

**2.17B**

The Insolvency Act 1986

**Statement of administrator's proposals**

Name of Company Ascot Mining Plc	Company number 06009952
In the High Court of Justice (full name of court)	Court case number 7253 of 2013

(a) Insert full name(s) and address(es) of administrator(s)

I/We (a)  
Stephen Robert Cork  
Cork Gully LLP  
52 Brook Street  
London  
W1K 5DS

Joanne Elizabeth Milner  
Cork Gully LLP  
52 Brook Street  
London  
W1K 5DS

\*Delete as applicable

attach a copy of ~~my~~our proposals in respect of the administration of the above company

A copy of these proposals was sent to all known creditors on

(b) 30 December 2013

Signed



Joint / Administrator(s)

Dated

30 December 2013

**Contact Details:**

You do not have to give any contact information in the box opposite but if you do, it will help Companies House to contact you if there is a query on the form

The contact information that you give will be visible to researchers of the public record

Tim Grimstone  
Cork Gully LLP  
52 Brook Street  
London  
W1K 5DS

DX Number

02072682150  
DX Exchange



A30 \*A2Z47J0P\* #66  
08/01/2014  
COMPANIES HOUSE

le

When you have completed and signed this form, please send it to the Registrar of Companies at -  
**Companies House, Crown Way, Cardiff CF14 3UZ DX 33050 Cardiff**

WEDNESDAY

# CORK GULLY

**TO ALL KNOWN CREDITORS**

Cork Gully LLP  
52 Brook Street  
London W1K 5DS

T +44 (0)20 7268 2150  
F +44 (0)20 7268 2151  
W [www.corkgully.com](http://www.corkgully.com)

30 December 2013

Our ref ANG003/SRC/JEM/TRG – 15

Dear Sirs,

**Ascot Mining Plc (in Administration) ("the Company")**  
**Court Case Number 7253 of 2013**

As you are aware, the Company entered into Administration in accordance with the provisions of paragraph 13 of Schedule B1 to the Insolvency Act 1986 ("the Act") on 6 November 2013. Stephen Cork and Joanne Milner of Cork Gully LLP were appointed as Joint Administrators ("the Administrators"). The appointment was made by the Court.

## **1. Introduction**

This report is addressed to the creditors of the Company and incorporates the Administrators' proposals.

The Administrators presently consider that the Company has insufficient property to enable a distribution to be made to unsecured creditors. In these circumstances the obligation to summon an initial meeting of the Company's creditors to consider the Administrators' proposals is disapplied by paragraph 52(1) of schedule B1 to the Act.

The Administrators are therefore not empowered to summon such a meeting unless creditors, whose debts amount to at least 10% of the total debts of the Company, requisition such a meeting. Any such requisition must be made to the Administrators on Form 2.21B (copy enclosed at the back of the report), in accordance with Rule 2.37 of the Insolvency Rules 1986 ("the Rules"), and be made within 8 days of the date on which the Joint Administrators' statement of proposals is sent out. The expenses of summoning and holding a meeting at the request of a creditor shall be paid by that person, who shall deposit with the Administrators security for their payment. If no such meeting is held, then the Administrators' proposals are deemed to have been approved by the creditors in accordance with Rule 2.33(5) of the Rules.

In the event that the refinancing of the Company is successful the Administrators may decide to convene a creditors' meeting if they deem this necessary. Creditors will be notified in advance should a meeting be convened.

## **2 Statutory information**

Statutory information relating to the Company is attached at Appendix I.

## **3 Purpose of the Administration**

The statutory purpose of the administration is to achieve one of the three objectives set out in the insolvency legislation, which are to -

Partners and directors act as insolvency practitioners without personal liability.  
The affairs, business and property of the Company are managed by the Joint Administrators who act as the Company's agents and without personal liability.  
Stephen Cork and Andrew Beckingham are licensed to act as insolvency practitioners in the United Kingdom by the Institute of Chartered Accountants in England and Wales.

Cork Gully is a Limited Liability Partnership registered in England and Wales under number OC357274. A list of members is available for inspection at the registered office, above. Members will be referred to as partners and directors.

