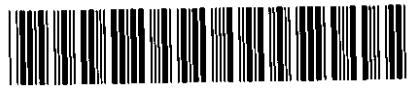


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**DML RESOURCES LIMITED
(IN LIQUIDATION) "DML"**

LIQUIDATORS' SEVENTH REPORT

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

**For the Period from 7 November 2000
to 6 May 2001**

1 PROGRESS OF THE ADMINISTRATION OF THE LIQUIDATION

We are pleased to report on the progress being made in the administration of the liquidation of DML Resources Limited (In Liquidation) ("DML") between November 2000 and May 2001. The liquidators remind creditors that at the commencement of the liquidation (7 May 1998) there were no assets available for the creditors and it appeared that there would be a shortfall to the debentureholder. The liquidators held the sum of \$4 688 million on call at 6 May 2001.

1.1 Summary Of Major Legal Issues

The following is an update of some of the legal issues

▪ **Claims Against Directors**

A formal letter of claim has been lodged with lawyers acting for a number of DML's previous directors. The claims made are for substantial sums and relate to a number of different matters including obligations entered into in trading and "restructure" transactions. The current intention is to file and serve proceedings to advance those claims.

▪ **Voidable Transactions**

The liquidators are questioning transactions with a number of creditors in an attempt to ascertain if significant transactions are voidable. We will of course attempt to reach appropriate out of Court settlements, but inevitably litigation may eventuate. There may be other creditors or transactions that need to be considered as well.

2 REALISATION OF COMPANY ASSETS

2.1 All Plant, Machinery and Debtors have been finalised and reported on in full in our earlier reports.

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16 JUL 2001

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17 JUL 2001

2.2 Overseas Operations

The liquidators provide the following information regarding matters arising from the Malaysian and Hong Kong operations of DML -

- (a) DML-MRP Resources (M) Sdn Bhd ("DML-MRP") is still awaiting the arbitrator's decision regarding its claims against Global Minerals (Sarawak) Sdn Bhd. DML-MRP, incorporated in Malaysia, is 50% owned by DML interests.
- (b) The liquidators of DML Resources (Asia) Limited, incorporated in Hong Kong, have lodged a letter of claim with lawyers acting for certain former DML directors relating to disposition of an asset of the Hong Kong company.

3 CREDITORS' CLAIMS

The Statement of Affairs attached to the liquidators' report dated 24 June 1998, shows unsecured creditors totalling \$19,532,000 (excluding DML Group creditors of \$8,798,000). To date creditors have claimed \$47,823,015 (including DML Group creditors) of which \$5,807,614 have been rejected and five claims totalling \$20,331,713 are still under review. No further claims are expected.

3.1 Preferential Creditors

As advised previously, all preferential creditors have been paid.

3.2 Unsecured Creditors

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

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

	Number	\$
As per Statement of Affairs	650	28,330,000
Claims Received to Date	433	47,823,015
Claims Admitted to Date (In Full or In Part)	405	21,683,688
Claims Rejected (In Full or In Part)	25	5,807,614
Claims Held Over	5	20,331,713

The liquidators are still not expecting to be in a position to pay a dividend to unsecured creditors for some time. As was stressed in earlier reports, until the quantum and the validity of all creditors' claims has been determined, the liquidators cannot distribute funds to creditors.

The liquidators have followed up all creditors who were listed on the Statement of Affairs and who have not yet filed a creditor's claim form. We are now satisfied that there are unlikely to be any further significant claims. The major

differences between the Statement of Affairs and claims received arose because there were 8 major claims understated by \$6.5 million and Australian guarantees of \$7.5 million were omitted. In addition, there were thirteen major claims and all employee redundancy claims omitted.

4 FUNDS

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

5 LIQUIDATION COMMITTEE

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

▪ BP Oil New Zealand Limited	Mr James Marryatt
▪ Ross Family	Mr Michael Ross
▪ Lawson Zambucca Limited	Mr Chris Zambucca
▪ Caspex Corporation Limited	Mr Tony Staub
▪ New Zealand Engineering Union	Mr Ray Urquhart
▪ Gough Gough & Hamer Limited	Mr Bruce Mazey


The committee have met as required and have been kept informed in writing as the liquidation has progressed. The liquidators wish to thank the members for their assistance during the course of this complex liquidation.

6 COMPLETION

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

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

Yours faithfully
for DML RESOURCES LIMITED
(IN LIQUIDATION)



GRAEME G McDONALD
LIQUIDATOR

Dated this 13th day of July 2001

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

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

CASH HAS BEEN RECEIVED AS FOLLOWS

Funds from the Receiver		1,114,125
Funds from the Debentureholder		240,000
New Zealand Assets		
- Truck Sales	129,200	
- Plant and Equipment	342,150	
- Office Furniture and Equipment	766	
- Miscellaneous Assets	4,444	
- Debtors	32,774	
	<u> </u>	509,334
Overseas Assets		
- Chile	177,562	
- Indonesia	72,076	
	<u> </u>	249,638
Settlements		
- Auriferous Settlement	100,000	
- Wiri Land	140,000	
- Glencoal Settlement	27,500	
- Solid Energy	375,000	
- Coeur Gold (excluding GST)	2,440,640	
	<u> </u>	3,083,140
Miscellaneous		
- GST Refunds (net)	1,714,139	
- Interest Received	397,898	
- Legal Costs Recovered	9,797	
- Sundry	6,960	
- Insurance Refund	55,696	
- Income Tax Refund	168,950	
	<u> </u>	2,353,440
TOTAL REALISATIONS		<u><u>\$7,549,677</u></u>

CASH HAS BEEN PAID AS FOLLOWS

Costs Charges & Expenses of the Liquidators		
Liquidators' Fees	1,096,584	
Disbursements	51,577	
	<u> </u>	1,148,161
Professional Fees		
- Accounting	15,000	
- Consulting Fees	24,151	
- Computer Support	2,388	
	<u> </u>	41,539

Legal Fees		
- Coeur Gold (including consultants)	1,082,329	
- Debenture	39,150	
- Solid Energy	42,937	
- Other	371,724	
	<u> </u>	1,536,140
Liquidation Operating Costs		
- Accident Compensation Costs	14,856	
- Advertising	2,528	
- Bank Fees	766	
- Fringe Benefit Tax	2,459	
- Insurance	12,211	
- Printing	3,340	
- Storage	13,545	
- Vehicle Expenses	5,534	
- Wages	7,822	
- Sundry	3,105	
	<u> </u>	66,166
Costs of Realising Assets		
- Truck Transport	9,753	
- Asia	18,938	
	<u> </u>	28,691
Applicant Creditors Costs		2,155
Creditors Meetings		1,220
Settlement Chilean Employees		16,000
Compromise With Creditor		20,000
Preferential		
Inland Revenue Department - PAYE & GST		980
TOTAL DISTRIBUTIONS		<u><u>\$2,861,052</u></u>
TOTAL REALISATIONS		7,549,677
LESS TOTAL DISTRIBUTIONS		<u>2,861,052</u>
BALANCE HELD		<u><u>\$4,688,625</u></u>

Note The above figures are GST exclusive


 GRAEME G McDONALD
 LIQUIDATOR

Dated this 13th day of July 2001

GGM/KWB/sw/210
 DML/0SeventhR&D