

Ten Sixty Four Limited (Subject to Deed of Company Arrangement) (X64 or the Company) ACN 099 377 849

Report to Creditors

25 October 2024

Disclaimer

In reviewing this Report, creditors should note:

- This Report is based upon our investigations to date. If additional material issues are identified subsequent to issuing this Report, we may seek to clarify or amend our view in subsequent communications with creditors.
- The contents of this Report are based on information obtained from the Company's books and records, financial systems, representations from the directors, management, the Company's external advisers, and our own enquiries and investigations.
- The statements and opinions given in this Report are given in good faith and in the belief that such statements and opinions are not false or misleading.
- Neither the Deed Administrator, PricewaterhouseCoopers (**PwC**), nor any member or employee of the firm is responsible in any way whatsoever to any person in respect of any errors in this Report arising from incorrect information provided to us.
- The Deed Administrator does not assume or accept any responsibility for any liability or loss sustained by any creditor or any other party as a result of the circulation, publication, reproduction or any use of the information presented in this Report.
- This Report is not for general circulation, publication, reproduction or any use other than to assist creditors in evaluating their position as creditors of the Company and must not be disclosed without the prior approval of the Deed Administrator.
- For the avoidance of doubt, nothing disclosed in this Report is intended to waive legal professional privilege.

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1 Forms to be completed

Please complete and return the two 'proposal without a meeting forms' enclosed within this Report by **5:00pm AEDT by 18 November 2024**.

Please return the completed form by email to:

Email: tensixtyfour@au.pwc.com

Contact: Mr. Dylan Bernardo

2 Introduction and purpose of Report

I, Martin Francis Ford of PwC, together with Simon Guy Theobald, was appointed Administrator of the Company on 2 July 2023 by the Company's directors under s436A(1) of the Act. Pursuant to the resolution passed at the second meeting of creditors held on 31 October 2023, the Company executed a Deed of Company Arrangement (**DOCA**) on 1 November 2023, and we were appointed Deed Administrators.

Mr. Theobald resigned as Deed Administrator on 2 January 2024. As a result of Mr. Theobald's resignation, I have remained as the appointed Deed Administrator of the Company.

I refer to the following previous reports to creditors:

1. Initial Report to Creditors dated 4 July 2023 (**Initial Report to Creditors**)
2. Section 75-225 Report to Creditors dated 23 October 2023 (**Major Report**)
3. Circular to Creditors dated 3 November 2023 (**Circular to Creditors**)
4. Various Australian Security Exchange (**ASX**) announcements.

2.1 Purpose of Report

The purpose of this Report is to:

- provide you with an update on the progress of the Deed Administration and next steps
- seek approval for our remuneration incurred in conducting the Deed Administration in the period 28 March 2024 to 31 August 2024
- seek approval for our future remuneration to be incurred from 1 October 2024 to the conclusion of the Deed Administration.

2.2 Independence

Further to the Declaration of Independence, Relevant Relationships and Indemnities (**DIRRI**) provided to creditors on 4 July 2023, an updated DIRRI dated 16 January 2024 was shared with creditors and lodged with ASIC.

3 Update on Deed Administration

3.1 Progress with Restructuring

On 18 March 2024, a Restructuring Framework Agreement (**RFA**) was entered into between:

- Ten Sixty Four Limited (Subject to DOCA) (**X64** or **the Company**)
- Philsaga Mining Corporation (**PMC**) (which the Company holds a 40% indirect interest in)
- Mindanao Mineral Processing and Refining Corporation (**MMPRC**) (a subsidiary which the Company holds an 80% direct interest in)
- Komo Diti Traders Ltd (**KDTL**) (a wholly and directly owned subsidiary of the Company)
- Mr. Raul C. Villanueva (a Philippine shareholder with an indirect interest in PMC); and
- the Deed Administrator.

The Company's group structure is discussed at Section 4.2 of the Major Report.

Broadly, the intent of the RFA (and the restructuring generally) is to reset commercial relations between X64 and PMC, MMPRC and KDTL (together, **the Subsidiaries**) with a view to ensuring that the Subsidiaries have sufficient cash flow to operate whilst at the same time providing upstream cash flow to enable X64 to exit the DOCA and ultimately make returns to its shareholders.

The documents underpinning the RFA and their status are as follows:

Table 1: Documents underpinning the RFA

Document	Purpose	Status
Tolling Agreement	To record the rate of payment from PMC to MMPRC for toll treating PMC's ore. The tolling rate has been increased to US\$20/t of ore from the previous amount of US\$17/t.	Executed on 25 January 2024, effective from 1 January 2024.
Land Lease	To grant MMPRC a lease over PMC's land (previous lease expired on 31 December 2018). The lease secures MMPRC's ability to operate. The lease term is for five years with an option for a further five year term.	Executed on 21 June 2024.
MMPRC Dividend Policy	To record MMPRC's dividend payment policy. It is expected that MMPRC will be able to pay dividends to its shareholders from the proceeds of receipts from the Tolling Agreement and Compromise Agreement.	Document agreed, to be executed simultaneously with the Compromise Agreement.
Global Intercompany Settlement Agreement	Document to record repayment/settlement of intercompany loans: <ul style="list-style-type: none"> • KDTL loan to X64 • KDTL loan to PMC • MMPRC loan to X64. 	Document agreed, to be executed simultaneously with the Compromise Agreement.
Compromise Agreement	To record the compromise of the PMC:MMPRC loan. This document settles previous disputes between the parties and provides a repayment schedule for the loan comprising an initial payment shortly after execution, with regular amortisation payments to follow thereafter. Refer to ASX announcement dated 20 March 2024 for further details.	Terms agreed in principle subject to final agreed documentation. Expected to be executed shortly.
PMHI Shareholders agreement	Agreement between the shareholders of PMHI.	Negotiations continuing.

3.2 Solvency of the Company

A first and final dividend to creditors resulting in full payment of creditors' claims was declared on 22 December 2023 and paid on 2 February 2024, 8 February 2024 and 18 March 2024. The claims of Mr. Paul Ryan Welker against the Company have also been settled¹.