- (a) rescue the company as a going concern, or
- (b) achieve a better result for the company's creditors as a whole than would be likely if the company were wound up (without first being in administration), or
- (c) realise property in order to make a distribution to one or more secured or preferential creditors

The Administrators are seeking to facilitate the rescue of the Company as a going concern to the extent that this might be possible under objective (a). This will be dependent upon the successful refinancing of the Company, which is discussed in further detail in section 5 below.

#### **4. Circumstances leading to the appointment of the Administrators**

The Company was incorporated in 2006 and it is understood has been involved in the development and investment into mining operations in Costa Rica. In recent years a number of attempts have been made by its management to obtain financing in order to take the company's affairs forward but in the last 24 months become involved in ongoing litigation with one of its financiers with regard to the repayment / servicing of loans made to it. This culminated in the presentation of a petition to the High Court for the Compulsory Winding up of the Company and action being taken against the Company's mining investments in Costa Rica under security laws prevalent in Costa Rica.

Cork Gully LLP was first consulted in the autumn of 2013 with regard to the Group's financial position. In order to avoid a Winding Up Order the Company sought the making of an Administration Order to give the company protection while the Management attempted to finalise refinancing negotiations. A number of hearings of the Administration Application eventually resulted with the Court, on 6 November 2013, making an Order appointing Stephen Cork and Joanne Milner as Joint Administrators of the Company. Pursuant to paragraph 100(2) of Schedule B1 to the Act, the Joint Administrators act jointly and severally so that all functions may be exercised by either or both of the Joint Administrators.

#### **5 Management of the Administration since the Administrators' appointment**

The Administrators have complied with all necessary statutory notice and other requirements upon their appointment. Investigations into the Company's affairs, the reasons for its failure and the conduct of its officers have been commenced.

A key element influencing the decision of the Court to make the Administration Order was the attempts by the Management to obtain refinancing of the Company. Since the date of their appointment the Joint Administrators have attempted to progress the refinancing with the parties introduced by the Management but to date no successful refinancing has been possible. The Administrators have advised the Directors that this situation will not be allowed to continue indefinitely and that steps may be taken shortly to bring the Administration to an end if definitive progress has not been made and true evidence of intent and funding not produced.

The Administrators have also sought clarification from the Directors as to the current status of ongoing litigation with regard to the assets in Costa Rica but as yet have not received meaningful updates from the Directors as to the current status of the litigation, likely timing or likelihood of success. Again the Directors have been warned that this situation will not be permitted to continue indefinitely.

#### **6 Financial position of the Company**

Pursuant to Paragraph 47 of Schedule B1 to the Act, the directors of the Company have been requested to provide a Statement of Affairs for the Company as at the date of Administration. This has not yet been provided.

Attached at Appendix II is an estimated financial position statement by the Administrators. This has been adapted from an estimate provided by the Directors when making the application to Court for an Administration Order. The Administrators are therefore unable to confirm the veracity of this statement. This statement is intended to reflect the Company's position as advised by the Directors as at the date of the Administrators' appointment, being 6 November 2013.

Please note, no creditor claims have been adjudicated and the creditor balances listed are subject to the submission of creditor claims.

## **7. Prescribed part**

There are provisions within the insolvency legislation that require an administrator to set aside a percentage of a company's assets for the benefit of the unsecured creditors in cases where the company gave a floating charge over its assets to a lender on or after 15 September 2003. This is known as the "prescribed part of the net property."

A company's net property is that which is left from the proceeds of sale after settlement of any fixed charge over the property and after paying any preferential creditors, but before paying the lender who holds a floating charge. An administrator has to set aside

- 50% of the first £10,000 of the net property, and
- 20% of the remaining net property up to a maximum of £600,000

The Company has not granted a floating charge to any creditors and accordingly, there will be no Prescribed Part.

## **8 Administrators' Receipts and Payments account**

There have been no receipts or payments in respect of the Company.

## **9 Proposed future actions of the Administrators to achieve the objective of the Administration and anticipated exit**

The Administrators will continue their investigations into the affairs of the Company and seek to achieve the primary objective of rescuing the Company as a going concern. It is anticipated that this will be achieved by means of a refinancing.

In the event that this is not achievable the Administrators will seek to achieve a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in administration). Given that the Company's substantive assets are the investments in its subsidiaries, the quantum of any return to creditors would largely be dependent upon the realisable value of these investments which cannot be determined at this time.

