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DML RESOURCES LIMITED (IN LIQUIDATION)

LIQUIDATORS' FIFTEENTH REPORT TO CREDITORS

for the period from 7 November 2004 to 6 May 2005
(pursuant to section 255(2)(d) of the Companies Act 1993)

1. PROGRESS OF THE ADMINISTRATION OF THE LIQUIDATION

- 1.1 The liquidators are again pleased to report to creditors on the further progress made in the administration of the liquidation of DML Resources Limited (In Liquidation) ("DML") during the period 7 November 2004 to 6 May 2005.
- 1.2 All assets of DML have been realised other than the possible recovery from Malaysia detailed in section 6 of this report.
- 1.3 The liquidators have previously paid 65 cent in the dollar by two interim distributions to admitted unsecured creditors.
- 1.4 The liquidators are pleased to advise that they are now in a position to pay a further dividend of 10 cents in the dollar to all admitted unsecured creditors and in addition a one off dividend of 19 cents in the dollar to those unsecured creditors entitled to funds held in the voidable preference trust as detailed in section 8 of this report.

2. CREDITORS' CLAIMS

As reported previously all creditor claims have been reviewed and have been either settled, accepted, rejected or withdrawn by the creditor. Admitted creditors' claims total \$13.11 million.

3. FINANCIAL POSITION

The liquidators **attach** a statement of realisations and distributions in the DML liquidation from the commencement of the liquidation to date. Funds held by the liquidators after payment of the above dividends are \$356,190.

4. LIQUIDATION COMMITTEE

The liquidators again wish to acknowledge the support and assistance of the liquidation committee.

5. CLAIM AGAINST DML RESOURCES PTY LIMITED (IN LIQUIDATION)

- 5.1 As previously advised, the DML liquidators lodged a claim for A\$19,061,603 against DML Resources Pty Limited (In Liquidation) ("DML Pty") and a substantial amount of information was forwarded to the DML Pty liquidators to support this claim.
- 5.2 The DML liquidators are pleased to advise that after considerable correspondence and negotiation with the DML Pty liquidators in respect of our claim it was finally admitted for A\$15,151,940. Accordingly, DML is the largest creditor in the DML Pty liquidation.
- 5.3 The DML Pty liquidators having settled all claims in the liquidation were able to pay a first and final distribution to DML Pty creditors. As a result of admission of our claim DML has now received the distribution payment from the DML Pty liquidators of A\$1,000,028 (NZ\$1,061,138). This dividend is the source of funds for the current distribution to DML unsecured creditors.

6. DML MALAYSIA

We continue to await the outcome of litigation in Malaysia involving a DML joint venture company. This matter has so far been theoretically favourable to DML but is now subject to judicial review and appeal proceedings in the Malaysian Courts. Additionally, it is unclear whether the other party has the ability to pay an award as its holding company is subject to a compromise arrangement under the Malaysian Companies Act.

7. COMPLETION

The completion of this liquidation is dependent on the conclusion of the DML Malaysia litigation matters.

8. VOIDABLE PREFERENCE TRUST


- 8.1 The liquidators have previously reported that settlements were reached with a number of DML creditors whom it was considered had received preferential payments prior to the date of liquidation contrary to section 292 of the Companies Act 1993.
- 8.2 These creditors paid an agreed sum and made further contributions to the Voidable Preference Trust from distributions made to them during the liquidation to date. The trust was established outside the normal DML liquidation accounts. These creditors waived any claim to the trust funds. Additionally, the claims of these creditors in the liquidation did not increase as a result of the settlements.
- 8.3 The major effect of these settlements was that creditors not involved in the above settlements became entitled to receive a share of these trust funds on a pro rata basis in addition to normal distributions in the DML liquidation. A further effect was that the liquidators avoided the usual litigation costs arising in respect of voidable preferences in a large liquidation.

8.4 The amount accumulated in the Voidable Preference Trust is \$1,378,772. The payment from the Voidable Preference Trust of 19 cents in the dollar to those creditors not involved in the settlements will reduce the amount held by \$1,371,171 to a balance of \$7,601.

9. **CREDITORS' REPORTS**

Creditors are advised that this report and all previous reports are available on the McDonald Vague website - www.mvp.co.nz.