The remaining creditors of the Company are related party creditors (KDTL and MMPRC) and Excluded Creditors as defined in the DOCA. KDTL and MMPRC's claims are for US\$5,217,150 plus interest and US\$4,100,000 plus interest respectively.

Related party creditors' debts are to be resolved following execution of the Compromise Agreement, Global Intercompany Settlement Agreement and MMPRC Dividend Policy. Following execution of these documents, the Deed Administrator considers that the Company will be solvent as all claims against it will have been settled or paid, and the Company will have access to cash flow to fund ongoing commitments.

3.3 Deed Administrator's Investigations

The outcome of the Deed Administrator's preliminary investigations are detailed in the Major Report. The initial findings in the Major Report included that there had been potential breaches of directors' duties by the Company's prior Board² which may give rise to potential claims.

The potential claims included:

- breaches of directors' duties in relation to the ownership/control structure which was in place in respect of the Company's subsidiaries, the management of the ownership dispute and potential impact on the value of the Company's assets;
- breaches of directors' duties in relation to unreasonable expenditure made by the Company;
- breaches of directors' duties in relation to announcements made to the ASX concerning:
 - the existence of the ownership dispute and its effect on the Company's financial position
 - the extent of the Company's control over its subsidiaries; and
 - various other matters; and
- breaches of directors' duties in relation to placing the directors' and officers' (D&O) insurance policy into run-off.

The Deed Administrator's further investigations since the Major Report are discussed below.

3.3.1 Ownership/Control Structure in respect of the Company's Subsidiaries

As previously advised, a dispute emerged in February 2023 between the Company and the Philippine owners of 60% of Philsaga Management and Holdings Inc (PMHI), the ultimate owner of PMC.

Mr. Villaneuva, who has served as President of PMC for nearly a decade, asserts that he had acquired the 60% ownership directly and through intermediaries on his behalf. Mr. Joseph Mahusay alleged that this interest had been transferred to him through a special power of attorney held by the Company's former Executive Chairman Mr. Jeff McGlinn.

The ownership dispute is complicated and we understand involves 11 cases (both civil and criminal) in multiple jurisdictions in the Philippines Courts.

¹ See ASX Announcement dated 24 January 2024

² The Board in place prior to resignation on 19 June 2023

The Company is not a party to any of the cases which comprise the ownership dispute. However, based on our investigations to date it is noted that:

- On 8 April 2024, the Regional Trial Court in Davao City in Case No. R-DVO-23-01736-CV denied an application from Mr. Mahusay for a Writ of Preliminary Prohibitory Injunction (**WPI**) against Mr. Villanueva, which sought to prevent Mr. Villanueva from acting as President and Director of PMHI.
- On 27 May 2024, the Regional Trial Court in Davao City in Case No. R-DVO-23-04666-CV granted an application from Mr. Villanueva for a WPI against Mr. Mahusay, Mr. Ramon Austria, Mr. Peter Alphonso and Mr. Patrick Warr to prevent them from:
 - Misrepresenting themselves as PMHI directors and officers.
 - Exercising functions and duties of PMHI.
 - Asserting rights from the disputed stockholder's and director's meeting.
 - Causing further damage to PMHI's business.
 - Validating any board resolutions or actions executed by the defendants.
 - Restoring the status quo ante the controversy.
- On 20 September 2024, the Regional Trial Court in Quezon City made an order dismissing Case No. R-QZN-23-09238-43-CR. This case was brought against Mr. Jeffery McGlinn, Mr. Mahusay, Mr. Austria and Ms. Rosalinda Adriano Montenegro (**the Case**) and relates to a criminal complaint for Falsification of Public Document.
- The Court ultimately found that the allegation that the defendants had falsified documents including a share transfer form transferring ownership of 60% of the shares in PMHI from Mr. Villanueva to Mr. Mahusay, had not been proven beyond a reasonable doubt required for a criminal action. Further, the validity of the share transfer documents relevant to the case remains the subject of dispute in a number of the other cases seeking to prove falsification of the documents to the standards required in a civil action of being more likely than not.
- The Deed Administrator's investigations have not identified any board resolutions or other documents of X64 instructing or approving Mr. McGlinn, in his capacity as either Managing Director, Executive Chair and/or a representative of X64, to execute any share transfers in respect of the shares in PMHI to Mr. Mahusay.

Notwithstanding that the Company is not a party to any of the cases comprising the ownership dispute, its position in relation to matters relevant to it is that:

- As noted in the ASX announcement of 2 February 2024, it is not clear that the Board of X64 had the power to pass any resolutions in respect of PMC, including the removal and replacement of Mr. Villanueva as PMC's President and Director.
- In the absence of any valid resolution to remove Mr. Villanueva from office, and, noting the matters detailed above, X64 recognises Mr. Villanueva as PMC's President and Chief Executive Officer and notes that since our appointment, operational control of the Co-O Mine has remained with Mr. Villanueva.
- The Company is working with PMC and Mr. Villanueva to achieve the restructuring outcomes outlined in Section 3.1 above.
- The Company will ultimately abide by the decision of the Philippines Courts.