If the Administrators form the view that there will be no further property to realise which might permit a distribution to creditors, they will move the Company from Administration to dissolution, in accordance with Paragraph 84(1) of Schedule B1 to the Act.

## **10 Pre-administration Costs**

Pursuant to Rule 2.67A of the Insolvency Rules 1986 ("the Rules"), certain costs incurred in preparing and planning for the Administration may, with the requisite approval, be paid as an expense of the Administration. Pre-administration costs are defined as the fees charged and expenses incurred by the Administrators, or another person qualified to act as an Insolvency Practitioner before a company enters into administration, but with a view to doing so.

The Pre-administration costs are based on time costs and expenses incurred in accordance with charge out rates for Cork Gully LLP as detailed in Appendix III. The services provided included the following:

- Advising the directors regarding the Company's financial position and the options available
- Completion of requisite anti-money laundering procedures in accordance with relevant legislation
- Review of the Company's financial history and assets
- Analysis of the Company's incorporation documents to ensure board meetings were correctly and compliantly convened and held
- Assisting the directors with the preparation and swearing of the Witness Statements in respect of the Administration order, and attendance at Court as required
- Advice concerning the financial control of the Company up to the date that the Company entered Administration, including ensuring, for the benefit of creditors, the protection of the Company's assets
- Internal discussions and preparation of strategy of the Administration and ensuring that the objective (a) of administration was appropriate

Pre-Administration costs total £22,080.00 plus VAT. £20,000 was received on account of costs on 22 October 2013. Approval will be sought from creditors for payment of the balance out of estate funds, should they become available.

## **11 Administrators' remuneration and expenses**

Under the provisions of the Insolvency Rules, the Administrators are obliged to fix their remuneration in accordance with Rule 2.106(2). This permits remuneration to be fixed either

- a) as a percentage of the value of the property with which the Administrators have had to deal, or
- b) by reference to the time properly given by the Administrators and their staff in attending to matters arising in the Administration, or
- c) as a set amount

The Administrators propose that their remuneration is approved on a time cost basis. Fees will be charged by reference to the time properly spent by the Administrators and their staff in dealing with the matters relating to the Administration of the Company. This time will be charged at the hourly charge out rate of the grade of staff undertaking the work at the time the work is undertaken. Information about current charge out rates and the units of time in which work done is recorded is set out in Appendix III.

The approval of the basis of the Administrators' remuneration forms part of these proposals for which approval is being sought and are set out at section 14 below.

The Administrators' total time costs to 30 December 2013 amount to £7,784 plus VAT which has been charged at an average charge out rate of £491.10 per hour. A schedule of the time costs incurred to date is attached as Appendix III. Cork Gully LLP staff record time in minimum units of 6 minutes. A description of the work being undertaken in the Administration is as follows.

#### Administration and Planning

- Review and documentation of Administration strategy
- Preparing the documentation and dealing with the formalities of appointment
- Statutory notifications and advertising
- Dealing with all routine correspondence
- Maintaining physical case files and electronic case details on Insolvency Practitioner System ("IPS") Case Management software
- Case bordereau
- Liaising with the Company's directors regarding completion and submission of the Statement of Affairs
- Preparing the Administrators' proposals
- Ensuring statutory lodgements and tax lodgement obligations are met
- Case strategy matters, internal and external strategy meeting including liaison with legal advisors

#### Shareholders

- Dealing with shareholder enquiries and correspondence to include written and verbal communications

#### Creditors

- Dealing with creditor enquiries and correspondence to include written and verbal communications
- Meeting with Secured creditors to determine current position as regards the Costa Rican assets from the point of view of that creditor
- Maintaining creditor information on IPS Case Management software
- Reviewing statement of claims received from creditors

#### Investigations

- Statutory investigations, including a review of the Company's Officers' conduct
- Preparation and review of questionnaires to directors
- Review of statutory and financial records to identify any voidable antecedent transactions or possible actions the Administrators may bring against a third party in order to recover funds for the benefit of creditors

#### Realisation of Assets

- Liaising with the directors as regards the refinancing agreement

#### **Expense Statement**

The Administrators have not incurred any expenses (Category 1 disbursements) to date.

