we will hold a meeting of creditors.

Whether a meeting is held or not, we will write to you within three months of our appointment advising whether a dividend is likely and update you on the progress of our investigations.

We may write to you again after that with further information on the progress of the liquidation or proposals to approve certain matters in the liquidation.

Further information available to creditors

The Australian Restructuring Insolvency and Turnaround Association (ARITA) provides information to assist creditors with understanding liquidations and insolvency. This information is available from ARITA’s website at www.arita.com.au/creditors.

ASIC also provides information sheets on a range of insolvency topics. These information sheets can be accessed on ASIC’s website at www.asic.gov.au/insolvencyinfosheets.

The privacy of your information

KordaMentha may collect personal information either from you, the Companies or otherwise in connection with the amount owed to you by the Companies. KordaMentha takes all reasonable steps to protect the personal information it holds about you from misuse and loss and from unauthorised access, modification or disclosure. From time to time, we may need to disclose personal information regarding you to a third party, such as a regulatory body. Except for certain disclosures required by the Corporations Act, such disclosures will be made on a confidential basis and, where possible, will require the third party to comply with appropriate privacy obligations.

If you would like to access or change the personal information KordaMentha holds about you, you can contact the contact person detailed in this letter at KordaMentha and request the relevant change or access. To action any change or access request, KordaMentha will need to verify your identity and comply with its other procedures which are in place to prevent unauthorised access to personal information. If you have a complaint in relation to the privacy of your information, please contact privacy@kordamentha.com. The privacy policy can be found on the KordaMentha website.

Contact information

If you have any queries or wish to discuss funding further investigations and recovery actions, please contact us by email at aurora@kordamentha.com.

Yours faithfully

Tony Miskiewicz
Liquidator

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Annexure A – ARITA information sheet

Creditor Rights in Liquidations

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

Right to request a meeting	Right to request information	Right to give directions to liquidator	Right to appoint a reviewing liquidator	Right to replace liquidator

If a simplified liquidation process is adopted, these rights are effectively limited to the right to request information.

Right to request a meeting

In liquidations, no meetings of creditors are held automatically. However, creditors with claims of a certain value can request in writing that the liquidator hold a meeting of creditors. The right to request meetings, including in the circumstances described below, is not available if a simplified liquidation process is adopted.

A meeting may be requested in the first 20 business days in a creditors' voluntary liquidation by ≥ 5% of the value of the debts held by known creditors who are not a related entity of the company.

Otherwise, meetings can be requested at any other time or in a court liquidation by:

- > 10% but < 25% of the known value of creditors on the condition that those creditors provide security for the cost of holding the meeting
- ≥ 25% of the known value of creditors
- creditors by resolution, or
- a Committee of Inspection (this is a smaller group of creditors elected by, and to represent, all the creditors).

If a request complies with these requirements and is 'reasonable', the liquidator must hold a meeting of creditors as soon as reasonably practicable.

Right to request information

Liquidators will communicate important information with creditors as required in a liquidation. In addition to the initial notice, you should receive, at a minimum, a report within the first three months on the likelihood of a dividend being paid.

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

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

Requests must be reasonable.

They are not reasonable if:

Both meetings and information:

(a) complying with the request would prejudice the interests of one or more creditors or a third party
(b) there is not sufficient available property to comply with the request
(c) the request is vexatious

Meeting requests only:

(d) a meeting of creditors dealing with the same matters has been held, or will be held within 15 business days

Information requests only:

(e) the information requested would be privileged from production in legal proceedings
(f) disclosure would found an action for breach of confidence
(g) the information has already been provided
(h) the information is required to be provided under law within 20 business days of the request

If a request is not reasonable due to (b), (d), (g) or (h) above, the liquidator must comply with the request if the creditor meets the cost of complying with the request.

Otherwise, a liquidator must inform a creditor if their meeting or information request is not reasonable and the reason why.

Right to give directions to liquidator

Creditors, by resolution, may give a liquidator directions in relation to a liquidation. A liquidator must have regard to these directions, but is not required to comply with the directions.

If a liquidator chooses not to comply with a direction given by a resolution of the creditors, they must document their reasons. An individual creditor cannot provide a direction to a liquidator.

If a simplified liquidation process is adopted, you may not be able to give directions, because meetings cannot be held to pass a resolution.

Right to appoint a reviewing liquidator

Creditors, by resolution, may appoint a reviewing liquidator to review a liquidator's remuneration or a cost or expense incurred in a liquidation. This right is not available if a simplified liquidation process is adopted. The review is limited to:

- remuneration approved within the six months prior to the appointment of the reviewing liquidator, and
- expenses incurred in the 12 months prior to the appointment of the reviewing liquidator.

The cost of the reviewing liquidator is paid from the assets of the liquidation, in priority to creditor claims.

An individual creditor can appoint a reviewing liquidator with the liquidator's consent, however the cost of this reviewing liquidator must be met personally by the creditor making the appointment.

Right to replace liquidator

Creditors, by resolution, have the right to remove a liquidator and appoint another registered liquidator. This right is not available if a simplified liquidation process is adopted, because meetings cannot be held.

To replace a liquidator, there are certain requirements that must be complied with:

Meeting request

A meeting must be reasonably requested by the required number of creditors.

Creditors must inform the existing liquidator of the purpose of the request for the meeting.

Information and notice

Creditors must determine who they wish to act as the new liquidator (this person must be a registered liquidator) and obtain:

- Consent to Act, and
- Declaration of Independence, Relevant Relationships and Indemnities (DIRRI).

The existing liquidator will send a notice of the meeting to all creditors with this information.

Resolution at meeting

If creditors pass a resolution to remove a liquidator, that person ceases to be liquidator once creditors pass a resolution to appoint another registered liquidator.

For more information, go to www.arita.com.au/creditors.
Specific queries about the liquidation should be directed to the liquidator's office.