3.3.2 Unreasonable Expenditure made by the Company

The Deed Administrator's further investigations have identified a number of transactions in relation to which there appears to have been no apparent benefit to the Company, or evidence of appropriate authorisation procedures, as summarised below:

Table 2: Summary of unreasonable expenditure

Category	AUD equivalent
Payments which appear to have been made for the benefit of parties other than the Company	2,218,183.33
Payments made by MMPRC and credited to the Company's loan account with MMPRC	475,972.73
Other Related Party transactions	1,023,589.72
Total	3,717,745.78

3.3.2.1 Payments which appear to have been made for the benefit of parties other than the Company:**Table 3: Payments which appear to have been made for the benefit of parties other than the Company**

Date	Payment to	USD	AUD equivalent
05-Jan-23	Galang Jorvina Munez and Associates	200,000.00	303,030.30
09-Mar-23	Kapunan Tamano Javier and Associate	130,000.00	196,969.70
29-Mar-23	Patricia Galang	134,000.00	203,030.30
19-Jun-23	Kapunan Tamano Javier and Associate	333,334.00	505,051.52
19-Jun-23	Kapunan Tamano Javier and Associate	333,334.00	505,051.52
19-Jun-23	Kapunan Tamano Javier and Associate	333,333.00	505,050.00
Total		1,464,001.00	2,218,183.33

Notes:

- The total of the above payments when converted to AUD is c.\$2,218,183.
- The above payments have been made to Philippines law firms. The Company's records and our investigations indicate that the work performed by those firms does not appear to have been for the benefit of the Company. Further, we have not identified any documentation or Board resolution concerning the Company engaging these firms or approving the payments made.
- The payments on 19 June 2023 were made on the same day that the prior Board resigned. The newly appointed management were able to retrieve two of these payments. The invoices supporting these payments indicate that the payments were made in advance to meet the costs future in litigation relating to the ownership dispute (which the Company is not a party to).
- Kapunan Tamano Javier and Associates have not responded to the Deed Administrator's requests for information.
- Internet searches indicate that the office of Galang Jorvina Munez and Associates is permanently closed.

In addition to the above and as noted in the Major Report³, the Company's prior board caused the Company to incur the cost⁴ of a D&O Insurance run-off cover premium which limited the incoming board's ability to obtain a replacement policy and meant that the Company did not receive value for the unexpired portion of the existing policy.

3.3.2.2 Payments made by MMPRC on instruction of the Company's management and credited to the Company's loan account with MMPRC**Table 4: Payments made by MMPRC and credited to the Company's loan account with MMPRC**

Date	Payment to	PhP	USD equivalent	AUD equivalent
15-May-23	Galang Jorvina Munez and Associates	5,567,200.00	99,831.68	151,260.12
15-May-23	Galang Jorvina Munez and Associates	5,567,200.00	99,831.68	151,260.12
13-Jun-23	Life Enrichment Consultancy	6,384,000.00	114,478.64	173,452.48
Total		17,518,400.00	314,142.00	475,972.73

Note:

- The total of the above payments when converted is c.US\$314,142, or c.AU\$475,973.

³ Section 8.5

⁴ Cost and terms of policy withheld to avoid prejudicing policy

- Whilst the payments were made by MMPRC, the outcome of the transactions was to increase the Company's loan account with MMPRC. The basis for X64 incurring these increased liabilities is unclear.
- Galang Jorvina Munez and Associates is a law firm. The Company records evidence that the engagement was not for the apparent benefit of the Company or MMPRC. Further, there is no Board resolution concerning the Company engaging this firm or approving the payments made and/or agreeing to credit its loan account with MMPRC.
- The documentation available in respect of the payment to Life Enrichment Consultancy shows that this does not appear to have been for the benefit of the Company or MMPRC.

3.3.2.3 Other Related Party payments which require further investigation:

The following related party (and associates) expense payments require further investigation to determine what, if any, benefit the Company received. Based on our investigations, we have been unable to confirm the legal basis and/or the benefit provided to the Company from making these payments. It is noted that many of these payments were made on 19 June 2023, the date on which the previous Board resigned from the Company.

Table 5: Other Related Party expenses

Date	Payment to	USD	AUD	AUD equivalent
19-Jun-23	Jeff McGlinn / related entities	-	493,387.95	493,387.95
19-Jun-23	Jennifer Nguyen	-	75,934.75	75,934.75
19-Jun-23	Patrick Warr	-	243,228.70	243,228.70
19-Jun-23	Ramon Austria	104,464.29	-	158,279.23
19-Jun-23	Joseph Mahusay	34,821.00	-	52,759.09
Total		139,285.29	812,551.40	1,023,589.72

The Deed Administrator will provide the Company with results of the investigations for consideration of instigating recovery action.

3.4 Effectuation of the DOCA

The status of the Conditions Precedent to the DOCA which are required to be satisfied or waived prior to effectuation are summarised below:

Table 6: Status of Conditions Precedent

Conditions Precedent	Description	Status	Waiver of Condition Precedent
Consents and approvals	The Administrators and Deed Administrators receiving all necessary consents and approvals which they consider (in their sole discretion) are required to give effect to the Deed (which may include direction from the Court under section 90-15 of the Insolvency Practice Schedule that the Administrators would be justified in entering into and / or giving effect to the Deed)	Expected to be waived by Deed Administrators on completion of other Conditions Precedent	May be waived by Deed Administrators
D&O Insurance	The issuance of a D&O insurance policy for the benefit of the Directors and Officers, in form and substance satisfactory to the Deed Proponent, to be effective from the Effectuation Date	Terms of D&O insurance have been agreed. Policy to be entered into upon effectuation of the DOCA.	May be waived by Deed Proponent
Public examinations	The conduct of public examinations by the Deed Administrators to investigate any claims which the Deed Company or its Members may have against any third parties including pursuant to section 596A of the Act (in consultation with the Deed Proponent)	Conducting public examinations remains a consideration, but would not delay effectuation.	May be waived by Deed Administrators and Deed Proponent

Conditions Precedent	Description	Status	Waiver of Condition Precedent
Management Agreement	Execution of the Management Agreement between MMPRC and the Deed Company (to take effect on and from the Effectuation Date)	Subject to negotiations with key stakeholders	May be waived by Deed Administrators and Deed Proponent
Ownership dispute	Resolution of the ownership dispute relating to the shareholdings in PMHI on terms acceptable to the Deed Proponent	Matters detailed herein.	May be waived by Deed Proponent
Intercompany claims resolution	Resolution of Intercompany Claims such that the Deed Company's balance sheet is solvent	Satisfied under the Standstill Agreements and RFA. Due to a deadline not being achieved as outlined in the Standstill Agreement each party has the right to terminate. However, neither party has indicated an intention to do so.	May be waived by Deed Proponent
PMC Tolling Agreement	Variation of PMC Tolling Agreement on terms acceptable to the Deed Proponent	Satisfied	May be waived by Deed Proponent
Deed Fund	Establishment of the deed fund	Satisfied	May not be waived

4 Costs of Deed Administration

The Deed Administrator is seeking approval of remuneration of \$311,202.00 (excl. GST) for the period 28 March 2024 to 30 September 2024, and future remuneration for the period 1 October 2024 to conclusion of the Deed Administration of up to \$156,610.00 (excl. GST). If our time costs do not reach the estimate for future remuneration, we will only invoice for the actual time costs incurred.