The Administrators have not incurred any Category 2 disbursements. Category 2 disbursements are defined as those charged by Cork Gully LLP directly, for example room hire, printing, stationery etc.

#### *Further information for creditors*

A copy of 'A creditors Guide to Administrators' Fees' may be downloaded at <http://www.icaew.com/~media/Files/Technical/Insolvency/creditors-guides/creditors-guide-to-administrators-fees-england-and-wales.ashx>

A copy of the 'Statement of Insolvency Practice 9 (Revised)' ("SIP9") may be downloaded at [http://www.r3.org.uk/media/documents/technical\\_library/SIPS/SIP\\_9\\_EW\\_Nov\\_2011.pdf](http://www.r3.org.uk/media/documents/technical_library/SIPS/SIP_9_EW_Nov_2011.pdf)

A hard copy of the above documents may be provided to creditors upon request

## **12 Administrators' investigations**

The Administrators have a duty to consider the conduct of those who have been directors of the Company at any time in the three years preceding the Administration and to investigate the affairs of the Company in general in order to consider whether any civil proceedings should be taken on its behalf. Please provide in writing any information you have that you consider will assist in this duty. The Administrators would stress that this request for information forms part of our normal investigation procedure and should not be taken as an indication that any legal action ought to be or will be taken.

## **13 EC Regulation on Insolvency Proceeding**

It is considered that the EC regulation on insolvency proceedings applies to the Administration of the Company. It is also considered that they are "main" proceedings since the Company's registered office is in the United Kingdom.

## **14 Administrators' Proposals**

In order to achieve the objective set out at section 3 above, the Joint Administrators formally propose to creditors that

- (a) The Joint Administrators continue to manage the business, affairs and property of the Company in order to achieve the purpose of the Administration. In particular that they
  - i) pursue amounts due to the Company and, where appropriate, agree commercial settlement
  - ii) sell the Company's assets and enter into any financial or commercial agreements at such time(s) and on such terms as considered appropriate
  - iii) investigate and, if appropriate, pursue any claims that the Company may have against any person, firm or companies whether in contract or otherwise, including any officer or former officer of the Company or any person, firm or companies which supplies or has supplied goods or services to the Company,
  - iv) do all such things and generally exercise all their powers as Joint Administrators as they in their discretion consider desirable or expedient in order to achieve the purpose of the Administration or protect and preserve the assets of the Company or maximise the realisations of those assets, or of any purpose incidental to these proposals
- (b) If the purpose of the Administration can be achieved the Administration of the Company will end by making an application to Court for an order that the Administration ceases
- (c) If it appears that there will be sufficient funds to pay a dividend to unsecured creditors of the Company, the Administration will end by placing the Company into creditors' voluntary liquidation and Stephen Cork and Joanne Milner will be appointed as Joint Liquidators of the Company

For the purpose of the winding up, any act required or authorised under any enactment to be done by the Joint Liquidators is to be done by all or any one or more of the persons for the time being holding office. Creditors may nominate a different person(s) as the proposed liquidator(s), but you must make the nomination(s) at any time after you receive these proposals, but before they are approved. Information about the approval of proposals is discussed later in this report.

- (d) If it appears that there will be insufficient funds to pay a distribution to unsecured creditors of the Company, the Administration will end by the filing a Notice of Dissolution with the Registrar of Companies
- (e) Alternatively, the Joint Administrators may at any time given the circumstances, deem it appropriate to present a winding up petition to the Court for the compulsory liquidation of the Company
- (f) Creditors consider and if thought fit appoint a creditors' committee to assist the Joint Administrators (such committee must comprise between 3 and 5 creditors)

In the absence of a creditors' committee, the Joint Administrators further propose that

- (g) The Joint Administrators be remunerated by reference to time properly spent by them and their staff in dealing with matters relating to the Administration of the Company, such time to be charged at the complex matter hourly charge out rate of the grade of staff undertaking the work at the rates outlined in this report. Details of the current charge out rates for the Joint Administrators and their staff are outlined in Appendix III of these proposals
- (h) The Joint Administrators be discharged from liability under the Administration in accordance with Paragraphs 98 and 99 of Schedule B1 of the Insolvency Act 1986 immediately upon the Joint Administrators' filing of their final progress report and vacating office