Yours faithfully
for **DML RESOURCES LIMITED**
(IN LIQUIDATION)



GRAEME G McDONALD
LIQUIDATOR



JOHN L VAGUE
LIQUIDATOR

Dated this *24th* day of May 2005

DML RESOURCES LIMITED (IN LIQUIDATION)

**LIQUIDATORS' STATEMENT OF REALISATIONS AND DISTRIBUTIONS
FOR PERIOD 7 MAY 1998 TO 19 MAY 2005**

CASH HAS BEEN RECEIVED AS FOLLOWS:	\$	\$
Funds received from receivers/debentureholder:		
Funds from receivers	1,114,159	
Funds from debentureholder	240,000	
	<hr/>	1,354,159
New Zealand Assets:		
Truck Sales	129,200	
Plant and Equipment	342,150	
Sundry Assets	5,424	
Debtors	32,790	
	<hr/>	509,564
Overseas Assets:		
Australia - dividend DML Resources Pty Ltd (In Liquidation)	1,061,138	
Chile	177,563	
Hong Kong - dividend DML Resources (Asia) Ltd (In Liquidation))	84,286	
Indonesia	72,076	
	<hr/>	1,395,063
Settlements:		
Actions against directors	7,850,000	
Auriferous	100,000	
Coeur Gold	2,440,641	
Diesel Propulsion/Wiri Land	140,000	
Glencoal	27,500	
Solid Energy	375,000	
	<hr/>	10,933,141
Refunds from Inland Revenue Department:		
Goods and Services Tax	2,752,148	
Income Tax	390,187	
Residents Withholding Tax	105,706	
	<hr/>	3,248,041
Miscellaneous:		
Insurance Refund	55,696	
Interest Received	893,961	
Legal Costs Recovered	14,447	
Sale of Shares	27,293	
Sundry Income	7,424	
	<hr/>	998,821
TOTAL REALISATIONS		<hr/> \$18,438,789 <hr/>

CASH HAS BEEN PAID AS FOLLOWS:

	\$	\$
Fees, expenses and remuneration of liquidators:		
Liquidators' Fees	3,003,948	
Disbursements	119,635	
	<hr/>	3,123,583
Legal Fees:		
Actions against Directors	1,206,244	
Auriferous	32,058	
Chile	27,958	
Coeur Gold (includes Consulting Fees)	1,071,431	
Creditors' Claims	45,636	
Debenture	40,099	
Diesel Propulsion/Wiri Land	47,477	
DML Resources Pty Limited (In Liquidation)	30,419	
Glencoal	3,021	
Solid Energy	42,937	
Voidable Transactions	31,673	
General	122,864	
	<hr/>	2,701,817
Other Professional Fees:		
Consulting	13,218	
Computer Support	2,388	
Tax Advice	86,361	
	<hr/>	101,967
Financial support to related companies:		
Cobalt SG Ltd (In Liquidation)	37,952	
DML Resources (Asia) Limited	130,325	
DML Resources (M) Sdn Bhd (Malaysia)	90,334	
	<hr/>	258,611
Liquidation Operating Costs:		
Accident Compensation Corporation	14,856	
Advertising	2,780	
Bank Fees	1,994	
Insurance	21,532	
Printing & Photocopying – actions against directors	29,575	
Storage - company records and assets	75,176	
Vehicle Expenses and Transportation	15,630	
Wages	7,822	
Sundry Costs	13,881	
	<hr/>	183,246
Inland Revenue Department:		
Goods and Services Tax	977,920	
Fringe Benefit Tax	2,460	
Resident Withholding Tax	65,622	
	<hr/>	1,046,002
Settlements and distributions to creditors:		
Preferential: Applicant Creditor Costs	2,155	
Preferential: Inland Revenue Department PAYE and GST	1,035	
Settlement of Creditors' Claims	830,147	
First Distribution to Unsecured Creditors (5 cents/\$1.00)	655,602	
Second Distribution to Unsecured Creditors (60 cents/\$1.00)	7,867,229	
Third Distribution to Unsecured Creditors (10 cents/\$1.00)	1,311,205	
	<hr/>	10,667,373
TOTAL DISTRIBUTIONS		<hr/> <hr/> \$18,082,599

TOTAL REALISATIONS	\$
LESS TOTAL DISTRIBUTIONS	18,438,789
	18,082,599
BALANCE HELD	\$356,190

BALANCE REPRESENTED BY:	\$
CASH AT BANK AND ON FIXED DEPOSITS	351,848
GST REFUND	4,342
	\$356,190

Notes:

1. The above figures are GST exclusive.
2. An amount of \$50,000 of the financial support to DML Resources (M) Sdn Bhd is retained in New Zealand on interest bearing term deposit as support to the Malaysian subsidiary.
3. In addition to the distributions to creditors shown in the above statement payment has also been made from the Voidable Preference Trust to those creditors entitled to the funds held in that trust.
4. Creditors entitled to the Voidable Preference Trust funds had claims in the DML liquidation totalling \$7,216,692. The total payment to these creditors in May 2005 from the Voidable Preference Trust was \$1,371,171 (19 cents in the dollar).

.....*Graeme G McDonald*.....
GRAEME G McDONALD
LIQUIDATOR

Dated this *24th* day of May 2005