Attached at **Appendix A** is a detailed report on the Deed Administrator's remuneration, called a 'Remuneration Approval Report'. The Deed Administrator is unable to pay remuneration without approval of creditors or the Court. To minimise the costs in this deed administration, we have elected to seek the approval of creditors for our remuneration without a meeting. Should an application to Court be necessary to approve our remuneration, the Deed Administrator will incur additional time costs and legal expenses which will need to be met from the Company's assets.

To participate, please complete and return the two 'proposal without a meeting' forms included within **Appendix A** by no later than **5.00pm AEDT 18 November 2024**.

We request that all forms be returned by email to Mr. Dylan Bernardo at tensixtyfour@au.pwc.com.

An Australian Restructuring Insolvency and Turnaround Association (**ARITA**) information sheet titled "Proposals without meetings" is included at **Appendix A**.

5 What happens next?

Included in **Appendix A** is a circular resolution to approve the Deed Administrator's remuneration. To participate, please complete and return the two 'proposal without a meeting' forms by no later than **5.00pm AEDT 18 November 2024**.

As previously outlined in this Report, the Deed Administrator is continuing to negotiate with key stakeholders with respect of the Conditions Precedent of the DOCA, which are required to be satisfied or waived prior to effectuation.

Following satisfaction or waiver of the Conditions Precedent, the Deed Administrator endeavours to hand the company back, such that the Company is able to be relisted on the ASX.

The Deed Administrator will provide subsequent communications to Creditors as required.

6 Where can you get more information?

You can access information which may assist you on the following websites:

- ARITA at www.arita.com.au/creditors/
- ASIC at <http://asic.gov.au/regulatory-resources/insolvency/insolvency-information-sheets/>

If you have any queries in relation to the contents of this Report, please contact Miss Marks of our office on +61 402 370 323 or by email to tensixtyfour@au.pwc.com.

Dated this 25th day of October 2024



Martin Ford
Deed Administrator

Enc.

Appendices

Appendix A Remuneration Approval Report

15

Appendix A Report

Remuneration Approval

Ten Sixty Four Limited (Subject to Deed of Company Arrangement) (the Company)

ACN 099 377 849

Remuneration Approval Report

25 October 2024





This remuneration approval report provides you with the information you need to be able to make an informed decision regarding the approval of my remuneration.

You should read this report and the other documentation that I have sent you.

To minimise the costs, I have elected to seek approval from creditors of my remuneration without holding a meeting. An information sheet prepared by the Australian Restructuring Insolvency and Turnaround Association (**ARITA**) on proposals without a meeting is attached at **Appendix E** of the accompanying report to creditors.

You can cast your vote in respect of the resolutions included in this report using the voting forms included at **Appendix A**. These forms then need to be returned to this office by post, or emailed to tensixtyfour@au.pwc.com.

I need to receive your form by **5.00pm** on **18 November 2024** for your vote to count. If you choose to use post, please allow enough time for your letter to be delivered.

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1. Declaration

I, Martin Francis Ford of PricewaterhouseCoopers (**PwC**) have undertaken a proper assessment of this remuneration claim for my appointment as Deed Administrator of the Company in accordance with the law and applicable professional standards. I am satisfied that the remuneration claimed is in respect of necessary work, properly performed, or to be properly performed, in the conduct of the external administration.

2. Forms to be completed

Please complete and return the two "proposal without a meeting" forms which are enclosed within **Appendix A** of this report by **5:00pm on 18 November 2024**.

Please return these forms to (please return by email if you are able to do so):

Mail: 2 Riverside Quay
Southbank VIC 3006
Email: tensixtyfour@au.pwc.com
Contact: Mr Dylan Bernardo

3. Executive Summary

To date, \$1,572,907.00 (excluding GST) in remuneration has previously been approved in this external administration and \$1,547,661.00 (excluding GST) has been paid.

The summary of remuneration previously approved and currently sought from the creditors in this remuneration report is summarised in the table below.

Period	Report reference	Amount Approved (excl. GST)
Remuneration previously approved:		
Voluntary Administration (VA) period		
2 July 2023 to 15 October 2023		934,850.50
16 October 2023 to 31 October 2023		89,355.00
1 November 2023 to execution of DOCA		34,407.50
Total VA remuneration previously approved		1,058,613.00
Total VA remuneration paid		1,033,367.00
Deed of Company Arrangements (DOCA) period		
2 November 2023 to 31 December 2023		254,346.50
1 January 2024 to completion of DOCA		259,947.50
Total DOCA remuneration previously approved		514,294.00
Total DOCA remuneration paid		514,294.00
Total remuneration previously approved		1,572,907.00
Total remuneration paid		1,547,661.00
Remuneration approval sought:		
Deed of Company Arrangements (DOCA) period		
Resolution 1: 28 March 2024 to 30 September 2024	Schedule B1 & C1	311,202.00
Resolution 2*: 1 October 2024 to completion of DOCA	Schedule B2 & C2	156,610.00
Total remuneration approval sought		467,812.00

**Approval for the future remuneration sought is based on an estimate of the work necessary to the completion of the external administration. Should additional work be necessary beyond what is contemplated, further approval may be sought from creditors.*

In the Remuneration Approval Report dated 22 January 2024, I sought approval for my remuneration from 1 January 2024 to completion of the DOCA for an estimated \$259,947.50. My actual remuneration from 1 January 2024 to 30 September 2024 was \$571,149.50, \$311,202.00 higher than the estimated remuneration approved. Refer to section 4.3 of this report for further detail on the higher than anticipated cost of the deed administration.