## **15 Approval of the Administrator's Proposals**

As outlined in section 1 of the report, the Administrators presently consider that the Company has insufficient property to enable a distribution to be made to unsecured creditors

In these circumstances the obligation to summon an initial meeting of the Company's creditors to consider the Administrators' proposals is disapplied by paragraph 52(1) of schedule B1 to the Act

Creditors whose debts amount to at least 10% of the total debts of the Company can, however, require the Administrators to convene a meeting. Such a request must be made to the Administrators on Form 2 21B (copy enclosed at the back of the report) within 8 business days from the date of these proposals. The expenses of summoning and holding a meeting at the request of a creditor shall be paid by that person, who shall deposit with the Administrators security for their payment

If creditors do not request for a meeting to be convened within the prescribed time period, then the Administrators' proposals are deemed to have been approved in accordance with Rule 2 33(5) of the Rules

## **16 Further information**

A report on the progress of the Administration will be sent to creditors within one month of the six month anniversary of the commencement of the Administration, or at the conclusion of the Administration, whichever is the sooner

Should you require any further information relating to these proposals or the Administration please do not hesitate to contact Yanish Gopee on 020 7268 2150 or [yanishgopee@corkgully.com](mailto:yanishgopee@corkgully.com)

Yours faithfully  
For and on behalf of the Company



**Joanne Milner**  
Joint Administrator

Stephen Cork and Joanne Milner were appointed as Joint Administrators on 6 November 2013. The affairs, business and property of the Company are being managed by the Joint Administrators, who act as the Company's agent and without personal liability. Stephen Robert Cork and Joanne Milner are both authorised to act as Insolvency Practitioners in the United Kingdom by the Institute of Chartered Accountants in England and Wales. The Joint Administrators' proposals report has been produced for the sole purpose of advising creditors pursuant to the provisions of the Insolvency Act 1986. The report is private and confidential and may not be relied upon, referred to, reproduced or quoted from, in whole or in part, by creditors for any purpose other than this report to them, or by any other person for any purpose whatsoever.

## APPENDIX I

### STATUTORY INFORMATION

<b>Company name:</b>	Ascot Mining Plc (in Administration)
<b>Previous name:</b>	N/A
<b>Company number</b>	06009952
<b>Date of incorporation</b>	27 November 2006
<b>Current registered office:</b>	c/o Cork Gully LLP, 52 Brook Street, London W1K 5DS
<b>Former registered office:</b>	4th Floor, 36 Spital Square, London E1 6DY
<b>Principal trading activity</b>	Activities of other holding companies not elsewhere classified
<b>Date of appointment</b>	6 November 2013
<b>Appointment made by</b>	Court
<b>Court name and reference</b>	High Court of Justice, Companies Court (Case No 7253/2013)
<b>Administrators appointed</b>	Stephen Cork and Joanne Milner of Cork Gully LLP

#### Officers of the company (in the last three years)

<b>Directors</b>	<b>Date Appointed</b>	<b>Date Resigned</b>
Mr Jeffrey Benavides Chaverri	05/08/2011	
Mr Milo Filgas	15/11/2007	
Mr David Jackson	15/11/2007	
Mr Alexander Panko	30/03/2011	
Mr Andrew Von Kursell	15/11/2007	
Dr Michael Green	08/09/2008	28/04/2011

#### Company secretary

Mr Graham May	14/11/2007
---------------	------------

#### Charges

N/A

#### Share capital

The Company had the following authorised and issued share capital

	Called up and fully paid share capital at the commencement of the Administration	£
108,041,740 Ordinary Shares of 1p each		1,080,417 40
125,157 Preference Shares of 100p each		125,157 00
		<u>1,205,574 40</u>

The Company's 1p Ordinary Shares were admitted to trading on the ICAP Securities and Derivatives Exchange (UK) and the Xetra Trading Platform (Europe). As the shares were publically traded, details of ownership at the time of the commencement of Administration are held in a bulk list. Given the size of this listing, it is not included in these proposals, but can be made available electronically on request.

The Preference Shares were not admitted for trading.