Please refer to report section references detailed in the above table for full details of the calculation and composition of the remuneration approval sought.

Fees actually incurred will be calculated on the Time Based / Hourly Rates method and only time properly incurred will be charged.

4. Remuneration

4.1. Remuneration

I will be seeking approval of the following resolutions to approve my remuneration. Details to support these resolutions are included in section 4.2 and the attached schedules.

Resolution 1

That the remuneration of the Deed Administrator is approved for the period 28 March 2024 to 30 September 2024 of \$311,202.00 (plus GST), as set out in the Remuneration Approval Report dated 25 October 2024 to be drawn from available funds immediately or as funds become available.

Resolution 2

That the remuneration of the Deed Administrator is approved for the period 1 October 2024 to completion of the DOCA up to a maximum of \$156,610.00 (plus GST), as set out in the Remuneration Approval Report dated 25 October 2024 to be drawn from available funds as incurred or as funds become available.

Future remuneration is approved subject to a maximum or cap. Sometimes the actual cost of the administration will exceed the maximum which has been approved, in which case, I may seek another resolution for additional remuneration at a later date. I will not pay any amount exceeding the maximum without this approval.

Creditors should note that this is an estimate of my remuneration until the completion of the deed administration. Should the deed administration be finalised sooner than expected, and my remuneration does not total this amount, I will only pay remuneration for time actually incurred.

Where funds are available, I will usually pay approved remuneration at intervals not less than one month. Where funds are not available, remuneration will not be paid.

4.2. Details of remuneration

The basis of calculating the remuneration claims is summarised in Schedules B1 and B2 of **Appendix B**.

The details of the major tasks performed, and the costs associated with each of those major tasks are contained in Schedules C1 and C2 of **Appendix C**.

4.3. Total remuneration reconciliation

In the Remuneration Approval Report dated 22 January 2024, I sought approval for my remuneration from 1 January 2024 to completion of the DOCA for an estimated \$259,947.50. My actual remuneration from 1 January 2024 to 30 September 2024 was \$571,149.50, \$311,202.00 higher than the estimated remuneration approved.

The higher than estimated remuneration was primarily incurred as a result of complexities and protracted negotiations in satisfying the conditions precedent that were not anticipated when the Remuneration Approval Report dated 22 January 2024 was prepared, which has caused the external administration to continue for a longer period than anticipated. Additionally, the complexity of the deed administration has required the expertise of more senior members of the deed administration. These factors have resulted in additional time being incurred / expected to be incurred than anticipated in prior estimates.

I now estimate that the cost of the deed administration from 1 October 2024 to finalisation of the deed administration to be \$156,610.00, subject to finalisation of matters raised above.

4.4. Likely impact on dividends

The Corporations Act 2001 (**the Act**) sets the order for payment of claims against the Company and it provides for remuneration of the Deed Administrator to be paid in priority to other claims. This ensures that when there are sufficient funds, the Deed Administrator receives payment for the work properly performed.

A dividend of 100 cents in the dollar has been declared and paid to non-priority unsecured creditors (save for excluded creditors under the DOCA), therefore approval of this remuneration will not have an effect on dividends.

4.5. Remuneration recovered from external sources

I have not received any funding from external sources for our remuneration.

5. Disbursements

Disbursements are divided into three types:

- **External professional services** - these are recovered at cost. An example of an external professional service disbursement is legal fees.
- **External non-professional costs** – these are recovered at cost. Examples of external non-professional costs are travel, accommodation and search fees.
- **Firm non-professional disbursements** such as photocopying, printing and postage. These disbursements, if charged to the deed administration, would generally be charged at cost; though some expenses such as telephone calls, photocopying and printing may be charged at a rate which recoups both variable and fixed costs. The recovery of these costs must be on a reasonable commercial basis.

I am not required to seek creditor approval for costs paid to third parties or for disbursements where I am recovering a cost incurred on behalf of the external administration but I must account to creditors. Creditors have the right to question the incurring of the disbursements and can challenge disbursements in court.

I have undertaken a proper assessment of disbursements claimed for the Company, in accordance with the law and applicable professional standards. I am satisfied that the disbursements claimed are necessary and proper.

I am required to obtain creditor consent for the payment of internal disbursements where there may be a profit or advantage. Creditors will be asked to approve internal disbursements where there is a profit or advantage prior to these disbursements being paid from the deed administration. Notwithstanding, there have been no such disbursements incurred.

5.1. Disbursements

To date, disbursements totalling \$22,632.81 (excl GST) have been reimbursed to my firm in the deed administration as set out below:

Disbursements claimed	Total (excl. GST)
Travel costs	20,300.83
IT software	2,026.61
Postage	258.82
Single touch payroll costs	46.55
Total external disbursements claimed	22,632.81

Additional disbursements of \$9,228.63 (excl. GST) have been incurred to date in the external administration, but not yet paid. These disbursements relate to travel costs and single touch payroll administration costs.

5.2. Future basis of disbursements

Future disbursements provided by our firm will be charged to the deed administration on the following basis:

Disbursements	Rate (excl. GST)
External professional services	At cost
External non-professional costs	At cost
ASIC industry metric levies*	At prescribed ASIC rates – Estimated to be \$67.84 per notifiable event
Internal firm non-professional costs	At cost
Staff vehicle use	85 cents per kilometre for first 150km of return trip and 40 cents per kilometre thereafter

**The ASIC industry funding levy is calculated each January by ASIC for the previous financial year. I have estimated the minimum charge per notifiable event to be approximately \$67.84 in accordance with the estimate provided in ASIC's cost recovery statement for the 2023 financial year.*

6. Summary of receipts and payments

The summary of receipts and payments for the period from 1 January 2024 to 31 August 2024 is included at **Appendix D**.

7. Queries

Should you have any queries regarding the deed administration, please contact the PwC office by email at tensixtyfour@au.pwc.com.

You can access additional information on the following websites:

- ARITA at www.arita.com.au/creditors
- ASIC at <http://asic.gov.au/regulatory-resources/insolvency/insolvency-information-sheets/>

DATED this 25th day of October 2024.



Martin Ford
Deed Administrator

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Appendix A. - Notice of proposal to creditors

Refer to the document included on the proceeding page.

Notice of proposal to creditors

Ten Sixty Four Limited
(Subject to Deed of Company Arrangement) (the Company)
ACN 099 377 849

Instructions

1. Place a tick in the boxes below indicating whether you are in favour or against the proposed resolution and fill in your details.
2. Return to: Mr Dylan Bernardo by **5:00pm** on **18 November 2024**
By email: tensixtyfour@au.pwc.com
Address: PricewaterhouseCoopers, 2 Riverside Quay, SOUTHBANK VIC 3006

Proposed Resolution 1

That the remuneration of the Deed Administrators is approved for the period 28 March 2024 to 30 September 2024 of \$311,202.00 (plus GST), as set out in the Remuneration Approval Report dated 25 October 2024 to be drawn from available funds immediately or as funds become available.

Voting Form

I approve the proposal

☐

I do not approve the proposal

☐

Name of Creditor

Address of Creditor

Amount Claimed
As Owing

\$

Is your company related to the Company?

Yes / No

Contact Name

Contact Telephone

Signature of authorised officer
or Company Seal

Reasons for the proposal

The purpose of the resolution is to approve remuneration of the Deed Administrator without calling a formal meeting of creditors to minimise costs.

Likely impact of passing the proposal

A dividend of 100 cents in the dollar has been paid to creditors (save for excluded creditors under the Deed of Company Arrangement) and approval of the remuneration will not have an effect on this.

Objection to proposal

If you object to the proposal being resolved without a creditors meeting please forward a letter indicating your objection to Mr Bernardo before the above date.

Notice of proposal to creditors

Ten Sixty Four Limited
(Subject to Deed of Company Arrangement) (the Company)
ACN 099 377 849

Instructions

3. Place a tick in the boxes below indicating whether you are in favour or against the proposed resolution and fill in your details.
4. Return to: Mr Dylan Bernardo by **5:00pm** on **18 November 2024**
By email: tensixtyfour@au.pwc.com
Address: PricewaterhouseCoopers, 2 Riverside Quay, SOUTHBANK VIC 3006

Proposed Resolution 2

That the remuneration of the Deed Administrators is approved for the period 1 October 2024 to completion of the DOCA up to a maximum of \$156,610.00 (plus GST), as set out in the Remuneration Approval Report dated 25 October 2024 to be drawn from available funds as incurred or as funds become available.

Voting Form

I approve the proposal

☐

I do not approve the proposal

☐

Name of Creditor

Address of Creditor

Amount Claimed
As Owing

\$

Is your company related to the Company?

Yes / No

Contact Name

Contact Telephone

Signature of authorised officer
or Company Seal

Reasons for the proposal

The purpose of the resolution is to approve remuneration of the Deed Administrator without calling a formal meeting of creditors to minimise costs.

Likely impact of passing the proposal

A dividend of 100 cents in the dollar has been paid to creditors (save for excluded creditors under the Deed of Company Arrangement) and approval of the remuneration will not have an effect on this.

Objection to proposal

If you object to the proposal being resolved without a creditors meeting please forward a letter indicating your objection to Mr Bernardo before the above date.

Appendix B. - Calculations of remuneration schedules

Schedule B1

Resolution 1

The below table provides a breakdown of the work undertaken in each major task area for the period 28 March 2024 to 30 September 2024.

Position	\$/hours	Total		Assets		Creditors		Employees		Dividend		Investigations		Trade on		Administration	
	(Excl. GST)	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$
Appointee																	
Martin Ford	850	202.30	171,955.00	141.4	120,190.00	-	-	-	-	-	-	35.4	30,090.00	16.4	13,940.00	9.1	7,735.00
Other staff																	
Partner	850	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Managing Director	825	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Director	765	0.20	153.00	-	-	-	-	-	-	-	-	-	-	-	-	0.2	153.00
Senior Manager	680	85.90	58,412.00	14.8	10,064.00	2.6	1,768.00	-	-	-	-	-	-	45.5	30,940.00	23.0	15,640.00
Manager	635	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Senior Consultant	535	111.40	59,599.00	15.1	8,078.50	9.9	5,296.50	-	-	-	-	-	-	67.6	36,166.00	18.8	10,058.00
Consultant	430	17.90	7,697.00	3.8	1,634.00	-	-	-	-	-	-	-	-	4.5	1,935.00	9.6	4,128.00
Offshore Professional	230	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Specialist	230	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Administration Support	230	58.20	13,386.00	-	-	-	-	-	-	-	-	-	-	-	-	58.2	13,386.00
Total		475.9	311,202.00	175.1	139,966.50	12.5	7,064.50	-	-	-	-	35.4	30,090.0	134.0	82,981.00	118.9	51,100.00
GST			31,120.20														
Total (incl. GST)			342,322.20														
Average rate (excl. GST)			653.92														

Schedule B2

Resolution 2

The below table provides a breakdown of the work undertaken in each major task area for the period 1 October 2024 to completion of the DOCA.

Position	\$/hours	Total		Assets		Creditors		Employees		Dividend		Investigations		Trade on		Administration	
	(Excl. GST)	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$
Appointee																	
Martin Ford	850	91.0	77,350.00	78.5	66,725.00	3.5	2,975.00	-	-	-	-	-	-	5.5	4,675.00	3.5	2,975.00
Other staff																	
Partner	850	1.5	1,275.00	-	-	-	-	-	-	-	-	-	-	-	-	1.5	1,275.00
Managing Director	825	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Director	765	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Senior Manager	680	41.0	27,880.00	8.5	5,780.00	2.0	1,360.00	-	-	-	-	-	-	21.0	14,280.00	9.5	6,460.00
Manager	635	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Senior Consultant	535	49.0	26,215.00	6.0	3,210.00	10.5	5,617.50	-	-	-	-	-	-	22.5	12,037.50	10.0	5,350.00
Consultant	430	35.5	15,265.00	3.5	1,505.00	5.5	2,365.00	-	-	-	-	-	-	20.0	8,600.00	6.5	2,795.00
Offshore Professional	230	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Specialist	230	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Administration Support	230	37.5	8,625.00	-	-	-	-	-	-	-	-	-	-	-	-	37.5	8,625.00
Total		255.5	156,610.00	96.5	77,220.00	21.5	12,317.50	-	-	-	-	-	-	69.0	39,592.50	68.5	27,480.00
GST			15,661.00														
Total (incl. GST)			172,271.00														
Average rate (excl. GST)			612.95														

Appendix C. - Table of major tasks for remuneration

Schedule C1

The below table provides a description of the additional work undertaken in undertaken in each major task area for the period 28 March 2024 to 30 September 2024.