## APPENDIX II

### ADMINISTRATORS' ESTIMATED STATEMENT OF AFFAIRS

	Notes	Book Value	Estimated to Realise
	1	£	£
<b>Assets</b>			
Investments in Subsidiary Companies	2	15,250,000	15,250,000
Cash	3	7,000	7,000
Refinancing Option (\$6m @0.62 GBP)	4	-	3,720,000
		<u>15,257,000</u>	<u>18,977,000</u>
<b>Liabilities</b>			
Trade and other Creditors	5		
Other Creditors		(66,000)	(66,000)
Forward Gold Contracts		(357,000)	(357,000)
Accrued Management Fees		(50,000)	(50,000)
Convertible Loans		(1,038,000)	(1,038,000)
Guarantee Liability re Ventas Gold (\$3.5 m @0.62 GBP)	6	(2,170,000)	(2,170,000)
		<u>11,576,000</u>	<u>15,296,000</u>
<b>Estimated Surplus / Deficiency</b>			

#### Notes

- Figures are drawn from the unaudited financial statements dated at 30 September 2012. In drawing up the estimated to realise figures it is assumed that the primary objective of rescuing the Company as a going concern is achieved. It is anticipated that this is done by means of a refinancing which for illustrative purposes is shown under Note 4 as a proposed refinancing option with Hi Ho Silver Resources Inc.
- For the purposes of the Administration these are shown as realisable at their current book value. It is the Directors opinion that the likely value of these subsidiary operation is way in excess of their book value. Individual intercompany accounts have not been included in this estimated statement of affairs as it is anticipated that on a going concern basis these would be realisable in the usual course of business. It is however noted that Ventas Gold CR SA and its Subsidiaries owe the company \$12,450,886.
- Cash as per Book Value.
- By way of illustration the Directors have currently received an offer from Hi Ho Silver Resources Inc for a Preference Share Investment amounting to a cash injection of \$6 million on completion. This is dependent on the Company remaining outside a liquidation process but would be available under an Administration.
- Trade and Other Payables. These figures are drawn from the Unaudited Financial Statement as at 30 September 2012. It is not believed that there are any material changes in the amounts owed since that date.
- The Company has given a Guarantee to Texel Capital Limited in relation to a loan facility of \$3.5 million made to Ventas Gold CR SA ("the Borrower") of which some \$1.8 million has already been repaid to date. Recent events at the mine concerned have resulted in the Borrower being unable to service the loan at present but it is understood that once the mine is in full production it will be able to continue to service this liability itself without the need for recourse to the Company.

## APPENDIX III - DETAILED SIP9 AND TIME COST SUMMARY

### PRE-APPOINTMENT TIME COSTS

#### Pre-Appointment Time Cost Schedule

Partner/ Director	Associates/ Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost	Average Hourly Rate
31 50	6 00	0 00	0 00	37 50	22,080 00	588 80

Time is charged in minimum units of 6 minutes

#### Cork Gully LLP charge out rates from 1 September 2013

	£
Partner/Director	495-620
Associates/Manager	350-450
Other Senior Professional	200-290
Assistant/Support Staff	85-240

### JOINT ADMINISTRATORS' TIME COSTS FOR THE PERIOD 6 NOVEMBER 2013 TO 30 DECEMBER 2013

#### For the total period 6 November 2013 to 30 December 2013

Classification of Work Function	Partner/ Director	Associates / Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost	Average Hourly Rate
Administration & Planning	3 25	0 00	5 00	0 60	8 85	3,609 00	407 80
Case Specific Matters - Shareholders	0 00	0 00	0 25	0 00	0 25	72 50	290 00
Creditors	0 00	0 00	0 25	0 00	0 25	72 50	290 00
Investigations	4 50	0 00	0 00	0 00	4 50	2,790 00	620 00
Realisation of Assets	2 00	0 00	0 00	0 00	2 00	1,240 00	620 00
<b>Total Hours</b>	<b>9 75</b>	<b>0 00</b>	<b>5 50</b>	<b>0 60</b>	<b>15 85</b>	<b>7,784 00</b>	<b>491 10</b>

Time is charged in minimum units of 6 minutes

#### Cork Gully LLP charge out rates from 1 September 2013

	£
Partner/Director	495-620
Associates/Manager	350-450
Other Senior Professional	200-290
Assistant/Support Staff	85-240