Task Area	General description	Includes
Assets 175.1 hours \$139,966.50	Deed of Company Arrangement	Working with management on continued efforts to enable control of the Company to be returned to its directors which focussed on restoring the Company to a position of balance sheet and cashflow solvency, seeking directors' & officers' insurance options for the directors
		Negotiating standstill agreements with related party creditors to assist with solvency
		Negotiating various agreements and engaging with key Filipino stakeholders, advisors and management, including Singapore visits for meetings
		Attending to progressing the various conditions precedent set out in the DOCA
Creditors 12.5 hours \$7,064.50	CQ22 Pty Ltd	Entering into discussions and holding a number of meetings with various parties to enable the above to occur
		Liaising with solicitors regarding the DOCA and its operation
		Discussions and meetings in respect of status of the DOCA
		Working with management and advisors regarding ongoing ASX engagement and announcements, including preparation of financial reporting documents
	Philippine Assets	Working with management and the Board in reestablishing governance protocols, including Board meetings
		Attending to ongoing funding requirements
		Preserving value of asset, including ensuring mining tenements are maintained and up to date
		Attending to various matters and negotiations with respect to the Company's interests in Filipino assets including negotiating agreements between the entities
	Creditor Enquiries	Dealing with creditor enquiries
		Maintaining creditor enquiry files
		Reviewing and preparing correspondence to creditors and their representatives
		Corresponding with the Committee of Inspection members
	Meeting of Committee of Inspection	Preparing COI meeting notices, proxies and advertisements
		Forwarding notice of meeting to COI members
		Conducting and attending the COI meeting
		Preparing and lodgement of minutes of COI meeting
	Stakeholder correspondence	Responding to stakeholder queries and questions immediately following meeting
		Updating adjudication summary for claims excluded from the dividend to creditors
		Shareholder engagement and communications management

Task Area	General description	Includes
Investigations 35.4 hours \$30,090.00	Conducting investigations	Ongoing investigations into the actions of previous management and consideration of associated issues and potential claims Ongoing investigations into legal matters in the Philippines, including engaging with local solicitors to understand the implications for the Company Consulting with advisors regarding potential claims identified and potential actions to consider regarding same
	Trade on Management	Reviewing and approving payroll tax calculations Dealing with trade on invoices Preparing and lodging single touch payment lodgements with the ATO Calculation of fringe benefit tax liabilities Reviewing invoices before the payments been made Monitoring trading performance Preparing and authorising receipt vouchers Preparing and authorising payment vouchers Discussions with staff and management regarding cash requirement for ongoing trading Reviewing and discussing employee expenses with Management Liaising with management and staff Approving employee travel
Trade On 134.0 hours \$82,981.00	Processing receipts and payments	Recording receipts and payments into accounting and banking system
	Budgeting and financial reporting	Reviewing company's budgets and financial statements Maintaining budgets Maintaining cashflow and ensuring cashflow stability Preparing weekly financial analysis Reviewing accrued expenses/liabilities Meetings with management and staff to discuss trading position and cash requirements
Administration 118.9 hours \$51,100.00	Correspondence	Attending to general correspondence not related to other task areas
	Insurance	Correspondence with insurer regarding ongoing insurance requirements Reviewing and considering terms of pre-appointment insurance policies and liaising with solicitors and insurance brokers to determine whether specific policies respond to potential claims
	Bank account administration	Reviewing and processing payments Conducting bank account reconciliations
	ATO Reporting & portal correspondence	Preparing BAS / IAS
	ASIC Forms and lodgements	Preparing and lodging ASIC forms
Total 475.9 hours \$311,202.00 (excl. GST)		

Schedule C2

The below table provides a description of the additional work undertaken in each major task area from 1 October 2024 until completion of the DOCA.

Task Area	General description	Includes
Assets 96.5 hours \$77,220.00	Deed of Company Arrangement	Working with management on continued efforts to enable control of the Company to be returned to its directors which focussed on restoring the Company to a position of balance sheet and cashflow solvency, seeking directors' & officers' insurance options for the directors Negotiating standstill agreements with related party creditors to assist with solvency Attending to satisfying the various conditions precedent set out in the DOCA and negotiations with respect to same Discussions and meetings with key stakeholders to enable the above to occur Liaise with solicitors regarding the DOCA and its operation Discussions and meetings in respect of status of the DOCA Working with management to coordinate progression of conditions precedent Ongoing ASX engagement and announcements Effectuation of DOCA
	CQ22 Pty Ltd	Attending to ongoing funding requirements Preserving value of asset, including ensuring mining tenements are maintained and up to date
	Philippine Assets	Attending to various matters and negotiations with respect to the Company's interests in Filipino assets including negotiating agreements between the entities
Creditors 21.5 hours \$12,317.50	Creditor Enquiries	Dealing with creditor enquiries Maintaining creditor enquiry files Reviewing and preparing correspondence to creditors
	Creditor Reports	Preparing and issuing creditor reports
	Proposals without Meetings	Forward voting statements to all known creditors Prepare voting summary Lodge outcome of proposal with ASIC
	DOCA Effectuation	Notifying creditors that DOCA has been effectuated Lodging Notice of Effectuation with ASIC
	Shareholder correspondence	Shareholder engagement and communications management
Trade On 69.0 hours \$39,592.50	Trade on Management	Reviewing and approving payroll tax calculations Dealing with trade on invoices Preparing and lodging single touch payment lodgements with the ATO Calculation of fringe benefit tax liabilities Reviewing invoices before the payments been made Discussions with staff regarding annual leave and payout of same Monitoring trading performance Preparing and authorising receipt vouchers Preparing and authorising payment vouchers Discussions with staff and management regarding cash requirement for ongoing trading Reviewing and discussing employee expenses with Management Liaising with suppliers Liaising with management and staff Approving employee travel Finalise trading position and handover of trading back to the Company
	Processing receipts and payments	Entering receipts and payments into accounting system

Task Area	General description	Includes
Administration 68.5 hours \$27,480.00	Budgeting and financial reporting	Reviewing Company's budgets and financial statements Maintaining budgets Maintaining cashflow Preparing weekly financial analysis Reviewing accrued expenses/liabilities Meetings with management and staff to discuss trading position
	Correspondence	Attending to general correspondence not related to other task areas
	Document maintenance/file review/checklist	Conducting administration and file reviews Filing of documents Updating checklists
	Insurance	Correspondence with insurer regarding ongoing insurance requirements
	Bank account administration	Reviewing and processing payments Conducting bank account reconciliations Preparing correspondence closing accounts
	ATO Reporting & portal correspondence	Preparing BAS / IAS
	ASIC Forms and lodgements	Preparing and lodging ASIC forms
	Finalisation	Notifying ATO of finalisation Cancelling ABN / GST / PAYG registration Completing checklist Finalising WIP
	Total	
	255.5 hours	
	\$156,610.00 (excl. GST)	

Appendix D. - Summary of receipts and payments

Ten Sixty Four Limited

(Subject to Deed of Company Arrangement)

Summarised Receipts & Payments for the period 1 January 2024 To 30 August 2024

AUD	Amount (inc GST)
Opening cash balance	3,419,116
Receipts	
Dividends received	2,943,421
GST refunds	166,502
Cash at bank	83,630
Interest received	57,007
Other assets	27,843
Pre appointment refunds	2,029
Total Receipts	3,280,432
Payments	
External Administrators' remuneration	(575,801)
External Administrators' disbursements	(23,415)
Salary and wages	(392,743)
Superannuation	(86,961)
Payroll tax	(72,858)
Legal fees	(1,049,483)
Consulting fees	(654,599)
Unsecured creditors dividend	(541,815)
Professional fees	(269,843)
Rent	(227,061)
Intercompany loans	(207,700)
Settlement payments	(135,000)
Insurance premium	(97,550)
IT fees	(54,978)
Fringe benefits tax	(52,033)
Travel costs	(42,932)
ASX fees	(35,758)
Bank fees	(1,557)
Other operating expenses	(20,350)
Total Payments	(4,542,437.32)
Cash held	
Cash held at 30 August 2024	2,157,110

Appendix E. - ARITA Information Sheet: Proposals without a meeting

Information sheet: Proposals without meetings

You may be a creditor in a liquidation, voluntary administration or deed of company arrangement (collectively referred to as an external administration).

You have been asked by the liquidator, voluntary administrator or deed administrator (collectively referred to as an external administrator) to consider passing a proposal without a meeting.

This information sheet is to assist you with understanding what a proposal without a meeting is and what your rights as a creditor are.

What is a proposal without a meeting?

Meetings of creditors were previously the only way that external administrators could obtain the views of the body of creditors. However, meetings can be very expensive to hold.

A proposal without a meeting is a cost effective way for the external administrator to obtain the consent of creditors to a particular course of action.

What types of proposals can be put to creditors?

The external administrator is able to put a range of proposals to creditors by giving notice in writing to the creditors. There is a restriction under the law that each notice can only contain a single proposal. However, the external administrator can send more than one notice at any single time.

What information must the notice contain?

The notice must:

- include a statement of the reasons for the proposal and the likely impact it will have on creditors if it is passed
- invite the creditor to either:
 - vote yes or no to the proposal, or
 - object to the proposal being resolved without a meeting, and
- specify a period of at least 15 business days for replies to be received by the external administrator.

If you wish to vote or object, you will also need to lodge a Proof of Debt (POD) to substantiate your claim in the external administration. The external administrator will provide you with a POD to complete. You should ensure that you also provide documentation to support your claim.

If you have already lodged a POD in this external administration, you do not need to lodge another one.

The external administrator must also provide you with enough information for you to be able to make an informed decision on how to cast your vote on the proposal. With some types of proposals, the law or ARITA's Code of Professional Practice sets requirements for the information that you must be provided.

For example, if the external administrator is asking you to approve remuneration, you will be provided with a Remuneration Approval Report, which will provide you with detailed information about how the external administrator's remuneration for undertaking the external administration has been calculated.

What are your options if you are asked to vote on a proposal without a meeting?

You can choose to vote yes, no or object to the proposal being resolved without a meeting.

How is a resolution passed?

A resolution will be passed if more than 50% in number and 50% in value (of those creditors who did vote) voted in favour of the proposal, but only so long as not more than 25% in value objected to the proposal being resolved without a meeting.

What happens if the proposal doesn't pass?

If the proposal doesn't pass and an objection is not received, the external administrator can choose to amend the proposal and ask creditors to consider it again or the external administrator can choose to hold a meeting of creditors to consider the proposal.

The external administrator may also be able to go to Court to seek approval.

What happens if I object to the proposal being resolved without a meeting?

If more than 25% in value of creditors responding to the proposal object to the proposal being resolved without a meeting, the proposal will not pass even if the required majority vote yes. The external administrator will also be unable to put the proposal to creditors again without a meeting.

You should be aware that if you choose to object, there will be additional costs associated with convening a meeting of creditors or the external administrator seeking the approval of the Court. This cost will normally be paid from the available assets in the external administration.

This is an important power and you should ensure that it is used appropriately.

Where can I get more information?

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

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

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

www.pwc.com.au